PRA Retail Credit Risk Non-UK Portfolio Quality Return

January 2015

Guidance Notes

Purpose of the Template

The purpose of this template is to provide the PRA with a consistent dataset to help form an assessment of portfolio quality for selected non-UK Secured portfolios across major lenders. This data will be used to support such projects as Asset Quality Reviews and 2015 Stress Testing exercise.

The PRA appreciates that it may be difficult to reach an exact consistent definition across all firms for some of the metrics requested. As such, we will hold conversations with each firm in order to agree on the definitions of the data to be provided.

We believe some of the metrics should be straightforward but for others where we anticipate a requirement for flexibility, we have provided a brief outline of our intended outcome below.

Please supply explanations to other metrics or data where you believe clarification is needed.

Definitions of terms

Drawn Balance	Amount of a loan drawn by a borrower on a specified date. Balances should be reconcilable to the statutory accounts and regulatory returns. Loan balances should be entered net of write-offs and gross of Provisions. Balances should be gross of any off-set balances, i.e. the actual outstanding principal amount owed. All balances should be given in the local currency.
Undrawn Balance	The unused credit available to the customer.
Up-to-date	A customer is deemed to be up-to-date if all contractual payments have been made at the required time. A customer is deemed to be not up-to-date (i.e. in arrears) if they have fallen below their contractual payment by 1p or more for a period of one day or more.
Forbearance	The definition for forbearance should be taken from either: We will discuss with you which is the most appropriate for your specific portfolio. 1) The EBA consultation paper on Implementing Technical Standards on Supervisory Standards (link: https://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/draft-implementing-technical-standard-on-supervisory-reporting-forbearance-and-non-performing-exposures-/-/regulatory-activity/consultation-paper;jsessionid=977C01AB68450B28D2A4AFF7FF4AA743); 2) The FSA definition of forbearance as detailed in the published guidance - see link http://www.fsa.gov.uk/pages/Library/Policy/final_guides/2011/fg11_15.shtml; or 3) Your own definitions of forbearance - please provide full details.
Repayment Type	Interest Only means pure Interest Only loans. If a customer's loan is only part Interest Only then this should be included in the Part & Part section.
Interest Rate Type	The interest rate type that the customer is on at the specified date. Fixed should include all fixed balances. Therefore is an individual loan has part of its balance on a fixed rate and part on a variable rate then the loans should be split accordingly and the balance apportioned to the appropriate category.
Debt Service Ratio %	We expect the 'Debt Service Ratio' to be calculated as: (New Monthly Mortgage Payment+ Total Monthly Payment for Unsecured Debt)/Monthly Gross Income. Where possible please provide an updated view of DSR based on up-to-date income and debts, however if you are unable to provide this we will accept the DSR calculated at origination. Please specify which version, up to date or original, has been provided.
Provisions Balance	Provision held against the accounts where there has been an impairment event. For provisions (including management overlays) applied at an aggregate level, please distribute the provision proportionately - i.e. by balance - to all accounts that are included in that level of aggregation.
Impairment Charge	Amount of Impairment taken in the time period specified. This should be the impairment charge recorded in the Firm's P&L. Impairment charge is typically expressed as a positive number (i.e. a loss is represented by a positive figure).
Write-offs	Balance written off net of recoveries for the period. This is the amount written off mortgage / loan balances in the quarter (and off provisions charged to the income and expenditure account) and is to be on a basis consistent with amounts shown in the firm's published accounts as 'written off' within the analysis of changes in loss provision usually appearing as Notes to the Accounts.
Other Movement in Provisions	Any other change in the provisions balance from one reporting period to the next not captured by the standard impairment charge and write-off adjustments.
Average Origination PD of New Accounts Opened in Quarter	The simple average of the origination probability of default for new accounts opened in the reporting period. The time horizon for the default should be calibrated to 12 months from the date of origination.
Portfolio PD	Please use the Probability of Default associated with the firm's internal point-in-time behavioural score that is generated for existing customers and is used for customer management purposes; which may or may not be the IRB PD used in Basel models. Where such a score does not exist, such as for new accounts, please use Origination PD defined above. Please provide the balance weighted average.
Expected Loss	Please provide the Basel Expected Loss (EL). We expect this to use the downturn LGD for accounts not in default and the PiT LGD for accounts in default.
Loss Given Default (LGD)	In alignment with the EL requested, the Loss Given Default (LGD) should use the downturn variant for accounts not in default and the PiT variant for accounts in default. Please provide the balance weighted average.
Prime Residential	Prime residential owner occupied loans which do not have an impaired credit history. *Please clarify definition of impaired credit history used*
Buy to Let (BTL)	Not owner occupied, i.e. the property was purchased with the intent to let it. Also includes 'Consent to Let', i.e. where the property was originally purchased for owner occupation but was subsequently let.
Non-Prime Residential/Other	Includes residential owner occupied with impaired credit history and all other mortgages which fall outside the above two categories. *Please clarify definition of Non-prime and Other used*
Vintage	The year in which a loan was first originated.
2nd Charge	Lending secured on a property that is not registered as the first charge.
Debt Consolidation - total loan	Where any part of the loan secured on the property is used for the repayment of existing unsecured debts. Please include the total loan secured on the property.
Debt Consolidation - proportion that is DC	Where any part of the loan secured on the property is used for the repayment of existing unsecured debts. Please include only the proportion of the loan used for debt consolidation.
Probability of Possession given Default tab	For all columns the outcome date is 31st December 2014. We would like to understand the outcome of all of the defaulted accounts using the firm's definition of default, i.e., if an account is closed good or repossessed we would like the table to show the volume, indexed valuation and balance at the time of default.
Forced Sale Discount (FSD)	For the purposes of this template, please provide a Forced Sale Discount (FSD) that uses the indexed (or AVM) property valuation; i.e. before the property has undergone any type of revaluation for the purposes of repossession. This metric is the percentage change from the indexed valuation to the actual sale price of the property, excluding any legal fees or administration costs.
Loss Given Possession (LGP)	For the iLTV distribution please use the indexed (or AVM) property valuation; i.e. before the property has undergone any type of revaluation for the purposes of repossession.

Property Valuation Indexation and Rental Cover	Please provide details of the indexation process used to update property values, as well as the process to calculate current rental cover if applicable.
Inclusions and Exclusions	Please count all first charge products and sub-products as one loan (e.g. where a customer has more than one loan account against the same property). However please exclude all second charge mortgages, where the firm does not also hold the first charge. Please note there is a separate table in the 'Historical' tab for standalone 2nd Charge lending.
Default Outcomes	For all columns the outcome date is 31st December 2014. We would like to understand the outcome of all of the defaulted accounts using the firm's definition of default, i.e., if an account is closed good or repossessed we would like the table to show the volume, indexed valuation and balance at the time of default. We are aware that there may be some instances of double-counting as an account may appear more than once. Please detail below the definition of default used.
	Definition of Default used:

Glossary	
BTL	Buy To Let
CRA	Credit Reference Agency
PD	Probability of Default
PPD	Probability of Possession given Default
FSD	Forced Sale Discount
LGD	Loss Given Default
EL	Expected Loss
RWA	Risk Weighted Assets
MIA	Months In Arrears
SVR	Standard Variable Rate
LTV	Loan To Value ratio
iLTV	Indexed Loan to Value Ratio
DSR	Debt Service Ratio
LPA	Law of Property Act Receiver - this is a concept in the UK where a third party agency takes over the management of a Buy to Let property, e.g. receiving the rent and ensuring the rental payments are applied to the mortgage
MIA	Months in Arrears
AVM	Automated Valuation Model

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Summary

Vintage (year of origination)

	Total Drawn Balances	Number of Accounts	Arrears (total drawn balance)				Forborne Accounts - all (total drawn balance)	
			>0, <3 MIA	>=3, <6 MIA	>=6 MIA	In Possession	Up-to-date	Any arrears
Pre2001								
2001								
2002								
2003								
2004								
2005								
2006								
2007								
2008								
2009								
2010								
2011								
2012								
2013								
2014								
Unknown								
All								

Indexed Loan-To-Value (iLTV)

	Total Drawn Balances	Number of Accounts	Arrears (total drawn balance)				Forborne Accounts - all (total drawn balance)	
			>0, <3 MIA	>=3, <6 MIA	>=6 MIA	In Possession	Up-to-date	Any arrears
<=50%								
>50%, <=60%								
>60%, <=70%								
>70%, <=80%								
>80%, <=90%								
>90%, <=100%								
>100%, <=110%								
>110%, <=120%								
>120%, <=130%								
>130%, <=140%								
>140%, <=150%								
>150%								
Unknown								
All								

Maturity Profile (Balance)

	Total Drawn Balances	Number of Accounts	Arrears (total drawn balance)				Forborne Accounts - all (total drawn balance)		Repayment Type		
Loan Term Remaining (Years)			>0, <3 MIA	>=3, <6 MIA	>=6 MIA	In Possession	Up-to-date	Any arrears	Interest Only	Part & Part	Capital & Interest
<=5											
>5 - <=10											

>10 - <=15											
>15 - <=20											
>20 - <=25											
>25 - <=30											
>30 - <=35											
>35 - <=40											
>40											
All											

Debt Service Ratio (DSR %)

DSR	Proportion of Current Portfolio
<=20%	
>20%- <=30%	
>30% - <=40%	
>40%- <=50%	
>50% - <=60%	
>60%	

Provisions (amount)

	Arrears Status						
LTV Ratio	Up-to-date	>0, <3 MIA	>=3, <6 MIA	>=6 MIA, <12 MIA	>=12 MIA	In Possession	All
<=50%							
>50%, <=60%							
>60%, <=70%							
>70%, <=80%							
>80%, <=90%							
>90%, <=100%							
>100%, <=110%							
>110%, <=120%							
>120%, <=130%							
>130%, <=140%							
>140%, <=150%							
>150%							
Unknown							
All							
Total Modelled Provisions							
Total Provisions Overlay							
All							

Expected Loss (amount)

	Arrears Status						
LTV Ratio	Up-to-date	>0, <3 MIA	>=3, <6 MIA	>=6 MIA, <12 MIA	>=12 MIA	In Possession	All
<=50%							
>50%, <=60%							
>60%, <=70%							
>70%, <=80%							
>80%, <=90%							
>90%, <=100%							
>100%, <=110%							
>110%, <=120%							

>120%, <=130%							
>130%, <=140%							
>140%, <=150%							
>150%							
Unknown							
All							

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Historical Information

Stock

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Prime Residential																												
BTL																												
Non-Prime Residential/Other																												
Total Drawn Balance																												
Total Undrawn Balance																												
All																												

New Lending

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Prime Residential																												
BTL																												
Non-Prime Residential/Other																												
All																												

Months in Arrears (Balance)

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Up to Date																												
>0 - <1																												
>=1 - <2																												
>=2 - <3																												
>=3 - <6																												
>=6																												
In Possession																												
All																												

Provisions & Impairments (Balance)

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Opening Provisions Balance																												
Write-offs																												
Impairment Charge																												
Other Movement in Provisions																												
Closing Provisions Balance																												
Provisions on Up-to-Date Balances not in Forbearance																												
Provisions on Arrears Balances not in Forbearance																												
Provisions on Up-to-Date Balances in Forbearance																												
Provisions on Arrears Balances in Forbearance																												

Forbearance/Restructuring (Balance)

New Into Forbearance in Quarter

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Forbearance - Up-to-Date																												
Forbearance - In Arrears																												
All																												

Asset Quality

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Balance-weighted Average Indexed LTV - Book																												
% >80% Balance-weighted Indexed LTV - Book																												
% >100% Balance-weighted Indexed LTV - Book																												
Balance-weighted Average LGD - Book																												
Balance-weighted Average PD - Book																												
Account-weighted Average PD - Book																												
% >50% DSR - Book*																												
% >60% DSR - Book*																												
Balance-weighted average LTV - New Business																												
% >80% Balance-weighted LTV - New Business																												
Average Origination PD of Accounts Opened in Quarter - New Business																												
% >50% DSR - New Business																												
% >60% DSR - New Business																												

**This should be an updated view of DSR based on up to date income and debts, however if you are unable to provide this we will accept the DSR calculated at origination. Please specify which version, up to date or original, has been provided.*

Repayment Type (Balance)

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Repayment Type - Interest Only																												
Repayment Type - Part & Part																												
Repayment Type - Capital & Interest																												
All																												

Interest Rates (Balance)

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Interest Rate Type - Fixed Loans																												
Interest Rate Type - Variable Loans																												
Balance Weighted Average Interest Rate - Fixed Loans																												
Balance Weighted Average Interest Rate - Variable Loans																												
All																												

2nd Charge Lending

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2nd Charge lending - balance																												
Proportion >= 3MIA																												
Proportion > 80% iLTV (including other first charge lending)																												
Average 2nd Charge Loan Size																												

Debt Consolidation (DC)

	2008				2009				2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Debt Consolidation - total drawn balance including DC																												
Debt Consolidation - balance of DC loan only																												
Proportion >= 3MIA																												
Proportion > 80% iLTV (based on total drawn balance)																												
Average DC Loan Size																												

Vintage Analysis

EVER >=1 MIA %	Quarters on Books																																
Vintage	>=0 - <1	>=1 - <2	>=2 - <3	>=3 - <4	>=4 - <5	>=5 - <6	>=6 - <7	>=7 - <8	>=8 - <9	>=9 - <10	>=10 - <11	>=11 - <12	>=12 - <13	>=13 - <14	>=14 - <15	>=15 - <16	>=16 - <17	>=17 - <18	>=18 - <19	>=19 - <20	>=20 - <21	>=21 - <22	>=22 - <23	>=23 - <24	>=24 - <25	>=25 - <26	>=26 - <27	>=27 - <28	>=28 - <29	>=29 - <30	>=30 - <31	>=31 - <32	>=32 - <33
2004																																	
2005																																	
2006																																	
2007																																	
2008																																	
2009																																	
2010																																	
2011																																	
2012 H1																																	
2012 H2																																	
2013 Q1																																	
2013 Q2																																	
2013 Q3																																	
2013 Q4																																	
2014 Q1																																	
2014 Q2																																	
2014 Q3																																	
2014 Q4																																	

EVER >=3 MIA %	Quarters on Books																																
Vintage	>=0 - <1	>=1 - <2	>=2 - <3	>=3 - <4	>=4 - <5	>=5 - <6	>=6 - <7	>=7 - <8	>=8 - <9	>=9 - <10	>=10 - <11	>=11 - <12	>=12 - <13	>=13 - <14	>=14 - <15	>=15 - <16	>=16 - <17	>=17 - <18	>=18 - <19	>=19 - <20	>=20 - <21	>=21 - <22	>=22 - <23	>=23 - <24	>=24 - <25	>=25 - <26	>=26 - <27	>=27 - <28	>=28 - <29	>=29 - <30	>=30 - <31	>=31 - <32	>=32 - <33
2004																																	
2005																																	
2006																																	
2007																																	
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2009																																	
2010																																	
2011																																	
2012 H1																																	
2012 H2																																	
2013 Q1																																	
2013 Q2																																	
2013 Q3																																	
2013 Q4																																	
2014 Q1																																	
2014 Q2																																	
2014 Q3																																	
2014 Q4																																	

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Default Outcomes

All Mortgage Defaults 2008-2013 - Number of Accounts (Number)

TOTAL MORTGAGES	Year of Default						
Status in 2014	2008	2009	2010	2011	2012	2013	All
Up to Date / Open (no forbearance)							
Up to Date / Open (forbearance since 1/1/13)*							
Up to Date / Open (forbearance since 1/1/08)*							
Redeemed / Closed Good							
<3 MIA							
>=3 - <6 MIA							
>=6MIA							
Bankrupt							
LPA Receiver							
Litigation							
Repossession / Closed Bad (no shortfall)							
Repossession / Closed Bad (shortfall)							
All							

Please note these categories are mutually exclusive except where indicated by an ""*

All Mortgage Defaults 2008-2013 - Defaulted Balance (Value)

TOTAL MORTGAGES	Year of Default						
Status in 2014	2008	2009	2010	2011	2012	2013	All
Up to Date / Open (no forbearance)							
Up to Date / Open (forbearance since 1/1/13)*							
Up to Date / Open (forbearance since 1/1/08)*							
Redeemed / Closed Good							
<3 MIA							
>=3 - <6 MIA							
>=6MIA							
Bankrupt							
LPA Receiver							
Litigation							
Repossession / Closed Bad (no shortfall)							
All							

Please note these categories are mutually exclusive except where indicated by an ""*

All Mortgage Defaults 2008-2013 - Indexed Valuation at Default (Value)

TOTAL MORTGAGES	Year of Default						
Status in 2014	2008	2009	2010	2011	2012	2013	All
Up to Date / Open (no forbearance)							
Up to Date / Open (forbearance since 1/1/13)*							
Up to Date / Open (forbearance since 1/1/08)*							
Redeemed / Closed Good							
<3 MIA							
>=3 - <6 MIA							
>=6MIA							
Bankrupt							
LPA Receiver							
Litigation							
Repossession / Closed Bad (no shortfall)							
Repossession / Closed Bad (shortfall)							
All							

Please note these categories are mutually exclusive except where indicated by an ""*

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Forced Sale Discount

All Repossessed Properties Sold in a Given Period - Number of Accounts

	Type of Property						
Quarter of Sale	Flat	Bungalow	House - terraced	House - semi-detached	House - detached	Other	All
Q1 2008							
Q2 2008							
Q3 2008							
Q4 2008							
Q1 2009							
Q2 2009							
Q3 2009							
Q4 2009							
Q1 2010							
Q2 2010							
Q3 2010							
Q4 2010							
Q1 2011							
Q2 2011							
Q3 2011							
Q4 2011							
Q1 2012							
Q2 2012							
Q3 2012							
Q4 2012							
Q1 2013							
Q2 2013							
Q3 2013							
Q4 2013							
Q1 2014							
Q2 2014							
Q3 2014							
Q4 2014							

All Repossessed Properties Sold in a Given Period - Forced Sale Discount, %

	Type of Property						
Quarter of Sale	Flat	Bungalow	House - terraced	House - semi-detached	House - detached	Other	All
Q1 2008							
Q2 2008							
Q3 2008							
Q4 2008							
Q1 2009							
Q2 2009							
Q3 2009							
Q4 2009							
Q1 2010							
Q2 2010							
Q3 2010							
Q4 2010							
Q1 2011							
Q2 2011							
Q3 2011							
Q4 2011							
Q1 2012							
Q2 2012							
Q3 2012							
Q4 2012							
Q1 2013							
Q2 2013							
Q3 2013							
Q4 2013							
Q1 2014							
Q2 2014							
Q3 2014							
Q4 2014							

All Mortgage Repossessions in a Given Period by iLTV band - Number of Accounts Possessed

	Indexed LTV Band							
Quarter of Sale	<75%	>=75% - <90%	>=90% - <100%	>=100% - <110%	>=110% - <120%	>=120% - <150%	>=150%	All
Q1 2008								
Q2 2008								
Q3 2008								
Q4 2008								
Q1 2009								
Q2 2009								
Q3 2009								
Q4 2009								
Q1 2010								
Q2 2010								
Q3 2010								
Q4 2010								
Q1 2011								
Q2 2011								
Q3 2011								
Q4 2011								
Q1 2012								
Q2 2012								
Q3 2012								
Q4 2012								
Q1 2013								
Q2 2013								
Q3 2013								
Q4 2013								
Q1 2014								
Q2 2014								
Q3 2014								
Q4 2014								

All Mortgage Repossessions in a Given Period by iLTV band - Balance at Sale, £

	Indexed LTV Band							
Quarter of Sale	<75	>=75 - <90	>=90 - <100	>=100 - <110	>=110 - <120	>=120 - <150	>=150	All
Q1 2008								
Q2 2008								
Q3 2008								
Q4 2008								
Q1 2009								
Q2 2009								
Q3 2009								
Q4 2009								
Q1 2010								
Q2 2010								
Q3 2010								
Q4 2010								

Q1 2011								
Q2 2011								
Q3 2011								
Q4 2011								
Q1 2012								
Q2 2012								
Q3 2012								
Q4 2012								
Q1 2013								
Q2 2013								
Q3 2013								
Q4 2013								
Q1 2014								
Q2 2014								
Q3 2014								
Q4 2014								

All Mortgage Repossessions in a Given Period by iLTV band - Sale Proceeds, £

	Indexed LTV Band							
Quarter of Sale	<75	>=75 - <90	>=90 - <100	>=100 - <110	>=110 - <120	>=120 - <150	>=150	All
Q1 2008								
Q2 2008								
Q3 2008								
Q4 2008								
Q1 2009								
Q2 2009								
Q3 2009								
Q4 2009								
Q1 2010								
Q2 2010								
Q3 2010								
Q4 2010								
Q1 2011								
Q2 2011								
Q3 2011								
Q4 2011								
Q1 2012								
Q2 2012								
Q3 2012								
Q4 2012								
Q1 2013								
Q2 2013								
Q3 2013								
Q4 2013								
Q1 2014								
Q2 2014								
Q3 2014								
Q4 2014								