

Consolidated table of Key Information Summaries

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This article introduces the first publication in the Bulletin of a table that consolidates the quantitative information contained in the Key Information Summaries published by banks. The format, content and terms used in the table are explained in this article. In future the table will be updated quarterly and published in each edition of the Bulletin.

I Introduction

Banks registered in New Zealand are required to publish every quarter disclosure statements containing a range of information about their financial performance and position. (For an explanation of the disclosure arrangements see the *Reserve Bank Bulletin* of March 1996.) The disclosures are made by banks in the following documents:

- Key Information Summaries - these are summaries of important financial and prudential information and are available at all branches of each bank;
- General Disclosure Statements - these provide a range of detailed prudential information about the financial performance and position of the bank, and are available on request from each bank;
- Supplemental Disclosure Statements - these contain details of the bank's conditions of registration and any guarantee, to the extent that this information is not contained in the General Disclosure Statement. They are also available on request from each bank.

The table introduced by this article presents the quantitative information in the quarterly Key Information Summaries of all banks, so that this information is available from a single source. This article provides an explanation of the format, content, and terms used in the table. The table will henceforth be a regular feature of the *Bulletin*, being updated every quarter, and will in future appear in the statistical section of the *Bulletin*.

II Interpretation of the table

The information contained in the table is extracted from the "Key Information Summary" part of the disclosure statements published by registered banks. The information relates only to the periods specified in those disclosure statements. The financial position of a bank may have changed subsequent to the publication of its disclosure statements. The disclosure statements also contain other information which may be relevant in interpreting the information contained in the table. Readers are advised to consult those disclosure statements for comprehensive information about any particular bank.

III Format of the table

The table is divided into two sections. All locally incorporated banks are listed in the first section, and all overseas incorporated banks (which operate as branches in New Zealand) are listed in the second section. This is done because it may be misleading to compare locally incorporated banks with overseas incorporated banks. In each section of the table, banks are listed in alphabetical name order.

The key information disclosed by locally incorporated banks does not include information relating to the overseas parent bank. In the case of overseas incorporated banks, the key information disclosed covers both the New Zealand branch and the bank as a whole.

All the quantitative information for the current period contained in the Key Information Summaries is included in the tables. Information about guarantees (where applicable) is, however, not included since it is not suited to a tabular format. Some banks have also been rated by rating agencies additional to those shown in the table. Readers are advised to refer to the banks' disclosure statements for information about guarantees and additional ratings (if any).

Some of the numbers disclosed by banks have been rounded in the table to make the presentation of the table consistent.

Technical terms used in the table and this article are defined in the glossary at the end of this article.

IV Contents of the table

(a) Accounting period

The first block of information in the table lists the annual balance date of each bank, the date of the end of the accounting period to which the information disclosed relates and the number of months in that accounting period. For example, a bank may have a balance date of 31 December and an accounting period ending on 30 June. In this case the period covered by the disclosures would be six months.

(b) Profitability

Net profit after tax and extraordinary items for the year-to-date is shown as an amount and as a percentage of total assets. If the period covered is less than a year, the percentage figure is annualised. Overseas incorporated banks disclose the profitability of both the banking group and the overseas banking group.

(c) Peak credit exposure concentrations

The table shows the peak number of credit exposures during the accounting period to individual customers, or groups of closely related customers. Exposures are calculated as a percentage of equity, and disclosed as the number of exposures within percentage ranges of equity. (Banks are required to disclose peak exposures within 10 percent equity bands. However, some aggregation has been used in the table - readers are advised to refer to the banks' disclosure statements for detailed peak credit exposure concentration information.) Customers are subdivided into banks and non-banks. In the case of banks operating here as branches, the exposures are calculated in relation to the equity of the overseas banking group.

(d) Connected persons

For locally incorporated banks the table shows the peak credit exposures to connected persons during the accounting period. (It shows both the exposure to all connected persons and the exposure to non-bank connected persons.) The exposures are shown as an amount and as a percentage of tier one capital.

Locally incorporated banks are subject to a condition of registration that sets limits on their connected person exposures. The total exposure to connected persons must not exceed 75 percent of tier one capital and the exposure to non-bank connected persons must not exceed 15 percent of tier one capital. (There are a qualification and an exception to this rule that are explained in the notes to the tables overleaf.)

(e) Credit rating

If a bank has a credit rating of long-term unsecured obligations payable in New Zealand in New Zealand dollars, the rating and the name of the issuer of the rating are disclosed. If a bank is not rated, this is indicated in the table.

(f) Capital adequacy

The table shows tier one capital and total capital, and each of these as a percentage of risk-weighted exposures. Banks are required to calculate capital and risk-weighted exposures in accordance with the Reserve Bank's policy docu-

ment entitled *Capital Adequacy Framework* issued in January 1996. This in turn is based on the *Basle Capital Accord*. (See the article in the June 1996 *Bulletin* for an explanation of capital adequacy.)

All banks are subject to a condition of registration that requires a minimum ratio of tier one capital to risk-weighted exposures of 4 percent and a minimum ratio of capital to risk-weighted exposures of 8 percent.

(g) Size

The amount of total assets is shown (as at the end of the accounting period), and also the percentage change over the last 12 months. Overseas incorporated banks disclose this information for both the banking group and the overseas banking group.

(h) Asset quality

Banks disclose their impaired assets both in sum and this as a percentage of total assets. Specific provisions, both in sum and as a percentage of impaired assets, are also disclosed. Overseas incorporated banks disclose this information for both the banking group and the overseas banking group.

Glossary of terms

Banking group: The banking group consists of the New Zealand business of the registered bank. For overseas incorporated banks this usually comprises the New Zealand branch of the overseas bank and subsidiaries of the parent bank incorporated in New Zealand. For locally incorporated banks the banking group usually comprises the bank and its subsidiaries.

Capital: Tier one capital and total capital.

Tier one capital is capital which is available to absorb losses without the bank being obliged to cease trading. It generally comprises ordinary share capital and retained earnings.

Total capital consists of tier one capital plus other capital (called tier two capital) which can only absorb losses in the event of a winding up (eg revaluation reserves, redeemable preference shares, subordinated debt), less certain deductions (eg unrealised revaluation losses).

Connected persons: Any person or entity that has an ownership interest in the registered bank. Any other entity in which the owner has a substantial interest and any person or entity which has a substantial interest in the owner are also included. (A person or entity holds a substantial interest in an entity if they own, or receive dividends from, or control more than 20 percent of the shares in an entity, or

control the composition of the board of directors, or the management of the company.)

Impaired assets: Any credit exposure for which it is probable that the bank will not be able to collect all amounts owing, and any credit exposure on which the original terms have been changed to grant the debtor a concession, and any asset acquired through the enforcement of security.

Overseas banking group: The overseas incorporated bank and all other entities included in the group for the purposes of financial reporting in the county of domicile of the overseas bank.

Risk-weighted exposures: This includes both on-balance sheet exposures (eg loans to customers) and off-balance sheet contracts that expose a bank to credit risk (eg the provision of guarantees). Exposures are risk weighted according to broad categories of relative credit risk.

Specific provisions: An amount which has been charged to profit and loss against identified credit losses or an identified deterioration in the value of an asset.

Notes to the tables

(*1) A minimum requirement of 4% applies.

(*2) A minimum requirement of 8% applies.

(*3) Locally incorporated banks are subject to a condition of registration that sets limits on their connected person exposures. The total exposures to connected persons must not exceed 75% of tier one capital and the exposure to non-bank connected persons must not exceed 15% of tier one capital. A disclosure in the Key Information Summary of a connected person exposure in excess of the specified limits may not necessarily mean that the bank in question has breached its condition of registration. The disclosure requirement is based on the peak connected person exposure during the disclosure period as a percentage of end-of-period tier one capital, whereas the condition of registration applies to the connected person exposure as a percentage of tier one capital on a continuous basis.

(*4) Bankers Trust New Zealand Limited is not subject to any limit on its exposure to connected persons. The external obligations of this locally incorporated bank are guaranteed by its parent bank.

(*5) This figure was contained in the General Disclosure Statement of Bankers Trust New Zealand Limited issued on 29 May 1997, and is an amendment to the figure origi-

nally disclosed in the Key Information Summary issued on 27 March 1997.

(*6) As at 31 December 1996.

(*7) Overseas banking group data is that of Citicorp.

(*8) Registered during 1996.

(*9) This figure was contained in the Key Information Summary issued by the National Bank of New Zealand Limited on 3 June 1997, and is an amendment to the figure originally disclosed in the Key Information Summary issued on 2 April 1997.

Important notice - interpretation of tables

The information contained in these tables is extracted from the Key Information Summary part of the disclosure statements published by registered banks. The information relates only to the periods specified in those disclosure statements. The financial position of a bank may have changed subsequent to the publication of its disclosure statements. The disclosure statements contain other information that may be relevant in interpreting the information contained in the tables. Readers are advised to consult those disclosure statements for comprehensive information about any particular bank.

Information extracted from registered banks' Key Information Summaries as at 31 December 1996

(A) Locally incorporated banks

	ANZ	ASB	BNZ	Bankers Trust	BNZ Fin	Country-wide	National	TSB
Annual balance date	30-Sep	30-Jun	30-Sep	31-Dec	30-Sep	29-Feb	31-Dec	31-Mar
End of period covered by disclosure statement	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	30-Nov-96	31-Dec-96	31-Dec-96
Number of months covered by disclosure statement	3	6	3	12	3	9	12	9
Profitability								
Net profit after tax and extraordinary items (NZ\$m)	34.00	40.38	109.00	26.67	6.20	43.01	97.00	6.71
As a percentage of average total assets (annualised)	0.69	0.84	1.87	0.82	2.50	0.87	0.60	1.35
Peak credit exposure concentrations (number in relation to NZ banking group equity)								
<i>Non-bank counterparties:</i>								
10-20%	16	5	5	6	1	0	12	4
20-30%	5	0	2	3	0	0	1	2
>30%	10	0	2	6	0	1	0	2
<i>Bank counterparties:</i>								
10-50%	11	6	13	1	2	5	7	4
50-100%	2	1	2	4	0	4	0	4
>100%	0	0	0	6	0	1	0	0
Peak connected person credit exposures								
<i>All connected persons:</i>								
Amount (NZ\$m)	897.90	82.00	576.00	2319.62(*5)	111.30	1.59	1025.00	0.00
As a percentage of tier one capital (*3)	103.44	18.30	52.30	1268.78(*4)	117.00	0.64	121.00	0.00
<i>Non-bank connected persons:</i>								
Amount (NZ\$m)	0	0	0	0	0	0	0	0
As a percentage of tier one capital (*3)	0	0	0	0	0	0	0	0
Credit rating(s) (on NZ\$ long-term senior unsecured obligations in NZ)								
Rating	AA-	A+	AA	A+	None	A	AA-	None
Issuer	S&P	S&P	S&P	S&P	N/A	S&P	S&P	N/A
Capital adequacy (as a percentage of total risk-weighted exposures)								
Tier 1 (*1)	5.63	8.20	6.55	20.67	10.40	6.51	6.70	14.94
Capital (*2)	10.13	9.60	10.99	20.67	11.00	11.51	9.50	17.41
Size								
Total assets (NZ\$m)	21174	10048	24300	4305	947	7212	16951	714
Percentage change last 12 months	14.36	21.50	11.00	98.96	-7.10	20.13	9.00	17.40
Asset quality								
Impaired assets (NZ\$m)	184.00	6.03	98.00	0.00	0.80	24.12	67.00(*9)	0.00
As a percentage of total assets	0.87	0.06	0.40	0.00	0.10	0.33	0.40(*9)	0.00
Specific provisions (NZ\$m)	56.62	2.36	38.00	0.00	0.70	13.18	44.00	0.00
As a percentage of impaired assets	30.79	39.10	38.78	0.00	86.90	54.66	65.70(*9)	0.00

Information extracted from registered banks' Key Information Summaries as at 31 December 1996
(B) Overseas incorporated banks

	Bank of Tokyo-Mit. (Aust.)	Banque Indosuez	Barclays	Citibank (#7)	Deutsche Bank	HSKB	PIBA	Rabobank	WestpacTrust
Annual balance date	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	30-Sep
Banking group in NZ:									
End of period covered by disclosure statement	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96
Number of months covered by disclosure statement	N/A (#8)	12	12	12	12 (#8)	12	12	N/A (#8)	3
Overseas banking group:									
End of period covered by disclosure statement	31-Dec-96	31-Dec-95	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	31-Dec-96	30-Sep-96
Number of months covered by disclosure statement	12	12	12	12	12	12	12	12	12
Profitability									
Banking group in NZ:									
Net profit after tax and extraordinary items (NZ\$m)	-0.49	3.79	7.70	8.02	1.10	8.10	0.67	0.39	103.00
As a % of average total assets (annualised)	-5.08	1.71	1.20	0.55	0.81	0.20	0.31	0.14	1.51
Overseas banking group:									
Net profit after tax and extraordinary items	AUD10m	FRF533m	GBP686m	USD3788m	DM2218m	HKD22585m	AUD19m	NLG1632m	AUD1132m
As a % of average total assets (annualised)	0.42	0.10	0.90	1.40	0.28	Not disclosed	0.66	0.52	0.97
Peak credit exposure concentrations									
(number for banking group in NZ in relation to the equity of the overseas banking group)									
Non-bank counterparties:									
10-20%	2	0	0	0	0	0	0	0	0
20-30%	0	0	0	0	0	0	0	0	0
> 30%	0	0	0	0	0	0	0	0	0
Bank counterparties:									
10-50%	0	0	0	0	0	0	1	0	0
50-100%	0	0	0	0	0	0	0	0	0
> 100%	0	0	0	0	0	0	0	0	0
Credit ratings									
(on NZ long-term senior unsecured obligations in NZ)									
Rating	A+	A+	AA/AA2	Aa3/AA-	Aa1/AAA	A3	AAA	Aaa/AAA	Aa+/Aa3
Issuer	S&P	S&P	S&P/ Moody's	Moody's/ S&P	Moody's/ S&P	Moody's	S&P	Moody's/ S&P	S&P/ Moody's
Capital adequacy									
(of the overseas banking group - as a percentage of total risk-weighted exposures)									
Tier 1	Not disclosed	6.42	7.60	8.39	5.40	9.80	7.44	9.00	7.40
Capital	Not disclosed	10.62	10.40	12.23	9.90	15.80	11.37	11.30	10.80
Size									
Banking group in NZ:									
Total assets (NZ\$m)	115	278	627	1406	269	4162	144	337	26694
Percentage change last 12 months	N/A (#8)	31.30	Not disclosed	-9.21	10926.90 (#8)	16.70	-37.90	N/A (#8)	80.80
Overseas banking group:									
Total assets	AUD3260m	FRF42476m	GBP148983m	USD281018m	DM886090m	HKD1294672m	AUD3139m	NLG331317m	AUD121513m
Percentage change last 12 months	5.50	4.16	5.00	9.41	22.78	10.40	21.38	12.90	14.80
Asset quality									
Banking group in NZ:									
Impaired assets (NZ\$m)	0.00	5.43	24.36	1.89	0.00	1.40	0.00	0.00	135.00
As a percentage of total assets	0.00	1.96	3.90	0.13	0.00	0.00	0.00	0.00	0.50
Specific provisions (NZ\$m)	0.00	4.10	4.96	0.00	0.00	0.70	0.00	0.00	74.00
As a percentage of impaired assets	0.00	75.49	20.40	0.00	0.00	50.00	0.00	0.00	54.80
Overseas banking group:									
Impaired assets	Not disclosed	FRF9539m	GBP3322m	USD51575m	DM1600m	HKD12409m (#6)	AUD7m	NLG5500m	AUD1353m
As a percentage of total assets	Not disclosed	2.23	1.80	2.05	1.87	1.00 (#6)	0.24	1.60	1.10
Specific provisions	Not disclosed	FRF6463m	GBP1374m	0	DM11200m	HKD8284m (#6)	AUD1m	NLG2375m	AUD531m
As a percentage of impaired assets	Not disclosed	67.76	41.40	0.00	67.47	66.80 (#6)	10.15	45.00	39.20