BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Guidance on terms used in data items FSA071 – FSA082, and PRA111

Unless otherwise specified, definitions should be in line with those used for other supervisory reporting (e.g. Common Reporting (COREP)). If different definitions are agreed with supervisors in other reports (e.g. COREP or Stress Testing Data Framework (STDF)), firms need to check with their supervisor whether it is appropriate to use these different definitions to report Pillar 2 data.

Guidance on terms used in PRA111 is available here. The guidance below refers to terms used in data items FSA071-082.

Term	
Average LTV	Exposure at default (EAD) weighted indexed loan to value (LTV) percentages. The property valuation should follow the valuation rules set out for the calculation of regulatory capital under the CRD[1].
Banking book assets	Assets other than trading book assets.
Buy- to-Let (BTL)	Includes both buy-to-let (BTL) and consent-to-let (CTL) mortgages. BTL are mortgages where the borrower purchases a residential property with the intention of letting it out on a rental basis. CTL are mortgages related to properties that were originally bought without the intention to let out, and subsequently becoming ‘unable’ to be sold.
Central counterparty (CCP)	As defined in Article 2 (1) of Regulation EU 648/2012[2].
Commercial real estate (CRE)	Non-retail exposures secured by immovable property as defined in CRR[3] Article 124. This includes “speculative immovable property financing” exposures in CRR Article 128.
COREP	The common reporting requirements in Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to the CRR.
Corporate	See mapping for Pillar 2 credit risk data items Appendix 2.

[1] 2(b) of ECB BSI Regulation no. 25/2009.
[2] REGULATION (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.
[3] Capital Requirements Regulation (575/2013).

Credit cards	This category comprises credit granted to households or non-financial corporations either via delayed debit cards (i.e. cards providing convenience credit as defined below) or via credit cards (i.e. cards providing convenience credit and extended credit). Credit card debt is recorded on dedicated card accounts and therefore not evident on current or overdraft accounts. Convenience credit is defined as the credit granted at an interest rate of 0% in the period between the payment transaction(s) effectuated with the card during one billing cycle and the one at which the debit balances from this specific billing cycle become due. Extended credit is defined as the credit granted after the due date(s) of the previous billing cycle(s) has/have passed, i.e. debit amounts on the card account that have not been settled when this was first possible, for which an interest rate or tiered interest rates usually greater than 0% are charged. Often minimum instalments per month have to be made to at least partially repay extended credit. As defined by Table Asset categories, 2(b) of ECB BSI Regulation no. 25/2009.
Credit cards – international	Classification between United Kingdom and international is made based on the country where the money has been dispersed to as opposed to the country where the lending has been booked.
Credit cards – UK	Classification between United Kingdom and international is made based on the country where the money has been dispersed to as opposed to the country where the lending has been booked.
Credit quality steps (CQS)/external ratings	As in COREP – CRR Art 135-141. Further guidance on slotting of unrated exposures into CQS for the primary segments is provided in the mapping for Pillar 2 credit risk data items Appendix 2.
CRE development	CRE as above and including residential real estate exposures. Development means the loan is for building new or refurbishing existing property whether for ultimate sale or rental and the primary means of repayment is through the completion of that development. Includes: • house builder with non-recourse special purpose vehicle (SPV) exposure for a specific property development; and • specific developments or structured exposures for corporate property companies (e.g. British Land PLC). *Excludes: trading exposures to house builders.*
CRE investment	CRE as above and including residential real estate exposures. Investment means the exposures/facility

	is secured against property and the rental income from the property is the primary means of repayment of the facility. Includes: • exposures to commercial and real estate properties where the development phase had been concluded; and • hotels and nursing homes on a third party lease. *Excludes: trading exposures to house builders; loans to social housing organisations; other nursing home and hotel loans (i.e. owner occupied); operating company (Op Co)/proprietary company (Prop Co) exposures within a wider corporate relationship; other exposures to corporate property companies (e.g. general corporate unsecured balance sheet lending); CRE exposures held at fair market value; and hedging positions where there is no debt.*
CRE other	This is a residual category. Firms using this line have to provide a description of the lending.
Defaulted assets	Exposures which have been classified as “defaulted exposures” according to CRR Article 127 and 178. Defaulted exposures are those that satisfy either or both of the following criteria: a) material exposures which are more than 90 days past due; and/or b) the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral regardless of the existence of any past due amount or of the number of days past due.
Drawn amount	Amount of a loan drawn by a borrower on a specified date. Balances should be reconcilable to the statutory accounts and regulatory returns. For retail, loan balances should be entered net of write offs and gross of provisions. Balances should be gross of any offset balances, ie the actual outstanding principal amount owed.
Exposure at default (EAD) for credit risk data items	Exposure at default (under the internal ratings based (IRB) approach) or exposure (standardised approach (SA)) as defined by COREP. Exposures are reported after incorporating value adjustments, credit risk mitigation and credit conversion factors.
EAD for concentration risk data items	Same as EAD for credit risk data items, but for the purposes of concentration risk includes both banking and trading book credit risk assets, i.e. all items in CRR Articles 92(3)(a) and (f). Certain portfolios are excluded and certain exposures have to be

	aggregated together. Refer to concentration risk instructions.[4]
Economic region	Definitions are consistent with COREP, but certain economic regions are aggregated. Refer to concentration risk instructions.
Effective date	Date at which asset and liability values are calculated.
Expected losses (EL)	Expected losses as defined in COREP – CRR Articles 158 and159. This is the amount expected to be lost on an exposure from a potential default of a counterparty or dilution over a one year period. For securitised assets, it is the actual principal write-down suffered by the instrument, net of any impairment already taken through profit and loss. For counterparty credit risk (CRR Article 272(1)), the projected losses include losses due to default of counterparties and credit valuation adjustments (CVA) (i.e. fair value losses and gains arising from changes in the credit worthiness of a firm's counterparties as per CRR Article 381).
Financial instruments	Instruments specified in Section C of Annex I of Directive 2004/39/EC (MiFiD).
IE01	The change in the value of assets or liabilities for a one basis point change in the inflation rate.
Indexed LTV (for LTV bands)	The current loan balance outstanding divided by the indexed property valuation. The indexed valuation is taken to be the market value of the property which is subject to the mortgage at the end of the month selected for reporting. The existence of additional collateral on any other property should be ignored when calculating the LTV. The method used to estimate market value should be stated, e.g. 'by multiplying the valuation at origination by the changes since origination in a house price index'.
Institutions	See mapping for Pillar 2 credit risk data items Appendix 2.
IRB approach	The approach to credit risk capital requirements described in CRR Articles 142-191.
Limit	Maximum amount that can be drawn by a borrower on a specified date. Limits should be reported to reflect redraw and/or further credit line facilities. If there is no pre-agreed facility, the limit is the drawn balance.
Loan to value (LTV)	Current balance outstanding divided by the property valuation. The property valuation should follow the valuation rules set out for the calculation of regulatory capital under the CRR.
Macaulay duration	The weighted average maturity of the cash flows

[4] FSA0078 and FSA0079 at www.bankofengland.co.uk/pra/Pages/regulatorydata/formscrdfirms.aspx.

	using the present value of each cash flow as the weight.
Management action/offset for pension risk	Management actions/offset claimed – the eligibility criteria for pension obligation risk are set out in the *Statement of Policy: the PRA's methodologies for setting Pillar 2 capital.*[5]
Mortgage lending	All lending to individuals secured by mortgage on land and buildings where the lender has either a first or second (or subsequent) charge, where at least 40% of the land and buildings is used for residential purposes, and where the premises are for occupation by either the borrower (or dependant), or any other third party (e.g. it includes 'buy-to- let' lending to individuals). Only loans where there is a one-to-one correspondence between the loan and a specific security should be included within "residential loans to individuals". Residential loans to individuals that are part of a "business loans" type package (involving multiple loans and multiple securities, where there is no one-to-one correspondence between a loan and a specific security) should not be treated as retail mortgage lending. This definition includes both regulated and non-regulated mortgage contracts. Non-regulated mortgage contracts include: buy-to-let loans and other types of loan where the property is not for use by the borrower (or qualifying dependants); and residential loans to individuals where the lender does not have a first charge.
Non-defaulted assets	Exposures other than those classified as defaulted assets
Non-UK mortgage lending	All retail lending secured on land and buildings outside of the United Kingdom.
Other mortgages	This is a residual category: where firms use this category a description of the lending should be provided.
Other wholesale portfolios	Non-retail exposures that have not been allocated to the corporate, sovereign, institutions and CRE portfolios. See mapping for Pillar 2 credit risk data items Appendix 2.
Overseas equities/bonds	Non-United Kingdom equities or bonds.
Personal loans	Includes loans granted to households and non-profit institutions serving households, including credit for consumption (loans granted for the purpose of mainly personal use in the consumption of goods and services). Credit for consumption granted to sole proprietors/unincorporated partnerships is comprised in this category, if the reporting firm knows that the loan is predominantly used for personal consumption

[5] See www.bankofengland.co.uk/pra/Pages/supervision/structuralreform/suppmaterials.aspx.

	purposes. As defined by Table Asset categories, 2(a) point 1 of ECB BSI regulation No 25/2009.
Pillar 2A Ring fenced body (RFB) group risk add-on	The consolidated Pillar 2A capital to cover RFB group risk. RFB group risk means, in relation to a consolidation group containing an RFB sub-group,[6] [7] the risk that the financial position of a firm on a consolidated basis may be adversely affected by the minimum capital and buffers applicable at the level of the RFB sub-group, such that there is insufficient capital within (or an inappropriate distribution of capital across) the consolidated group to cover the risks of the consolidated group.
Prime	Mortgages that are fully verified, with no previous arrears or County Court Judgements, owner occupied, and with a maximum initial LTV of 100%. This definition includes "*prime income verified*" mortgages under the Building Societies Loan Book data report.
Proportion of scheme attributable to firm	The percentage of the stressed deficit of the pension scheme notionally allocated to the firm for the purposes of calculating pension risk capital.
PV01	The change in the value of assets or liabilities for a 1 basis point change in the interest rate.
Qualifying revolving retail exposures (QRRE)	As defined in CRR Article 154(4).
Retail portfolios	Defined based on firms' approaches for capital calculation and consistent with the CRR.
Revolving loans and overdrafts	Revolving loans are loans that have all the following features: 1. the borrower may use or withdraw funds to a pre-approved credit limit without giving prior notice to the lender; 2. the amount of available credit can increase and decrease as funds are borrowed and repaid; 3. the credit may be used repeatedly; and 4. there is no obligation of regular repayment of funds. Revolving loans include the amounts obtained through a line of credit and not yet repaid (outstanding amounts). A line of credit is an agreement between a lender and borrower that allows a borrower to take advances during a defined period and up to a certain limit, and repay the advances at his discretion before a defined date. Amounts available through a line of credit that have not been

[6] An RFB sub-group is a sub-set of related group entities within a consolidation group, consisting of one or more RFBs and other legal entities, which is established when the PRA gives effect to Article 11(5) of the CRR. See SS8/16 'Ring fenced bodies (RFBs)' for more detail at www.bankofengland.co.uk/pra/Pages/publications/ss/2017/ss816update.aspx.

[7] In the event that an RFB is not part of an RFB sub-group, the PRA expects to apply an equivalent approach in the event that prudential requirements are applicable to the RFB on an individual basis.

	withdrawn or have already been repaid are not to be considered under any banking sheet items (BSI) category.[8] Overdrafts are debit balances on current accounts. Both revolving loans and overdrafts exclude loans provided through credit cards. The total amount owed by the borrower is to be reported, irrespective of whether it is within or beyond any limit agreed beforehand with the lender. As defined by Table, Asset categories, 2(c) of ECB BSI regulation no 25/2009.
Risk weighted assets (RWAs) for credit risk data items	Risk-weighted exposure amounts for credit and dilution risk and free deliveries as per CRR Article 92(3)(a).
RWAs for concentration risk data items	As for RWAs for credit risk data items but for concentration risk purposes includes both banking and trading book assets, i.e. all items in CRR Articles 92(3)(a) and (f). Certain portfolios are excluded and certain exposures have to be aggregated. Refer to concentration risk instructions.
Section 75 (S.75)	Section 75 of the Pensions Act 1995.
Sector	Broadly aligned to SIC and NACE codes. Refer to concentration risk instructions, Table 1, for details on how to aggregate.
Sovereign	Refer to the mapping for Pillar 2 credit risk data items Appendix 2.
Special purpose vehicle (SPV)	Contingent assets which provide additional security for the pension scheme (such as escrow account or some other form of security arrangement).
Standardised approach	The approach to credit risk capital requirements described in CRR Articles 111 to 141.
Stress scenarios for pension risk	Stress scenarios for pension obligation risk are summarised in the *statement of policy: The PRA's methodologies for setting Pillar 2 capital.*[9]
Top 20 single name exposures	Refer to concentration risk instructions for portfolios in scope and aggregation.
Trading book assets	All positions in CRD financial instruments and commodities held by an institution either with trading intent, or in order to hedge positions held with trading intent.
Turnover	Total volume of all transactions.
UK mortgage lending	All retail lending secured on land and buildings in the United Kingdom.
Wholesale portfolios	Defined based on the approaches used by firms to calculate their capital requirements under the CRR.

[8] REGULATION (EU) No 1071/2013 OF THE EUROPEAN CENTRAL BANK of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (recast) (ECB/2013/33) (OJ L 297, 7.11.2013, p. 1).

[9] www.bankofengland.co.uk/pra/Pages/supervision/structuralreform/suppmaterials.aspx.

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