

PROCEDURES & DEFINITIONS

Capital Adequacy (Supplementary Details) Data Collection

Draft version

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. Please ensure your contact information, provided in the "Sign-off" tab, is the latest available.

General requirements:

Data provided in the template must be for the deposit taker named on the cover page. Please select the reporting deposit taker from the drop-down list provided.

Financial data should be reported:

- As values, where applicable, as at the end of the reporting period.
- As millions to three decimal points, i.e. to the nearest thousand New Zealand dollars. For example \$1,234,567.89 is reported as 1.235

Contents

General requirements: 1

Financial data should be reported: 1

Instructions and Definitions: 3

 Dashboard summary tab: 3

 A. Capital composition tab: 3

 B. Capital instruments and requirements tab: 4

 C. Credit risk (Standardised) tab: 5

 D. Retail credit risk tab: 7

 E. Non-retail credit risk tab: 8

 F. Slotting tab: 10

 Summary validation tab: 10

 Change log tab: 10

Introduction:

Some of the information requested in the Capital Adequacy (Supplementary Details) data collection template is the same as the information deposit takers are required to report in Disclosure Statements. The Capital Adequacy (Supplementary Details) data collection will deliver this information to the Reserve Bank earlier and in a form that is more easily captured in the Reserve Bank's systems. However, there are some differences between what is required for Disclosure Statements and what is required in this template, particularly in relation to credit risk information. These differences are noted in this document.

The Deposit Takers (Capital) Standard 2027 (the **Capital Standard**) has not been published at this time. To aid users' interpretation of this definitions document we have retained references to BPR documents. These will be replaced with references to the Capital Standard in due course. Other changes are likely to be required once the Capital Standard is published and the template will be amended as required.

Procedures:

Group 1 and Group 2 Deposit Takers complete these tabs:

- Cover
- Sign-off
- A. Capital composition
- B. Cap instruments & req
- C. Credit risk (Standardised)
- D. Retail credit risk
- E. Non-retail credit risk
- F. Slotting

Tabs D, E and F are only relevant for deposit takers accredited to use IRB models to calculate credit risk weights. Other deposit takers should leave these empty. Please note that the deposit takers accredited to use IRB models should leave Tab C empty.

Group 3 Deposit Takers complete these tabs:

- Cover
- Sign-off
- A. Capital composition
- B. Cap instruments & req
- C. Credit risk (Standardised)

Instructions and Definitions:

Dashboard summary tab:

No input is required by the reporting deposit taker. This worksheet provides reporting deposit takers visibility of calculations for the capital ratios and other metrics that will appear on the Financial Strength Dashboard.

A. Capital composition tab:

The table in this worksheet largely corresponds to the table on capital required for full- and half-year disclosure statements (see the Deposit Takers (Disclosure Statements) Standard 2027

(the **Disclosure Statements Standard**)). The amounts requested correspond to the various components of capital set out in BPR110. This worksheet provides the BPR110 reference for each amount requested. These will be updated for Capital Standard reference once the Standard is available.

A summary of qualifying capital components and capital ratio calculations has been included to show reporting deposit takers the key capital components and elements derived by the inputs as completed in the worksheet. Default 'minimum capital ratio requirement' percentages are pre-populated in the Capital ratio calculations summary worksheet. These must be amended by the reporting deposit taker if the deposit taker's applicable capital ratio requirements are not the **standard** minimum capital ratio requirements for each of: Tier 1 capital and Total capital. A 9% minimum capital ratio will apply to all deposit takers. Prudential Capital Buffer (PCB) ratios will vary across deposit takers, ranging from 4%, once fully implemented for Group 3, up to 6% for Group 1.

Group 1 deposit takers are required to have additional Loss Absorbing Capacity (LAC). Instruments issued for this purpose should be included with totals for Tier 2. There is no separate LAC category. Once fully implemented, Group 1 deposit takers will need to have LAC of an additional 6% of risk weighted assets. This requirement will be phased in gradually during a transitional period after the commencement of the DTA Standards.

For Group 3 deposit takers only, Perpetual Preference Shares (PPS), consistent with 10(3)(c) of "Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010" may be included as part of Tier 1 capital. These should be recorded separately from other Tier 1 capital. In the future we will limit the amount of PPS that can be recognised as Tier 1, with the rest available to recognise as Tier 2 capital.

Please note that row 11 includes all Additional Tier 1 (AT1) instruments and rows 31-32 should include all Tier 2 instruments.

Mutual Capital Instruments should be reported on this Tab in any instances where a deposit taker has issued a Mutual Capital Instrument.

The regulatory amortisation deduction should be recorded in line A5.2 meeting the definitions as set in clause [.] of the Capital Standard (see section D3.6 of BPR110). This is a change from the current approach where deposit takers include amortisation deductions inside the totals reported in A4.1 and A4.2.

B. Capital instruments and requirements tab:

New and repaid capital instruments

Most of the information requested in this section will be similar to that provided through the Reserve Bank's BPR120: Capital Adequacy Process Requirements process (in particular information referred to in Part B). The BPR120 process is focused on compliance with BPR110. The information provided in this template is focused on the dollar amounts, which may differ from those presented in relevant BPR120 applications (for example if a deposit taker elected to increase the size of a capital issuance such that it is larger than originally envisaged during the BPR120 process). These BPR references will be updated for Capital Standard reference once the Standard is available.

Total regulatory capital requirement

For deposit takers using the standardised approach to estimate RWAs: The amounts requested correspond to those amounts required for full- and half-year disclosure statements. In particular, see the Disclosure Statements Standard.

For deposit takers accredited to use the internal models approach to estimate RWAs: The regulatory capital requirements section contains a memo item on the credit valuation adjustment. Deposit takers are requested to provide the credit valuation adjustment capital charge by asset class.

A summary of risk weighted assets and regulatory capital requirement is provided for each of the following items: credit risk; operational risk; market risk; and supervisory adjustment (if applicable).

Since 1 January 2022, deposit takers accredited to use internal ratings based (IRB) models to calculate RWAs have been required to apply an 85% output floor when calculating credit risk RWA. This means that IRB deposit takers will be required to use either their modelled credit risk RWA, or use 85% of the outcome in the standardised approach for those same exposures, whichever number is bigger.

There is an 'output floor balancing item' for IRB deposit takers to include in credit risk RWA calculations if the output floor applies.

This would mean that if the output floor does not apply to a deposit taker they would enter 0 (zero) for the balancing item, meaning that total RWA is the sum of all the components. If the output floor does apply (i.e., because 85% of standardised outcome is higher than the IRB outcome), then the deposit taker would enter the amount required as the balancing item so that the sum of all of the RWA components for credit risk add up to 85% of standardised outcome, after allowing for balancing item.

Mutual Capital Instruments should be reported on this Tab in any instances where a deposit taker has issued or repaid a Mutual Capital Instrument.

C. Credit risk (Standardised) tab:

The majority of the amounts requested correspond to those amounts required for full year and half year disclosure statements (see the Disclosure Statements Standard).

There are a number of differences compared to the Order in Council under current policy framework. These will be replaced with a comparison with the Disclosure Statements Standard in due course.

Firstly, there is a larger number of categories of exposures, due to the addition of the SME Retail, SME General, Agriculture and Community Housing Provider categories.

Secondly, the risk weights for many sub-components of Residential Mortgage Loans have been reduced – this does not affect risk weight at higher Loan-to-Value Ratios.

Thirdly, there is a greater number of categories of residential mortgages not past due. The categories in the template correspond to those set out in clause [.] of the Capital Standard (see section C3.10 of BPR131).

Fourthly, within the “memo item”, off balance sheet credit equivalent amounts are requested categorised by the Capital Standard (see BPR131) asset class.

Lastly, an off-balance sheet item called “Credit Valuation Adjustment” is explicitly included under “Market related contracts”. This fits with where deposit takers in practice locate credit valuation adjustment amounts in disclosure statements.

Asset class definitions:

Sovereigns and central banks: for deposit takers using the standardised approach, this is exposures that meet the definition of sovereign exposures in clause [.] of the Capital Standard (see section C2.2 of BPR131).

Multilateral development banks and other international organisations: for deposit takers using the standardised approach, this is exposures that meet the definition of multilateral developments banks and other international organisations in clause [.] of the Capital Standard (see section C2.4 of BPR131).

Public sector entities: for deposit takers using the standardised approach, this is exposures that are to a local authority as defined for the purposes of the Local Government (Rating) Act 2002, the Local Government Funding Authority or any other entity meeting the definitions as set in clause [.] of the Capital Standard (see C2.3 of BPR131 and in BPR001).

NZ super fund will be added to this document once those definitions are determined for the Capital Standard.

Deposit takers: for deposit takers using the standardised approach, this category will be added to the Capital Standard and the definition will be added once that is available in 2026.

Corporate:

Exposures to *general corporates*, excluding small and medium enterprises (SMEs) and Agriculture should be reported in rows C6.2 to C6.5.

Definitions for exposures to *SMEs* will be added to this document once those definitions are determined for the Capital Standard.

Exposures to Agriculture will be added to this document once those definitions are determined for the Capital Standard.

Exposures for Lending to Community Housing Providers will be added to this document once those definitions are determined for the Capital Standard.

Other 90 days past due / impaired assets:

Residential mortgage loans with qualifying lender’s mortgage insurance that are 90 days past due should be recorded in rows C9.1 and C9.2. Residential mortgage loans without qualifying lender’s mortgage insurance that are 90 days past due should be recorded in rows C9.3 and C9.4.

Equity:

Equity holdings should be reported in rows C11.0 to C11.2. Holdings are split into a range of categories:

- The Business Growth Fund (up to specified cap). As specified in the Capital Standard (see BPR131) a 250% risk weight applies for exposures up to 2% of Tier 1 and should be reported in row C11.0. Exposures of more than 2% of Tier 1 should be risk weighted at 400% and reported in that category (row C11.2).
- Equity holdings (not deducted from capital) that are publicly traded should be reported in row C11.1.
- All other equity holdings (not deducted from capital) should be reported in row C11.2.

Other assets:

Other assets should be reported in row C11.3, with the exception of any Kāinga Whenua loans that meet the definition in the Capital Standard (see BPR131). Kāinga Whenua loans should be reported in row C11.4.

Non risk weighted assets:

Some deposit takers include these amounts in their disclosure statements. For the purposes of the credit risk worksheet, only exposures with an allocated credit risk weight in the Capital Standard (see BPR131) should be included.

Memo item:

The memo item reports the same exposures as those captured in the "off-balance sheet" section of the worksheet. The memo item categorises off-balance sheet exposures by asset class, while the "off-balance sheet" section categorises these exposures by type of transaction. Our expectation is that the total of the memo items column (C12.0) will be the same as the total of the credit equivalent amounts column in the off-balance sheet section (C14.0).

Tabs D, E and F are applicable only to deposit takers that are accredited by the Reserve Bank to use IRB approach

D. Retail credit risk tab:

Risk weighted asset amounts and minimum capital requirement amounts are to be provided inclusive of the 1.2 scalar.

PD bands:

If the mid-point of the deposit taker's probability of default (PD) pool is within a PD band shown on this sheet, the exposures in that pool should be included in that PD band.

Asset class definitions:

Residential mortgages non property investment: exposures that meet the definition of "non property-investment residential mortgage loan" in clause [.] of the Capital Standard (see section B4.2 of BPR133).

Residential mortgages property investment: exposures that meet the definition of "property-investment residential mortgage loan" in clause [.] of the Capital Standard (see section B4.2 of BPR133).

Reverse mortgages: exposures that meet the definition of "reverse residential mortgage loan" in clause [.] of the Capital Standard (see section B4.2 of BPR133).

Detailed mortgage definitions are set out in clause [.] of the Capital Standard (see BPR131 and section B4.2 of BPR133 cross-refers to them and summarises the categorisation). Clause [.] of the Capital Standard (see Section B4.2 (4)) confirms that reverse mortgages are subject to the standardised approach in the Capital Standard (see BPR131).

Retail - credit cards: exposures for which clause [.] of the Capital Standard (see section D6.3 of BPR133) is used to calculate regulatory capital (when not in default) and which are outstanding loans originated and still managed via credit cards.

Retail - farm lending: exposures for which clause [.] of the Capital Standard (see section D6.3 of BPR133) is used to calculate regulatory capital (when not in default) and are to borrowers classified as 'agriculture' in ANZSIC06 (i.e. codes in the range A011 to A0199).

Residual retail: exposures for which clause [.] of the Capital Standard (see section D6.3 of BPR133) is used to calculate regulatory capital (when not in default) except those that are "Retail - credit cards" or "Retail - farm lending" as defined above.

Other definitions:

Weighted average LGD: this should be calculated as exposure weighted loss given default (LGD) for the PD band, LGD band, or asset class (whichever applies). In calculating exposure weighted amounts, exposure is after credit risk mitigation.

Weighted average PD: this should be calculated as the exposure weighted average PD for the PD band or for the asset class (whichever applies). In calculating exposure weighted amounts, exposure is after credit risk mitigation.

E. Non-retail credit risk tab:

For exposures where the 1.2 scalar applies, as set out in clause [.] of the Capital Standard (see C1.4 of BPR130), risk weighted asset amounts and minimum capital requirement amounts are to be provided inclusive of the 1.2 scalar. Exposures where the scalar does not apply should be reported with no scalar impact.

Obligor grade

Deposit takers should include all obligor grades used internally. It is not the intention to restrict (or expand) the number of reported obligor & default grades. Deposit takers may need to use more (or less) rows depending on the number of internal risk grades. Labels can be overwritten but do not insert or delete rows.

Asset class definitions:

Sovereigns and central banks: for deposit takers accredited by the Reserve Bank to use the IRB approach, this covers exposures that are set out in clause [.] of the Capital Standard (see B2.1 of BPR133). Note that from 1 January 2022 these exposures must be calculated using the standardised approach as covered in clause [.] of the Capital Standard (see section C1.5 of BPR130).

Multilateral development banks and other international organisations: for deposit takers accredited by the Reserve Bank to use the IRB approach, this covers exposures that are set out in clause [.] of the Capital Standard (see B2.1 of BPR133). Note that from 1 January 2022 these

exposures must be calculated using the standardised approach as covered in clause [.] of the Capital Standard (see section C1.5 of BPR130).

Public sector entities: for deposit takers using the standardised approach, this is exposures that are to a local authority as defined for the purposes of the Local Government (Rating) Act 2002, the Local Government Funding Authority or any other entity meeting the definitions as set in clause [.] of the Capital Standard (see C2.3 of BPR131 and in BPR001).

Exposures to the NZ super fund will be added to this document once those definitions are determined for the Capital Standard.

Deposit takers: for deposit takers accredited by the Reserve Bank to use the IRB approach, this covers exposures that are set out in clause [.] of the Capital Standard (see B3.1 of BPR133), except for exposures that are public sector entity exposures as defined above. Note that from 1 January 2022 these exposures must be calculated using the standardised approach as covered in clause [.] of the Capital Standard (see section C1.5 of BPR130).

Exposures for Lending to Community Housing Providers will be added to this document once those definitions are determined in the Capital Standard.

Corporate: for deposit takers accredited by the Reserve Bank to use the IRB approach, this covers exposures that are set out in clause [.] of the Capital Standard (see B1.1 to B1.9 of BPR133).

Equity: As specified in C1.5 of BPR130 these exposures must be calculated using the standardised approach.

Equity holdings should be reported in rows E1.81 to E1.83. Holdings are split into a range of categories:

- The Business Growth Fund (up to specified cap). As specified in the Capital Standard (see BPR131) a 250% risk weight applies for exposures up to 2% of Tier 1 and should be reported in row E1.81. Exposures of more than 2% of Tier 1 should be risk weighted at 400% and reported in that category (row E1.83).
- Equity holdings (not deducted from capital) that are publicly traded should be reported in row E1.82.
- All other equity holdings (not deducted from capital) should be reported in row E1.83.

Other 90 days past due and off-balance sheet for standardised requirement: exposures that would otherwise fall into the three categories above, but are 90 days past due/impaired or recorded as off-balance sheet (see definitions in tab C above).

Farm lending: all exposures that meet the definition of farm lending exposures in clause [.] of the Capital Standard (see section B1.9 of BPR133).

Corporate exposures subject to the firm size adjustment: exposures that meet the definition of corporate exposure in clause [.] of the Capital Standard (see section B1.1 of BPR133) and for which the firm size adjustment in clause [.] of the Capital Standard (see section B4.3 of BPR133) is applied in the calculation of regulatory capital.

All other corporate exposures: exposures that meet the definition of corporate exposure in clause [.] of the Capital Standard (see section B1.1 of BPR133) except those that are "farm lending" or "corporate exposures subject to the firm size adjustment" as defined above and excluding specialised lending subject to the slotting approach.

Other definitions:

Weighted average LGD: this should be calculated as exposure weighted LGD for the PD band, LGD band, or asset class (whichever applies). In calculating exposure weighted amounts, exposure is after credit risk mitigation.

Weighted average PD: this should be calculated as the exposure weighted average PD for the PD band or for the asset class (whichever applies). In calculating exposure weighted amounts, exposure is after credit risk mitigation.

Weighted average maturity: this should be calculated as the exposure weighted effective maturity for the asset class.

F. Slotting tab:

Amounts recorded in this sheet relate to exposures for which the supervisory slotting approach is used to calculate regulatory capital.

Risk weighted asset amounts and minimum capital requirement amounts are to be provided inclusive of the applicable scalar.

Summary validation tab:

The section summarises validation checks that have appeared throughout the data collection. Reporting deposit takers should use this tab to check that the data provided is consistent. If any cells are highlighted red, the reporting deposit taker needs to re-check the associated table(s) before submitting the data.

Change log tab:

This tab highlights changes between versions of the template.

Version	Date	Comment
V1.1	Mar 2017	A new section called "Other 90 days past due / impaired assets" has been added. Included new sub-total rows in credit risk tab. Included new sub-total rows and validation checks in retail credit risk and non-retail credit risk tabs. Included new sub-total rows and validation checks. Additional PD grades have been provided for more granular reporting in non-retail credit risk tab. Added validation summary.
V1.2	Dec 2017	Removed Definitions sheet and replaced with a link on cover sheet. New worksheet identifies all data points that are included in the Financial Strength Dashboard. New section calculating capital adequacy and capital conservation buffer ratios in capital composition tab. Adjustments to RWA calculations in capital instruments and requirements tab. Adjustments to formula in 'Average risk weight' fields, to remove errors if no exposure exists in retail credit risk and non-retail credit risk tabs. Unnecessary validations have been removed.
V1.3	Mar 2018	Link to updated guidance note. Amendment of confidentiality provisions, to reflect requirements of the Dashboard. Adjustments to RWA calculations.

		Further adjustments to RWA calculations in capital instruments and requirements tab. Additional line items to collect other past due or impaired residential mortgage RWAs in credit risk tab.
V1.4	Dec 2021	Capital composition tab - replaced BS2A and BS2B para references with the new Banking Prudential Requirements (BPR110) in column D and removed BS2A para references from column C. Updated rows 27&28 and 37&38 for AT1 and Tier 2 capital. Included memo item section for reporting new Tier 2 instruments in column G. Capital instruments and requirements tab - replaced BS2B with the BPR133 in row 37. Renamed tab C to replace BS2A with BPR131. Removed BS2B from tab names D to E.
V1.5	Mar 2022	Dashboard tab - Adjusted formulas to accommodate for IRB banks' standardised reporting of Sovereigns, PSEs and Banks Inserted a new line: Output floor balancing item Capital composition tab - Inserted new row: A4.25, adjusted descriptions on A4.1 & A4.2 Cap instruments tab - Adjusted descriptions & formulas: B5.0, B5.1, B5.2 & B5.23, inserted new line: B5.3, B5.21, B5.22
V1.6	Nov 2022	Non-retail credit risk tab - Adjusted formulas to accommodate for IRB banks' standardised reporting of Sovereigns, PSEs and Banks.
V1.7	Nov 2023	Capital composition and Cap instruments & requirements tabs – added in Mutual Capital instruments. Credit risk (BPR131) tab – added in new risk weights for New Zealand Business Growth Fund and Kāinga Whenua loan. Retail credit risk tab – new risk weighted added in for reverse mortgages. Non-retail credit risk tab – added in new risk weights for New Zealand Business Growth fund. Added in equity/other equity holdings similar to standardised approach in Tab C. Dashboard summary tab – updated formula for Equity holdings and other assets to include New Zealand Business Growth Fund and Kāinga Whenua loan.
V1.8	Sep 2024	Added Heartland Group to the respondent list. Dashboard summary tab – updated to 9% for RWA equivalent – Market risk, RWA equivalent – Operational Risk, RWA equivalent – Equity holdings, RWA equivalent – All other assets, RWA equivalent – Credit Risk supervisory adjustment, RWA equivalent – Output floor balancing. Capital composition tab - Changed value at cell E66 (minimum capital requirement- tier 1 capital) from 6% to 7%. Changed value at cell F66 (minimum capital requirement- total capital) from 8% to 9%. Cap instruments & req tab: Updated formula for risk weighted exposure or implied risk weighted exposure assets for credit risk, operational risk, market risk and supervisory adjustment. Credit risk (BPR131) tab - Updated formula for minimum capital requirement (column F and H). Non-retail credit risk tab – Updated formula for minimum capital requirement (column F).
V2.0 DRAFT	Jan 2026	Data collection introduced for Group 3 deposit takers - V2.0 Group3 draft template. Change the name of Capital satellite survey to Capital adequacy (supplementary details) data collection. Dashboard summary tab – added in NZ super fund, Agriculture, and Community housing providers; updated formula for Corporate (excluding agriculture) to reflect the changes in Corporate; deleted CET1 capital ratio (%), Common Equity Tier 1 (CET1) capital, CET1 deductions and Net CET1. Capital composition tab – removed CET1 capital as all Tier 1 capital will be made up of CET1 capital, and updated formulae accordingly; AT1 capital has been moved under Tier 1 capital as individual items rather than as a subgroup (see rows 11, 12, and 27), and the row of transitional AT1 has been deleted and updated minimum capital ratio requirements for Tier 1 capital and total capital. Cap instruments & req tab – removed line B2.1; replaced “CET1” with “Tier 1”. Credit risk (standardise) tab – added in new risk weights for NZ super fund, longer-term exposures to A-rated banks, SME, agriculture, lower risk RMLs, Community housing providers and updated risk weights for 90 days past due/impaired residential mortgage loans.

		Non-retail credit risk tab – added in new risk weights for NZ super fund, longer-term exposures to A-rated banks, SME, agriculture, and Community housing providers similar to standardised approach in Tab C.
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