

ANNEX XX – Instructions regarding disclosure of the use of the credit risk standardised approach (excluding counterparty credit risk and securitisation positions)

1. Instruments subject to Chapter 6 of Title II of Part Three CRR (exposures to CCR), as well as instruments to which the requirements in Chapter 5 of Title II of Part Three CRR (securitisation exposures) apply, are not covered by the templates for which instructions are provided in this Annex.

Table UK CRD – Qualitative disclosure requirements related to standardised model.

Flexible format

2. Institutions shall apply the instructions provided below in this Annex in order to complete table UK CRD as presented in Annex XIX to this Implementing Regulation, in application of points (a) to (d) of Article 444 of 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 reference and instructions	
	Explanation	
(a)	Point (a) of Article 444 CRR	Institutions shall disclose the names of the nominated external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used and the reasons for any changes in those nominations over the disclosure period.
(b)	Point (b) of Article 444 CRR	Institutions shall indicate the exposure classes, specified in Article 112 CRR, for which institutions calculate the risk-weighted exposure amounts in accordance with Chapter 2 of Title II of Part Three CRR using the credit assessment of the nominated ECAI or ECA.
(c)	Point (c) of Article 444 CRR	When an issuer or an issue credit assessment is used to determine the risk weight to be assigned to an exposure not included in the trading book in accordance with Article 139 of Chapter 2 of Title II of Part Three CRR, the institutions shall describe the process used.
(d)	Point (d) of Article 444 CRR	Institutions shall indicate, for each of the exposure classes specified in Article 112 CRR, the alphanumerical scale of each nominated ECAI/ECA (as referred to in row (a)) with the risk weights that correspond with the credit quality steps as set out in Chapter 2 of Title II of Part Three CRR, except where the institution complies with the standard association published by the EBA

Template UK CR4 – Credit risk exposure and CRM effects. Fixed format

3. Institutions calculating the risk-weighted exposure amounts for credit risk in accordance with Chapter 2 of Title II of Part Three CRR shall apply the instructions provided below in this Annex in order to complete template UK CR4 as presented in Annex XIX to these rules, by exposure class, in application of points (g), (h) and (i) of Article 453 CRR and of point (e) of Article 444 CRR.

Column reference	Legal references and instructions
	Explanation
a	<p>Exposures before CCF and before CRM – On-balance-sheet exposures:</p> <p>Institutions shall disclose the on-balance-sheet exposure under the regulatory scope of consolidation in accordance with Article 111 CRR, after specific credit risk adjustments in accordance with Article 110 CRR, additional value adjustments in accordance with Articles 34 and 105 CRR, amounts deducted in accordance with point (m) of Article 36(1) CRR, other own funds reductions and write-offs (as defined in the applicable accounting framework), but before (i) the application of credit conversion factors as specified in the same Article and (ii) the application of CRM techniques specified in Chapter 4 of Title II of Part Three CRR. Exposure values for leases are subject to Article 134(7) CRR.</p>
b	<p>Exposures before CCF and before CRM – Off-balance-sheet exposures:</p> <p>Institutions shall disclose the off-balance-sheet exposure value under the regulatory scope of consolidation, after reduction of specific credit risk adjustments and amounts deducted in accordance with point (m) of Article 36 (1) CRR, but before the application of credit conversion factors in accordance with Article 111 CRR and before the effect of CRM techniques (in application of Chapter 4 of Title II of Part Three CRR).</p>
c	<p>Exposures post CCF and post CRM – On-balance-sheet amount:</p> <p>Institutions shall disclose the amount of the on-balance-sheet exposure under the regulatory scope of consolidation (in accordance with Article 111 CRR), after specific credit risk adjustments in accordance with Article 110 CRR, additional value adjustments in accordance with Article 34 and 105 CRR, amounts deducted in accordance with point (m) of Article 36(1) CRR, other own funds reductions and write-offs as defined in the applicable accounting framework, after the application of all credit risk mitigants and credit conversion factors. This is the amount to which the risk weights (in accordance with Article 113 CRR and with Section 1 of Chapter 2 of Title II of Part Three CRR) are applied. It is a net credit equivalent amount, after having applied CRM techniques and CCF.</p>
d	<p>Exposures post CCF and post CRM – Off-balance-sheet amount:</p> <p>Institutions shall disclose the amount of the off-balance-sheet exposure after taking into account specific credit risk adjustments as defined in the</p>

	Commission Delegated Regulation (EU) 183/2014 ¹ , additional value adjustments and other own funds reductions, after the application of all credit risk mitigants and credit conversion factors. This is the amount to which the risk weights (in accordance with Article 113 CRR and with Section 1 of Chapter 2 of Title II of Part Three CRR) are applied. It is a net credit equivalent amount, after having applied CRM techniques and CCF.
e	RWEAs The risk-weighted exposure amounts (RWEAs) calculated according to Section 1 of Chapter 2 of Title II of Part Three CRR.
f	RWEA density (Column e/Columns(c+d)) The ratio shall be calculated by dividing the RWEAs of the respective exposure class (column e) by the amount of the respective exposures after taking into account all credit risk mitigants and credit conversion factors (sum of columns c and d).

Row number	Legal references and instructions
	Explanation
1 - 16	Exposure classes as defined in accordance with Article 112 CRR. Exposures assigned to exposure class 'items representing securitization provisions' according to point (m) of Article 112 CRR are not included.
16	"Other items" exposure class refers to: - assets subject to a specific risk weight set out in Article 134 CRR; - assets not deducted in application of Article 39 CRR (tax overpayments, tax loss carry backs and deferred tax assets that do not rely on future profitability), Article 41 CRR (defined benefit pension fund assets), Article 46 CRR (non-significant investments in CET1 of financial sector entities), Article 48 CRR (deferred tax assets and direct, indirect and synthetic investments in CET1 instruments of financial sector entities up to the defined threshold), Article 49 CRR and Article 471 CRR (participations in insurance entities whether or not insurance entities are supervised under the conglomerate directive), Article 60 CRR and Article 475 CRR (non-significant and significant direct, indirect and synthetic investments in CET1, additional tier 1 (AT1) and Tier 2 (T2) instruments issued by financial sector entities), Article 70 CRR (insignificant and significant direct, indirect and synthetic holdings of T2 (T2) issued by a financial sector entity) when not allocated to other exposure classes, and to qualifying holdings outside the financial sector when they are not 1 250% risk-weighted (in application of point (k) of Article 36 of Chapter 1 of Title I of Part Two CRR).

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 institutions and investment firms, with regard to regulatory technical standards for specifying the calculation of specific and general credit risk adjustments (OJ L 57/3, 27.2.2014)

Template UK CR5 – Standardised approach. Fixed format

4. Institutions shall apply the instructions provided below in this Annex in order to complete template UK CR5 as presented in Annex XIX to these rules, in application of point (e) of Article 444 CRR.

Column reference	Legal references and instructions
	Explanation
a - o	<p>Risk weight:</p> <p>Institutions shall disclose the information on the allocation of risk weights within the respective exposure class according to Section 2 of Chapter 2 of Title II of Part Three CRR.</p>
p	<p>Total:</p> <p>Total amount of on-balance-sheet and off-balance-sheet exposures RWA under the regulatory scope of consolidation:</p> <ul style="list-style-type: none"> - after specific credit risk adjustments in accordance with Article 110 CRR, additional value adjustments in accordance with Articles 34 and 105 CRR, amounts deducted in accordance with point (m) of Article 36(1) CRR, other own funds and write-offs (as defined in the applicable accounting framework) for on-balance-sheet exposures, in accordance with Article 111 CRR; - in accordance with Article 111 CRR, after reduction of specific credit risk adjustments and amounts deducted in accordance with point (m) of Article 36(1) CRR for off-balance-sheet exposures, in accordance with Article 111 CRR; - after (i) the application of conversion factors as specified in the same Article and (ii) the application of CRM techniques specified in Chapter 4 of Title II of Part Three CRR for both on-balance-sheet and off-balance-sheet exposures.
q	<p>Of which unrated:</p> <p>Exposures for which a credit assessment by a nominated ECAI is not available and that are applied specific risk weights depending on their exposure class, as specified in Article 113 to Article 134 CRR.</p>

Row number	Legal references and instructions
	Explanation
1 - 16	<p>Exposure classes in accordance with Article 112 CRR.</p> <p>Exposures assigned to exposure class 'items representing securitization provisions' according to point (m) of Article 112 CRR are not included.</p>

16	<p>“Other items” exposure class refers to:</p> <ul style="list-style-type: none">- assets subject to a specific risk weight set out in Article 134 of Chapter 4 of Title II of Part Three CRR;- assets not deducted in application of Article 39 CRR(tax overpayments, tax loss carry backs and deferred tax assets that do not rely on future profitability), Article 41 CRR(defined benefit pension fund assets), Article 46 and Article 469 CRR (non-significant investments in CET1 of financial sector entities), Article 49 and Article 471 CRR(participations in insurance entities whether or not insurance entities are supervised under the conglomerate directive), Article 60 and Article 475 CRR(non-significant and significant direct, indirect and synthetic investments in additional tier 1 (AT1) of financial sector entities), Article 70 and Article 477 CRR(insignificant and significant direct, indirect and synthetic holdings of T2 from a financial sector entity) when not allocated to other exposure classes, and to qualifying holdings outside the financial sector when they are not 1 250% risk-weighted (in application of point (k) of Article 36 of Chapter 1 of Title I of Part Two CRR).
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