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ANNEX XXII - Disclosure of the use of the IRB Approach to credit risk (excluding counterparty credit risk)

Table UKB CRE – Qualitative disclosure requirements related to the IRB approach. Flexible table.

1. Institutions shall apply the instructions provided below in this Annex in order to complete table UKB CRE as presented in Annex XXI and in application of Article 452(a-f) of the ~~to PRA Rulebook~~, Disclosure (CRR) Part of the PRA Rulebook, in application of Article 452(a-f) CRR. For the purposes of this Annex, references to the CRR should be interpreted to include a reference to the relevant CRR rule, where appropriate.

Row reference	Legal references and instructions	
	Explanation	
(a)	Article 452(a) of the <u>Disclosure (CRR) Part</u>	When disclosing information on the scope of the PRA's permission of approach or approved transition in accordance with Article 452(a) of the <u>Disclosure (CRR) Part</u> , institutions shall describe the main characteristics of the rating systems used under the IRB approach for which the permission has been granted by a competent authority <u>the PRA</u> and the types of exposures covered by these rating systems. Institutions shall also describe the types of exposures for which they have permission to use permanent partial use of the Standardised approach in accordance with Article 150 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> and which are under their IRB roll-out plans in accordance with Article 148 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> . The description shall be provided at the group level.
(b)	Article 452(c)(i-iv) of the <u>Disclosure (CRR) Part</u>	The description of the control mechanisms for rating systems shall cover the estimation of risk parameters, including internal model development and calibration, as well as controls in the application of the models and changes to rating systems. In accordance with Article 452(c)(i-iv) of the <u>Disclosure (CRR) Part</u> the description of the role of the functions referred to above shall also include: <ul style="list-style-type: none"> <li data-bbox="638 1568 1372 1635">(i) the relationships between the risk management function and the internal audit function; <li data-bbox="638 1646 1372 1814">(ii) the processes and methods for the reviews of the rating systems, including regular reviews of estimates in accordance with point (c) of Article 179(1)(c) of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> and validations; <li data-bbox="638 1825 1372 1993">(iii) the procedures and organisational arrangements to ensure the independence of the function in charge of reviewing the models (validation function) from the functions responsible for model development and calibration; and <li data-bbox="638 2004 1372 2024">(iv) the procedure to ensure the accountability of the

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		functions in charge of developing and reviewing the models.
(c)	Article 452(d) of the <u>Disclosure (CRR) Part</u>	Institution shall specify the role of the functions involved in the model development, calibration, approval and subsequent changes of the rating systems.
(d)	Article 452(e) of the <u>Disclosure (CRR) Part</u>	Institutions shall disclose the scope and main content of management reporting related to IRB models referred to in Article 189 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> , as well as addressees and frequency of such reporting.
(e)	Article 452(f) of the <u>Disclosure (CRR) Part</u>	The disclosure of the internal rating systems by exposure class shall include the number of key models used in each exposure class with respect different types of exposures, with a brief description of the main differences among the models within the same exposure class. It shall also include a description of the main characteristics of the key approved models, in particular: <ul style="list-style-type: none"> (i) the definitions, methods and data for estimation and validation of PD, including estimation and validation of PDs for low default portfolios, any applicable regulatory floors, and the drivers for differences observed between PD estimates and actual default rates at least for the last three years; (ii) where applicable, the definitions, methods and data for the estimation and validation of LGD, including estimation and validation of downturn LGD, information on how LGDs are estimated for low default portfolio, and the average time lapse between the default event and the closure of the exposure; and (iii) the definitions, methods and data for estimation and validation of conversion factors, including assumptions employed in the derivation of those estimates.
(f)	Article 452(a) of the <u>Disclosure (CRR) Part</u>	Institutions shall disclose the approach taken to assign risk weights to equity exposures including the use of the IRB equity transitional methodology or the end-state SA risk weights.

Template UKB CR6 – IRB approach – Credit risk exposures by exposure class and PD range. Fixed template.

- Institutions shall apply the instructions provided below in this Annex in order to complete template UKB CR6 as presented in Annex XXI to, ~~and~~ in application of Article 452(g)(i-v) of the Disclosure (CRR) Part, in order to provide information on the main parameters used for the calculation of capital requirements for the IRB approach. Information disclosed in this

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template shall not include ~~exposures subject to the slotting approach data on specialised lending referred to in Article 153(4)~~. This template excludes counterparty credit risk (CCR) exposures (~~Counterparty Credit Risk (CRR) Part Chapter 6 of Title II of Part Three CRR~~), securitisation exposures, ~~equity exposures~~ and non-credit obligation asset exposures.

Column reference	Legal references and instructions
	Explanation
a	<p>PD range:</p> <p>This is a fixed PD range which shall not be altered.</p> <p>In case that the data on defaulted exposures in accordance with Article 178 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> is further broken down in accordance with possible definitions for categories of defaulted exposures, the definitions and amounts for categories of defaulted exposures shall be explained in an accompanying narrative.</p> <p>Exposures shall be allocated to an appropriate bucket of the fixed PD range based on the PD estimated for each obligor assigned to this exposure class (without considering any substitution effects due to CRM). All defaulted exposures shall be included in the bucket representing PD of 100%.</p>
B b	<p>On-balance sheet exposures:</p> <p>Exposure value calculated in accordance with Article 166A to 166D of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> without taking into account any credit risk adjustments and any conversion factors.</p>
C c	<p>Off-balance sheet exposures pre-conversion factors (CCF):</p> <p>Exposure value in accordance with Article 166A(1) to (7) 166D of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> without taking into account any credit risk adjustments and any conversion factors, neither own estimates nor conversion factors specified in Article (8) CRR, or any percentages specified in Article 166(10) CRR.</p> <p>Off-balance sheet exposures comprise all committed but undrawn amounts and all off-balance sheet items, as listed in Annex 1 Table A1 in Article 111 of the <u>Credit Risk: Standardised Approach (CRR) Part</u>.</p>
D d	<p>Exposure weighted average CCF:</p> <p>For all exposures included in each bucket of the fixed PD scale, the average conversion factor used by institutions in their calculation of risk-weighted exposure amounts, weighted by the off-balance sheet exposure pre-CCF as disclosed in column c.</p>
e	<p>Exposure value post CCF and post CRM:</p> <p>Exposure value in accordance with Article 166A to 166D of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u></p>

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	<p>This column includes the sum of exposure value of on-balance sheet exposures and off-balance sheet exposures post conversion factors and credit risk mitigation and percentages in accordance with Articles 166(8) to (10) CRR.</p>
Ff	<p>Exposure weighted average PD (%):</p> <p>For all exposures included in each bucket of the fixed PD range, the average PD estimate of each obligor, weighted by the exposure value post-CCF, PD input floor and CRM as disclosed in column e.</p>
g	<p>Number of obligors:</p> <p>The number of legal entities or obligors allocated to each bucket of the fixed PD range, which were separately rated, regardless of the number of different loans or exposures granted.</p> <p>Joint obligors shall be treated the same as for the purpose of PD calibration. Where different exposures to the same obligor are separately rated, they shall be counted separately. Such situation may take place within the retail exposure class if the definition of default is applied at the level of individual credit facility in accordance with the last sentence of Article 178(1) of the Credit Risk: Internal Ratings Based Approach (CRR) Part, or if separate exposures to the same obligor are assigned to different obligor grades in accordance with the second sentence Article 172(1)(e) of the Credit Risk: Internal Ratings Based Approach (CRR) Part in other exposure classes.</p>
Hh	<p>Exposure weighted average LGD (%):</p> <p>For all exposures included in each bucket of the fixed PD range, the average of the LGD estimates for each exposure, weighted by the exposure value post-CCF and post-CRM as disclosed in column e.</p> <p>The LGD disclosed shall correspond to the final LGD estimate used in the calculation of risk-weighted amounts obtained after considering any CRM effects and downturn conditions where relevant. LGD disclosed shall take into account the floors specified in Articles 161(5) and 164(4) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For retail exposures secured by immovable properties the LGD disclosed shall take into account the floors specified in Article 164(4) CRR.</p> <p>In the case of exposures subject to the double default treatment the LGD to be disclosed shall correspond to the one selected in accordance with Article 161 (4) CRR.</p> <p>For defaulted exposures under the AIRB approach, provisions laid down in Article 181(1)(h) of the Credit Risk: Internal Ratings Based Approach (CRR) Part shall be considered. The LGD disclosed shall correspond to the estimate of LGD in-default in accordance with the applicable estimation methodologies.</p>
hi	<p>Exposure-weighted average maturity (years):</p> <p>For all exposures included in each bucket of the fixed PD range, the average</p>

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	<p>maturity of each exposure, weighted by the exposure value post-CCF as disclosed in column e.</p> <p>The value of maturity disclosed reflects Article 162 <u>of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u>. The average maturity is disclosed in years.</p> <p>This data shall not be disclosed for the exposure values for which the maturity is not an element in the calculation of risk-weighted exposure amounts in accordance with <u>the Credit Risk: Internal Ratings Based Approach (CRR) Part of the PRA Rulebook Chapter 3 of Title II of Part Three CRR</u>. This means that this column shall not be filled in for the exposure class “retail”.</p>
<u>jj</u>	<p>Risk-weighted exposure amount after supporting factors:</p> <p>For exposures to central governments and central banks, institutions and corporates, the risk-weighted exposure amount calculated in accordance with Article 153(1-4) <u>of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u>. For retail exposures, the risk-weighted exposure amount calculated in accordance with Article 154 <u>of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u>.</p> <p><u>The risk-weighted exposure amount shall include any post-model adjustments, unrecognised exposure adjustments and the mortgage risk weight floor in accordance with Articles 153(5A) and 154(4A) of the Credit Risk: Internal Ratings Based Approach (CRR) Part.</u></p> <p>The SME supporting factor in accordance with Article 501 CRR and the supporting factor for Infrastructure Projects in accordance with Article 501a CRR shall be taken into account.</p>
<u>kk</u>	<p>Density of risk-weighted exposure amounts:</p> <p>Ratio between the sum of risk-weighted exposure amounts after supporting factors as disclosed in column j and the exposure value as disclosed in column e.</p>
<u>l</u>	<p>Expected loss amount:</p> <p>The expected loss amount calculated in accordance with Article 158 <u>of the Credit Risk: Internal Ratings Based Approach (CRR) Part, including any Post-model adjustments as per Article 158(6A) of the Credit Risk: Internal Ratings Based Approach (CRR) Part.</u></p> <p>The expected loss amount to be disclosed shall be based on the actual risk parameters used in the internal rating system approved by the <u>PRA respective competent authority</u>.</p>
<u>mm</u>	<p>Value adjustments and provisions:</p> <p>Specific and general credit risk adjustments in accordance with the Commission Delegated Regulation (EU) 183/2014¹ as it forms part of retained EU law,</p>

¹ COMMISSION DELEGATED REGULATION (EU) No 183/2014 of 20 December 2013 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit

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	<p>additional value adjustments in accordance with Articles 34 <u>CRR</u> and 110 of the <u>Credit Risk: General Provisions (CRR) Part</u>, as well as other own funds reductions related to the exposures allocated to each bucket on the fixed PD range. These value adjustments and provisions are those considered for the implementation of Article 159 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u>.</p> <p>General provisions shall be disclosed by assigning the amount pro rata – in accordance with the expected loss of different obligor grades.</p>
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Row reference	Legal references and instructions
	Explanation
Exposure class X	<p>Where institutions have received permission to use the <u>AIRB approach</u> own LGDs and conversion factors for the calculation of risk weighted exposure amounts, they shall disclose the information required in this template separately for the exposure classes subject to that permission (A-IRB). <u>Where institutions have received permission to use the FIRB approach</u>, they For the exposure classes for which the institution does not have permission to use own estimates of LGD and conversion factors (F-IRB) the institution shall disclose the information on the relevant exposures separately using the F-IRB template.</p>
A-IRB <u>AIRB</u>	<p>Exposure class X</p> <p>For each exposure class listed in Article 147(2) CRR, with the exceptions indicated above, Institutions shall disclose a separate template for the following exposure classes and exposure subclasses, with a further breakdown for the following exposure classes:</p> <ol style="list-style-type: none"> 1. <u>Corporates (Article 147(2)(c) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> <ol style="list-style-type: none"> 1.1 <u>Specialised lending (Article 147(2)(c)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> 1.2 <u>Other general corporates SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u> 1.3 <u>Other general corporates non-SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part and not reported under point 1.1 or 1.2)</u> 2. <u>Retail</u> <ol style="list-style-type: none"> 2.1 <u>Secured by residential property SMEs (Article 147(2)(d)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u> 2.2 <u>Secured by residential property non-SMEs (Article 147(2)(d)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part and not</u>

institutions and investment firms, with regard to regulatory technical standards for specifying the calculation of specific and general credit risk adjustments (OJ L57/3, 27.2.2014)

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	<p><u>reported under 2.1)</u></p> <p>2.3 <u>Secured by commercial property SMEs (retail exposures secured by immovable property to SMEs and not reported under 2.1 or 2.2. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u></p> <p>2.4 <u>Secured by commercial property non-SMEs (retail exposures secure by immovable property not reported under 2.1, 2.2 and 2.3)</u></p> <p>2.5 <u>Qualifying revolving retail exposures (Article 147(2)(d)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u></p> <p>2.6 <u>Other SMEs (Article 147(2)(d)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u></p> <p>2.7 <u>Other non-SMEs (Article 147(2)(d)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part and not reported under 2.6)</u></p> <p>3. <u>Total</u></p> <p>—within the exposure class ‘exposures to corporates’ (point (c) of Article 147(2) CRR), breakdown into:</p> <p style="padding-left: 40px;">a. — exposures to corporates — SME, in accordance with internal classification of exposures to corporates based on the risk management policies;</p> <p style="padding-left: 40px;">b. — exposures to corporates — specialised lending, in accordance with Article 147(8) CRR;</p> <p style="padding-left: 40px;">c. — exposures to corporates — other.</p> <p>—within the exposure class “retail exposures” (point (d) of Article 147(2) and Article 147(5) CRR), breakdown into:</p> <p style="padding-left: 40px;">a. — Retail exposures — SME secured by immovable property collateral (point (d) of Article 147 (2) CRR in conjunction with Article 154(2) and (3) CRR);</p> <p style="padding-left: 40px;">b. — Retail exposures — SME other;</p> <p style="padding-left: 40px;">c. — Retail exposures — non-SME secured by immovable property collateral (point (d) of Article 147 (2) CRR in conjunction with Article 154(3) CRR);</p> <p style="padding-left: 40px;">d. — Retail exposures — Qualifying revolving (point (d) of Article 147 (2) CRR in conjunction with Article 154(4) CRR);</p> <p style="padding-left: 40px;">e. — Retail exposures — non-SME other.</p> <p>The total exposures row shall be included at the end of each separate template per exposure class.</p>
<p>F-IRB FIRB</p>	<p>Exposure class X</p> <p>For each exposure class listed in Article 147(2) CRR, with the exceptions indicated above, Institutions shall disclose a separate template for the following exposure classes and exposure subclasses, with a further breakdown for the following exposure classes:</p> <p>1. <u>Institutions (Article 147(2)(b) of the Credit Risk: Internal Ratings Based</u></p>

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	<p><u>Approach (CRR) Part)</u></p> <p>1.1 <u>Quasi-sovereigns (Article 147(2)(b)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u></p> <p>1.2 <u>Other institutions (of Article 142(2)(b)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u></p> <p>2. <u>Corporates (Article 147(2)(c) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u></p> <p>2.1 <u>Specialised lending exposures (Article 147(2)(c)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. This should include specialised lending exposures subject to the slotting approach)</u></p> <p>2.2 <u>Financial corporates and large corporates (Article 147(2)(c)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u></p> <p>2.3 <u>Other general corporates SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u></p> <p>2.4 <u>Other general corporates non-SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part not reported under 2.3)</u></p> <p>3. <u>Total</u></p> <p>–within the exposure class ‘exposures to corporates’ (point (c) of Article 147(2) CRR), breakdown into:</p> <p>a. exposures to corporates – SME, in accordance with internal classification of exposures to corporates based on the risk management policies;</p> <p>b. exposures to corporates – specialised lending, in accordance with Article 147(8) CRR;</p> <p>c. exposures to corporates – other.</p> <p><u>The total exposures row shall be included at the end of each separate template per exposure class.</u></p>
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Template UKB CR6-A – IRB approach – Scope of the use of IRB approach and SA. Fixed template

3. Institutions calculating the risk-weighted exposure amounts under the IRB approach to credit risk shall apply the instructions provided below in this Annex in order to complete template UKB CR6-A as presented in Annex XXI and PRA Rulebook, Disclosure (CRR) Part, Part 6, in application of Article 452(b) of the Disclosure (CRR) Part.
4. For the purpose of this template, institutions shall allocate their exposures subject to the standardised approach and the IRB approach as laid down in the Credit Risk: Standardised Approach and the Credit Risk: Internal Ratings Based Approach (CRR) Parts SA laid down in Chapter 2 of Title II of Part Three or to the IRB approach laid down in Chapter 3 of Title II of Part Three to the and apply the exposure classes and subclasses as defined under the IRB

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approach with further breakdown as included in the template. This template excludes counterparty credit risk (CCR) exposures (Counterparty Credit Risk (CRR) Part Chapter 6 of Title II of Part Three CRR), and securitisation exposures.

5. Institutions shall explain in the accompanying narrative to the template any material difference between the exposure value as defined in Article 166A to 166D of the Credit Risk: Internal Ratings Based Approach (CRR) Part for IRB exposures as disclosed in column a of the template and the exposure value for the same exposures in accordance with Article 429(4) CRR, as disclosed in columns b and d.

Column reference	Legal references and instructions
	Explanation
a	<p>Exposure value as defined in Article 166A to 166D of the <u>Credit Risk: Internal Ratings Base Approach (CRR) Part</u> for exposures subject to the IRB approach</p> <p>Institutions shall disclose in this column the exposure value as defined in Article 166A to 166D of the <u>Credit Risk: Internal Ratings Base Approach (CRR) Part</u>, only for those exposures under the IRB approach.</p>
b	<p>Total exposure value for exposures subject to the SA and to the IRB approach:</p> <p>Institutions shall use the exposure value in accordance with Article 429(4) CRR to disclose the total exposure value, including both the exposures under the standardized approach and the exposures under the IRB approach.</p>
c	<p>Percentage of total exposure value subject to the permanent partial use of the SA (%):</p> <p>Part of exposure for each exposure class subject to the SA (exposure subject to the SA laid down in Chapter 2 of Title II of Part Three, in accordance with the scope of permission for permanent partial use of the SA received from <u>the PRA a competent authority</u> in accordance with Article 150 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u>), over the total exposure in that exposure class as disclosed in column b.</p>
d	<p>Percentage of total exposure value subject to IRB Approach (%):</p> <p>Part of exposure for each exposure class subject to the IRB approach (exposure subject to the IRB approach laid down in <u>the Credit Risk: Internal Ratings Based Approach (CRR) Part Chapter 3 of Title II of Part Three</u> over the total exposure in that exposure class), respecting the scope of permission received from <u>the PRA a competent authority</u> to use the IRB approach in accordance with Article 143 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u>, over the total exposure in that exposure class as disclosed in column b. This shall include both exposures where institutions have the permission to use their own estimation of LGD and conversion factors or not (E-IRB and A-IRB), subject to the AIRB approach, the FIRB approach and the including supervisory slotting approach for specialized specialised lending exposures and equity exposures under the simple risk weight approach.</p>
e	<p>Percentage of total exposure value subject to a roll-out plan (%):</p>

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	<p>Part of exposure for each asset class subject to the sequential implementation of the IRB approach pursuant to Article 148 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u>, over the total exposure in that exposure class as disclosed in column b. This shall include:</p> <ul style="list-style-type: none"> – both exposures where institutions plan to apply <u>the FIRB approach or the AIRB approach</u> and the exposures are currently subject to the <u>standardised approach IRB approach with or without their own estimation of LGD and conversion factors or without (F-IRB or A-IRB)</u> – immaterial equity exposures not included in columns c and d – exposures already under F-IRB where an institution is planning to apply A-IRB in the future – specialised lending exposures under the supervisory slotting approach not included in column d.
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Row number	Legal references and instructions
	Explanation
Exposure classes	Institutions shall include the information in template CR 6-A by exposure classes and subclasses, in accordance with the breakdown of exposure classes and subclasses included in the rows of the template.

Template UKB CR7 – IRB approach – Effect on the Risk-Weighted Exposure amounts of credit derivatives used as CRM techniques. Fixed template.

6. Institutions shall apply the instructions provided below in this Annex in order to complete template UKB CR7 as presented in Annex XXI of PRA Rulebook and in accordance with Article 453(j) of the Disclosure (CRR) Part, Part 6, in application of Article 453(j) CRR. Institutions shall supplement the template with a narrative to explain the effect of credit derivatives on risk-weighted exposure amounts. This template excludes counterparty credit risk (CCR) exposures (Counterparty Credit Risk (CRR) Part of the PRA Rulebook Chapter 6 of Title II of Part Three CRR), securitisation exposures, and other non-credit obligation assets and equity exposures.

Column reference	Legal references and instructions
	Explanation
a	Pre-credit derivatives risk-weighted exposure amount (RWEA): Hypothetical RWEA risk-weighted exposure amount calculated the actual RWEA assuming only the absence of recognition of the credit derivative as a CRM technique as specified in Article 204 of the <u>Credit Risk Mitigation (CRR) Part</u> . The amounts shall be presented in the exposure classes relevant for the exposures to the original obligor.
b	Actual risk-weighted exposure amount: RWEA <u>Risk-weighted exposure amount</u> calculated taking into account the impact of the credit derivatives. Where institutions substitute the risk weight or the risk parameters of the obligor with

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	the risk weight or risk parameters of the protection provider, the RWEA risk-weighted exposure amounts shall be presented in the exposure class relevant for direct exposures to the protection provider.
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Row reference	Legal references and instructions
	Explanation
1 to 9	<p>Institutions shall include the breakdown of pre-credit derivatives RWEA risk-weighted exposure amount and actual risk-weighted exposure by exposure class and subclass, in accordance with the exposure classes and subclasses listed in Article 147 of the Credit Risk: Internal Ratings Based Approach (CRR) Part with further breakdown as included in the template, and separately for exposures under the FIRB approach and exposures under the AIRB approach. Institutions shall disclose under rows 1 and 6 the subtotals for FIRB exposures and for AIRB exposures.</p> <p><u>Where exposure subclasses are further broken down by SME and non-SME, the definition of SME shall be in accordance with Article 4(1)(128D) CRR.</u></p> <p><u>Retail – secured by commercial property corresponds to retail exposures secured by immovable property not included in Article 147(2)(d)(ii) CRR.</u></p> <p>Institutions shall disclose further breakdown for exposure class ‘exposures to corporates’ (point (c) of Article 147(2) CRR) in accordance with the below:</p> <ul style="list-style-type: none"> a. exposures to corporates – SME, in accordance with internal classification of exposures to corporates based on the risk management policies; b. exposures to corporates – specialised lending, in accordance with Article 147(8) CRR, excluding specialised lending exposures under the slotting approach; c. exposures to corporates – other. <p>Institutions shall disclose further breakdown for exposure class “retail exposures” (point (d) of Article 147(2) and Article 147(5) CRR) Institutions shall disclose further breakdown for:</p> <ul style="list-style-type: none"> a. Retail exposures – SME secured by immovable property collateral (in conjunction with Article 154(2) and (3) CRR); b. Retail exposures – non-SME secured by immovable property collateral (in conjunction with Article 154(3) CRR); c. Retail exposures – Qualifying revolving (in conjunction with Article 154(4) CRR); d. Retail exposures – SME other; e. Retail exposures – non-SME other.
10	<p>TOTAL EXPOSURES (including FIRB exposures and AIRB exposures)</p> <p>Total pre-credit derivatives risk-weighted exposure amount, and total actual risk-weighted exposure amount for all IRB exposures (including FIRB and AIRB).</p>

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7. Institutions shall apply the instructions provided below in this Annex in order to complete template UKB CR7-A as presented in Annex XXI of PRA Rulebook, Reporting (CRR) Part, Part 6, in application of in accordance with Article 453(g) of the Disclosure (CRR) Part separately for exposures under the A-IRB approach and the F-IRB approach. In case an item of funded credit protection applies to more than one exposure, the sum of the exposures considered secured by it may not exceed the value of the item of the credit protection.

Column reference	Legal references and instructions
a	<p>Total exposures: Exposure value (post conversion factors) in accordance with Articles 166A to 166D of the Credit Risk: Internal Ratings Based Approach (CRR) Part and 167 CRR. Exposures shall be disclosed in accordance with the exposure class applicable to the obligor, without taking into account any substitution effects due to the existence of a guarantee.</p> <p>Institutions applying the simple risk weight approach also consider the offsetting provisions referred to in Article 155(2) CRR.</p>
b	<p>FCP - Part of exposures covered by financial collateral (%):</p> <p>Percentage of exposures secured by financial collateral over total exposures as disclosed in column a.</p> <p>Financial collateral, including cash collateral, debt securities, and gold, as listed in Articles 197 and 198 of the Credit Risk Mitigation (CRR) Part, shall be included in the numerator where all the requirements laid down in Article 207(2-4) of the Credit Risk Mitigation (CRR) Part are met. The value of collateral disclosed shall be limited to the value of the exposure at the level of an individual exposure.</p> <p>When own estimates of LGD are usedFor the AIRB approach: financial collateral under the LGD Modelling Collateral Method taken into account in the LGD estimates in accordance with Article 181(1)(e) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. The amount to be disclosed shall be the estimated market value of the collateral.</p>
c	<p>FCP - Part of exposures covered by other eligible collaterals (%)</p> <p>Percentage of exposures secured by other eligible collateral over total exposures as disclosed in column a. The values disclosed in this column shall be the sum of the values disclosed in columns d to f.</p> <p>Where own estimates of LGD are not usedFor the FIRB approach: Article 199(1) to (8) of the Credit Risk Mitigation (CRR) Part and Article 229 of the Credit Risk Mitigation (CRR) Part. Where own estimates of LGD are used For the AIRB approach: other collateral under the LGD Modelling Collateral Method into account in the LGD estimates in accordance with Article 181 (1)(e) of the Credit</p>

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	<u>Risk: Internal Ratings Based Approach (CRR) Part.</u>
d	<p>FCP - Part of exposures covered by immovable property collaterals (%): Percentage of exposures secured by immovable property collateral including leasing in accordance with Article 199(7) of the <u>Credit Risk Mitigation (CRR) Part</u> over total exposures as disclosed in column a.</p> <p>Immovable property collateral shall be included in the numerator where they meet all the eligibility requirements laid down in Article 208(2) to (7) of the <u>Credit Risk Mitigation (CRR) Part</u>.</p> <p>Leasing on immovable property shall be included in the numerator where they meet all the eligibility requirements laid down in Article 211 of the <u>Credit Risk Mitigation (CRR) Part</u>. The value of collateral disclosed shall be limited to the value of the exposure at the level of an individual exposure.</p>
e	<p>Part of exposures covered by Receivables (%)</p> <p>Percentage of exposures secured by receivables in accordance with Article 199(5) of the <u>Credit Risk Mitigation (CRR) Part</u> over total exposures as disclosed in column a. Receivables shall be included in the numerator where they meet all the eligibility requirements laid down in Article 209 of the <u>Credit Risk Mitigation (CRR) Part</u>. The value of collateral disclosed shall be limited to the value of the exposure at the level of an individual exposure</p>
f	<p>Part of exposures covered by Other physical collateral (%)</p> <p>Percentage of exposures secured by other physical collateral including leasing of those collaterals in accordance with Article 199(6) and (8) of the <u>Credit Risk Mitigation (CRR) Part</u> over total exposures as disclosed in column a.</p> <p>Other physical collateral shall be included in the numerator where they meet all the eligibility requirements laid down in Article 210 of the <u>Credit Risk Mitigation (CRR) Part</u>. The value of collateral disclosed shall be limited to the value of the exposure at the level of an individual exposure</p>
g	<p>FCP - Part of exposures covered by Other funded credit protection (%)</p> <p>Percentage of exposures secured by other FCP over total exposures as disclosed in column a. The values disclosed in this column shall be the sum of the values disclosed in columns h, i and j.</p>
h	<p>FCP - Part of exposures covered by cash on deposit (%):</p> <p>Percentage of exposures secured by cash or cash assimilated instruments held by third party institution over total exposures as disclosed in column a.</p> <p>In accordance with Article 200(a) of the <u>Credit Risk Mitigation (CRR) Part</u> : other funded credit protection includes cash on deposit with, or cash assimilated instruments held by third party institution in a non-custodial arrangement and pledged to the lending institution. The value of collateral disclosed shall be limited to the value of the exposure at the level of an individual exposure.</p>

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i	<p>FCP - Part of exposures covered by life insurance policies (%):</p> <p>Percentage of exposures secured by life insurance policies over total exposures as disclosed in column a.</p> <p>In accordance with Article 200(b) of the <u>Credit Risk Mitigation (CRR) Part</u>, other funded credit protection includes life insurance policies pledged to the lending institution. The value of collateral disclosed shall be limited to the value of the exposure at the level of an individual exposure.</p>
j	<p>FCP - Part of exposures covered by instrument held by a third party (%):</p> <p>Percentage of exposures secured by collateral in the form of instruments held by a third party over total exposures as disclosed in column a.</p> <p>Part of exposures covered by instruments issued by a third party over total exposures. In accordance with Article 200(c) of the <u>Credit Risk Mitigation (CRR) Part</u>, this includes instruments issued by a third party institution which will be repurchased by that institution on request. The value of collateral disclosed shall be limited to the value of the exposure at the level of an individual exposure. The percentage shall exclude those exposures covered by instruments held by a third party where, following Article 232(4) of the <u>Credit Risk Mitigation (CRR) Part</u> institutions treat instruments repurchased on request that are eligible under Article 200(c) of the <u>Credit Risk Mitigation (CRR) Part</u> as a guarantee by the issuing institution.</p>
k	<p>UFCP - Part of exposures covered by guarantees (%):</p> <p>Percentage of exposures secured by guarantees over total exposures as disclosed in column a.</p> <p>The guarantees shall meet the requirement laid down in Articles 213, 214, 215 and, when relevant, 217 and 232(4) of the <u>Credit Risk Mitigation (CRR) Part</u>. The value of guarantees disclosed shall be limited to the value of the exposure at the level of an individual exposure.</p>
l	<p>UFCP - Part of exposures covered by credit derivatives (%): Percentage of exposures secured by credit derivatives over total exposures as disclosed in column a. Credit derivatives include the following: - credit default swaps - total returns swaps - credit linked notes to the extent of their cash funding. These instruments shall meet the requirement laid down in Articles 204(1-2), 213, and 216 of the <u>Credit Risk Mitigation (CRR) Part</u> and when relevant, 217 CRR. The value of credit derivatives disclosed shall be limited to the value of the exposure at the level of an individual exposure.</p>
m	<p>RWEA post all CRM assigned to the obligor exposure class:</p> <p>The risk-weighted exposure amounts calculated in accordance with Article 92(3)(a-f) of the <u>Required Level of Own Funds (CRR) Part</u>, including any reduction of RWEA due to the existence of funded or unfunded credit protection, including where the PD and LGD or the risk weight is substituted due to the existence of</p>

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	unfunded credit protection. Nevertheless, in all cases, including where substitution approach is used, exposures are disclosed in the original exposure classes applicable to the obligor.
n	<p>RWEA with substitution effects</p> <p>The risk-weighted exposure amounts calculated in accordance with Article 153 to 157 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u>, including any reduction of RWEA due to the existence of funded or unfunded credit protection. Where the PD and LGD or the risk weight is substituted due to the existence of unfunded credit protection, exposures are disclosed in the exposure class applicable to the protection provider.</p>

Row reference	Legal references and instructions Explanation
	This disclosure shall be made separately for exposures under A-IRB approach, F-IRB approach as well as specialised lending under the slotting approach and equity exposures.
z AIRB	<p>Institutions shall include the information on credit risk mitigation techniques included in this template by exposure class, in accordance with the exposure classes listed in Article 147 CRR with further breakdown for exposure class institutions shall disclose a separate template for the following exposure classes and subclasses:</p> <ol style="list-style-type: none"> 1. <u>Corporates (Article 147(2)(c) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> <ol style="list-style-type: none"> 1.1 <u>Specialised lending (Article 147(2)(c)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> 1.2 <u>Other general corporates SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u> 1.3 <u>Other general corporates non-SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part and not reported under point 1.1 or 1.2)</u> 2. <u>Retail</u> <ol style="list-style-type: none"> 2.1 <u>Secured by residential property SMEs (Article 147(2)(d)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u> 2.2 <u>Secured by residential property non-SMEs (Article 147(2)(d)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part and not reported under 2.1)</u> 2.3 <u>Secured by commercial property SMEs (Retail exposures secured by immovable property to SMEs and not reported under 2.1 or 2.2. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u> 2.4 <u>Secured by commercial property non-SMEs (Retail exposures secure</u>

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	<p><u>by immovable property not reported under 2.1, 2.2 and 2.3)</u></p> <p>2.5 <u>Qualifying revolving retail exposures (Article 147(2)(d)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u></p> <p>2.6 <u>Other SMEs (Article 147(2)(d)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u></p> <p>2.7 <u>Other non-SMEs (Article 147(2)(d)(iii) and not reported under 2.6)</u></p> <p>3. <u>Total</u></p> <p>'Corporates' (point (c) of Article 147(2) CRR) in accordance with the below :</p> <p>a. <u>exposures to corporates—SME, in accordance with internal classification of exposures to corporates based on the risk management policies;</u></p> <p>b. <u>exposures to corporates—specialised lending, in accordance with Article 147(8) CRR excluding specialised lending exposures under the slotting approach;</u></p> <p>c. <u>exposures to corporates—other.</u></p> <p>Institutions shall disclose further breakdown for exposure class "Retail" (point (d) of Article 147(2) and Article 147(5) CRR) Institutions shall disclose further breakdown for:</p> <p>a. <u>Retail exposures—SME secured by immovable property collateral (in conjunction with Article 154(2) and (3) CRR);</u></p> <p>b. <u>Retail exposures—non-SME secured by immovable property collateral (in conjunction with Article 154(3) CRR);</u></p> <p>c. <u>Retail exposures—Qualifying revolving (in conjunction with Article 154(4) CRR);</u></p> <p>d. <u>Retail exposures—SME other;</u></p> <p>e. <u>Retail exposures—non-SME other.</u></p>
F-IRBFIRB	<p>Institutions shall include the information on credit risk mitigation techniques included in this template by exposure class, in accordance with the exposure classes listed in Article 147 CRR with further breakdown for exposure class for the following exposure classes and subclasses:</p> <ol style="list-style-type: none"> 1. <u>Institutions (Article 147(2)(b) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> <ol style="list-style-type: none"> 1.2 <u>Quasi-sovereigns (Article 147(2)(b)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> 1.3 <u>Other institutions (Article 142(2)(b)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> 2. <u>Corporates (Article 147(2)(c) of the Credit Risk: Internal Ratings Based</u>

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	<p><u>Approach (CRR) Part</u></p> <p><u>2.1 Specialised lending exposures (Article 147(2)(c)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. This should include specialised lending exposures subject to the slotting approach)</u></p> <p><u>2.2 Financial corporates and large corporates (Article 147(2)(c)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u></p> <p><u>2.3 Other general corporates SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u></p> <p><u>2.4 Other general corporates non-SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part not reported under 2.3)</u></p> <p>3. Total</p> <p>'Corporates' (point (c) of Article 147(2) CRR) in accordance with the below :</p> <p>a. exposures to corporates – SME, in accordance with internal classification of exposures to corporates based on the risk management policies;</p> <p>b. exposures to corporates – specialised lending, in accordance with Article 147(8) CRR excluding specialised lending exposures under the slotting approach;</p> <p>c. exposures to corporates – other.</p>
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Template UKB CR8 – RWEA flow statements of credit risk exposures under the IRB approach. Fixed template.

8. Institutions shall apply the instructions provided below in this Annex in order to complete template UKB CR8 as presented in Annex XXI of PRA Rulebook, Reporting (CRR) Part, Part 6, in application point (h) of and in accordance with Article 438(h) of the Disclosure (CRR) Part. The information disclosed in this template excludes counterparty credit risk (CCR) exposures (Counterparty Credit Risk (CRR) Part Chapter 6 of Title II of Part Three CRR).
9. Institutions shall disclose the flows of RWEA as the changes between the risk-weighted exposure amounts at the end of the disclosure reference date (as specified below in row 9) and the risk-weighted exposure amounts at end of the prior disclosure reference date (as specified below in row 1; in the case of quarterly disclosures, end-of-quarter prior to the quarter of the disclosure reference date). Institutions may complement their Pillar 3 disclosures by disclosing the same information for the three previous quarters.
10. Institutions shall supplement the template with a narrative commentary to explain figures disclosed in row 8 of the template, i.e. any other drivers that contribute significantly to RWEA variations.

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Column reference	Legal references and instructions
	Explanation
a	Total risk-weighted exposure amount for credit risk calculated under the IRB approach, taking into account supporting factors in accordance with Articles 501 and 501a CRR.

Row number	Legal references and instructions
	Explanation
1	Risk-weighted exposure amount at the end of the previous disclosure period
2	<p>Asset size (+/-):</p> <p>Change in the risk-weighted exposure amount between the end of the previous disclosure period and the end of the current disclosure period due to asset size, ie. organic changes in book size and composition (including the origination of new businesses and maturing loans) but excluding changes in book size due to acquisitions and disposal of entities. Increases in risk-weighted exposure amounts shall be disclosed as a positive amount and decreases in risk-weighted exposure amounts shall be disclosed as a negative amount.</p>
3	<p>Asset quality (+/-):</p> <p>Change in the risk-weighted exposure amount between the end of the previous disclosure period and the end of the current disclosure period, due to asset quality, ie. changes in the assessed quality of the institution's assets due to changes in borrower risk, such as rating grade migration or similar effects. Increases in risk-weighted exposure amounts shall be disclosed as a positive amount and decreases in risk-weighted exposure amounts shall be disclosed as a negative amount.</p>
4	<p>Model updates (+/-):</p> <p>Change in the risk-weighted exposure amount between the end of the previous disclosure period and the end of the current disclosure period, due to model updates, ie. changes due to implementation of new models, changes in the models, changes in model scope, or any other changes intended to address model weaknesses. Increases in risk-weighted exposure amounts shall be disclosed as a positive amount and decreases in risk-weighted exposure amounts shall be disclosed as a negative amount.</p>
5	<p>Methodology and policy (+/-):</p> <p>Change in the risk-weighted exposure amount between the end of the previous disclosure period and the end of the current disclosure period, due to methodology and policy ie. changes due to methodological changes in calculations driven by regulatory policy changes, including both revisions to existing regulations and new regulations, excluding changes in models, which are included in row 4. Increases in risk-weighted exposure amounts shall be disclosed as a positive amount and decreases in risk-weighted exposure amounts shall be disclosed as a negative amount.</p>

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6	<p>Acquisitions and disposals (+/-):</p> <p>Change in the risk-weighted exposure amount between the end of the previous disclosure period and the end of the current disclosure period, due to acquisitions and disposals, ie. changes in book sizes due to acquisitions and/or disposals. Increases in risk-weighted exposure amounts shall be disclosed as a positive amount and decreases in risk-weighted exposure amounts shall be disclosed as a negative amount.</p>
7	<p>Foreign exchange movements (+/-):</p> <p>Change in the risk-weighted exposure amount between the end of the previous disclosure period and the end of the current disclosure period, due to foreign exchange movements, ie. changes arising from foreign currency translation movements. Increases in risk-weighted exposure amounts shall be disclosed as a positive amount and decreases in risk-weighted exposure amounts shall be disclosed as a negative amount.</p>
8	<p>Other (+/-):</p> <p>Change in the risk-weighted exposure amount between the end of the previous disclosure period and the end of the current disclosure period, due to other drivers. This category shall be used to capture changes that cannot be attributed to any other category. Institutions shall further describe any other material drivers of risk-weighted amounts movements over the disclosure period included in this row in the accompanying narrative for this template. Increases in risk-weighted exposure amounts shall be disclosed as a positive amount and decreases in risk-weighted exposure amounts shall be disclosed as a negative amount.</p>
9	Risk-weighted exposure amount at the end of the disclosure period

Template UKB CR9 – IRB approach – Back-testing of PD per exposure class. Fixed template.

11. Institutions shall apply the instructions provided below in this Annex in order to complete template UKB CR9 as presented in Annex XXI of PRA Rulebook, Reporting (CRR) Part, Part 6, and in application of point (h) of Article 452(h) of the Disclosure (CRR) Part. When an institution makes use of both the FIRB approach and the AIRB approach, it shall disclose two separate sets of templates, one for FIRB and one for AIRB, with one template per exposure class in each set.
12. Institution shall consider the models used within each exposure class and they shall explain the percentage of risk-weighted exposure amount of the relevant exposure class covered by the models for which back-testing results are disclosed here.
13. Institutions shall explain, in the accompanying narrative, the total number of obligors with short-term contracts at the disclosure date, indicating which exposure classes feature a larger number short-term contract obligors. Short-term contracts refer to contracts whose residual maturity is less than 12 months. Institutions shall also explain if there are overlapping windows in the calculation of long run average PD rates.

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14. This template excludes counterparty credit risk (CCR) exposures (Counterparty Credit Risk (CRR) Part Chapter 6 of Title II of Part Three CRR), securitisation positions, other non credit-obligation assets and equity exposures.

Column reference	Legal references and instructions
	Explanation
a (A-IRB AIRB)	<p>Exposure classes:</p> <p>For each exposure class listed in Article 147(2) CRR, institutions shall disclose a separate template, with a further breakdown for the following exposure classes and subclasses:</p> <ol style="list-style-type: none"> 1. <u>Corporates (Article 147(2)(c) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> <ol style="list-style-type: none"> 1.2 <u>Specialised lending (Article 147(2)(c)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> 1.3 <u>Other general corporates SMEs (Article 147(2)(c)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u> 1.4 <u>Other general corporates non-SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part and not reported under point 1.1 or 1.2)</u> 2. <u>Retail</u> <ol style="list-style-type: none"> 2.1 <u>Secured by residential property SMEs (Article 147(2)(d)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u> 2.2 <u>Secured by residential property non-SMEs (point (ii) of Article 147(2)(d)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part and not reported under 2.1)</u> 2.3 <u>Secured by commercial property SMEs (Retail exposures secured by immovable property to SMEs and not reported under 2.1 or 2.2. For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u> 2.4 <u>Secured by commercial property non-SMEs (Retail exposures secured by immovable property not reported under 2.1, 2.2 and 2.3)</u> 2.5 <u>Qualifying revolving retail exposures (Article 147(2)(d)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> 2.6 <u>Other SMEs (Article 147(2)(d)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR). For the purpose of classification as SME the reporting entities shall use the definition in Article 4(1)(128D) CRR)</u> 2.7 <u>Other non-SMEs (Article 147(2)(d)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part and not reported under 2.6)</u> 3. <u>Total</u>

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	<p>- within the exposure class ‘exposures to corporates’ (point (c) of Article 147(2) CRR), breakdown into:</p> <p>a. exposures to corporates – SME, in accordance with internal classification of exposures to corporates based on the risk management policies;</p> <p>b. exposures to corporates – specialised lending, in accordance with Article 147(8) CRR;</p> <p>c. exposures to corporates – other.</p> <p>– within the exposure class “retail exposures” (point (d) of Article 147(2) and Article 147(5) CRR), breakdown into:</p> <p>a. Retail exposures – SME secured by immovable property collateral (point (d) of Article 147 (2) CRR in conjunction with Article 154(2) and (3) CRR);</p> <p>b. Retail exposures – non-SME secured by immovable property collateral (point (d) of Article 147 (2) CRR in conjunction with Article 154(3) CRR);</p> <p>c. Retail exposures – Qualifying revolving (point (d) of Article 147 (2) CRR in conjunction with Article 154(4) CRR);</p> <p>d. Retail exposures – SME other; e. Retail exposures – non-SME other.</p>
a (F-IRB FIRB)	<p>Exposure classes</p> <p>For each exposure class listed in Article 147(2) CRR, institutions shall disclose a separate template, with a further breakdown for the following exposure classes and subclasses:</p> <ol style="list-style-type: none"> 1. <u>Institutions (Article 147(2)(b) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> <ol style="list-style-type: none"> 1.1 <u>Quasi-sovereigns (Article 147(2)(b)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> 1.2 <u>Other institutions (Article 142(2)(b)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> 2. <u>Corporates (Article 147(2)(c) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> <ol style="list-style-type: none"> 2.1 <u>Specialised lending exposures (Article 147(2)(c)(i) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. This should include specialised lending exposures subject to the slotting approach)</u> 2.2 <u>Financial corporates and large corporates (Article 147(2)(c)(ii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part)</u> 2.3 <u>Other general corporates SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. For the purpose of classification as SME the reporting entities shall use the definition in</u>

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	<p><u>Article 4(1)(128D) CRR</u> <u>2.4 Other general corporates non-SMEs (Article 147(2)(c)(iii) of the Credit Risk: Internal Ratings Based Approach (CRR) Part not reported under 2.3)</u></p> <p>3 <u>Total</u></p> <p>—within the exposure class ‘exposures to corporates’ (point (c) of Article 147(2) CRR), breakdown into:</p> <p>a. exposures to corporates — SME, in accordance with internal classification of exposures to corporates based on the risk management policies;</p> <p>b. exposures to corporates — specialised lending, in accordance with Article 147(8) CRR;</p> <p>c. exposures to corporates — other.</p>
b	<p>PD range:</p> <p>This is a fixed PD range which shall not be altered.</p> <p>Exposures shall be allocated to an appropriate bucket of the fixed PD range based on the PD estimated at the beginning of the disclosure period for each obligor assigned to this exposure class (without considering any substitution effects due to CRM). All defaulted exposures shall be included in the bucket representing PD of 100%.</p>
c, d	<p>Number of obligors at the end of the previous year:</p> <p>Two sets of information are required:</p> <p>(i) the number of obligors at the end of the previous year (column C);</p> <p>Number of obligors at the end of the year subject to disclosure. In both cases all obligors carrying a credit obligation at the relevant point in time shall be included.</p> <p>Institutions shall disclose the number of legal entities or obligors allocated to each bucket of the fixed PD range by the end of the previous year, which were separately rated, regardless of the number of different loans or exposures granted.</p> <p>Joint obligors shall be treated the same as for the purpose of PD calibration. Where different exposures to the same obligor are separately rated, they shall be counted separately. Such situation may take place within the retail exposure class, where the definition of default is applied at the level of individual credit facility in accordance with the last sentence of Article 178(1) <u>of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u>. Such situation can also take place if separate exposures to the same obligor are</p>

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	<p>assigned to different obligor grades in accordance with second sentence of point (e) of Article 172(1)(e) of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> in other exposure classes.</p> <p>(ii) of which number of obligors that defaulted during the year preceding the disclosure date (Column d): this is a subset of column C and represents the number of obligors which defaulted during the year. Defaults shall be determined in accordance with Article 178 of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u>. Each defaulted obligor shall be counted only once in the numerator and denominator of the one-year default rate calculation, even if the obligor defaulted more than once during the relevant one-year period.</p>
e	<p>Observed average default rate:</p> <p>Arithmetic average of one-year default rates as defined to in point (78) of Article 4(1)(<u>78</u>) CRR, observed within the available dataset.</p> <p>When calculating one-year default rates institutions shall ensure both of the following:</p> <p>(a) that the denominator consists of the number of non-defaulted obligors with any credit obligation observed at the beginning of the one-year observation period (beginning of the previous disclosure period, i.e. beginning of the year prior to the disclosure reference date); in this context a credit obligation refers to both of the following: (i) any on-balance sheet item, including any amount of principal, interest and fees; (ii) any off-balance sheet items, including guarantees issued by the institution as a guarantor.</p> <p>(b) that the numerator includes all those obligors considered in the denominator that had at least one default event during the one-year observation period (year prior to the disclosure reference date).</p> <p>Institutions shall choose an appropriate approach between an approach based on overlapping or one-year time windows an approach based on non-overlapping one-year time windows, to calculate the observed average default rate.</p>
f	<p>Exposure weighted average PD (%):</p> <p>Exposure weighted average PD (%) as disclosed in column f of template UKB CR6.</p> <p>For all exposures included in each bucket of the fixed PD range, the average PD estimate of each obligor, weighted by the exposure value post-CCF and CRM as disclosed in column e of template UKB CR6. <u>PD input floors shall be taken into account.</u></p>
g	<p>Average PD at the disclosure date (%):</p>

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	Arithmetic average of PD at the beginning of the disclosure period of the obligors that fall within the bucket of the fixed PD range and counted in d (average weighted by the number of obligors). <u>PD input floors shall be taken into account.</u>
h	Average historical annual default rate (%): The simple average of the annual default rate of the five most recent years (obligors at the beginning of each year that are defaulted during that year/total number of obligors at the beginning of the year) is a minimum. The institution may use a longer historical period that is consistent with the institution's actual risk management practices. If the institution uses a longer historical period they should explain and clarify this in the accompanying narrative to the template.

Template UKB CR9.1 – IRB approach– Back-testing of PD per exposure class (only for PD estimates in accordance with point (f) of Article 180(1)(f) of the Credit Risk: Internal Ratings Based Approach (CRR) Part

15 In addition to template UKB CR9, institutions shall disclose information included in template UKB CR9.1 where they apply point (f) of Article 180(1)(f) of the Credit Risk: Internal Ratings Based Approach (CRR) Part for PD estimation and only for PD estimates in accordance with the same Article. Instructions are the same than for template UKB CR9, with the following exceptions:

- a. Under column b institutions shall disclose the PD ranges in accordance with their internal grades that they map to the scale used by the external ECAI, instead of a fixed external PD range.
- b. Institutions shall disclose one column for each ECAI considered following point (f) of Article 180(1)(f) of the Credit Risk: Internal Ratings Based Approach (CRR) Part. Institutions shall include in these columns the external rating to which their internal PD ranges are mapped.

ANNEX XXIV - Disclosure of exposures subject to the slotting approach specialised lending and equity exposures under the simple risk weight approach

Template UKB CR10 – Exposures subject to the slotting approach Specialised lending and equity exposures under the simple risk weighted approach. Fixed template.

1. Institutions shall apply the instructions provided below in this Annex in order to complete templates UKB CR10 as presented in Annex XXIII of PRA Rulebook, Reporting (CRR) Part, and in application of point (e) of Article 438(e) of the Disclosure (CRR) Part. For the purposes of

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this Annex, references to the CRR should be interpreted to include a reference to the relevant CRR rule, where appropriate. Institutions shall disclose

- a. information on the following types of specialised lending exposures referred to in Table A of Article 153(5) of the Credit Risk: Internal Ratings Based Approach (CRR) Part:
 - “Project finance” in template UKB CR10.1
 - “Income-producing real estate and ~~high volatility commercial real estate~~” in template UKB CR10.2
 - “Object finance” in template UKB CR10.3
 - “Commodities finance” in template UKB CR 10.4
 - “High volatility commercial real estate” in template UKB CR 10.5
- ~~b. information on equity exposures under the simple risk-weighted approach in template UKB CR10.5~~

Column reference	Legal references and instructions
	Explanation
a	On-balance-sheet exposures: Institutions shall disclose the exposure value of on-balance sheet exposures in accordance with <u>Article 166A to 166D of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u> .
b	Off-balance-sheet exposure: Institutions shall disclose the exposure value of off-balance sheet exposures in accordance with <u>Articles 166A to 166D and 167 (2) of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u> without taking into account any conversion factors specified in Article 166(8) or (9) CRR, or any percentages specified in Article 166(10) . Off-balance sheet exposures comprise all committed but undrawn amounts and all off-balance sheet items, as listed in <u>Table A1 of Article 111 of the Credit Risk: Standardised Approach (CRR) Part Annex I CRR</u> .
c	Risk weight: This is a fixed column. It shall not be altered. This column has been specified in accordance with <u>Table A in Article 153(5) of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u> . Article 153(5) CRR for templates UKB CR10.1 to UKB CR10.4 and in accordance with Article 155(2) CRR for template UKB CR10.5.
d	Exposure value: Exposure value in accordance with <u>Article 166A to 166D of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u> or Article 167 CRR . This column includes the sum of exposure value of on-balance sheet exposures and exposure value of off-balance sheet exposures post conversion factors and <u>credit risk mitigation percentages in accordance with Article 166(8) to (10)</u> .
e (templates UKB CR10.1 to UKB CR10.4)	Risk-weighted exposure amount (specialised lending exposures under the slotting approach) : The risk-weighted exposure amount calculated in accordance with <u>Article 153 (5) of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u> , after supporting factors in accordance with Article 501 and 501a CRR, where relevant.

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e (template UKB CR10.5)	Risk-weighted exposure amount (equity exposures under the simple risk weight approach): The risk-weighted exposure amount calculated in accordance with Article 155(2) CRR.
f (templates UKB CR10.1 to UKB CR10.4)	Expected loss amount (specialised lending exposures under the slotting approach): Amount of expected loss calculated in accordance with Article 158 (6) of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> .
f (template UKB CR10.5)	Expected loss amount (equity exposures under the simple risk weight approach) Amount of expected loss calculated in accordance with Article 158(7) CRR.

Row number	Legal references and instructions
	Explanation
Regulatory category	Templates UKB CR10.1 - UKB CR10.4 10.5 Regulatory categories applicable to specialised lending under the slotting approach for each class of specialised lending exposures. As specified in Article 153(5) of the <u>Credit Risk: Internal Ratings Based Approach (CRR) Part</u> and in the <u>final draft RTS Appendix 1 of the Credit Risk: Internal Ratings Based Approach (CRR) Part</u> on slotting approach.
Categories	Template UKB CR10.5 Regulatory categories applicable to equities under the simple risk-weight approach in accordance with Article 155(2) CRR.