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4.1.3 of Annex II

Credit Valuation Adjustment (CVA) Risk Reporting – Instructions

Institutions are requested to report information on capital charges for CVA risk under the current framework. The CVA risk framework reflects the UK implementation of the Basel 3.1 standards. Each row identifies the scope of transactions to be included in the calculations of CVA risk; this should be used consistently for all metrics (eg capital charge, K_b, CVA RWA, CCR RWA).

CAP 26.01: Credit Valuation Adjustment: CVA Exposures by Approach

CAP 26.11: Authorisations

Rows	Columns	Heading	Description
0010-0040	0010	Methodology used by the firm	Firms should indicate for each methodology whether they are using it by filling in the template with 'yes' or 'no'.
0030-0040	0020	Date of PRA approval to use SA-CVA / notification submission date to use the Alternative Approach	Firms using SA-CVA should disclose the PRA approval date for using this method. Firms using the Alternative Approach should disclose the notification date for using this method.

CAP 26.12: Notional amount of the derivatives business

Scope: all firms calculating CVA RWAs

Rows	Columns	Heading	Description
0010	0010	Aggregate notional amount of non-centrally cleared derivatives	Firms should compute this for the purposes of rule 6.1 of the Credit Valuation Adjustment risk Part of the PRA Rulebook.

CAP 26.13: Capital requirements and exposure values

Scope: all firms with transactions subject to CVA capital requirements. Firms should fill in the rows according to the approach(es) to CVA they use, e.g. a firm that only uses SA-CVA, with

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no netting sets on BA-CVA, would report 0s in all cells in the rows related to full BA-CVA, reduced BA-CVA and Alternative Approach.

Note: "Alternative Approach" refers to the approach outlined in Chapter 6 of the Credit Valuation Adjustment risk Part of the PRA Rulebook.

Rows	Columns	Heading	Description
0010-0050	0010	CVA RWAs	Firms should compute their CVA RWAs for each methodology, in accordance with chapters 4, 5 and 6 of the Credit Valuation Adjustment Risk Part of the PRA Rulebook Row 0010 ("All exposures subject to CVA capital requirements") should be the sum of rows 0020 to 0050.
0010-0040	0020	CVA RWAs of which: Securities financing transactions (SFTs) only	Firms should compute the CVA RWAs associated with their SFTs exposures for each relevant methodology. Row 0010 ("All exposures subject to CVA capital requirements ") should be the sum of rows 0020 to 0040.
0010-0050	0030	CVA capital requirements	Firms should compute their CVA capital requirements for each methodology. CVA capital requirements should equal 0.08 x CVA RWAs Row 0010 ("All exposures subject to CVA capital requirements ") should be the sum of rows 0020 to 0050.
0010-0040	0040	CVA capital requirements of which: SFTs only	Firms should compute their CVA capital requirements associated with their SFTs exposures for each methodology. Row 0010 ("All exposures subject to CVA capital requirements ") should be the sum of rows 0020 to 0040.
0010	0050	Non-floor calculation: CCR exposure	Firms should report the total CCR exposure associated with transactions in scope of being included in the CVA framework before application of the Output Floor as per the Required Level of Own Funds (CRR) Part of the PRA Rulebook.

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0010	0060	Non-floor calculation: CCR RWAs	Firms should report the total CCR RWAs associated with transactions in scope of being included in the CVA framework before the application of the Output floor as per the Required Level of Own Funds (CRR) Part of the PRA Rulebook..
0010	0070	Floor calculation: CCR exposure	Firms should report the total CCR exposure associated with transactions in scope of the CVA framework after application of the Output Floor as per the Required Level of Own Funds (CRR) Part of the PRA Rulebook.
0010	0080	Floor calculation: CCR RWAs	Firms should report the total CCR exposure associated with transactions in scope of the CVA framework after application of the Output Floor as per the Required Level of Own Funds (CRR) Part of the PRA Rulebook.

CAP 26.02: Credit Valuation Adjustment: Basic Approach

CAP 26.21: Decomposition of full BA-CVA capital requirements

Scope: firms that use the BA-CVA for at least a subset of their portfolios, and that apply hedging to some of their exposures.

Note this table should be consistent with firm's disclosures under disclosure Template CVA2.

Rows	Columns	Heading	Description
0010	0010	K-reduced: Capital Requirement	K-reduced refers to the calculation in rule 4.2 of the Credit Valuation Adjustment Risk Part of the PRA Rulebook.
0020	0020	K-reduced: Aggregation of systematic component	Aggregation of systematic components for K-Reduced refers to the first term under the square root sign in rule 4.2 of the Credit Valuation Adjustment Risk Part of the PRA rulebook, i.e. $(\rho \cdot \sum_C SCVA_C)^2$
0030	0020	K-reduced: Aggregation of idiosyncratic components	Aggregation of idiosyncratic components for K-Reduced refers to the second term under the square root sign in rule 4.2 of the Credit Valuation Adjustment Risk Part of the PRA rulebook, i.e. $(1 - \rho^2) \cdot \sum_C SCVA_C^2$

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0040	0010	K-hedged: Capital requirement	K-hedged refers to the calculation in rule 4.7 of the Credit Valuation Adjustment Risk Part of the PRA rulebook..
0050	0020	K-hedged: Aggregation of systematic components	The aggregation of systematic components (K-hedged) refers to the first term under the square root sign in rule 4.7 of the Credit Valuation Adjustment Risk Part of the PRA rulebook, i.e. $(\rho \cdot \sum_C (SCVA_C - SNH_C) - IH)^2$.
0060	0020	K-hedged: Aggregation of idiosyncratic components	Aggregation of idiosyncratic components (K-hedged) refers to the second term under the square root sign in rule 4.7 of the Credit Valuation Adjustment Risk Part of the PRA rulebook, i.e. $(1 - \rho^2) \cdot \sum_C (SCVA_C - SNH_C)^2$.
0070	0020	Aggregation of components reflecting hedge misalignment	Aggregation of components reflecting hedge misalignment refers to the third term in rule 4.7 of the Credit Valuation Adjustment Risk Part of the PRA Rulebook, i.e $\sum_C HMA_C$.
0080	0010	K-full: Capital requirement	K-full refers to rule 4.6 of the Credit Valuation Adjustment Risk Part of the PRA rulebook.
0090	0010	Total	Total capital requirements are calculated in rule 4.6 of the Credit Valuation Adjustment Risk Part of the PRA rulebook. "Total" is K-full multiplied by DS_{BA-CVA} and corresponds to the capital requirements for CVA risk under K-full.
0100	0010	Hedging benefit	This cell should be equal to DS_{BA-CVA}*(K-reduced – K-full), and reflects the quantification of the hedging benefit.

CAP 26.22: Decomposition of reduced BA-CVA capital requirements

Rows	Columns	Heading	Description
0010	0010	K-reduced	K-reduced refers to the calculation in rule 4.2 of the Credit Valuation Adjustment Risk Part of the PRA Rulebook.
0020	0020	Aggregation of systematic components	Aggregation of systematic components (K-reduced) refers to the first term under the square root sign in

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			rule 4.2 of the Credit Valuation Adjustment Risk Part of the PRA rulebook., i.e. $(\rho \cdot \sum_C SCVA_C)^2$
0030	0020	Aggregation of idiosyncratic components	Aggregation of idiosyncratic components (K-Reduced) refers to the second term under the square root sign in rule 4.2 of the Credit Valuation Adjustment Risk Part of the PRA Rulebook, i.e. $((1 - \rho^2) \cdot \sum_C SCVA_C^2)$
0040	0010	Total	Total capital requirements are calculated in rule 4.2 of the Credit Valuation Adjustment Risk Part of the PRA rulebook. "Total" is K-reduced multiplied by DS_{BA-CVA} and corresponds to the total capital requirements for CVA risk under K-reduced.

CAP 26.03 Credit Valuation Adjustment: Standardised Approach

CAP 26.31: Decomposition of SA-CVA capital requirements

Scope: firms that are permitted to use SA-CVA for all or part of their CVA capital requirement calculation.

Rows	Columns	Heading	Description
0010-0070	0010	Capital requirement: Delta risk	The delta risk capital requirement amount for each relevant risk class, refers to the calculation in rule 5.15 the Credit Valuation Adjustment Risk Part of the PRA rulebook.
0010-0070	0020	Capital requirement: Vega risk	The vega risk capital requirement amount for each relevant risk class , as per rule 5.17 of the Credit Valuation Adjustment Risk Part of the PRA rulebook.
0070	0030	mCVA multiplier	This refers to the mCVA multiplier as per rule 5.24(2) of the Credit Valuation Adjustment Risk Part of the PRA rulebook.

CAP 26.32: Bucket level capital requirements for SA-CVA counterparty credit spread delta risk

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Scope: firms that are permitted to use SA-CVA for all or part of their CVA capital calculation.

Rows	Columns	Heading	Description
0010-0080	0010	K_b	The K_b component refers to the calculation in rule 5.24(1) of the Credit Valuation Adjustment Risk Part of the PRA rulebook. It is calculated for each bucket assigned to counterparty credit spread risk and defined in rule 5.27 of the Credit Valuation Adjustment Risk Part of the PRA rulebook. The square root of the sum of K_b *component 1* and K_b *component 2* should be equal to K_b.
0010-0080	0020	K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in rule 5.24(1) of the Credit Valuation Adjustment Risk Part of the PRA rulebook., i.e. $\left(\sum_{k\in b} WS_k^2 + \sum_{k\in b}\sum_{l\in b, l\neq k} \rho_{kl}\, WS_k WS_l\right)$.
0010-0080	0030	K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in rule 5.24(1) Credit Valuation Adjustment Risk Part of the PRA rulebook, i.e. $R \cdot \sum_{k\in b}\left((WS_k^{Hdg})^2\right)$.

CAP 26.33: Bucket level capital requirements for SA-CVA interest rate risk

Scope: firms that are permitted to use SA-CVA for all or part of their CVA capital calculation.

Rows	Columns	Heading	Description
0010-0080	0010	Delta risk: K_b	The K_b component for delta risk is defined in rule 5.24(1) of the Credit Valuation Adjustment Risk Part of the PRA rulebook. It is calculated for each bucket assigned to interest rate risk defined in rule 5.25 of the Credit Valuation Adjustment Risk Part of the PRA rulebook. The square root of the sum of K_b *component 1* and K_b *component 2* should be equal to K_b, except for exposures in the 'Other' category.
0010-0080	0020	Delta risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in rule 5.24(1) of the

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Rows	Columns	Heading	Description
			Credit Valuation Adjustment Risk Part of the PRA rulebook, i.e. $\left(\sum_{k\in b} WS_k^2 + \sum_{k\in b}\sum_{l\in b, l\neq k}\rho_{kl}\, WS_k WS_l\right)$.
0010-0080	0030	Delta risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in rule 5.24(1) of the Credit Valuation Adjustment Risk Part of the PRA rulebook, , i.e. $R\cdot\sum_{k\in b}((WS_k^{Hdg})^2)$.
0010-0080	0040	Vega risk: K_b	The K_b component for vega risk refers to the calculation in rule 5.24(1) of the Credit Valuation Adjustment Risk Part of the PRA rulebook. It is calculated for each bucket assigned to interest rate risk defined in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.25. The square root of the sum of K_b *component 1* and K_b *component 2* should be equal to K_b, except for exposures in the 'Other' category.
0010-0080	0050	Vega risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in rule 5.24(1) of the Credit Valuation Adjustment Risk Part of the PRA rulebook, i.e. $\left(\sum_{k\in b} WS_k^2 + \sum_{k\in b}\sum_{l\in b, l\neq k}\rho_{kl}\, WS_k WS_l\right)$.
0010-0080	0060	Vega risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in rule 5.24(1) of the Credit Valuation Adjustment Risk Part of the PRA rulebook, i.e. $R\cdot\sum_{k\in b}((WS_k^{Hdg})^2)$.

CAP 26.34: Bucket level capital requirements for SA-CVA foreign exchange risk

Scope: firms that are permitted to use SA-CVA for all or part of their CVA capital calculation.

Rows	Columns	Heading	Description

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0010-0080	0010	Delta risk: K_b	The K_b component for delta risk is defined as per Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1). It is calculated for each bucket assigned to FX risk defined in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.26. The square root of the sum of K_b *component 1* and K_b *component 2* should be equal to K_b, except for exposures in the 'Other' category.
0010-0080	0020	Delta risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $\left(\sum_{k\in b} WS_k^2 + \sum_{k\in b}\sum_{l\in b,l\neq k}\rho_{kl}\, WS_k WS_l\right)$.
0010-0080	0030	Delta risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $R\cdot\sum_{k\in b}\left((WS_k^{Hdg})^2\right)$.
0010-0080	0040	Vega risk: K_b	The K_b component for vega risk is defined as per Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1). It is calculated for each bucket assigned to FX risk buckets and defined in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.26. The square root of the sum of K_b *component 1* and K_b *component 2* should be equal to K_b, except for exposures in the 'Other' category, row 66.
0010-0080	0050	Vega risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $\left(\sum_{k\in b} WS_k^2 + \sum_{k\in b}\sum_{l\in b,l\neq k}\rho_{kl}\, WS_k WS_l\right)$.

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0010-0080	0060	Vega risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $R \cdot \sum_{k \in b}((WS_k^{Hdg})^2)$.

Note: For FX delta and vega risks, buckets must be set per individual currencies except for a bank's own reporting currency.

CAP 26.35: Bucket level capital requirements for SA-CVA reference credit spread risk

Scope: firms that are permitted to use SA-CVA for all or part of their CVA capital calculation.

Rows	Columns	Heading	Description
0010-0170	0010	Delta risk: K_b	The K_b component for delta risk is defined as per Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1). It is calculated for each bucket assigned to reference credit spread risk defined in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.28. The square root of the sum of K_b *component 1* and K_b component 2 should be equal to K_b.
0010-0170	0020	Delta risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $\left(\sum_{k \in b} WS_k^2 + \sum_{k \in b} \sum_{l \in b, l \neq k} \rho_{kl} WS_k WS_l\right)$.
0010-0170	0030	Delta risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $R \cdot \sum_{k \in b}((WS_k^{Hdg})^2)$.

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0010-0170	0040	Vega risk: K_b	The K_b component for vega risk is defined as per Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1). It is calculated for each bucket assigned to reference credit spread risk and defined in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.28. The square root of the sum of K_b *component 1* and K_b *component 2* should be equal to K_b.
0010-0170	0050	Vega risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $\left(\sum_{k\in b} WS_k^2 + \sum_{k\in b}\sum_{l\in b, l\neq k}\rho_{kl}\, WS_k WS_l\right)$.
0010-0170	0060	Vega risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1).

CAP 26.36: Bucket level capital requirements for SA-CVA equity risk

Scope: firms that are permitted to use SA-CVA for all or part of their CVA capital calculation.

Rows	Columns	Heading	Description
0010-0120	0010	Delta risk: K_b	The K_b component for delta risk is defined as per Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1). It is calculated for each bucket assigned to equity risk defined in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.29. The square root of the sum of K_b *component 1* and K_b *component 2* should be equal to K_b.
0010-0120	0020	Delta risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $\left(\sum_{k\in b} WS_k^2 + \sum_{k\in b}\sum_{l\in b, l\neq k}\rho_{kl}\, WS_k WS_l\right)$.

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0010-0120	0030	Delta risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $R \cdot \sum_{k \in b}((WS_k^{Hdg})^2)$.
0010-0120	0040	Vega risk: K_b	The K_b component for vega risk is defined as per Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1). It is calculated for each bucket assigned to equity risk buckets defined in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.29. The square root of the sum of K_b *component 1* and K_b *component 2* should be equal to K_b.
0010-0120	0050	Vega risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $\left(\sum_{k \in b} WS_k^2 + \sum_{k \in b} \sum_{l \in b, l \neq k} \rho_{kl} WS_k WS_l\right)$.
0010-0120	0060	Vega risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $R \cdot \sum_{k \in b}((WS_k^{Hdg})^2)$.

CAP 26.37: Bucket level capital requirements for SA-CVA commodity risk

Scope: firms that are permitted to use SA-CVA for all or part of their CVA capital calculation.

Rows	Columns	Heading	Description
0010-0110	0010	Delta risk: K_b	The K_b component for delta risk is defined as per Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.23(1). It is calculated for each bucket assigned to commodity risk defined in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.

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			The square root of the sum of K_b *component 1* and Kb *component 2* should be equal K_b.
0010-0110	0020	Delta risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $\left(\sum_{k\in b} WS_k^2 + \sum_{k\in b}\sum_{l\in b, l\neq k} \rho_{kl}\, WS_k WS_l\right)$.
0010-0110	0030	Delta risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $R \cdot \sum_{k\in b}((WS_k^{Hdg})^2)$.
0010-0110	0040	Vega risk: K_b	The K_b component for vega risk is defined as per Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1). It is calculated for each bucket assigned to commodity risk buckets defined in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30. The square root of the sum of K_b *component 1* and K_b *component 2* should be equal to K_b.
0010-0110	0050	Vega risk: K_b component 1	K_b *component 1* refers to the first amount in brackets under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $\left(\sum_{k\in b} WS_k^2 + \sum_{k\in b}\sum_{l\in b, l\neq k} \rho_{kl}\, WS_k WS_l\right)$.
0010-0110	0060	Vega risk: K_b component 2	K_b *component 2* refers to the amount that is added to K_b *component 1*, under the square root sign in Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.24(1), i.e. $R \cdot \sum_{k\in b}((WS_k^{Hdg})^2)$.

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0010	0010-0060	Commodity group: Energy – Solid combustibles	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.
0020	0010-0060	Commodity group: Energy - Liquid combustibles	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.
0030	0010-0060	Commodity group: Energy – Electricity and carbon trading	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.
0040	0010-0060	Commodity group: Freight	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.
0050	0010-0060	Commodity group: Metals – non-precious	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.
0060	0010-0060	Commodity group: Gaseous combustibles	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.
0070	0010-0060	Commodity group: Precious metals (including gold)	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.
0080	0010-0060	Commodity group: Grains & oilseed	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.
0090	0010-0060	Commodity group: Livestock & dairy	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.
0100	0010-0060	Commodity group: Softs and other agriculturals	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.

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0110	0010-0060	Commodity group: Other commodity	K_b components must be calculated according to Credit Valuation Adjustment Risk Part of the PRA rulebook, under rule 5.30.