

Form IS

Further analysis of secured lending to UK individuals

Loans to individuals and individual trusts secured on residential property and land.

This form provides further analysis of sterling and euro items within items 29DB3A2 on Form BE. The Bank of England publishes the data in a monthly statistical release on lending to individuals. The data from this form help to explain movements in the M4 lending counterpart and, more generally, assist in the conduct of monetary policy.

This form should be completed only by those institutions specifically asked to do so by the Bank of England. The current criterion for inclusion in the sample of institutions is:

Outstanding loans on residential property greater than £1,500mn

Certain items in the following definitions refer to loans to individuals that attract the 50% weighting for capital adequacy purposes, or would do so were there no collateral, guarantee or netting reported in Appendix A-III to Form BSD3. These are as follows:

Mortgage loans to individuals and individual trusts secured by mortgage on residential properties (both freehold and leasehold) which are or will be occupied by the borrower, or which are rented (i.e. let to others), where such loans are fully secured by a first equitable or legal charge. If any part of the property is used for non-residential purposes, the mortgage loan should not be reported in this item. However, mortgage loans secured on property where the occupier works at home but no structural alterations are required to return the property to full residential use may be reported here. **Loans to individuals and individual trusts fully secured on land should also be reported here.**

Added o/a
Stats Notice
2008/08 and
amended
2008/10

Mortgage sub-participations which are fully and specifically secured against residential mortgage loans which are eligible for a 50% weight (by the supervisors), or would be were there no collateral, guarantee or netting reported in Appendix A-III to Form BSD3.

Reporting institutions should note three things.

(1) Unlike the supervisory reporting requirements, the reporting requirement on the statistical returns does not entail moving loans into/out of this item if the loan to value ratio breaches 100%. As indicated in section 8(b) of the General Notes and Definitions, loans should be reported in statistical returns gross of any provisions.

(2) The treatment for **specific negative equity products** is as follows: where institutions can separately identify the element of negative equity which is not fully secured, this amount should be included under loans and advances (Form IO) and the fully secured element should be included under loans secured on residential property (Form IS item numbers XFKB). Where institutions cannot separately identify the two elements, the WHOLE amount of the loan should be regarded as secured and included under loans secured on residential property (Form IS item numbers XFKB).

3) The data include all loans secured by mortgage on residential properties, irrespective of their purpose (e.g. house purchase, home improvements, or car loan), which are secured by a first priority charge. This includes flexible mortgage loans so secured, which are defined as having some or all of the following options –

- (a) The original loan can be increased up to an agreed limit by -
 - (i) making reduced monthly payments
 - (ii) making no monthly payments for up to eg two months per year or six months throughout the life of the loan
 - (iii) taking further advances to replace other debts, or for home improvements, cars, holidays, etc
- (b) Repayment can be accelerated by -
 - (i) increasing monthly payments
 - (ii) making lump sum payments
- (c) Overpayments can be re-drawn
- (d) The standard 12 months' repayments can be repaid in 10 monthly instalments

XFKBA Amount outstanding at the previous reporting date

Include here the amount outstanding at the previous month-end (as would have been reported under item XFKBJ).

XFKBB Gross advances in the month

This item should include only gross new loans (i.e. should not include repayments and other adjustments) which contribute to the amount outstanding in item 29DB3A2 on Form BE. It therefore comprises loans secured on residential property advanced in the month to individuals and individual trusts - whether or not the loan is for the purpose of house purchase - that attract the 50% weighting, or would do so were there no collateral, guarantee or netting reported in Appendix A-III to Form BSD3 (see general definition above), but excluding bridging loans. Any packages of loans secured on residential property acquired from other lenders should also be excluded from this item and entered under item XFKBC below. In the case of an existing borrower who increases a loan with the same institution, (but does not move to another property), only the additional amount of the new loan should be reported. **However, for customers with flexible mortgages where the facility increases automatically when overpayments are made, any drawdowns of those overpayments should not be reported in XFKBB, but instead should be reported as a negative amount in XFKBE.** Wherever possible, internal refinancing (remortgaging with the same lender) should also be excluded from this item, unless it also gives rise to an increase in the amount of the loan in which case, again, only the additional amount of the new loan should be reported. In the case of an existing borrower who refinances in order to move to another property, the loan becomes secured on that other property. So irrespective of whether the amount of the original loan is increased or not, the full amount of the new loan should be included as gross advances.

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2010/06

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2010/06

The value of the original loan should be recorded as a full repayment (in item XFKBD). In addition, the full amount of the new loan should be recorded in approvals for house purchase (item XFKVAA) and the loan should also be included in the number of approvals (item XFKNAA). **Any advances reported here will have had corresponding approvals reported within XFKVA, either in the same month or in a previous month.**

XFKBC

~~Net securitisations (-), purchases (+) and other transfers during the month~~

Updated o/a
Stats Notice
2009/08

~~Include here all securitisations, transfers or acquisitions of packages of loans secured on residential property. Securitisations or transfers out of the reporting institution should be reported as a negative. Acquisitions or transfers into the reporting institution should be reported as a positive.~~

XFKBC

Net loan sales (-), purchases (+) and other transfers during the month

Only loan sales or purchases that affect the value of BE29DB3A2 should be included here; securitisations where the loans continue to be reported on balance sheet (as per section 3(g) of the General Notes and Definitions) should not be reported in this item.

When reporting capital repayments during the month (items XFKBD to XFKBG below), the effects of internal refinancing should be excluded except where this refinancing leads to a net repayment, in which case only the amount by which the outstanding mortgage amount is reduced should be reported.

It should be understood that a degree of approximation or estimation in completing items XFKBD, XFKBE and XFKBF is acceptable. Where this breakdown cannot be identified at all, the total amount of repayments during the month should be entered in item XFKBG below.

XFKBD

Full redemptions of principal during the month (where identifiable)

Include here all repayments representing full redemption of principal (where these can be identified). Where full repayment arises from the maturing of an endowment policy, when a remortgage to another lender takes place or when an existing borrower refinances in order to move to a new property, the amount of the full redemption should be reported here. If these cannot be separately identified, they should be included within item XFKBG below.

XFKBE

Partial redemptions of principal during the month (where identifiable)

Include here only partial lump-sum repayments (where these can be identified) of principal which take place outside the normal repayment schedule. This includes that part of total monthly repayments of flexible mortgages in excess of the sums shown in indicative repayment plans provided by the lender (which advise the borrower eg how much would need to be repaid each month to clear the debt by normal retirement age). If these cannot be separately identified, they should be included within item XFKBG below. **Additionally, for customers with flexible mortgages where the facility increases automatically when overpayments are made, any drawdowns should be reported as a negative**

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2010/06

amount in XFKBE. Also include the net movement of single account offset products. This could either be a reduction in the outstanding balance (positive) or an increase (negative). The outstanding balances, relating to single account offset products, as at the reporting date, are shown under XFKBJB.

XFKBF All other repayments of principal during the month (where identifiable)

Include under this item all regular repayments of principal, including repayments of flexible mortgages up to the sums shown in indicative repayment plans provided by the lender (see previous paragraph). If it is difficult to divide regular payments between principal (which should be entered here) and interest (which should be entered under item XFKBH) then estimates are sufficient.

XFKBG Unanalysed repayments during the month

Institutions who are unable to identify separate repayments for items XFKBD, XFKBE or XFKBF above should enter the total amount of repayments during the month under item XFKBG.

XFKBH Other adjustments to the amount outstanding

Include under this item all changes to the amount outstanding which are not included elsewhere (e.g. interest charged during the month less interest received, all fees charged, write-offs, etc). Reductions should be reported as negative figures, and increases as positive figures. It should be understood that a degree of estimation in completing item XFKBH is entirely acceptable within the statistical context for which the information is required.

XFKBJ Amount outstanding at current reporting date

Item XFKBJ is equal to the amount outstanding at the previous reporting date (item XFKBA) plus items XFKBB and XFKBC, minus items XFKBD to XFKBF (where identifiable) and item XFKBG, plus item XFKBH. This item should equal item XFKBA on the following month's Form IS.

XFKBJ1 Amount outstanding, at current reporting date, excluding the effects of offsetting deposit balances

Under this item, institutions are requested to enter the total value of all secured lending. The value shown here should exclude the effects that netting of qualifying deposit account balances, through offset mortgage products, may have on secured loan balances reported elsewhere. If secured loan balances are normally reported on a gross basis this value should be equal to item XFKBJ, but if secured loan balances are normally reported on a net basis this value should be greater than item XFKBJ.

XFKBJA Amount outstanding in 'multiple account' offset products

Under this item, institutions are requested to enter the amount outstanding of balances in multiple account offset mortgage products. If offset mortgage balances included in item XFKBJ are reported on a gross basis this value should also be reported on a gross basis, but if offset mortgage balances included in item XFKBJ are reported on a net basis this value should be reported on a net basis.

XFKBJB Amount outstanding in 'single account' offset products

Under this item, institutions are requested to enter the full amount outstanding of balances in 'single account' offset mortgage products. This item is a component of the balances reported item XFKBJ.

~~**XFKBK1 Amount outstanding in transferred/secured balances held by entities resident in the UK**~~

Removed o/a
Stats Notice
2009/08

~~Include here the amount outstanding of secured loans, originated by the reporting institution, that have been securitised or transferred to UK resident vehicles or group/related companies. Balances that have been sold to institutions outside of the reporting institution's group should not be recorded here.~~

~~**XFKBK2 Amount outstanding of transferred/secured balances held by entities resident outside the UK**~~

Removed o/a
Stats Notice
2009/08

~~Include here the amount outstanding of secured loans, originated by the reporting institution, that have been securitised or transferred to vehicles or group/related companies that are resident outside the UK. Balances that have been sold to institutions outside of the reporting institution's group should not be recorded here.~~

XFKVA & XFKNA Value and number of approvals made in the month

These items look at approvals made since the end of the previous month for loans that may eventually be included in items XFKBB and XFKBJ, i.e. loans to individuals and individual trusts secured on residential property in the UK (excluding bridging loans). An approval for house purchase refers to the firm offer to a customer (usually after a survey has been conducted) of a credit facility linked to a specific house or other dwelling (including second properties). Institutions should include the total of agreed advances (whether or not the mortgage offer has been accepted by the prospective borrower), along with amounts recommended for retention, all installment elements and further advances. They should exclude any loans secured on residential property acquired as a package from other lenders.

Data on approvals (and cancellations) should be further split into those for house purchase, for identified remortgaging, and for all other advances. Where they cannot be analysed, they should be entered in the unanalysed box.

House purchase (items XFKVAA and XFKNAA) includes new mortgage lending where the borrower is moving property, and lending to first-time purchasers. Where identifiable, it should exclude any sum approved in excess of that required to finance a house purchase in order simultaneously to replace non-mortgage debts, or to finance home improvements, cars, holidays, etc, which should be included in item XFKVAC (with a further approval scored in XFKNAC).

Identified remortgaging (items XFKVAB and XFKNAB) occurs when a borrower who is the existing owner-occupier redeems his/her current mortgage in favour of an alternative form of borrowing secured on the same property. A remortgage would represent the financing of an existing property by a different mortgage lender. Where a borrower changes mortgage arrangements with the same lender (internal refinancing), this should be excluded from the approvals analysis wherever possible, except when the borrower is increasing the overall mortgage debt in which case the net increase should be reported as a further advance in items XFKVAC and XFKNAC. Any remortgaging for other purposes (e.g. home improvements) should also be excluded from these lines. If such remortgaging leads to an increase in the borrower's overall mortgage debt, the net increase be reported under other advances (see below). Similarly, where identifiable, these items should exclude any sum approved in excess of that required to refinance a mortgage loan from another lender in order simultaneously to replace non-mortgage debts, or to finance home improvements, cars, holidays, etc, which should be included in item XFKVAC (with a further approval scored in XFKNAC).

Approvals for all other advances (items XKFVAC AND XKFNAC) include any loans secured on residential property (and attracting the 50% weighting, or which would do so were there no collateral, guarantee or netting reported in Appendix A-III to Form BSD3) which are for home improvements, cars, boats, etc. Where identifiable, they should include any sum approved in excess of that required to finance a house purchase, or to refinance a mortgage loan from another lender, in order simultaneously to replace non-mortgage debts, or to finance home improvements, cars, holidays, etc. Where a customer with a flexible mortgage is granted a facility other than for house purchase or remortgaging, either at the same time as they are granted a facility for one of these purposes, or separately on application to the reporting institution, the approval should (where identifiable) be included here. However, where their undrawn facility increases automatically by the sum of overpayments that they make, no approval should be included here.

Where the purpose of the approval cannot be identified, the value and number of such approvals should be entered in items XFKVAD and XFKNAD respectively.

**XFKVC &
XFKNC**

Value and number of cancellations identified during the month

Include here the value and number of cancellations of approvals which have been identified during the month by the reporting institution, ie where an approval has been made (and included in this return, either this month or in a previous month) but not taken up, and the outstanding approval has then been cancelled by the reporting institution. The further breakdown of these items is set out in the preceding definitions for items XFKVA and XFKNA.

APPROVALS OF LOANS TO INDIVIDUALS SECURED ON RESIDENTIAL PROPERTY

An approval refers to the firm offer to a customer of a credit facility linked to a specific house or other dwelling (including second properties). This approval might be for the purpose of :-

XFKVAA & XFKNAA	House purchase which attract 50% weighting*
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or

XFKVAB & XFKNAB	Identified remortgaging which attract 50% weighting*
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or

XFKVAC & XFKNAC	Other advances which attract 50% weighting*
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or

XFKVAD & XFKNAD	Unanalysed approvals which attract 50% weighting*
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They may eventually be reported in :-

XFKBB	Gross advances in the month attracting 50% weighting*
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or

XFKVC & XFKNC	Value & Number of cancellations identified during the month
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LOANS TO INDIVIDUALS SECURED ON RESIDENTIAL PROPERTY

XFKBA	Amount outstanding at previous month	attracts 50% weighting* e.g. lending secured by first charge on freehold and leasehold properties
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XFKBB	Gross advances in the month	<p>Includes : New lending attracting 50% weighting* Increased lending attracting 50% weighting* Remortgaging</p> <p>Excludes : Bridging loans Acquisition of packages of loans (see item XFKBC) Internal refinancing</p>
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XFKBC	Net securitisations (-), purchases (+) and other transfers	Include here all securitisations, transfers or acquisitions of packages of loans secured on residential property
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XFKBD	Full redemptions of principal during the month (if identifiable)	Full repayment of principal (if these repayments are not easily identifiable, they should be included under item XFKBG)
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XFKBE	Partial redemptions of principal during the month (if identifiable)	Partial lump-sum repayments of principal which take place outside the normal repayment schedule
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XFKBF	All other repayments of principal during the month (if identifiable)	Includes regular repayments of principal
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XFKBG	Unanalysed repayments during the month	Where the analysis for items XFKBD to XFKBF cannot be identified, all repayments of principal should be included here.
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XFKBH	Other adjustments to the amount outstanding: reductions (-) and increases (+)	<p>Includes : Interest Fees Write-offs</p>
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XFKBJ	Amount outstanding at current reporting date	Should equal item 29DB3A2 on Form BE at end-quarters and item XFKBA on the following month's Form IS.
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* Or would attract 50% weighting were there no collateral, guarantee or netting reported in Appendix A-III to Form BSD3