

# Bank of England

## Prudential Regulation Authority

### Chapter 10

#### Instructions regarding reporting templates for individual undertakings

##### S.03.01 — Off-balance sheet items — General

###### General comments:

This section relates to annual submission of information for individual entities.

This section includes the information referring to off-balance sheet items and the maximum and solvency II value of contingent liabilities in Solvency II balance sheet.

A pool of assets that secure an investment (eg the pool of assets that are a collateral for covered bonds) should not be reported in this template.

As regards the Solvency II value, the instructions define the items from a recognition perspective. Valuation principles are laid down in Delegated Regulation (EU) 2015/35, Solvency II Technical Standards issued under Directive 2009/138/EC and EIOPA Guidelines.

Guarantees require the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. These guarantees can have various legal forms, such as financial guarantees, letters of credit, credit default contracts. These items shall not include guarantees stemming from insurance contracts, which are recognised in technical provisions.

A contingent liability is defined as:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events even if:
  - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii. the amount of the obligation cannot be measured with sufficient reliability.

Collateral is an asset with a monetary value or a commitment that secure the lender against the defaults of the borrower. The value of the collateral should be reported as the economic value of the collateral as per reference date (Solvency II value of the assets), not as the risk-adjusted value of a collateral according to article 197 of the Delegated Regulation.

# Bank of England

## Prudential Regulation Authority

The guarantees listed in this template are not reported in S.03.02 and S.03.03. This means that only limited guarantees are to be reported in this template.

This template shall be submitted when any of the following conditions apply:

- a) the amount of any of the following sums is higher than 2% of Total Assets:
  - i. (C0020/R0010) Value of guarantee/collateral/contingent liabilities — Guarantees provided by the undertaking, including letters of credit + (C0020/R0300) Value of guarantee/collateral/contingent liabilities — Total collateral pledged + (C0010/R0400) Maximum value — Total Contingent liabilities;
  - ii. (C0020/R0030) Value of guarantee/collateral/contingent liabilities — Guarantees received by the undertaking, including letters of credit + (C0020/R0200) Value of guarantee/collateral/contingent liabilities — Total collateral held; or
- b) the undertaking has provided or received unlimited guarantee.

	ITEM	INSTRUCTIONS
C0010/R0010	Maximum value — Guarantees provided by the undertaking, including letters of credit	Sum of all possible cash out-flows related to guarantees if events triggering guarantees were all to happen in relation to guarantees provided by the undertaking to another party. It includes cash-flows related to letter of credit.  In case any guarantee is also identified as contingent liability under R0310, the maximum amount shall also be included in this row.
C0010/R0020	Maximum value — Guarantees provided by the undertaking, including letters of credit, of which, guarantees, including letters of credit provided to other undertakings of the same group	Part of C0010/R0010 related to guarantees, including letters of credit, provided to other undertakings of the same group.
C0020/R0010	Value of guarantee/collateral/contingent liabilities — Guarantees provided by the undertaking, including letters of credit	Solvency II value of the guarantees provided by the undertaking, including letters of credit
C0020/R0020	Value of guarantee/collateral/contingent liabilities — Guarantees provided by the undertaking, including letters of credit, of which, guarantees, including letters of credit provided to other undertakings of the same group	Part of C0020/R0010 related guarantees, including letters of credit provided to other undertakings of the same group.

# Bank of England

## Prudential Regulation Authority

C0010/R0030	Maximum value — Guarantees received by the undertaking, including letters of credit	Sum of all possible cash in-flows related to guarantees if events triggering guarantees were all to happen in relation to guarantees received by the undertaking from another party to guarantee the payment of the liabilities due by the undertaking (includes letter of credit, undrawn committed borrowing facilities).
C0010/R0040	Maximum value — Guarantees received by the undertaking, including letters of credit, of which, guarantees, including letters of credit received from other undertakings of the same group	Part of C0010/R0030 related to guarantees, including letters of credit received from other undertakings of the same group.
C0020/R0030	Value of guarantee/collateral/contingent liabilities — Guarantees received by the undertaking, including letters of credit	Solvency II value of the guarantees received by the undertaking, including letters of credit.
C0020/R0040	Value of guarantee/collateral/contingent liabilities — Guarantees received by the undertaking, including letters of credit, of which, guarantees, including letters of credit received from other undertakings of the same group	Part of C0020/R0030 related to guarantees, including letters of credit received from other undertakings of the same group.
C0020/R0100	Value of guarantee/collateral/contingent liabilities –Collateral held for loans made or bonds purchased	Solvency II value of the collaterals held for loans made or bonds purchased.
C0020/R0110	Value of guarantee/collateral/contingent liabilities –Collateral held for derivatives	Solvency II value of the collaterals held for derivatives.
C0020/R0120	Value of guarantee/collateral/contingent liabilities — Assets pledged by reinsurers for ceded technical provisions	Solvency II value of the assets pledged by reinsurers for ceded technical provisions.
C0020/R0130	Value of guarantee/collateral/contingent liabilities — Other collateral held	Solvency II value of other collaterals held.
C0020/R0200	Value of guarantee/collateral/contingent liabilities –Total collateral held	Total Solvency II value of the collaterals held.
C0030/R0100	Value of assets for which collateral is held — Collateral held for loans made or bonds purchased	Solvency II value of the assets for which the collateral for loans made or bonds purchased is held.
C0030/R0110	Value of assets for which collateral is held — Collateral held for derivatives	Solvency II value of the assets for which the collateral for derivatives is held.
C0030/R0120	Value of assets for which collateral is held — Assets pledged by reinsurers for ceded technical provisions	Solvency II value of the assets for which the collateral on assets pledged by reinsurers for ceded technical provisions is held.

# Bank of England

## Prudential Regulation Authority

C0030/R0130	Value of assets for which collateral is held — Other collateral held	Solvency II value of the assets for which the other collateral is held.
C0030/R0200	Value of assets for which collateral is held — Total collateral held	Total Solvency II value of the assets for which the total collateral is held.
C0020/R0210	Value of guarantee/collateral/contingent liabilities — Collateral pledged for loans received or bonds issued	Solvency II value of the collaterals pledged for loans received or bonds issued.
C0020/R0220	Value of guarantee/collateral/contingent liabilities — Collateral pledged for derivatives	Solvency II value of the collaterals pledged for derivatives
C0020/R0230	Value of guarantee/collateral/contingent liabilities — Assets pledged to cedants for technical provisions (reinsurance accepted)	Solvency II value of the assets pledged to cedants for technical provisions (reinsurance accepted).
C0020/R0240	Value of guarantee/collateral/contingent liabilities — Other collateral pledged	Solvency II value of the collateral pledged for other collateral.
C0020/R0300	Value of guarantee/collateral/contingent liabilities — Total collateral pledged	Total Solvency II value of the collateral pledged.
C0040/R0210	Value of liabilities for which collateral is pledged — Collateral pledged for loans received or bonds issued	Solvency II value of the liabilities for which the collateral for loans received or bonds issued is pledged.
C0040/R0220	Value of liabilities for which collateral is pledged — Collateral pledged for derivatives	Solvency II value of the liabilities for which the collateral for derivatives is pledged.
C0040/R0230	Value of liabilities for which collateral is pledged — Assets pledged to cedants for technical provisions (reinsurance accepted)	Solvency II value of the liabilities for which the assets are pledged to cedants for technical provisions (reinsurance accepted).
C0040/R0240	Value of liabilities for which collateral is pledged — Other collateral pledged	Solvency II value of the liabilities for which other collateral is pledged.
C0040/R0300	Value of liabilities for which collateral is pledged — Total collateral pledged	Total Solvency II value of the liabilities for which the collateral is pledged.
C0010/R0310	Maximum value — Contingent liabilities not in Solvency II Balance Sheet	Maximum possible value, regardless of their probability (i.e. future cash out-flows required to settle the contingent liability over the lifetime of that contingent liability, discounted at the relevant risk-free interest rate term structure) of contingent liabilities that are not included in

# Bank of England

## Prudential Regulation Authority

		<p>those valued in Solvency II Balance Sheet (item C0010/R0740 of S.02.01).</p> <p>This shall relate to contingent liabilities that are not material.</p> <p>This amount shall include guarantees reported in R0010 if considered as contingent liabilities.</p>
C0010/R0320	Maximum value — Contingent liabilities not in Solvency II Balance Sheet, of which contingent liabilities toward entities of the same group	Part of C0010/R0310 related to contingent liabilities toward entities of the same group.
C0010/R0330	Maximum value — Contingent liabilities in Solvency II Balance Sheet	Maximum possible value, regardless of their probability (i.e. future cash out-flows required to settle the contingent liability over the lifetime of that contingent liability, discounted at the relevant risk-free interest rate term structure) of contingent liabilities that are valued in Solvency II Balance Sheet as defined in Article 11 of the Delegated Regulation (EU) 2015/35.
C0010/R0400	Maximum value — Total Contingent liabilities	Total maximum possible value regardless of their probability (i.e. future cash flows required to settle the contingent liability over the lifetime of that contingent liability, discounted at the relevant risk-free interest rate term structure) of contingent liabilities..
C0020/R0310	Value of guarantee/collateral/contingent liabilities — Contingent liabilities not in Solvency II Balance Sheet	Solvency II value of the contingent liabilities not in Solvency II Balance Sheet.
C0020/R0330	Value of guarantee/collateral/contingent liabilities — Contingent liabilities in Solvency II Balance Sheet	<p>Solvency II value of the contingent liabilities in Solvency II Balance Sheet. This value shall only be reported in relation to contingent liabilities for which a value in item C0010/R0330 in S.03.01 was reported.</p> <p>If this value is lower than C0010/R0740 in S.02.01 an explanation shall be provided in the narrative reporting.</p>

# Bank of England

Prudential Regulation Authority

Draft for consultation