

## Chapter 5

# Credit risk mitigation

## 5.9 Combinations of credit risk mitigation in the standardised approach

- 5.9.1** **R** In the case where a *firm* calculating *risk weighted exposure amounts* under the *standardised approach* has more than one form of *credit risk mitigation* covering a single *exposure* (e.g. a *firm* has both collateral and a guarantee partially covering an *exposure*), the *firm* must subdivide the *exposure* into parts covered by each type of *credit risk mitigation* tool (e.g. a part covered by collateral and a portion covered by guarantee) and the *risk weighted exposure amount* for each portion must be calculated separately in accordance with the provisions of the *standardised approach* and ■ BIPRU 5.
- [Note: BCD Annex VIII Part 5 point 1]
- 5.9.2** **R** When credit protection provided by a single protection provider has differing maturities, a similar approach to that described in ■ BIPRU 5.9.1 R must be applied.
- [Note: BCD Annex VIII Part 5 point 2]