Capturing loan-to-value data in New Zealand – challenges and opportunities

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1. Introduction

Like many countries, New Zealand experienced rapid increases in both house prices and household debt in the decade leading up to the Global Financial Crisis. While house prices fell modestly during the recession of 2009/10, they remained elevated relative to fundamental metrics such as rents or incomes. By 2013, house prices were rising rapidly again in some parts of the country, particularly Auckland and Canterbury, reflecting both stronger demand and housing shortages. Although the rise in house prices was accompanied by only moderate growth in total household credit, lending undertaken at high loan-to-value ratios (LVRs in excess of 80 percent) had risen to nearly a third of all new housing loan commitments.

With house prices becoming increasingly stretched, the Reserve Bank took the view that the risks of a disruptive downward correction at some point in the future were increasing, a view shared by the IMF, OECD and three major rating agencies. The Reserve Bank introduced a limit on high loan-to-value (LVR) lending with effect from 1 October 2013, to help reduce the risks to financial stability posed by these developments. LVR restrictions on residential lending were one of four instruments available for use under the Reserve Bank's macro-prudential policy framework that was agreed with the Minister of Finance in a memorandum of understanding signed in May 2013.

In March of 2013, the Reserve Bank had initiated work to develop a formal LVR data collection[2]. Data on LVRs had been collected privately from the banks for several years, but was in a non-standardised format which lacked consistency across the banks. While indicative, this data was not considered of high enough quality for aggregation or publication. In addition, the privately collected data lacked the granularity necessary to support a richer understanding of bank mortgage lending behaviour.

This paper discusses the development of two LVR data collections to shed more light on mortgage lending behaviour in New Zealand and support the successful implementation of loan-to-value ratio restrictions. It covers the development of the data collections, the challenges faced, some of the useful insights the data has provided to date, and finally some of the lessons learned.

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[1] The authors are grateful to Bernard Hodgetts and other colleagues at the Reserve Bank for helpful comments and advice.

[2] The Reserve Bank of New Zealand Act (1989) enables the Bank to collect data for monetary policy and financial stability purposes, from financial institutions in New Zealand.

2. LVR restrictions in New Zealand

The Reserve Bank's approach to implementing LVR restrictions appears to be unique among the group of countries that have used them. Instead of an outright restriction on high LVR lending (for example, no lending to be undertaken at LVRs of greater than 80 percent) banks have been required to limit new residential mortgage lending at LVRs of over 80 percent to no more than 10 percent of the dollar value of their new residential mortgage lending over a set time period. This has become known as the 'speed limit approach'. Data is needed to calculate a bank's adherence to the restrictions – i.e. whether the bank's high LVR lending is at or below the speed limit.

The Reserve Bank has exempted certain types of mortgage lending from LVR restrictions. These include refinancing of existing mortgages from another lender or shifting an existing high LVR loan from one property to another. These exemptions were made chiefly to avoid hampering competition among lenders or to avoid impeding the mobility of existing borrowers. Other exemptions are made for Welcome Home Loans (a scheme under which the government insures the loans of qualifying high LVR borrowers, subject to a quota) and bridging finance. A further exemption was finalised in early 2014 for high LVR construction loans, to avoid hindering new construction activity.

The speed limit is assessed using rolling windows. When first introduced all banks were given six months to manage their lending under the 10 percent cap. However, from this first period large banks move to a three month rolling period and smaller banks continue on a six month rolling period.

Figure 1 - Six month speed limit formula

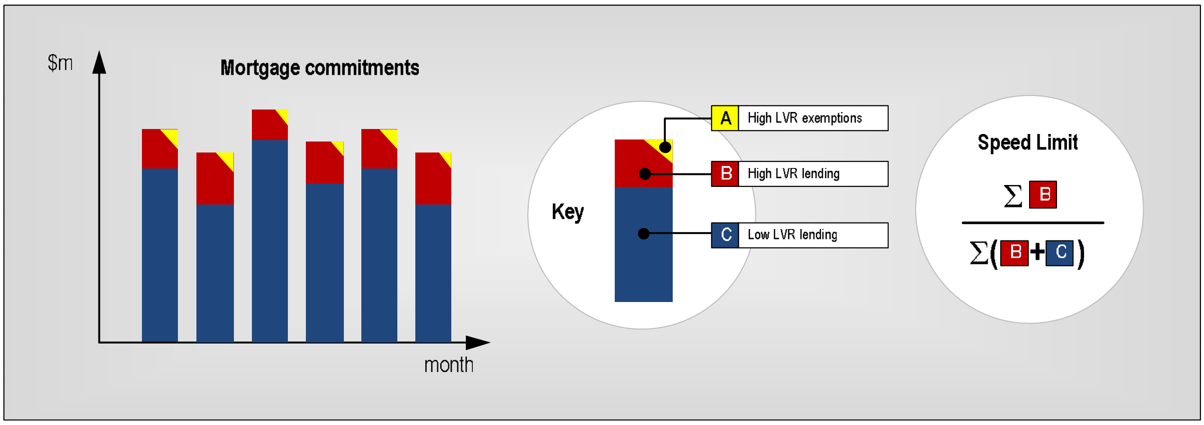
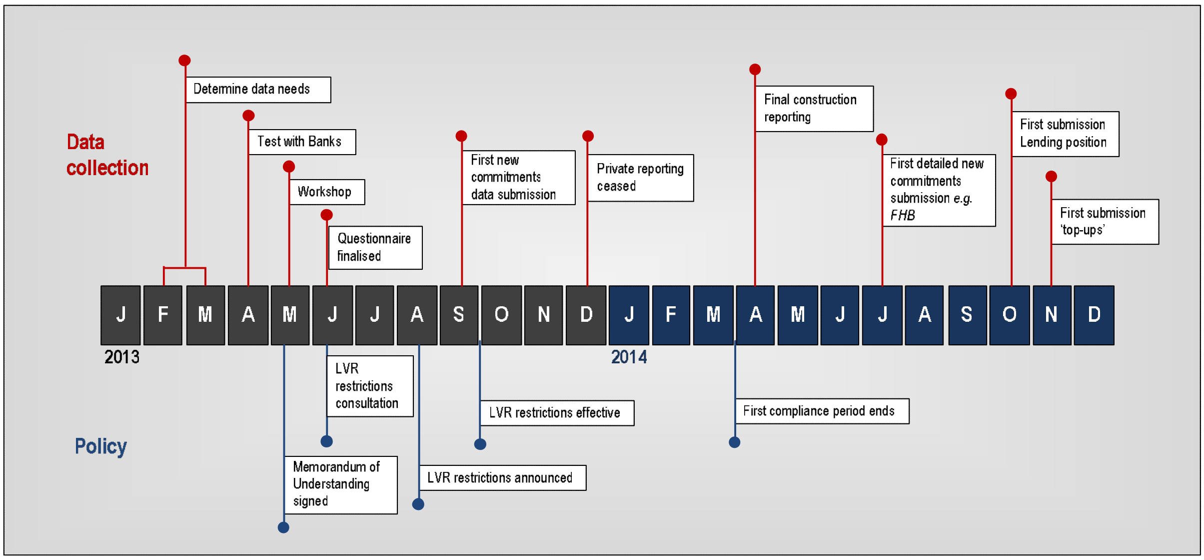


Figure 1 provides a stylised representation of the calculation. While the calculation is, in principle, a straightforward one, a key challenge of the data development process (and the policy design of LVR restrictions) was to define what exactly is meant by a high LVR new loan commitment. What is a loan commitment and how and when is it measured? And how should one define the 'loan' and the 'value' that goes into the calculation of the associated loan-to-value ratio?

3. Challenges in developing the new data collection

Figure 2 – Data development and policy timeline



Clarifying Objectives

Perhaps the most significant challenge in developing our new data collection is that the policy for which the data was intended to provide support was being refined throughout the development process. Whilst the principles were well settled, the details were still being confirmed. Many of these details were resolved in-house but some were identified by banks once they started to complete early versions of the LVR data collection templates. During the data development process it was essential that our statisticians and macro-prudential policy makers worked closely to respond to banks, revise definitions, and in some cases update existing banking prudential requirements.

This collaboration was aided by the Reserve Bank recently introducing a new Macro-Financial Department, which brought together the Bank's macro-prudential and financial system analysis teams with the Statistics Unit.

When work first began on a new collection of LVR statistics in March 2013, the main motivation was to improve our understanding of high LVR lending activity across the banks and to enable meaningful aggregation of the data for macro-financial analysis. The existing monthly collection of high LVR lending was provided by the banks on a best endeavours basis and was known to lack consistency from bank to bank. Good metadata was lacking. Some LVRs appear to have been measured at the loan approval stage, others when the loan was drawn down. There were various other technical issues. For example, when reporting the value of high LVR loans, some banks would report the full amount of any loans that were topped up over the period, while others would only report the amount of the top up. This in turn meant that the reported flow of high LVR lending was measured inconsistently from bank to bank, undermining calculations of system aggregates. Thus an over-riding aim of the new collection was to ensure more consistency in the measurement of the components of LVRs, enabling meaningful aggregations of the data to be made.

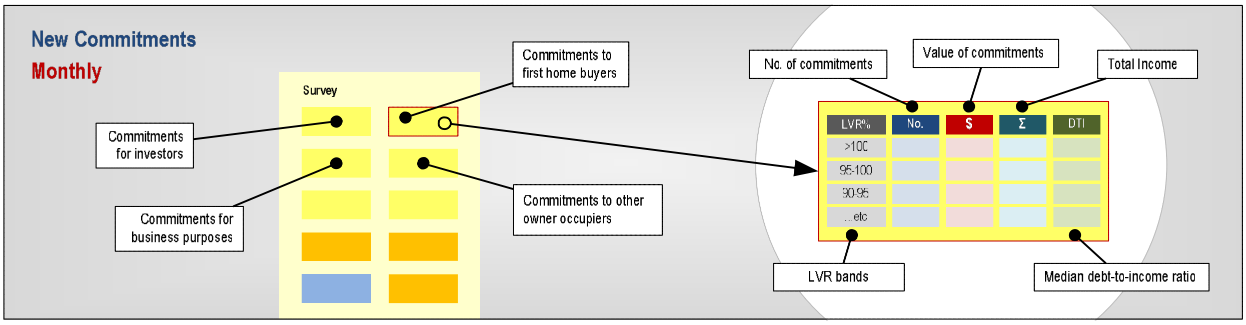
As the possibility of LVR restrictions became increasing likely, some new needs arose. In the context of LVR restrictions, the data collected would need to be used to assess the regulatory impact of the restrictions and ensure compliance with them. It quickly became clear that the specification and calculation of the loan-to-value ratios that were to be collected would form the actual metric against which the banks would be required to modify their lending behaviour in order to meet the restrictions. More detail would also be required to help monitor the effectiveness and incidence of the restrictions. For example, it would be important to know how high LVR lending was distributed across first home buyers, investors and other borrowers.

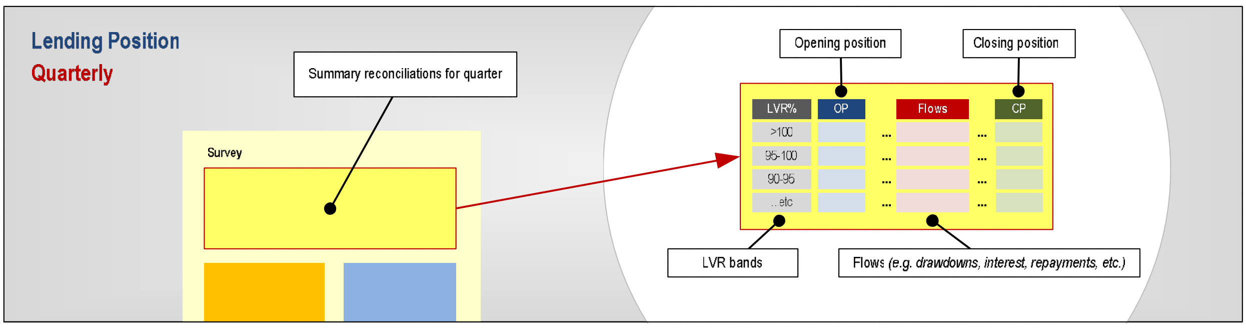
In order to minimise the reporting burden placed on banks we decided early on that LVR data for statistical and compliance purposes would be collected in one single template. However, unlike statistical data where timeliness is usually top priority, compliance data needs to be of very high quality. Since banks would be required to meet the LVR restrictions as a condition of their registration, a breach of the requirement would be a serious matter.

To better understand the marginal lending decisions of banks and monitor LVR restrictions we developed a New Commitments template to capture the flows of new lending by borrower type (e.g. owner occupier) and by purpose (e.g. to purchase/build a property). LVR restrictions are applied on a rolling three or six month basis, dependent on the size of the bank. Therefore the New Commitments collection is of monthly frequency.

To assess the current vulnerabilities of a bank we developed a Lending Position template that collects opening and closing stock of loans and the reconciling flows (e.g. drawdowns, interest charged) by LVR. The stock of outstanding mortgages moves more slowly than flows, so the Lending Position data is collected quarterly.

Figure 3 – Stylised LVR data collections





Both templates collect data by LVR buckets, which range from <= 60% to >100% in 5% increments. This enables more detailed analysis of mortgage lending and also future-proofs the collections should the High LVR threshold move (e.g. from 80% to another level). It would also potentially enable the speed limit to be stratified (e.g. a proportion of lending between 80%-90% and a smaller proportion over 90%).

Once announced, LVR restrictions were intended to be introduced with a relatively short notice period (of around six weeks). Therefore banks needed to be able to react and control lending flows quickly. In practice, the loan life cycle can run over months - from pre-approval to actual drawdown. Many loans that are approved do not actually result in loans, and it is difficult to restrict drawdowns quickly due to the length of time between when a bank agrees to lend and when the actual drawdown occurs. The Reserve Bank settled on applying LVR restrictions at the loan ‘commitment’ stage where the formal paperwork to support a loan is being drawn up. This is after approval, but before drawdown. At this stage, a very high percentage of commitments result in loans and it is early enough in the loan cycle for banks to restrict at short notice.

With assistance from the banks we settled on a practical definition of commitment, namely:

“A bank enters into a new commitment for a residential mortgage loan on the day that the bank sends the loan documentation to the applicant’s solicitor”.

Publication

As with all Reserve Bank data collections, our intention was to publish aggregate data from the LVR templates once we were assured that the data were of good quality. This was seen as particularly important given that, at the time LVR restrictions were announced the only public information on bank LVR lending was in individual bank quarterly Disclosure Statements.[3] A bank Disclosure Statement includes, amongst other things, the outstanding stock of lending by LVR. However, the LVR restrictions relate to the flow of new lending. In the absence of flow data some people had interpreted the change in stock to be equal to, or similar, to the flow of lending. This had led to confusion and added more weight to our desire to publish aggregate data from our new data collection as soon as practical.

Definitions

Conceptually the LVR restrictions were to apply to lending undertaken for the purchase of residential properties in New Zealand. Our first working definition was “all lending secured by residential property”. However, in practice some non-residential loans (e.g. loans to businesses or SMEs) are sometimes partly secured by residential property. Since LVR restrictions were not motivated by concerns around business lending, it was not intended to capture such lending and doing so would add considerable complexity for the banks in calculating and reporting LVRs for such loans. For these reasons, we chose to align our definition with that of mortgage loan in bank capital definitions, which are already embedded in bank systems.

[3] All registered banks operating in New Zealand are required by law to publish a quarterly disclosure statement. These contain a wide range of financial and other information, and are aimed at providing a broad and reasonably up-to-date view of the bank. The statements include information on the bank’s conditions of registration, which are the means by which the Reserve Bank applies prudential requirements to banks.

A second issue that arose was at the time of the development banks were subject to different definitions of loan used in the calculation of LVR depending on whether they were operating as Internal Ratings Based banks or standardised banks for capital purposes. The IRB banks had a narrow mortgage loan definition in which only the loan relating to the residential property was to be included. However, the standard banks were subject to a wider definition under which any other unsecured lending to the customer (e.g. credit card limits) was to be added to the total loan amount for calculating the LVR[4]. A subsequent revision to bank capital definitions, which has seen the narrower definition adopted for all banks, has resolved this issue. However, for a period of time our LVR templates (and the operation of LVR restrictions) were based on differential reporting for these two classes of bank.

Timelines

As with any new data collection, we found that banks varied in their need to implement system changes in order to meet the reporting requirements. For very small banks new reporting is often easier as there are often few transactions and reporting can be done manually. However, large banks need to rely on system reporting and when data is sought that is not currently captured systematically, IT changes are often required.

We held workshops with banks shortly after we had circulated our draft templates. Given the feedback received, we made the decision soon afterwards to stage the implementation of the data collections. Priority was given to the totals in the New Commitments template because these are required to assess compliance against the speed limit. The detail in the New Commitments template was judged of lower priority (e.g. commitments by borrower type and debt to income figures). The Lending Position template was deemed lowest priority, because some data on loan stock positions was already publicly available, albeit in a non-standardised format.

This staged approach enabled banks to focus on providing quality data for LVR restriction compliance purposes, but they were aware of where we were intending to expand the data collection later on.

The first official collection period for the New Commitments template was August 2013. The detail followed in May 2014 and the first Lending Position template is scheduled for the September 2014 quarter. Early this year we also added a question about loan purpose (e.g. top-up, property purchase) to the New Commitments template. Data for this question is expected to become available in November 2014.

Quality assurance

As noted earlier, in the two years leading up to the development of the LVR framework the Reserve Bank had received information from the banks on their high LVR lending flows through the receipt of internal management reports. While this privately reported data

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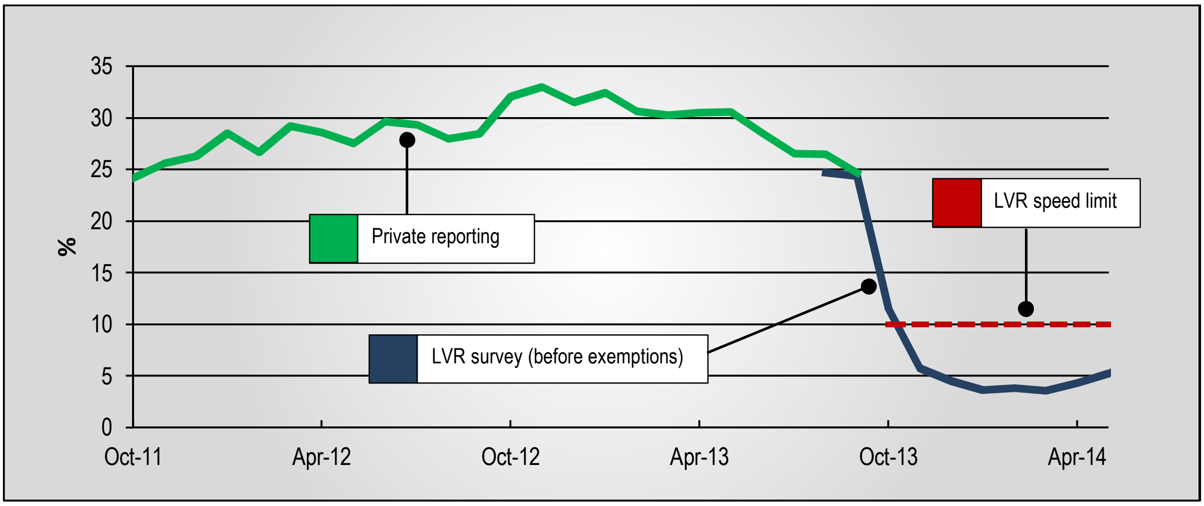
[4] For more information, see http://www.rbnz.govt.nz/regulation_and_supervision/banks/policy/5463896.pdf

helped the Reserve Bank to understand the volume of high LVR lending that was occurring, it was non-standardised across banks, thereby making aggregation difficult.

When the New Commitments data started to arrive we compared it closely to the previous management reporting data. In terms of levels of lending, the two sources differed significantly as the management reports variously appear to have been based on data collected at the approval or drawdown stage or some combination of the two. However, in terms of the percentage of high LVR lending, the two sources provided very similar results. This enabled us to backdate the high LVR ratio series by two years, providing scope to illustrate the trends that had been occurring.

Figure 4 – Share of high LVR lending



Series refinements

When LVR restrictions were announced in August 2013, four exemption classes were proposed. As mentioned earlier, refinancing of existing mortgages, shifting an existing high LVR loan from one property to another, Welcome Home Loans and bridging finance were exempt from LVR restrictions.

Shortly after LVR restrictions took effect in October 2013, the Reserve Bank received feedback from the banks and the construction industry that LVR restrictions were having a dampening effect on the prospects for new residential construction. While high LVR construction lending is only around 1 percent of total residential lending, Reserve Bank estimates suggest that it finances around 12 percent of residential building activity. While many construction loans do not have inherently high LVRs following the completion of the house, loan commitments sometimes allow for the borrower to draw down a higher LVR loan in order to provide capacity in the event of cost over-runs and other uncertainties associated with the building process. The industry argued that restricting LVRs of construction loans was therefore dissuading new construction activity. This was an issue that had not been highlighted during the earlier consultation phase.

After considering industry feedback, the Reserve Bank decided in December 2013 that lending for the purpose of building a new home should also be exempted from LVR restrictions, effective from 1 October 2013. The aim was to support the supply of new housing and, in doing so, reduce some of the pressure arising from excess demand in the New Zealand housing market.

In anticipation of the new exemption, we began collecting indicative data from the banks on this type of mortgage lending in December 2013. Banks were allowed up until their March month reporting to report retrospectively any construction lending. In the event, reported amounts of such lending have been quite small, not because banks are not doing this lending, but more likely because they are yet to develop systems and processes that would enable them to identify and report this data to reliable standards.

4. Future changes and Data insights

Lending by borrower type

While collecting total commitments broken down by LVR enabled compliance monitoring of LVR restrictions it did not allow us to analyse the impact of restrictions on different transactors in the residential mortgage market. The effects of the restrictions on different segments of the market such as first home buyers, investors and small businesses borrowing using the equity in their home are of considerable interest when analysing the effect of LVR restrictions.

As mentioned above, we took a staged approach to completion of the LVR templates. In mid-June we received new commitments by borrower type:

- first home buyers
- other owner occupiers
- small scale residential property investors, and
- business owners using their home to secure business funding.

In addition, a median debt-to-income for each type of borrower by LVR bucket is also available. The total value of interest only commitments and drawdowns by LVR bucket were also collected for the first time for the May reference month.

We are currently working through some quality assurance issues and hope to publish aggregate data by the end of 2014. However, initial data for a subset of banks has provided useful insights. For example, while first home buyers are a relatively small subset of all borrowers they are over represented in high LVR lending. The opposite is true for investors.

First home buyer median debt-to-income figures tend to increase as the LVR buckets increase. However, we have found that investors' median debt-to-income figures tend to fall as the LVR increases.

Lending by purpose of loan

New commitments can be made for a variety of purposes, to buy property, to renovate, to purchase cars, or to enable a customer to switch from one bank to another. By November this year all banks will report their new commitments broken down into top-ups, property purchase, change in loan provider and other commitments.

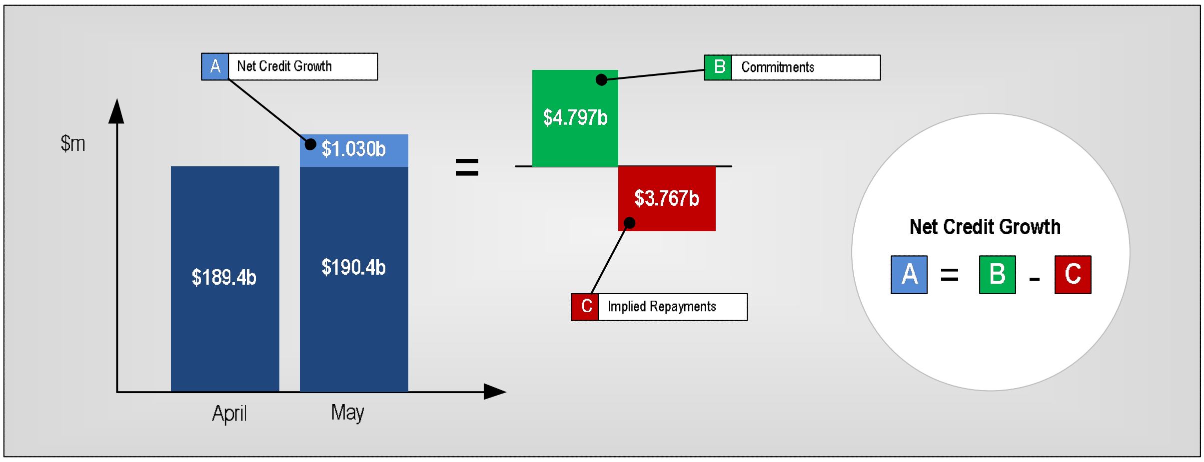
Collecting commitments for property purchase means analysts are better able to estimate the relationship between credit and housing market indicators, such as house sales. The value of top-ups helps to understand housing equity withdrawal, which is the use of housing to fund consumption or other investment. Our analysts will be closely monitoring the use of top-ups alongside other types of borrowing, such as credit card advances or term loans, to gauge the extent to which LVR restrictions may have encouraged LVR-constrained borrowers to substitute other forms of loan.

Reconciling stocks and flows

The LVR data collections will enable a far better understanding of mortgage lending flows. At present the majority of Reserve Bank surveys collect balance sheet data on mortgage lending and our headline credit series is net credit growth.

Following the GFC, net credit growth fell considerably and at present only runs at around $1b per month. However, our new mortgage commitments series indicates that new lending is approximately $4.5b per month. This implies repayment of principal flows in the order of $3.5b per month, in addition to interest payments of approximately $850m. The Lending Position template is expected to give us useful insight into these flows, which to date have largely been estimated residually.

Figure 5 – Stocks and flows for the month of May 2014



5. Lessons learned

The experience of developing the LVR templates reaffirmed some existing successful Reserve Bank data development approaches. However, it also provided us with an opportunity to trial some new approaches, and we learned valuable lessons as a result. The LVR template implementation was assisted by a policy imperative. LVR restrictions were to be introduced and compliance reporting was needed. This helped to focus timelines for all involved. Both the Reserve Bank and regulated banks wanted this reporting in place as soon as practical.

Collaboration is essential

Collaboration between policy maker, statistician and respondent was essential to the success of this project. Each party brings a unique set of skills and expertise to the project. Playing to each other's strengths and involving as many of your stakeholders in the consultation process as you reasonably can pay dividends in the end. Establishing needs and views at an early stage enables you to respond more efficiently.

Workshop your ideas

When embarking on a new area there are real benefits to be had from testing your ideas with your future respondents. Be accepting that you won't get things 100 percent right first time round. Discuss things sooner rather than later.

Signal upfront any future changes

If you expect your new template to be enhanced over time (e.g. more detail) be upfront about it. When a bank needs to introduce a system change to enable reporting it is far easier if they know of any possible enhancements that should be factored into the design.

Prioritise if you want data fast

In our case, prioritising key data elements enabled banks to respond quicker. This was essential given the impending LVR restrictions. A staged implementation of a collection is possible provided you plan ahead and keep stakeholders informed of the end game.

Future proof your design

Where possible, at low cost, enhance your design in anticipation of future change. Implementing or changing data collections can be costly and you don't want this to constrain future policy decisions.

Work out where costs exceed benefits

Be responsible with data collections. Collecting data that is nice to have rather than essential comes at a cost. It may have been possible to ask banks to report LVR data by region or by resident status of the borrower. We decided very early on that the costs in this case would likely exceed the benefits.

6. Conclusion

The development of LVR data collections at the Reserve Bank over the past year has provided a significant challenge for the Reserve Bank's statistics team. In the event, the development has been a success in part due to the collaboration between the Reserve Bank statisticians and policy analysts, our ability to be flexible and accept changes along the way, and the goodwill of banks operating in New Zealand.

The development was an exercise in prioritising, negotiation and compromise. While accepting refinements, changes in definitions, and new exemptions created rework for the Reserve Bank's statisticians, it enabled us to have the required compliance reporting in place before LVR restrictions came into force.

We believe that we have developed two high quality, future-proofed LVR data collections that provide (or will provide) analysts and supervisors with an extremely rich picture of mortgage lending, risk, and vulnerability for many years to come.

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Rogers, L (2014) 'An A to Z of loan-to-value ratio (LVR) restrictions', Reserve Bank Bulletin, 77(1), March, pp. 3-14.

Wheeler, G (2013) 'The Introduction of Macro-prudential Policy', speech delivered at Otago University, Dunedin, 20 August.

Appendix 1 – LVR new commitments template

Loan to Valuation Ratio survey - New commitments

Note
- Complete for the reference month
- Please report figures in 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
- Please report median debt to income ratios to one decimal point.

Definitions
- Only include residential mortgage loan commitments (as defined in BS19)
- Double click on the MS Word document to open the definitions

Definitions

For month ended:

1.1 Commitments made to owner occupiers that are first home buyers:

		Number of commitments	Value of commitments	Total income	Median debt to income ratio
(a)	LVR > 100				
(b)	LVR > 95 ≤ 100				
(c)	LVR > 90 ≤ 95				
(d)	LVR > 85 ≤ 90				
(e)	LVR > 80 ≤ 85				
(f)	LVR > 75 ≤ 80				
(g)	LVR > 70 ≤ 75				
(h)	LVR > 65 ≤ 70				
(i)	LVR > 60 ≤ 65				
(j)	LVR ≤ 60				
(k)	LVR unknown				
	Total	–	**0.000**	**0.000**	

1.2 Commitments made to other owner occupiers:

		Number of commitments	Value of commitments	Total income	Median debt to income ratio
(a)	LVR > 100				
(b)	LVR > 95 ≤ 100				
(c)	LVR > 90 ≤ 95				
(d)	LVR > 85 ≤ 90				
(e)	LVR > 80 ≤ 85				
(f)	LVR > 75 ≤ 80				
(g)	LVR > 70 ≤ 75				
(h)	LVR > 65 ≤ 70				
(i)	LVR > 60 ≤ 65				
(j)	LVR ≤ 60				
(k)	LVR unknown				
	Total	–	**0.000**	**0.000**	

1.3 Commitments made to owner occupiers:

		Number of commitments	Value of commitments	Total income	Median debt to income ratio
(a)	LVR > 100	0	0.000	0.000	
(b)	LVR > 95 ≤ 100	0	0.000	0.000	
(c)	LVR > 90 ≤ 95	0	0.000	0.000	
(d)	LVR > 85 ≤ 90	0	0.000	0.000	
(e)	LVR > 80 ≤ 85	0	0.000	0.000	
(f)	LVR > 75 ≤ 80	0	0.000	0.000	
(g)	LVR > 70 ≤ 75	0	0.000	0.000	
(h)	LVR > 65 ≤ 70	0	0.000	0.000	
(i)	LVR > 60 ≤ 65	0	0.000	0.000	
(j)	LVR ≤ 60	0	0.000	0.000	
(k)	LVR unknown	0	0.000	0.000	
	Total	–	**0.000**	**0.000**	

1.4 Commitments made to investors:

		Number of commitments	Value of commitments	Total income	Median debt to income ratio
(a)	LVR > 100				
(b)	LVR > 95 ≤ 100				
(c)	LVR > 90 ≤ 95				
(d)	LVR > 85 ≤ 90				
(e)	LVR > 80 ≤ 85				
(f)	LVR > 75 ≤ 80				
(g)	LVR > 70 ≤ 75				
(h)	LVR > 65 ≤ 70				
(i)	LVR > 60 ≤ 65				
(j)	LVR ≤ 60				
(k)	LVR unknown				
	Total	–	**0.000**	**0.000**	

1.5 Commitments made for business purposes:

		Number of commitments	Value of commitments
(a)	LVR > 100		
(b)	LVR > 95 ≤ 100		
(c)	LVR > 90 ≤ 95		
(d)	LVR > 85 ≤ 90		
(e)	LVR > 80 ≤ 85		
(f)	LVR > 75 ≤ 80		
(g)	LVR > 70 ≤ 75		
(h)	LVR > 65 ≤ 70		
(i)	LVR > 60 ≤ 65		
(j)	LVR ≤ 60		
(k)	LVR unknown		
	Total	–	**0.000**

1.6 Total residential mortgage loan commitments:

		Number of commitments	Value of commitments
(a)	LVR > 100	0	0.000
(b)	LVR > 95 ≤ 100	0	0.000
(c)	LVR > 90 ≤ 95	0	0.000
(d)	LVR > 85 ≤ 90	0	0.000
(e)	LVR > 80 ≤ 85	0	0.000
(f)	LVR > 75 ≤ 80	0	0.000
(g)	LVR > 70 ≤ 75	0	0.000
(h)	LVR > 65 ≤ 70	0	0.000
(i)	LVR > 60 ≤ 65	0	0.000
(j)	LVR ≤ 60	0	0.000
(k)	LVR unknown	0	0.000
	Total	-	**0.000**

2.1 Commitments that are exempt from RBNZ LVR restrictions:

		Housing New Zealand's Mortgage Insurance Scheme		Refinancing		LVR portability		Bridging finance		Construction loan		Total exemptions	
		Number of commitments	Value of commitments	Number of commitments	Value of commitments	Number of commitments	Value of commitments	Number of commitments	Value of commitments	Number of commitments	Value of commitments	Number of commitments	Value of commitments
(a)	LVR > 100											0	0.000
(b)	LVR > 95 ≤ 100											0	0.000
(c)	LVR > 90 ≤ 95											0	0.000
(d)	LVR > 85 ≤ 90											0	0.000
(e)	LVR > 80 ≤ 85											0	0.000
(f)	LVR > 75 ≤ 80											0	0.000
(g)	LVR > 70 ≤ 75											0	0.000
(h)	LVR > 65 ≤ 70											0	0.000
(i)	LVR > 60 ≤ 65											0	0.000
(j)	LVR ≤ 60											0	0.000
(k)	LVR unknown											0	0.000
	Total	-	**0.000**	-	**0.000**	-	**0.000**	-	**0.000**	-	**0.000**	-	**0.000**

2.2 Monthly speed limit calculation: This calculation is for illustrative purposes only. During an LVR restricton period the speed is measured on cumulative lending over the full restriction period (i.e. three or six months).

		Total commitments less exemptions	
		Number of commitments	Value of commitments
(a)	LVR > 100	0	0.000
(b)	LVR > 95 ≤ 100	0	0.000
(c)	LVR > 90 ≤ 95	0	0.000
(d)	LVR > 85 ≤ 90	0	0.000
(e)	LVR > 80 ≤ 85	0	0.000
(f)	LVR > 75 ≤ 80	0	0.000
(g)	LVR > 70 ≤ 75	0	0.000
(h)	LVR > 65 ≤ 70	0	0.000
(i)	LVR > 60 ≤ 65	0	0.000
(j)	LVR ≤ 60	0	0.000
(k)	LVR unknown	0	0.000
	Total	-	**0.000**

3.1 Value of interest only commitments:

		Owner occupiers	Investors	Business purposes	Total
(a)	LVR > 100				0.000
(b)	LVR > 95 ≤ 100				0.000
(c)	LVR > 90 ≤ 95				0.000
(d)	LVR > 85 ≤ 90				0.000
(e)	LVR > 80 ≤ 85				0.000
(f)	LVR > 75 ≤ 80				0.000
(g)	LVR > 70 ≤ 75				0.000
(h)	LVR > 65 ≤ 70				0.000
(i)	LVR > 60 ≤ 65				0.000
(j)	LVR ≤ 60				0.000
(k)	LVR unknown				0.000
	Total	**0.000**	**0.000**	**0.000**	**0.000**

4.1 Top-ups, refinancings and commitments for the purpose of buying a property

		Top-ups		Purchase of a property		Change in loan provider		Other commitments		Total		
		Number of commitments	Value of commitments	Number of commitments	Value of commitments	Number of commitments	Value of commitments	Number of commitments	Value of commitments	Number of commitments	Value of commitments	Validation
(a)	LVR > 100									–	0.000	
(b)	LVR > 95 ≤ 100									–	0.000	
(c)	LVR > 90 ≤ 95									–	0.000	
(d)	LVR > 85 ≤ 90									–	0.000	
(e)	LVR > 80 ≤ 85									–	0.000	
(f)	LVR > 75 ≤ 80									–	0.000	
(g)	LVR > 70 ≤ 75									–	0.000	
(h)	LVR > 65 ≤ 70									–	0.000	
(i)	LVR > 60 ≤ 65									–	0.000	
(j)	LVR ≤ 60									–	0.000	
(k)	LVR unknown									–	0.000	
	Total	–	**0.000**	–	**0.000**	–	**0.000**	–	**0.000**	–	**0.000**	

5.1 Total value of residential mortgage loan drawdowns:

		Total value of drawdowns
(a)	LVR > 100	
(b)	LVR > 95 ≤ 100	
(c)	LVR > 90 ≤ 95	
(d)	LVR > 85 ≤ 90	
(e)	LVR > 80 ≤ 85	
(f)	LVR > 75 ≤ 80	
(g)	LVR > 70 ≤ 75	
(h)	LVR > 65 ≤ 70	
(i)	LVR > 60 ≤ 65	
(j)	LVR ≤ 60	
(k)	LVR unknown	
	Total	**0.000**

Appendix 2 – LVR lending position template

Loan to Valuation Ratio survey - Lending position

Note
- Please report figures in 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

Definitions
- Only include residential mortgage loans
- Double click on the MS Word document to open the definitions

Definitions.docx

For quarter ended:

1. Residential mortgage loan reconciliation

		Opening position	Drawdowns	Interest charged	Scheduled repayments (interest and principal)	Repayment of loan in full	Other excess repayments	Repayment deficiencies	Net write-offs	Other adjustments	Closing position	*Validation*	Off balance sheet residential mortgages	Total on and off balance sheet residential mortgages
			add	add	less	less	less	add	less	add				
		As at beginning of quarter	*During quarter*	*During quarter*	*During quarter*	*During quarter*	*During quarter*	*During quarter*	*During quarter*	*During quarter*	*As at end of quarter*		*As at end of quarter*	*As at end of quarter*
(a)	LVR > 100													0.000
(b)	LVR > 95 ≤ 100													0.000
(c)	LVR > 90 ≤ 95													0.000
(d)	LVR > 85 ≤ 90													0.000
(e)	LVR > 80 ≤ 85													0.000
(f)	LVR > 75 ≤ 80													0.000
(g)	LVR > 70 ≤ 75													0.000
(h)	LVR > 65 ≤ 70													0.000
(i)	LVR > 60 ≤ 65													0.000
(j)	LVR ≤ 60													0.000
(k)	LVR unknown													0.000
	Total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**		**0.000**	**0.000**

2. Residential mortgage loan breakdown by payment type (as at end of quarter)

		Interest only	Revolving credit	Principal and interest	Closing position	*Validation*
(a)	LVR > 100				0.000	
(b)	LVR > 95 ≤ 100				0.000	
(c)	LVR > 90 ≤ 95				0.000	
(d)	LVR > 85 ≤ 90				0.000	
(e)	LVR > 80 ≤ 85				0.000	
(f)	LVR > 75 ≤ 80				0.000	
(g)	LVR > 70 ≤ 75				0.000	
(h)	LVR > 65 ≤ 70				0.000	
(i)	LVR > 60 ≤ 65				0.000	
(j)	LVR ≤ 60				0.000	
(k)	LVR unknown				0.000	
	Total	**0.000**	**0.000**	**0.000**	**0.000**	