

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:

Updated o/a
Stats Notice
2013/05

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:~~

Secured loans to individuals and individual trusts secured 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 secured loan should not be reported in this item. However, 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.

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 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). 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).

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 e.g. 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

Item no Further analysis of secured lending to UK individuals

XFKBA Amount outstanding at the previous reporting date

Updated o/a Stats Notice 2012/01 Include here the amount outstanding at the previous month-end (as would have been reported under item XFKBJM).

XFKBB Gross lending ~~advances~~ in the month

Updated o/a Stats Notice 2012/01

Updated o/a Stats Notice 2014/06 and 2013/05

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. This should include any amounts added to the customer balance during the reporting period, such as capitalised interest, fees charged etc. 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 **undrawn** 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. 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.

Updated o/a
Stats Notice
2012/02

~~Gross lending data are to be provided on a best endeavours basis. Where reporting according to the form definitions will be difficult, we are willing to discuss alternative methods of reporting.~~

Updated o/a
Stats Notice
2013/05

We ask reporting institutions to contact the Bank of England in cases where they have difficulty in reporting gross lending according to the form definitions.

XFKBBA-BD Breakdown of Gross Lending in the month

Added o/a
Stats Notice
2012/01

Data on gross lending should be reported on an entity basis and should be further split into loans for house purchase, for identified remortgaging and for all other advances. Where they cannot be analysed, loans should be entered in the unanalysed box.

XFKBBA

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

XFKBBB

Identified remortgaging (item XFKBBB) occurs when a borrower who is the existing owner-occupier redeems his/her current secured loan 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 lender. Where a borrower changes arrangements with the same lender (internal refinancing), this should be excluded from the analysis wherever possible, except when the borrower is increasing the overall secured debt in which case the net increase should be reported as a further advance in items XFKBBC. Any remortgaging for other purposes (e.g. home improvements) should also be excluded from this line. If such remortgaging leads to an increase in the borrower's overall secured debt, the net increase should be reported under other advances (see below). Similarly, where identifiable, these items should exclude any sum in excess of that required to refinance a secured loan from another lender in order to simultaneously replace non-mortgage debts, or to finance home improvements, cars, holidays, etc, which should be included in item XFKBBC.

XFKBBC

All other advances (item XFKBBC) 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,

Updated o/a
Stats Notice
Effective from October 2007 – Updated
May 2010

2013/05 holidays, etc. Where identifiable, they should include any sum in excess of that required to finance a house purchase. ~~or to refinance a secured loan from another lender, in order to simultaneously replace non-secured debts, or to finance home improvements, cars, holidays, etc.~~ This should include any amounts added to the customer balance during the reporting period, such as capitalised interest, fees charged 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 loan should (where identifiable) be included here. However, where the undrawn facility increases automatically by the sum of overpayments that are made, the loan should not be included here.

Where the purpose of the gross lending cannot be identified, the lending should be entered in item XFKBBD.

XFKBBD

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 secured loan 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.

Updated o/a Stats Notice 2012/02 ~~Repayments data are to be provided on a best endeavours basis. Where reporting according to the form definitions will be difficult, we are willing to discuss alternative methods of reporting.~~

Updated o/a Stats Notice 2013/05 *We ask reporting institutions to contact the Bank of England in cases where they have difficulty in reporting repayments according to the form definitions.*

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. Where data relate to repayments of loans where interest has been included in the outstanding balance (i.e. capitalised), this repayment of interest will also need to be included in this item.

XFKBE Partial redemptions of principal during the month (where identifiable)

Updated o/a
Stats Notice
2014/06

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 e.g. 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 undrawn facility increases automatically when overpayments are made, any drawdowns should be reported as a negative 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. Where data relate to repayments of loans where interest has been included in the outstanding balance (i.e. capitalised), this repayment of interest will also need to be included in this item.

XFKBF

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

Updated o/a
Stats Notice
2012/02

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

Updated o/a
Stats Notice
2012/05

should be entered here) and interest (which should be entered under item XFKBHLH) then estimates are sufficient. Where data relate to repayments of loans where interest has been included in the outstanding balance (i.e. capitalised), this repayment of interest will also need to be included in this item.

XFKBG

Unanalysed repayments during the month

Institutions that 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. Where data relate to repayments of loans where interest has been included in the outstanding balance (i.e. capitalised), this repayment of interest will also need to be included in this item.

XFKBHLH

Other adjustments to the amount outstanding

Updated o/a
Stats Notice
2012/01

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 (where interest has not been capitalised), all fees charged, write offs, write offs etc). Reductions should be~~

Updated o/a
Stats Notice
2012/05

~~reported as negative figures and increases as positive figures. It should be understood that a degree of estimation in completing item XFKBHLH is acceptable within the statistical~~

Updated o/a
Stats Notice
2013/05

~~context for which the information is required.~~

XFKBKHA

Of which: amounts written off during the month

Added o/a
Stats Notice

Record all write-offs of gross secured loans (see item XFKBB) made during the reporting

2012/01
Updated o/a
Stats Notice
2012/05

period (note: this does not just relate specifically to the loans in item XFKBB in the same reporting period but to all secured loans). **Write-offs should be reported here net of recoveries and other write-ons**, in line with the Form WO definitions, and these write-offs should also be reported on Form WO (item 1JA). Write-offs reported here should **reduce** the amounts outstanding reported on all relevant forms; conversely, recoveries and other write-ons would **increase** the amounts outstanding. Write-offs should be reported here as a negative number, and write-ons as a positive number.

XFKBJMJ **Amount outstanding at current reporting date**

Updated o/a
Stats Notice
2012/01
Updated o/a
Stats Notice
2012/05

Item XFKBJMJ 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), item XFKBG and item XFKBHA, plus item XFKBLH. This item should equal item 29DB3A2 on Form BE and item XFKBA on the following month's Form IS.

XFKBJMJ1 **Amount outstanding at current reporting date excluding the effects of offsetting deposit balances**

Updated o/a
Stats Notice
2012/01
Updated o/a
Stats Notice
2012/02
Updated o/a
Stats Notice
2012/05

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 XFKBJMJ, but if secured loan balances are normally reported on a net basis this value should be greater than item XFKBJMJ.

XFKBMJA **Amount outstanding in 'multiple account' offset products**

Updated o/a
Stats Notice
2012/01
Updated o/a
Stats Notice
2012/02
Updated o/a
Stats Notice
2012/05

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 XFKBJMJ are reported on a gross basis this value should also be reported on a gross basis, but if offset mortgage balances included in item XFKBJMJ are reported on a net basis this value should be reported on a net basis.

XFKBMJB **Amount outstanding in 'single account' offset products**

Updated o/a
Stats Notice
2012/01
Updated o/a
Stats Notice
2012/02
Updated o/a
Stats Notice
2012/05

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 XFKBJMJ.

XFKBNL **Net provision charge for bad and doubtful debts: ~~not secured lending~~**

Added o/a
Stats Notice
2012/01

Updated o/a
Stats Notice
2012/05

Enter here the P&L charge for bad debt provisions (both specific and collective (general)) against net lending secured on residential property and land less the corresponding releases and recoveries made during the period. Net provisions are defined as provisions made against impaired financial assets, including interest, less releases and recoveries. This includes financial assets (including income) assessed individually and/or collectively as impaired. The definitions for Form PL provide a further guide to the provision process (see item 20 and the appendix of the definitions for further information).

XFKBOM **Number of lending transactions secured on residential property in the month**

Added o/a
Stats Notice
2012/01

Updated o/a
Stats Notice
2012/05

Enter here the number of new secured lending transactions completed in the reporting month resulting in new gross loans (i.e. lending reported in item XFKBB). In the case of an existing borrower who increases a loan with the same institution (including remortgaging with the same lender) but does not move to another property, the additional amount of the new loan reported in item XFKBB should not lead to additional secured lending transactions being recorded in this box. 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 has increased or not, the full amount of the new loan should be included in item XFKBB and the transaction counted in this item.

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

XFKNA

Updated o/a
Stats Notice
2012/02

These items look at approvals made since the end of the previous month for loans that may eventually be included in items XFKBB and XFKBJM, 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 offer has been accepted by the prospective borrower), along with amounts recommended for retention, all instalment 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 boxes (XFKVAD and XFKNAD).

**XFKVAB &
XFKNAB** Identified remortgaging (items XFKVAB and XFKNAB) occurs when a borrower who is the existing owner-occupier redeems his/her current secured loan ~~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 lender. Where a borrower changes secured loan ~~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 secured ~~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, cars, holidays, etc) should also be excluded from these lines. If such remortgaging leads to an increase in the borrower's overall secured ~~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 secured loan from another lender in order to simultaneously replace non-secured ~~mortgage~~ debts or to finance home improvements, cars, holidays, etc, which should be included in item XFKVAC (with a further approval scored in XFKNAC).

**XFKVAC &
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, holidays, etc. Where identifiable, they should include any sum approved in excess of that required to finance a house purchase, or to refinance a secured loan from another lender, in order to simultaneously replace non-secured ~~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 the undrawn facility increases automatically by the sum of overpayments that are made, no approval should be included here.

**XFKVAD &
XFKNAD** 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, i.e. 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*	or
XFKVAB & XFKNAB	Identified remortgaging which attract 50% weighting*	or
XFKVAC & XFKNAC	Other advances which attract 50% weighting*	or
XFKVAD & XFKNAD	Unanalysed approvals which attract 50% weighting*	or

They may eventually be reported in:-

XFKBB	Gross advances in the month attracting 50% weighting*	or
XFKVC & XFKNC	Value & Number of cancellations identified during the month	

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
+		
XFKBB	Gross lending in the month	<p>Includes : New lending attracting 50% weighting* Increased lending attracting 50% weighting* Remortgaging Capitalised interest and fees</p> <p>Excludes : Bridging loans Acquisition of packages of loans (see item XFKBC) Internal refinancing</p>
+		
XFKBC	Net securitisations (-), purchases (+) and other transfers	Include here all securitisations, transfers or acquisitions of packages of loans secured on residential property
-		
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)
-		
XFKBE	Partial redemptions of principal during the month (if identifiable)	Partial lump-sum repayments of principal which take place outside the normal repayment schedule
-		
XFKBF	All other repayments of principal during the month (if identifiable)	Includes regular repayments of principal
-		
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.
+		
XFKBH	Other adjustments to the amount outstanding: reductions (-) and increases (+)	<p>Includes : Interest Fees Write-offs</p>
=		
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.

~~* Or would attract 50% weighting were there no collateral, guarantee or netting reported in Appendix A III to Form BSD3~~