

## Appendix 2: Data template response

Risk Weight Assigned (%) (All UK IRB mortgages)	Total RWAs (£mn, June 2020) <i>current policy/regulation</i>	Exposure At Default (EAD) (£mn, June 2020) <i>current policy/regulation</i>	Total RWAs (£mn, June 2020) <u>estimated</u> under hybrid approach and EBA roadmap	EAD (£mn, June 2020) <u>estimated</u> under hybrid approach and EBA roadmap	Total RWAs (£mn, June 2020) <u>estimated</u> under hybrid approach, EBA roadmap and Basel III finalisation	EAD (£mn, June 2020) <u>estimated</u> under hybrid approach, EBA roadmap and Basel III finalisation
0–1.99						
2–2.99						
3–3.99						
4–4.99						
5–5.99						
6–6.99						
7–7.99						
8–8.99						
9–9.99						
10–10.99						
11–11.99						
12–14.99						
15–19.99						
20–24.99						
25+						
RWA Average						

### Guidelines for completing data template

1. Respondents are encouraged to complete this short table alongside any other comments they may have on the proposals outlined in this Consultation Paper. Responses are entirely on a voluntary basis.
2. The PRA recognises that completion may require a degree of estimation and judgement. Some regulatory policies are yet to be finalised, and some firms are yet to decide relevant individual implementation approaches.
3. If respondents make a particularly sensitive judgement, they are encouraged to explain what this was and why.
4. All fields in the table should be completed based on a June 2020 balance sheet and assume a consistent economic environment to provide useful comparative data. Should respondents already have similar estimates but based on other balance sheets (either historic or projected), a useful and pragmatic approach would be to provide that existing analysis, alongside an explanation of where the differences lie.

5. All UK residential mortgage exposures are in scope. Residential lending secured on property outside the UK is not included.
6. By 'hybrid approach' the PRA specifically means the policy set out in PS13/17 on residential mortgage risk weights.<sup>14</sup>
7. By 'EBA roadmap' the PRA specifically means the policy set out in PS7/19<sup>15</sup> on the definition of default and PS11/20<sup>16</sup> on PD and LGD estimation.
8. By Basel III finalisation, the PRA specifically means the finalisation of the Basel III post-crisis reforms published in 2017.<sup>17</sup> For the purposes of this exercise, the main relevant mortgage policy changes to take account of are:
  - (a) removal of the 1.06 IRB scaling factor;
  - (b) removal of the 10% exposure weighted average LGD floor;
  - (c) introduction of a 5 basis point exposure level PD floor and a 5% exposure level LGD floor; and
  - (d) not including the impact of the SA output floor, as this measure is only relevant to total balance sheets.

---

<sup>14</sup> June 2017: <https://www.bankofengland.co.uk/prudential-regulation/publication/2016/residential-mortgage-risk-weights>.

<sup>15</sup> March 2019: <https://www.bankofengland.co.uk/prudential-regulation/publication/2018/credit-risk-the-definition-of-default>.

<sup>16</sup> May 2020: <https://www.bankofengland.co.uk/prudential-regulation/publication/2019/credit-risk-probability-of-default-and-loss-given-default-estimation>.

<sup>17</sup> Published by BIS: <https://www.bis.org/bcbs/publ/d424.htm>.