

PROCEDURES & DEFINITIONS

Debt-to-Income – New Commitments Data Collection

January 2026

Please contact the Reserve Bank Statistics Unit (statsunit@rbnz.govt.nz) to discuss these procedures and definitions if in any doubt about their meaning or if following them will produce an internal inconsistency with your available financial data.

Instructions

- Only newly committed residential housing loans are to be reported in this data collection.
- Report the number of commitments as one per loan application regardless of the number of mortgage loan products the debtor chooses to use e.g. a fixed portion and floating portion should be counted as one commitment.
- Report the value of commitments as the gross increase in credit associated with new commitments this month. Include increases to residential housing loans, including revolving credit limits (or similar facilities).
- Report dollar figures in millions to three decimal points, i.e. to the nearest hundred thousand New Zealand dollars. For example, \$1,234,567.89 is reported as 1.234.
- Report values in white cells only. The grey cells will derive from data entered in white cells.
- Please review the high-level results and sign-off before submitting to the Reserve Bank.
- Submit all returns via the secure file transfer mechanism specified by the Reserve Bank. Please also submit any revisions with the reason for and full explanation of the revision clearly highlighted under "Revisions" in the "Sign-Off" tab of the return.
- Please clearly explain any "Significant Variances" or "Changes in Practice" in the fields provided in the Sign-Off tab. Please provide as much detail as possible regarding the changes.
- Complete the following worksheets:
 - 2 - TDTI totals
 - 3 - LTI totals
 - 4 - by BGI
 - 5 - by LVR
 - 6 - Income and debt
- Please review the high-level results in worksheet 1 - summary and validation and sign-off before submitting to the Reserve Bank.

Definitions

New Commitment

A deposit taker enters into a new commitment for a residential housing loan on the day that it has made an irrevocable offer to an applicant for a residential housing loan. This is typically the day on which the deposit taker sends the loan documentation to the debtor's solicitor. By this point in the process the credit risk should be regarded as being the same as if the asset was already on the balance sheet of the deposit taker.

New commitments do not include pre-approvals that may or may not lead to an offer of finance. When entering into a commitment for a new residential housing loan, it is expected that a specific property has been identified and an amount agreed for the residential housing loan that will be advanced to the debtor (or, in the case of a lending facility, for the facility limit).

Residential housing loan

Residential housing loan is defined in clause 3 of the Deposit Takers (Lending) Standard 2027 (Lending Standard). Note that loans classified as 'equity release' in the Lending Standard are known as reverse mortgages and do not need to be reported.

Business loans secured by a mortgage over a residential property

These commitments are made to borrowers in the form of a residential housing loan but are intended for business purposes. They are included as new commitments.

Debt-to-income (DTI) ratio: in relation to a residential housing loan, is calculated by the following formula:

- Debt-to-income ratio = $\frac{\text{debt}}{\text{income}}$

Unknown DTI

As per clause 19 of the Lending Standard, a deposit taker is required to determine the person's DTI ratio, if practicable in the circumstances. In some situations, it may not be practicable to determine the DTI ratio – for example, there may be complex structures and multiple debtors involved. In such situations, the DTI ratio is expected to be recorded as undetermined. Such commitments should be reported in the "DTI unknown" bands.

Nature of security and borrower type

Figure 1 outlines how the nature of security relates to the different borrower types that deposit takers may encounter.

Figure 1: Breakdown of lending by nature of security and borrower

By nature of security	By borrower
Owner-occupied property	First-home buyer
	Owner-occupier (without investment collateral)
	Owner-occupier (with investment collateral)

Investment property (including loans secured by both an investment property and an owner-occupied property)	Investor
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Nature of security

Investment property

Report residential housing loans at least partially secured by a mortgage over an investment property. Residential housing loans secured by a mortgage over both an investment property and an owner-occupied property are included in qualifying credit amounts for investors. Investment property is defined in clause 3 of the Lending Standard.

Owner-occupied property

Report residential housing loans secured by a mortgage over only an owner-occupied property. Owner-occupied property is defined in clause 3 of the Lending Standard.

Borrower type

First home buyer

A first home buyer is a borrower entering the home ownership market in New Zealand for the first time and purchasing or building a property they (or a related party) intend to owner-occupy. In the case of a borrowing party consisting of more than one borrower, then the borrowers are classified as first home buyers only if none have previously drawn down on housing finance for owner occupation.

If the borrower, or at least one of the borrowers, has previously drawn down on housing finance for owner occupation they should not be classified as a first home buyer.

The borrower declares whether they are a first home buyer as part of the loan application.

Owner occupier (no investment collateral)

Owner occupiers are borrowers who own or are in the process of buying or building a house or flat they (or a related party) will live in, are not borrowing against any investment properties and are not first home buyers. An owner-occupier can occupy more than one property at once (that is, a secondary residence). A secondary residence includes a holiday home or a second home that is primarily for the use of that person and no rental income is derived from that property, except to the extent that the rental income is minimal (for example, where the secondary residence is a bach that is rented out for six weeks a year). In this case, the security is treated as an owner-occupied property.

Owner occupier (investment collateral)

Owner occupiers with investment collateral are borrowing for the purpose of purchasing or building a house or flat they (or a related party) will live in and are securing that loan at least partly against investment property collateral.

Investor

Investors are entities or persons borrowing for the purpose of building or purchasing residential property to let out to a tenant. The loan is at least partly secured by a mortgage

over an investment property and the borrower does not intend to live in the property (if any) they are seeking to build or purchase.

Commitments for top-ups and refinancing more generally

These commitments should be reported as described above, based on the nature of the underlying collateral (they will either be "Owner occupier (no investment collateral)", "Owner occupier (investment collateral)" or "Investor" loans).

Nature of lending categories

The Lending Standard requires a deposit taker to determine the use of credit based on nature of lending categories. The different categories determine which residential housing loans are included in the calculation of qualifying credit and therefore subject to DTI restrictions.

Seven specific categories are to be reported as follows:

- *Bridging finance*, which is defined in clause 8 of the Lending Standard.
- *Kāinga Ora first home purchase*, which is defined in clause 10 of the Lending Standard.
- *New build finance*, which is defined in clause 11 of the Lending Standard.
- *New build purchase*, which is defined in clause 12 of the Lending Standard.
- *Refinancing*, which is defined in clause 14 of the Lending Standard.
- *Remediation finance*, which is defined in clause 15 of the Lending Standard.
- *Security substitution*, which is defined in clause 16 of the Lending Standard.

Instructions for completing Part 2 – TDTI totals

2.1 Report the total value and number of loans.

2.2 Derived by adding 2.21, 2.22, 2.23, and 2.24.

2.21 Report the value and number of commitments that are not subject to DTI restrictions for first home buyers.

2.22 Report the value and number of commitments that are not subject to DTI restrictions for owner occupiers without investment collateral.

2.23 Report the value and number of commitments that are not subject to DTI restrictions for owner occupiers with investment collateral.

2.24 Report the value and number of commitments that are not subject to DTI restrictions for investors.

Instructions for completing Part 3 – Loan-to-income (LTI) totals

3.1 Report the value of all commitments for each of the LTI brackets from column G to O. For commitments where the LTI is not known, please include those values under the LTI unknown bracket (column P). Refer to the Appendix for more detailed examples on LTI calculation.

Instructions for completing Part 4 – by BGI

4.1 to 4.4 Report the value of new commitments to first home buyers, owner occupiers without investment collateral, owner occupiers with investment collateral, or investors, in the appropriate total DTI bucket also grouped with the borrower's gross income (BGI). In the

event of multiple borrowers, income is aggregated and included in the bucket the aggregated income falls under. Example: Borrower A and Borrower B have a combined income of \$100,000 and a combined mortgage of \$120,000 for their first home. $TDI = (\$120,000 / \$100,000) = 1.2$. The new commitment will be reported in cell G21, row (d) $BGI - 90,000 \leq BGI \leq 114,999$ and under $TDI \leq 3$.

4.5 Derived by adding the values in 4.1, 4.2, 4.3 and 4.4.

4.6 Derived from the totals in 4.1 and 4.2.

4.7 Derived from the totals in 4.3 and 4.4.

4.8 Report the value of total new commitments grouped by the appropriate BGI and LTI buckets. For example: Borrower A and Borrower B have a combined income of \$100,000 and a loan worth total \$160,000. $LTI = \$160,000 / \$100,000 = 1.6$. The value of the new commitment will be reported in cell G129, row (d) where $BGI - 90,000 \leq BGI \leq 114,999$ and $LTI \leq 3$.

Instructions for completing *Part 5 – by LVR*

Part 5 is structured in the same way as Part 4. For Part 5, reporting is based on the loan-to-value ratios of the new commitments. Report new commitment values in the appropriate LVR buckets from column G to P.

Instructions for completing *Part 6 – income and debt*

Income

Income is defined in clause 22 of the Lending Standard.

Report the value of gross annual income for each borrower type that falls within the appropriate DTI bucket with income categorised into wages and salaries, business/self-employed income, boarder income, rental income, superannuation and govt. benefits and other income. These gross incomes should also be reported in the appropriate cells in questions 6.1, 6.2, 6.3 and 6.4.

For example: Borrower A earns a salary of \$100,000 gross, they also have \$8,000 rental income and an additional \$20,000 income from selling potteries on their Instagram page. Borrower A's residential housing loan is \$200,000 and they have no other debt.

Borrower A's $TDI = \$200,000 / \$128,000 = 1.6$. The value of gross income of \$100,000 to be reported under the category wages and salaries, \$8,000 to be reported as rental income and \$20,000 to be reported as business income/self-employed income, all in row (a) $TDI \leq 3$ as their TDI is 1.6.

Wages and salaries

Report all income earned through wages and salaries.

Business/Self-employed

Report all income that a person derives from a business (including self-employment). For example, this may include a shareholder's salary, wages to business owners or a business surplus where the person has direct influence over the distribution of profits (as outlined in the Lending Standard Guidance Note).

Boarder income

Report all boarder income without any haircut.

Rental income

Report all rental earnings without any haircut.

Superannuation & other govt benefits

Report all income earned from superannuation & other govt benefits.

Other

Report all other income not specified.

6.5 Derived by adding 6.1, 6.2, 6.3 and 6.4.

Debt

Debt is defined in clause 21 of the Lending Standard.

6.6 Similar to 6.1-6.4, report the value of total debt for each borrower type that falls within the appropriate DTI bucket categorised into mortgage, consumer lending, student loans, business loans and other. These values should also be reported in the appropriate cells in questions 6.6, 6.7, 6.8 and 6.9.

Mortgage at own entity

Report values of borrowers' debt for mortgages held at the reporting entity.

Mortgage elsewhere

Report values of borrowers' debt for mortgages held at other institutions.

Consumer lending

Report values of borrowers' debt for term loans, credit card loans, and overdrafts.

Business debt

Report business debt if it is intertwined with other types of debt but less than 50% of the debt is used for business or investment purposes. If more than 50% of the debt is used for business or investment purposes, it may be excluded from the calculation of a person's debt as per clause 21(2)(b) of the Lending Standard (further described in the Lending Standard Guidance Note) and does not need to be reported in this template.

Student loans

Report student loans as debt.

Other

Report all other loans not defined.

6.10 Derived by adding 6.6, 6.7, 6.8 and 6.9.

Loan to Income ratio (LTI)

LTIs are conceptually similar to DTIs, but since they do not include total borrower debt, we can expect the DTI distribution of the mortgage portfolio to be higher than the LTI distribution.

Loan-to-income ratio = [loan value / total gross income]

Appendix

Below are a series of sample transactions that illustrate how we would expect deposit takers to calculate and report the relevant metrics. The first two examples include detailed information on how to complete the key fields in the template. The remaining examples simply illustrate the expected TDTI calculations.

- 1) The pre-existing debt obligation including any other financial obligations declared by a borrower or borrowing parties across all lenders is \$400,000 and the value of the new commitment is \$275,000. The annual gross income (as defined earlier in this document) is \$150,000. The new loan is used to buy an investment property in Auckland (valued at \$320,000) and is solely secured on that.

The Total Debt to Income Multiple is calculated as:

$$\text{TDTI} = (\$400,000 + \$275,000) / \$150,000 = 4.5.$$

Because the new loan is only secured on the new property, it has a loan value of \$275,000. So the loan would also be reported as having a LTI of 1.8 (\$275,000/\$150,000) and an LVR of 86% (\$275,000/\$320,000).

The value of commitment (\$275,000) should be reported as follows:

Instructions for completing Part 2 – TDTI totals

- Table 2.1 row (d) in the TDTI >4<=5 bucket.

Instructions for completing Part 3 – LTI totals

- Table 3.1 row (d) in the LTI <=3 bucket

Instructions for completing Part 4 – by BGI

- Table 4.4 row (f) in the TDTI >4<=5 bucket
- Table 4.8 row (f) in the LTI <=3 bucket

Instructions for completing Part 5 – by LVR

- Table 5.4 row (d) in the TDTI >4<=5 bucket
- Table 5.8 row (d) in the LTI <=3 bucket

Instructions for completing Part 6 – income and debt

- The composition of the \$150,000 annual borrower gross income should be reported in Table 6.4 in the TDTI >4<=5 bucket (row (c)).
- The composition of the \$675,000 total debt obligations should be reported in Table 6.9 in the TDTI >4<=5 bucket (row (c)).

One new commitment should be reported in Table 2.4 (2.3) row (d) in the TDTI >4<=5 bucket

2) Student loans

A customer has \$100,000 in gross wage and salary income. They have \$80,000 student

loan and a \$450,000 mortgage. They have no other income or debt. Their annual student loan deductions are \$10,000.

Student loans are to be reported as debt and not as a deduction from income. This would give a TDTI of \$530,000/\$100,000 or 5.3.

3) **Consolidating borrowers**

A customer (2 borrowers, not necessarily related parties) has 4 rental properties held in an LTC, and one borrower also owns their own home (held in a trust). The combined wage and salary income of the customers is \$300,000. The rental properties generate \$100,000 in annual rent. Both customers have completely guaranteed the debt of the LTC and the deposit taker also has a mortgage over the customer's own home (in the trust). The total debt is \$1.5 million.

We would expect all of these accounts to be consolidated for the purposes of DTI restrictions. Thus $\$1,500,000/\$400,000 = 3.75$

4) **Limits to residential mortgage asset class**

A company has been approved for total loans and credit limits with your deposit taker of \$21 million dollars. The exposure is individually managed, and the credit limits are based on projected cash flow rather than business collateral. As added surety, the deposit taker has taken security over 2 residential properties owned by the controlling shareholder (total value \$3 million). The exposure is not classed as a residential mortgage in your capital modelling.

We would not expect this to be treated as a residential mortgage loan or reported in LVR or DTI templates.

Appendix 1: Document change log

Version	Date	Comment
V1.1	June 2017	Last issued reporting guide document
V1.2	Sept 2018	Update to 'Investor' definition (pg. 5)
V1.3	Oct 2021	BS2A and BS2B replaced by new 'Banking Prudential Requirements' (BPR). Updated BS19 document issued October 2021
V1.4	Apr 2024	Reporting instructions updated to align with BS20 Framework for Restrictions on High Debt-To-Income Residential Mortgage Lending
V2.0	Jan 2026	BS20 replaced by the Deposit Takers (Lending) Standard 2027 Nature of lending categories have been defined per the Lending Standard Removed separate tables for commitments based on whether investment property collateral is in Auckland. This has resulted in re-numbering of tables in Part 2 – TDTI totals and Part 3 – LTI totals.

