PRA RULEBOOK: CRR FIRMS: CREDIT RISK (AMENDMENT) INSTRUMENT 2026

Powers exercised

A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 137G (The PRA's general rules); and
(2) section 137T (General supplementary powers).

B. The rule-making powers referred to above are specified for the purpose of section 138G (2) (Rule-making instruments) of the Act.

PRA Rulebook: CRR Firms: Credit Risk (Amendment) Instrument 2026

C. The PRA makes the rules in the Annexes to this instrument.

Part	Annex
Credit Risk: Standardised Approach (CRR)	A
Credit Risk: Internal Ratings Based Approach (CRR)	B

Commencement

D. This instrument comes into force on 1 January 2027.

Citation

E. This instrument may be cited as the PRA Rulebook: CRR Firms: Credit Risk (Amendment) Instrument 2026.

By order of the Prudential Regulation Committee

21 July 2026

Annex A

Amendments to the Credit Risk: Standardised Approach (CRR) Part

In this Annex new text is underlined and deleted text is struck through.

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4 STANDARDISED APPROACH

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SECTION 2 RISK WEIGHTS

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ARTICLE 120 EXPOSURES TO RATED INSTITUTIONS

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4. An institution that is not an *SDDT* or *SDDT consolidation entity* shall conduct due diligence to ensure that the external credit assessment~~s~~ appropriately and prudently reflects the risk of the exposure to which the institution is exposed. If the due diligence analysis reflects higher risk characteristics than that implied by the credit quality step of the exposure, the institution shall assign a risk weight associated with a credit quality step that is at least one step higher than the risk weight determined by the external credit assessment.

   [Note: This rule corresponds to Article 120 of *CRR* as it applied immediately before revocation by the *Treasury*]

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ARTICLE 121 EXPOSURES TO UNRATED INSTITUTIONS

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2. Subject to paragraphs 4 and 5, e~~E~~*xposures to Article 119 institutions* for which a credit assessment by a nominated ECAI is not available where the original maturity of the exposure was more than three *months* shall be assigned a risk weight in accordance with Table 5.

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5. ~~Notwithstanding paragraph 2,~~Subject to paragraph 4, *exposures to Article 119 institutions* for which a credit assessment by a nominated ECAI is not available may be assigned a risk weight of 30% if the original maturity of the exposure was more than three *months*, the exposure is classified as Grade A and the counterparty has:

   (a) a Common Equity Tier 1 ratio which meets or exceeds 14%; and

   (b) a *leverage ratio* which meets or exceeds 5%.

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Annex B

Amendments to the Credit Risk: Internal Ratings Based Approach (CRR) Part

In this Annex new text is underlined and deleted text is struck through.

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3 CREDIT RISK: INTERNAL RATINGS BASED APPROACH (CRR) PART

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SECTION 2 CALCULATION OF RISK-WEIGHTED EXPOSURE AMOUNTS

SUB-SECTION 1 TREATMENT BY TYPE OF EXPOSURE CLASS OR EXPOSURE SUBCLASS

ARTICLE 151 METHODOLOGY FOR EACH IRB APPROACH

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5. An institution that is permitted to use the *Slotting Approach* shall, for exposures within the scope of the permission, calculate risk weights in accordance with Article 153(5) and exposure values in accordance with Articles 166A, 166B and 166C.

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