

# Bank of England PRA

## **ANNEX XXVI – Counterparty credit risk disclosure tables and templates:** **Instructions**

1. This annex includes the instructions that institutions shall apply when disclosing the information regarding their exposure to counterparty credit risk as referred to in the Counterparty Credit Risk (CRR) Part of the PRA Rulebook disclosure table and templates as presented in Annex XXV of PRA Rulebook, Disclosure (CRR) Part in accordance with Article 439 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.

### **Table UK CCRA - Qualitative disclosure related to counterparty credit risk (CCR):** Free format text boxes

2. Institutions shall apply the instructions provided below in this Annex to complete table UK CCRA as presented in Annex XXV of PRA Rulebook, Disclosure (CRR) Part, in application of points (a) to (d) of Article 439 CRR.

<b>Legal references and instructions</b>	
<b>Row number</b>	<b>Explanation</b>
{1}	When disclosing information required in point (a) of Article 439 CRR, institutions must provide a description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties.
{2}	When disclosing information required in point (b) of Article 439 CRR, institutions must provide a description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves.
{3}	When disclosing information required in point (c) of Article 439 CRR, institutions must provide a description of policies with respect to Wrong-Way risk as defined in Article 291 CRR.
{4}	In accordance with Article 431 (3) and (4) CRR institutions should complement the above information by any other risk management objectives and relevant policies related to CCR.
{5}	<p>When disclosing information required in point (d) of Article 439 CRR institutions must provide the amount of collateral the institutions would have to provide if their credit rating was downgraded.</p> <p>Where the central bank of a Member State undertakes liquidity assistance in the form of collateral swap transactions, the competent authority may exempt institutions to provide this information where it deems that the disclosure of the information referred to therein could reveal the provision of emergency liquidity assistance. For these purposes, the competent authority shall set out appropriate thresholds and objective criteria.</p>

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## Template UKB CCR1 - Analysis of CCR exposures by approach: Fixed format

3. Institutions shall apply the instructions provided below in this Annex to complete template UK CCR1 as presented in Annex XXV of PRA Rulebook, Disclosure (CRR) Part, in application of points (f), (g), and (k) of Article 439 CRR.
4. This template excludes own funds requirements for CVA risk (CVA Risk Part of the PRA Rulebook) and exposures to a central counterparty (Own Funds Requirements for Exposures to a Central Counterparty Part of the PRA Rulebook) as defined for the purpose of template UK CCR8. For securities financing transactions, it includes the exposure values before and after the effect of credit risk mitigation as determined under the methods set out in the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, the Credit Risk Mitigation (CRR) Part of the PRA Rulebook, and the Securitisation (CRR) Part of the PRA Rulebook, whichever method is used, in accordance with Article 439 (g) of the Disclosure (CRR) Part of the PRA Rulebook, and the associated risk exposure amounts broken down by applicable method.
5. Institutions using the Original Exposure Method (OEM) and simplified Standardised Approach (simplified SA-CCR) set out in the Counterparty Credit Risk (CRR) Part of the PRA Rulebook shall indicate, in the narrative accompanying the template, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, as applicable, in application of point (m) of Article 439 of the Disclosure Part of the PRA Rulebook.

Legal references and instructions	
Row number	Explanation
UK1	<p><i>Original Exposure Method (for derivatives)</i></p> <p>Derivatives and long settlement transactions for which the institutions have chosen to calculate the exposure value as <math>\alpha \cdot (RC + PFE)</math> with <math>\alpha = 1.4</math>, RC and PFE computed in accordance with Article 282 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook. This simplified method for calculating the exposure value of derivative positions can only be used by institutions meeting the conditions laid down in Article 273a (2) or (4) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.</p>
UK2	<p><i>Simplified Standardised Approach for CCR (Simplified SA-CCR for derivatives)</i></p> <p>Derivatives and long settlement transactions for which the institutions have chosen to calculate the exposure value as <math>\alpha \cdot (RC + PFE)</math> with <math>\alpha</math>, RC and PFE computed in accordance with Article 281 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook .</p> <p>This simplified standardised approach for calculating the exposure value of derivative positions can only be used by institutions meeting the conditions laid down in Article 273a (1) or (4) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.</p>

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UK2a	Of which: All counterparties (excl. Non-Financial Counterparties (NFCs) & pension scheme arrangements) Derivatives and long settlement transactions for which institutions (except NFCs and pension scheme arrangements) calculates the exposure value in accordance in accordance with Article 281 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook. This simplified standardised approach for calculating the exposure value can only be used by institutions meeting the conditions laid down in Article 273a(1) or 273a(4) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.
UK2b	Of which: NFCs and pension scheme arrangements  Derivatives and long settlement transactions for which NFCs and pension scheme arrangements calculates the exposure value in accordance with Article 281 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook. This simplified standardised approach for calculating the exposure value can only be used by institutions meeting the conditions laid down in Article 273a(1) or 273a(4) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.
1	<i>Standardised Approach for CCR (SA-CCR for derivatives)</i> Derivatives and long settlement transactions for which the institutions have chosen to calculate the exposure value as $\alpha \cdot (RC + PFE)$ with $\alpha$ , RC and PFE computed in accordance with Article 274 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.
1a	Of which: All counterparties (excl. NFCs & pension scheme arrangements) Derivatives and long settlement transactions for which institution (excluding NFCs and pension scheme arrangements) calculates the exposure value in accordance with Article 274 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.
1b	Of which: NFCs & pension scheme arrangements Derivatives and long settlement transactions for NFCs and pension scheme arrangements calculates the exposure value in accordance with Article 274 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.
2	<i>IMM (for derivatives and SFTs)</i> Derivatives and long settlement transactions and SFTs for which institutions have been permitted to calculate the exposure value using the Internal Model Method (IMM) in accordance with Section 6 of Chapter 6 of Title II of Part Three CRR.
2a	<i>Of which securities financing transactions netting sets</i> Netting sets containing only SFTs, as defined in point (139) of Article 4(1) CRR, for which institutions have been permitted to determine the exposure value using the IMM.
2b	<i>Of which derivatives and long settlement transactions netting sets</i> Netting sets containing only derivative instruments listed in Annex II CRR and long settlement transactions as defined in point (2) of Article 272 CRR, for which institutions have been permitted to determine the exposure value using the IMM.
2c	<i>Of which from contractual cross-product netting sets</i> Netting sets containing transactions of different product categories (point (11) of Article 272 CRR), i.e. derivatives and SFTs, for which a contractual cross product netting agreement as defined in point (25) of Article 272 CRR exists and for which institutions have been permitted to determine the exposure value using the IMM.
3-4	<i>Financial collateral simple method (for SFTs) and Financial collateral comprehensive method (for SFTs)</i> Repurchase transactions, securities or commodities lending or borrowing transactions and margin lending transactions for which institutions have chosen to

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	determine the exposure value in accordance with the Credit Risk Mitigation (CRR) Part of the PRA Rulebook, as opposed to the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, .
5	<b>VaR for SFTs</b> Repurchase transactions, securities or commodities lending or borrowing transactions, margin lending transactions, or other capital market-driven transactions other than derivative transactions for which (in accordance with Article 221 CRR) the exposure value is calculated using an internal model approach (IMA) that takes into account correlation effects between security positions subject to the master netting agreement, as well as the liquidity of the instruments concerned.
6	<b>Total</b>
<b>Column letter</b>	<b>Explanation</b>
a-b	<b>Replacement cost (RC) and Potential future exposure (PFE)</b> RC and PFE shall be computed: -in accordance with Article 282 (3) and (4) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook for the Original Exposure Method (row UK1), - in accordance with Article 281 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook for the Simplified SA-CCR (row UK2 [a & b]), -in accordance with Articles 275 and 278 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook for the SA-CCR (row 1 [a & b]). The institutions shall disclose the sum of the replacement costs for all netting sets in the corresponding rows.
c	<b>Effective expected positive exposure (EEPE)</b> The EEPE per netting set is defined in point (22) of Article 272 CRR and shall be calculated in accordance with Article 284 (6) CRR. The EEPE to be disclosed here is the one applied for the determination of own funds requirements in accordance with Article 284 (3) CRR, i.e. either the EEPE calculated using current market data, or the EEPE calculated using a stress calibration, whichever leads to a higher own funds requirement. Institutions should specify in the narrative accompanying this template which EEPE has been inserted.
d	<b>Alpha used for computing regulatory exposure value</b> The value of $\alpha$ is fixed as 1.4 in row UK1 in accordance with Article 282 (2) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook . For all counterparties (except pension scheme arrangements and NFCs), the value of $\alpha$ is fixed as 1.4 in rows UK2 [a & b] and 1 [a & b] in accordance with Articles 281(1) and 274(2) of the CCR Part of the PRA Rulebook. For pension scheme arrangements and NFCs, the value of $\alpha$ is fixed as 1 in rows UK2 [a & b] and 1 [a & b] in accordance with Articles 281(1) and 274(2) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook. For IMM purposes, the value of $\alpha$ can either be the default of 1.4 or different when competent authorities require a higher $\alpha$ in accordance with Article 284 (4) CRR or permit institutions to use their own estimates in accordance with Article 284 (9) of Section 6 of Chapter 6 of Title II of Part Three CRR.
e	<b>Capital add-on for legacy trades</b> Pension scheme arrangements and NFC firms may adopt an alpha multiplier equal to 1 on both legacy transactions and new transactions. Firms would however be required to hold additional capital in Pillar 1 equal to the day 1 capital benefit from the reduction of the alpha factor for legacy trades. This add-on would be reduced linearly over five years, or until all trades with counterparties where alpha is set to

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	one are voluntarily incorporated into the CVA RWAs calculation, in accordance with Article 274 (2.a) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.
f	<p><i>Exposure value pre-CRM</i></p> <p>The exposure value pre-CRM for CCR business shall be calculated in accordance with the methods laid down in the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, the Credit Risk Mitigation (CRR) Part of the PRA Rulebook, and the Securitisation (CRR) Part of the PRA Rulebook taking into account the effect of netting, but disregarding any other credit risk mitigation techniques (e.g. through margin collateral)</p> <p>In the case of SFTs the security leg shall not be considered in the determination of the exposure value pre-CRM when collateral is received and therefore shall not decrease the exposure value. On the contrary, the SFTs security leg shall be considered in the determination of the exposure value pre-CRM in the regular way when collateral is posted.</p> <p>Furthermore, collateralised business shall be handled as uncollateralised, i.e. no margining effects apply.</p> <p>For transactions where specific wrong way risk has been identified, the exposure value pre-CRM must be determined in accordance with Article 291 CRR.</p> <p>The exposure value pre-CRM shall not consider the deduction of the incurred CVA loss in accordance with Article 273 (6) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.</p> <p>The institution shall disclose the sum of all exposure values pre-CRM in the respective row.</p>
g	<p><i>Exposure value (post-CRM)</i></p> <p>The exposure value post-CRM for CCR business shall be calculated in accordance with the methods laid down the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, the Credit Risk Mitigation (CRR) Part of the PRA Rulebook, and the Securitisation (CRR) Part of the PRA Rulebook, having applied CRM techniques as applicable in accordance with the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, the Credit Risk Mitigation (CRR) Part of the PRA Rulebook, and the Securitisation (CRR) Part of the PRA Rulebook.</p> <p>For transactions where specific wrong way risk has been identified, the exposure value must be determined in accordance with Article 291 CRR.</p> <p>The exposure value post-CRM shall not consider the deduction of the incurred CVA loss in accordance with Article 273 (6) of the CCR Part of the PRA Rulebook.</p> <p>The institution shall disclose the sum of all exposure values post-CRM in the respective row.</p>
h	<p><i>Exposure value</i></p> <p><i>Exposure value for CCR business calculated in accordance with the methods laid down in the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, the Credit Risk Mitigation (CRR) Part of the PRA Rulebook, and the Securitisation (CRR) Part of the PRA Rulebook, which is the relevant amount for the own funds requirement calculation, i.e. having applied CRM techniques as applicable in accordance with the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, the Credit Risk Mitigation (CRR) Part of the PRA Rulebook, and the Securitisation (CRR) Part of the PRA Rulebook and considering the deduction of the incurred CVA loss in accordance with Article 273 (6) of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.</i></p> <p><i>The exposure value for transactions where specific wrong way risk has been identified must be determined in accordance with Article 291 CRR.</i></p>



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	<p><i>For cases in which more than one CCR approach is used for a single counterparty, the incurred CVA loss, which is deducted at counterparty level, shall be assigned to the exposure value of the different netting sets in each CCR approach reflecting the proportion of the exposure value post-CRM of the respective netting sets to the total exposure value post-CRM of the counterparty.</i></p> <p><i>The institution shall disclose the sum of all exposure values post-CRM in the respective row.</i></p>
i	<p><b>RWEA</b></p> <p><i>Risk weighted exposure amounts as defined in Article 92 (3) and (4) CRR calculated in accordance with Article 107 CRR, for elements whose risk weights are estimated on the basis of the requirements in Chapters 2 and 3 of Title II of Part Three CRR and for which the exposure value for CCR business is calculated in accordance with Chapters 4 and 6 of Title II of Part Three CRR.</i></p>

## Template UKB CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights: Fixed format

6. Institutions shall apply the instructions provided below in this Annex to complete template UK CCR3 as presented in Annex XXV of PRA Rulebook, Disclosure (CRR) Part, in application of point (I) of Article 439 of the PRA Rulebook, Disclosure (CRR) Part, referring to point (e) of Article 444 of the PRA Rulebook, Disclosure (CRR) Part.
7. Institutions using the credit risk standardised approach to compute risk weighted exposure amounts (excluding those derived from own funds requirements for CVA risk and for exposures cleared through a CCP) for all or part of their CCR exposures in accordance with Article 107 of the Credit Risk: General Provisions (CRR) Part, irrespective of the CCR approach used to determine exposure values in accordance with the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, the Credit Risk Mitigation (CRR) Part of the PRA Rulebook, and the Securitisation (CRR) Part of the PRA Rulebook, shall disclose the following information.
8. If an institution deems that the information requested in this template is not meaningful because the exposure and risk weighted exposure amounts are not material, the institution may choose not to disclose the template. The institution is, however, required to explain in a narrative commentary why it considers the information not to be meaningful, including a description of the exposures in the portfolios concerned and the aggregate total of risk weighted exposures amounts from such exposures.

Legal references and instructions	
Row number	Explanation
{1}–{8}	<p><b>Exposure classes:</b></p> <p>These rows refer to the regulatory exposure classes as defined in Article 112(1) of the Credit Risk: Standardised Approach (CRR) Part. In each line, the corresponding exposure values (see definition provided in column {g} of template CCR1) shall be disclosed.</p>
{9}	<p><b>Other items:</b></p> <p>This refers to assets subject to a specific risk weight set out in Article 134 of Credit Risk: Standardised Approach (CRR) Part and any other items not covered in rows 1 to 8. It also refers to assets not deducted in the application of Article 39 CRR (tax overpayments, tax loss carrybacks and deferred tax</p>

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	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 indirect and investments in AT1 of financial sector entities), Article 70 and Article 477 CRR (insignificant and significant 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 the application of point (k) of Own Funds and Eligible Liabilities (CRR) Part Article 36
{10}	Total exposure value
Column letter	Explanation
{a}–{q}	These columns refer to the risk weights as set out in the Credit Risk: Standardised Approach (CRR) Part for which the corresponding exposure values (see definition provided in column {g} of template UK CCR1) shall be disclosed.
{r}	<i>Total exposure value</i>

## Template UK CCR4 - IRB approach – CCR exposures by exposure class and PD scale: Fixed format

9. Institutions shall apply the instructions provided below in this Annex to complete template UK CCR4 as presented in Annex XXV of PRA Rulebook, Disclosure (CRR) Part, in application of point (l) of Article 439 CRR referring to point (g) of Article 452 CRR.
10. Institutions using either the advanced or the foundation IRB approach to compute risk weighted exposure amounts (excluding those derived from own funds requirements for CVA risk and for exposures cleared through a CCP) for all or part of their CCR exposures in accordance with Article 107 CRR, irrespective of the CCR approach used to determine exposure value in accordance with Chapters 4 and 6 of Title II of Part Three CRR shall disclose the following information.

Legal references and instructions	
Row number	Explanation
{1} to {8}	<p><i>PD scale:</i></p> <p>CCR exposures shall be allocated to the appropriate bucket of the fixed PD scale based on the PD estimated for each obligor assigned to this exposure class (without considering any substitution due to existence of guarantee or credit derivative). Institutions shall map exposure by exposure to the PD scale provided in the template, also taking into account continuous scales. All defaulted exposures shall be included in the bucket representing PD of 100%.</p>

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{1} to x	<p><i>Exposure class X:</i></p> <p>This refers to the different exposure classes listed in Article 147 of Chapter 3 of Title II of Part Three CRR.</p>
x and y	<p><i>Sub-total (Exposure class X) / Total (all CCR relevant exposure classes)</i></p> <p>The (sub-) total of exposure values, risk weighted exposure amounts and number of obligors shall just be the sum of the respective columns. Concerning the different parameters Average PD, Average LGD, Average Maturity and RWEA density the below definitions apply with respect to the sample of exposure class X or all CCR relevant exposure classes.</p>
<b>Column letter</b>	<b>Explanation</b>
{a}	<p><i>Exposure value:</i></p> <p>Exposure value (see definition provided in column {g} of template UK CCR1), broken down by exposure classes and the given PD scale as set out in Chapter 3 of Title II of Part Three CRR.</p>
{b}	<p><i>Exposure weighted average PD (%):</i></p> <p>Average of individual obligor grade PDs weighted by their corresponding exposure value disclosed in column {a}.</p>
{c}	<p><i>Number of obligors:</i></p> <p>The number of legal entities or obligors allocated to each bucket of the fixed PD scale, which were separately rated, regardless of the number of different loans or exposures granted.</p> <p>Where different exposures to the same obligor are separately rated, they shall be counted separately. Such situation may take place if separate exposures to the same obligor are assigned to different obligor grades in accordance with the second sentence of point (e) of Article 172(1) CRR.</p>
{d}	<p><i>Exposure weighted average LGD (%):</i></p> <p>Average of obligor grade LGDs weighted by their corresponding exposure value.</p> <p>The LGD disclosed shall correspond to the final LGD estimate used in the calculation of own funds requirements obtained after considering any CRM effects and downturn conditions where relevant.</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 A-IRB Approach, provisions laid down in point (h) of Article 181(1) CRR shall be considered. The LGD disclosed shall correspond to the estimate of LGD in-default.</p>
{e}	<p><i>Exposure weighted average maturity (years):</i></p> <p>Average of obligor maturities in years weighted by their corresponding exposure value disclosed in column {a}.</p>



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	The value of maturity disclosed reflects Article 162 CRR.
{f}	<p><i>RWEA</i></p> <p>Risk weighted exposure amounts calculated in accordance with the requirements laid down in Chapter 3 of Title II of Part Three CRR.</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) to (4) CRR.</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> <p>For equity exposures under the PD/LGD approach, the risk weighted exposure amount calculated in accordance with Article 155(3) CRR.</p>
{g}	<p><i>Density of risk weighted exposure amounts:</i></p> <p>Ratio of the total risk weighted exposure amounts (disclosed in column {f}) to the exposure value (disclosed in column {a}).</p>

## Template UK CCR5 - Composition of collateral for CCR: Fixed columns

- Institutions shall apply the instructions provided below in this Annex to complete template UK CCR5 as presented in Annex XXV of PRA Rulebook, Disclosure (CRR) Part, in application of point (e) of Article 439 CRR.
- This template shall be filled with fair values of collateral (posed or received) used in CCR exposures related to derivative transactions or to SFTs, whether or not the transactions are cleared through a CCP and whether or not collateral is posted to a CCP.
- Where the central bank of a Member State undertakes liquidity assistance in the form of collateral swap transactions, the competent authority may exempt institutions to provide information in this template where it deems that the disclosure of this information could reveal the provision of emergency liquidity assistance. For these purposes, the competent authority shall set out appropriate thresholds and objective criteria.

Legal references and instructions	
Row number	Explanation
{1}-{4}	<p><i>Collateral type</i></p> <p>Breakdown by type of collateral.</p>
{5}	<i>Total</i>
Column letter	Explanation

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{a} and {c}	<i>Segregated:</i> Collateral that is held in a bankruptcy-remote manner as defined in Article 300 (1) CRR.
{b} and {d}	<i>Unsegregated:</i> Collateral that is not held in a bankruptcy-remote manner as defined in Article 300 (1) CRR.
{a} to {d}	<i>Collateral used in derivative transactions:</i> Refers to collateral (including the initial margin and variation margin collateral) that is used in CCR exposures related to any derivative instrument listed in Annex II CRR or a long settlement transaction as per Article 271 (2) CRR not qualifying as an SFTs.
{e} to {f}	<i>Collateral used in SFTs:</i> Refers to collateral (including the initial margin and variation margin collateral as well as the collateral appearing in the security leg of the SFT) that is used in CCR exposures related to any SFT or a long settlement transaction not qualifying as a derivative.

## Template UK CCR6 - Credit derivatives exposures: Fixed format

14. Institutions shall apply the instructions provided below in this Annex to complete template UK CCR6 as presented in Annex XXV of PRA Rulebook, Disclosure (CRR) Part, in application of point (j) of Article 439 CRR.

Legal references and instructions	
Row number	Explanation
{1}–{6}	<i>Notionals</i> Sum of absolute notional derivative amounts before any netting broken down by product type.
{7}–{8}	<i>Fair values</i> Fair values broken down by assets (positive fair values) and liabilities (negative fair values).
Column letter	Explanation
{a}–{b}	<i>Credit derivative protection</i> Credit derivative protection bought or sold in accordance with Chapter 6 of Title II of Part Three CRR.

## Template UK CCR7 - RWEA flow statements of CCR exposures under the IMM: Fixed format

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15. Institutions shall apply the instructions provided below in this Annex to complete template UK CCR7 as presented in Annex XXV of PRA Rulebook, Disclosure (CRR) Part, in application of point (h) of Article 438 CRR.
16. Institutions using the IMM to compute risk weighted exposure amounts for all or part of their CCR exposures in accordance with Chapter 6 of Title II of Part Three CRR, irrespective of the credit risk approach used to determine the corresponding risk weights shall disclose a flow statement explaining changes in risk weighted exposure amounts of derivatives and SFTs in the IMM scope differentiated by key drivers and based on reasonable estimations.
17. This template excludes risk weighted exposure amounts for CVA risk (Title VI of Part Three CRR) and exposures to a central counterparty (Section 9 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook).
18. 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.
19. Institutions shall explain in the accompanying narrative to the template the figures disclosed in row 8 of the template, i.e. any other drivers that contribute significantly to RWEA variations.

Legal references and instructions	
Row number	Explanation
{1}	<i>RWEA as at the end of the previous disclosure period</i> Risk weighted exposure amounts for CCR exposures under the IMM as at the end of the previous disclosure period.
{2}	<i>Asset size:</i> RWEA changes (positive or negative) due to organic changes in book size and composition (including the origination of new businesses and maturing exposures) but excluding changes in book size due to acquisitions and disposal of entities.
{3}	<i>Credit quality of counterparties:</i> RWEA changes (positive or negative) due to changes in the assessed quality of the institution's counterparties as measured under the credit risk framework, whatever approach the institution uses. This row also includes potential RWEA changes due to IRB models when the institution uses an IRB approach.

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{4}	<p><i>Model updates (IMM only):</i></p> <p>RWEA changes (positive or negative) due to model implementation, changes in model scope, or any changes intended to address model weaknesses. This row addresses only changes in the IMM.</p>
{5}	<p><i>Methodology and policy (IMM only):</i></p> <p>RWEA changes (positive or negative) due to methodological changes in calculations driven by regulatory policy changes, such as new regulations (only in the IMM).</p>
{6}	<p><i>Acquisitions and disposals:</i></p> <p>RWEA changes (positive or negative) due to changes in book sizes due to acquisitions and disposal of entities.</p>
{7}	<p><i>Foreign exchange movements:</i></p> <p>RWEA changes (positive or negative) due to changes arising from foreign currency translation movements.</p>
{8}	<p><i>Other:</i></p> <p>This category is intended to be used to capture RWEA changes (positive or negative) that cannot be attributed to the above categories. Institutions shall include the sum of these RWEA changes in this row. Institutions shall further describe any other material drivers of risk weighted amounts movements over the disclosure period in the accompanying narrative for this template.</p>
{9}	<p><i>RWEA as at the end of the current disclosure period</i></p> <p>Risk weighted exposure amounts for CCR exposures under the IMM as at the end of the current disclosure period.</p>
Column letter	<i>Explanation</i>
{a}	<i>RWEA</i>

## Template UK CCR8 - Exposures to CCPs: Fixed format

20. Institutions shall apply the instructions provided below in this Annex to complete template UK CCR8 as presented in Annex XXV of PRA Rulebook, Disclosure (CRR) Part, in application of point (i) of Article 439 CRR.
21. Exposures to CCPs: Contracts and transactions listed in Article 301 (1) CRR for as long as they are outstanding with a CCP, including exposures to CCP-related transactions in accordance with Article 300 (2) CRR, for which the own funds requirements are calculated in accordance with Section 9 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.

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Row number	Explanation
{1}-{10}	<p><i>Qualifying CCP (QCCP):</i></p> <p>A qualifying central counterparty or “QCCP” is defined in point (88) of Article 4 (1) CRR.</p>
{7}and{8} {17}and{18}	<p><i>Initial margin:</i></p> <p>Institutions shall disclose the fair values of collateral received or posted as initial margin defined in point (140) of Article 4 (1) CRR.</p> <p>For the purposes of this template, initial margin does not include contributions to a CCP for 13utualized loss-sharing arrangements (i.e. in cases where a CCP uses initial margin to mutualise losses among the clearing members, it will be treated as a default fund exposure).</p>
{9}and{19}	<p><i>Prefunded default fund contributions:</i></p> <p>The contribution to the default fund of a CCP that is paid in by the institutions. ‘Default fund’ is defined in point (89) of Article 4(1) CRR.</p>
{20}	<p><i>Unfunded default fund contributions:</i></p> <p>Contributions that an institution acting as a clearing member has contractually committed to provide to a CCP after the CCP has depleted its default fund to cover the losses it incurred following the default of one or more of its clearing members. ‘Default fund’ is defined in point (89) of Article 4(1) CRR.</p>
{7}and{17}	<p><i>Segregated:</i></p> <p>See definition in included in template UK CCR5.</p>
{8}and{18}	<p><i>Unsegregated:</i></p> <p>See definition in included in template UK CCR5.</p>
Column letter	Explanation
{a}	<p><i>Exposure value:</i></p> <p>Exposure value calculated in accordance with the methods laid down in Chapters 4 and 6 of Title II of Part Three CRR for transactions in the scope of Section 9 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, after the application of the relevant adjustments provided for by Articles 304, 306 and 308 of that section. An exposure can be a trade exposure, as defined in point (91) of Article 4 (1) CRR. The exposure value disclosed is the amount relevant for the own funds requirements calculation in accordance with Section 9 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook, considering the requirements in Article 497 CRR during the transitional period provided for by that Article.</p>
{b}	<p><i>RWEA</i></p> <p>Risk weighted exposure amounts in accordance with point (a) of Article 92 (3) CRR calculated in accordance with Article 107 of Section 9 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.</p>