RESERVE BANK

OF NEW ZEALAND

TE PŪTEA MATUA

Final policy decision on the Dashboard approach for quarterly disclosures: Mechanics and content

September 2017

v4.0

Introduction

Background on the Dashboard

1. The Dashboard approach for quarterly disclosures is an outcome from the 2015 Regulatory Stocktake and was formally consulted on at the end of 2016 (see the Dashboard consultation and summary of consultation feedback). Industry workshops were held in May and August 2017 to further discuss key design issues raised by banks during the formal consultation.

2. The Dashboard aims to improve the timeliness, accessibility and comparability of information that banks are required to disclose to the public on their financial and prudential condition. Enhancing these disclosures is expected to improve market discipline and self-discipline, which are key elements of the Reserve Bank's three-pillar approach to prudential supervision (the other pillar being regulatory discipline).

3. The basic approach of the Dashboard is to provide investors, depositors and other interested parties with an electronic form of reporting that provides a timely side-by-side comparison of banks based on key metrics. This reporting will be done on a quarterly basis and hosted on the Reserve Bank's website. The quarterly Dashboard disclosures will replace the need for locally incorporated banks to prepare disclosure statements relating to the first and third quarters of the financial year.

Content of this document

4. This document outlines a finalised Dashboard approach to quarterly disclosures for locally incorporated banks, informed by our consultation with stakeholders. The finalised Dashboard includes refinements around the timing of publication, measures to ensure data quality and the metrics that will be included in the Dashboard. The Reserve Bank plans to keep the content of the Dashboard under review, and may in due course, and after consulting stakeholders, add some relevant additional items that are not currently available with sufficient data quality or comparability. The Reserve Bank considers that the finalised Dashboard will deliver meaningful improvements to banks' public disclosures, and create efficiencies by using data sourced from private reporting in public disclosures.

5. This document is organised in two parts: part one discusses the operation and publication process (i.e. mechanics) of the Dashboard and part two outlines the particular metrics that will be included in the Dashboard.

6. This document does not cover the presentation and functionality of the Dashboard on the Reserve Bank website, which will be developed as part of the implementation phase of the project.[1] Likewise, there are a number of other Dashboard-related work areas that will be undertaken at the same time as the core work on implementing the Dashboard (some of them stem from the decision to remove the requirement for banks to publish off-quarter disclosure statements – for example, updating the approach to the reporting and publication of breaches of banks' conditions of registration, and amending the existing Orders in Council). These other Dashboard related work areas are not discussed in this document.

7. As part of the 2016 public consultation, the Reserve Bank requested information from banks on potential Dashboard related compliance costs. As noted in our summary of

[1] Some early thoughts on design elements for the Dashboard website were outlined in the 2016 Dashboard consultation paper.

consultation submissions, banks, for the most part, did not expect the Dashboard to lead to increases in compliance. However, banks also did not expect the Dashboard to yield meaningful efficiency gains through the reuse of private reporting as the content for the Dashboard. The consultation paper also outlines the expected benefits of enhancing disclosures through the Dashboard concept. In short, the Dashboard aims to improve the timelines, comparability and accessibility of bank disclosures, which is expected to enhance market and self-discipline and should translate into financial stability benefits as well. We plan to do further impact analysis when carrying out work needed to amend the existing disclosures Orders in Council.

8. Another area of important future work is promoting the Dashboard and educating potential users. As noted in our summary of consultation feedback, the Reserve Bank plans to engage with retail depositors to help raise public awareness and understanding of financial stability issues as part of the implementation of the Dashboard. Building public awareness of the Dashboard will help further support the market discipline benefits of more effective bank disclosures.

9. The implementation phase of the Dashboard is expected to take around nine months and the Reserve Bank will engage closely with industry and other stakeholders during this process. The Reserve Bank plans to hold two trials with banks to ensure that the publication process works well before going live with Q1 2018 data. This means that the target date for the first publication of the Dashboard is the end of May 2018.

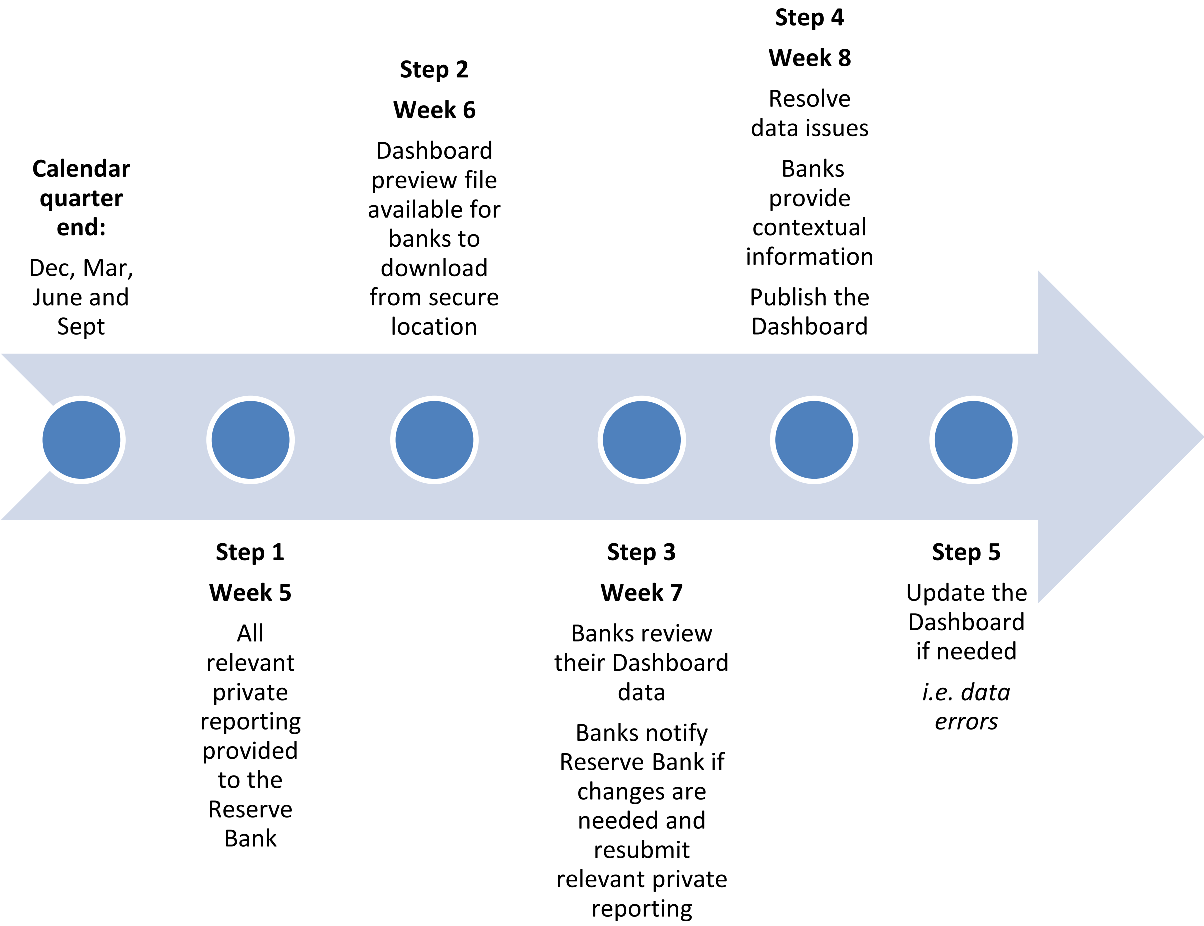
Part 1: Operation of the Dashboard

10. Key decisions that have been made about the operation of the Dashboard include:

- That key metrics for the Dashboard will be sourced from private reporting that banks provide to the Reserve Bank under sections 36 or 93 of the Reserve Bank of New Zealand Act of 1989 (the Act);
- That we will start with an eight week publication timeframe for the Dashboard, which will be revisited in the future to see if there are opportunities to streamline the process and publish data sooner;
- That banks will have the opportunity to review their own Dashboard disclosures prior to publication;
- That banks will have the opportunity to provide written contextual information to accompany the Dashboard figures; and
- That the Dashboard will apply to all locally incorporated banks (i.e. there will be no exemption for small locally incorporated banks). Branches of overseas banks are excluded from the Dashboard, however some information from branches of dual-registered banks will be included in the Dashboard to support analysis of these banks (see Part 2 for more details).

11. Figure 1 provides a high-level schematic for how the Dashboard publication process will operate. Further details on how the Dashboard will operate are described below.

Figure 1: Dashboard publication process



Mechanism to implement the Dashboard and data source

12. The content of the Dashboard will be taken from data that banks have privately reported to the Reserve Bank under sections 36 or 93 of the Act. Exemptions in sections 156G[2] and 105[3] of the Act will be used by the Reserve Bank to disclose individual bank data from private reporting.

13. This approach means that there will be no specific offence for false or misleading disclosures on the Dashboard itself. However, we expect that private reporting will be of high quality, and it is an offence to provide information to the Reserve Bank under sections 36 and 93 that is false or misleading in a material particular. Data that is made publicly available will also need to be publicly corrected if later found to be inaccurate, and liability may arise under laws of general application, such as the prohibition on misleading or deceptive conduct in the Financial Markets Conduct Act 2013.

14. An important benefit of using private reporting to populate the Dashboard is that it will support the comparability of data across banks because the data is based on more standardised definitions. These definitions are designed to aid comparability and in

[2] Which applies to information obtained under section 36, as a result of section 36(6).
[3] Which applies to information obtained under section 93.

many cases draw on international standards. However, we accept that data might not always be fully comparable, and any limitations to comparability will be noted in the explanatory material accompanying the Dashboard.

15. Private reporting by banks is used by the Reserve Bank for a range of activities including supervision, monitoring financial stability, and compilation of official statistics. We have an expectation that it is accurate and free from misleading information. We also expect that banks proactively engage with us when they become aware that previously reported data may need to be corrected. For its part, the Reserve Bank has well-established systems in place to ensure data quality is maintained when collecting, processing, storing and disseminating data to various users. The Reserve Bank conducts regular quality assurance procedures to help ensure data integrity is maintained for private reporting.

Additional measure to ensure data quality: Banks to review their own Dashboard content prior to publication

16. Banks will have the opportunity to review their Dashboard content prior to publication. This was an additional measure suggested by banks during consultation to help minimise the risk that data errors are published on the Dashboard. While there is no formal legal requirement for directors to sign off on their Dashboard disclosures, banks have indicated that their directors would likely want to review the Dashboard figures nonetheless.

17. The basic review process will be as follows:

- The Reserve Bank will prepare a separate file for each bank that contains only their own Dashboard figures for the period in question, sourced from private reporting;

- Each bank will be able to download their draft Dashboard review file from a secure location;

- Banks will notify us if they wish to correct any data in the Dashboard before publication. We will not require banks to sign off or inform us that the data in their draft Dashboard review file is correct. If no notification is received from banks, we will assume the information is correct and publish it on the Dashboard;

- The Reserve Bank will post a final Dashboard file for each bank to a secure location before publication. The final Dashboard file will incorporate any corrections to data unless otherwise noted. If banks have not provided any corrections, the final Dashboard file will be the same as the draft Dashboard file.

Mechanism and process to correct errors

18. The basic mechanism to correct Dashboard errors will involve banks correcting and resubmitting the affected data return(s) (i.e. private reporting). This mechanism to correct data is necessary to ensure the integrity of data supplied to the Reserve Bank that is used for various purposes besides the Dashboard, such as supervision and the publication of aggregate statistics.

19. To assist the Reserve Bank in processing corrections to private reporting in a timely manner, we expect banks to let us know as soon as practical that private reporting will

be resubmitted and the details of what will be changing. The Reserve Bank will generally process all corrections to private reporting before the publication of the Dashboard but there may be rare situations where we may hold corrections until the next publication so that we can fully analyse the impact of the revisions across all uses of the data (i.e. Dashboard, supervision, aggregate statistics). However, we would not hold corrections where the uncorrected information was misleading in a material particular about the status of a specific bank.

20. If private reporting is resubmitted to correct for errors on the Dashboard it may also result in revisions to published aggregate statistics (as the private reporting is also used to compile aggregate statistics). This may mean that individual bank revisions result in changes to some published aggregates.

21. There will also need to be a mechanism and process in place for banks to correct their Dashboard content after publication has occurred, if material errors were discovered. Details of this process will be finalised during the implementation phase of the project (starting in September 2017) and banks will have the opportunity to provide their input. The data correction process will likely cover topics like the mechanism and timeframes to report and correct errors, and any materiality threshold influencing whether corrections are made immediately or when the numbers for the next reporting period are published.

22. Also, to effectively support market discipline, the Reserve Bank considers that it is important for users to have transparency regarding revisions made after publication of the data. The need to provide this transparency will be taken into account when developing the Dashboard web pages, which is part of the implementation phase of the project. We consider that it is important for users to have transparency regarding revisions made after publication of the data.

Contextual information

23. Banks will have the opportunity to provide written contextual and factual information to accompany their quantitative Dashboard disclosures. This written commentary will be targeted towards providing a better understanding of the Dashboard figures and will be categorised under one of three standardised fields: changes in practice, revisions, and significant variations. Guidelines will be prepared to clarify the type of commentary that is suitable for each category. The written commentary will only be updated at the point of publication, or when material data revisions are required and the intention is to maintain a historical record of the commentary. Details on how the contextual information will be presented on the Reserve Bank’s website and in relation to the data is yet to be determined, but there is a clear need for this contextual information to be easy to locate and readily accessible to users.

24. We propose to collect contextual information using an Excel template returned to the Reserve Bank using the Secure Upload Facility. If a template is not submitted we will assume that no contextual information is required to be published. The Reserve Bank will provide banks with guidance for preparing the contextual information.

25. As well as bank-specific contextual information, we have made it clear from the onset that we envisage the Dashboard including explanatory information (prepared by the Reserve Bank) on its overall purpose, and on each type of metric disclosed. Presentation on our website should make it easy for the user to click on links to access explanatory material, while keeping the main Dashboard page simple.

26. Banks have suggested also that the general background information on the Dashboard should include a statement that the data should be read in conjunction with the respective banks' full-year disclosure statements which contain more detailed financial information, including accounting policies and explanatory notes that provide context to the metrics presented in the Dashboard. They have also suggested that caveats should be included on the comparability of the data, the risks of interpreting specific metrics without broader context, and the importance of seeking professional advice before reaching conclusions or making economic decisions based on the information presented. We are open to these suggestions.

27. The contextual information will (like the rest of the data on the Dashboard) be retained indefinitely on the Dashboard and form part of the available information on previous reporting periods.

Start with an eight week time lag for publishing Dashboard disclosures after the end of each quarter

28. The 2016 consultation document noted that improving the timeliness of disclosures was an important objective of the Dashboard initiative, and that our preference was to eventually have Dashboard data available within one month of the reporting date.

29. During consultation, concerns were raised that a one month publication timeframe was too short and would conflict with other disclosure regimes (e.g. those arising from stock exchange listings), raise uncertainties around director accountability for the Dashboard disclosures and could result in errors being published. It was suggested that extending the publication timeframe to between six and eight weeks after the reporting date would provide the time necessary to address most of these concerns. Issues around publication timing were further discussed with banks at the industry workshops in May and August.

30. The Reserve Bank considers that a Dashboard publication timeframe of eight weeks provides a reasonable compromise between addressing the concerns raised by banks and the need to improve the timeliness of disclosures, especially when compared to the 4-month publication lag for the current G1 table on our website. In future, the Reserve Bank may look for opportunities to further improve the timeliness of Dashboard disclosures. This may include looking into matters such as greater automation of processes, tighter timelines for private reporting, and streamlined processes for ensuring data quality.

31. Table 1 provides a detailed schedule of our current plan for the Dashboard publication process.

Table 1: Dashboard publication process and schedule (current plan)

Key dates from the end of each calendar quarter (Dec, Mar, Jun, Sep)	Publication process
5 weeks	All private reporting for the Dashboard provided within 5 weeks of the end of each calendar quarter
6 weeks	Draft Dashboard preview file available for banks to download from a secure location at the end of week 6
7 weeks	Banks review their own Dashboard data and notify the Reserve Bank (via standardised email template) if changes are required and resubmit the relevant private reporting Banks provide contextual information via excel template
1 working day before publication	Final Dashboard preview file available for banks to download from secure location
8 weeks (40 working days)	Dashboard published on the 40th business day following the end of each calendar quarter

Relationship with other disclosure requirements

32. The relationship between the Dashboard and the full and half-year disclosure statements that banks will still be preparing may present some issues that users should be aware of.

33. Differences in publication timing, especially at year-end, may mean that Dashboard figures will need to be revised to reflect the more accurate information in the full-year disclosure statements. Banks have indicated that this is a possibility but also noted that most Dashboard content should be in a finalised state by the time the Dashboard is published, which means that the need for revisions should be minimised.

34. The Dashboard content will be drawn from private reporting that banks provide to the Reserve Bank and these reports may not, in all cases, align perfectly with the figures reported in half-year and full-year disclosure statements. This is likely to be more of an issue with financial statement information rather than prudential information such as capital and liquidity. The Reserve Bank defines prudential requirements and their reporting in disclosure statements and via private data returns, which means that prudential data should be largely consistent in the two publications. On the other hand, banks have some discretion in how they prepare their financial statements, which can differ from the financial information based on Reserve Bank definitions and provided to the Reserve Bank. Banks have indicated that the concepts used in private reporting of financial statement information should generally match with their disclosures statements.

35. If reconciliations are required, further thought will be given to how the reconciliation process should work, and where reconciliations should be disclosed.

No exemption for small locally incorporated banks

36. All locally incorporated banks (irrespective of their size) will be covered by the Dashboard. The main reason for this is that it encourages market discipline by facilitating comparisons across all banks. Investors in small locally incorporated banks

can effectively exert market discipline, and we believe it is important to provide them with the relevant information to do this. We also consider that the requirements to prepare quarterly disclosures will often help to support the internal governance of smaller, new entrant banks.

Part 2: Content of the Dashboard

37. The full list of items to be included in the proposed Dashboard content is set out in the table attached as an appendix at the end of this document.

38. Column one refers to the broad subject areas. Column two lists the Dashboard items, with those items intended for the high-level summary (landing page) shown in green. The idea is that the visitor to the Dashboard will initially see only these items for the latest period and across all banks. Table 2 shows the eight metrics that will form part of the high-level summary. The visitor will then be able to obtain more detail under each subject area, different periods, and various peer group subsets of banks by following available menus.

Table 2: High-level Dashboard content

Subject area	High level Dashboard	NZ Geo-graphy
	All figures $mn unless stated otherwise	
Credit Ratings	End of quarter ratings from approved rating agencies	
Capital Adequacy	Total Capital Ratio (%)	
	Capital Buffer Ratio (%)	
Asset Quality	Non-performing loans / gross lending (%)	✓
Profitability/ Performance	Post-tax profit as % of total assets	✓
Financial Position	Total Assets	✓
Liquidity	Average 1M Mismatch Ratio (%) (min 0%)	
Large Exposures[4]	Top 5 lending exposures / equity (%) (excluding banks, and central governments rated A- or better)	

39. The third column, headed “NZ Geography”, marks the items that will additionally be available on a New Zealand geography basis for the dual-registered banks (as an option for the user). (See discussion below.)

40. The name of each is intended to be broadly self-explanatory, but clearly a number of the terms reflect complex concepts. The names are constrained by the space available on the Dashboard screen. The aim is that each title will be clickable, providing a link to a detailed definition of the item. These definitions will be given in plain-English style to the maximum extent possible, and will include background information on the significance of the item.

41. The content has been developed from the broad concept set out in the September 2016 consultation paper (summarised in Appendix 1 of that paper). This final version of the content reflects feedback on the consultation paper from banks and non-banks, and two workshops with banks since then to finalise the practical mechanics of the Dashboard, which have some implication for the content.

[4] Subject to further consideration, and possible updates to Large Exposures reporting survey.

42. The content has been developed to meet the following key objectives as far as possible:

- Figures are directly available from existing Reserve Bank reporting surveys, or can be calculated from such figures. This serves the dual purpose of ensuring that figures are comparable across banks (since reporting surveys are designed to be standardised), and allowing automated production of the Dashboard.

- Figures are broadly a subset of what is currently in the off-quarter disclosure statement (subject to a few important additions as discussed below).

- Visitors to the Dashboard web-page can see a brief summary comparison across all locally-incorporated banks. Although the overall detail in the Dashboard has expanded somewhat, the website presentation will still deliver this outcome, while allowing users to pull out more detail in any area that interests them.

43. The following are additional comments on particular aspects of the Dashboard content.

NZ geography

44. The third column of the table ticks those items that will also be available on a "New Zealand geography" basis for the four dual-registered banks, i.e. those locally-incorporated registered banks whose overseas parent banks also have a branch registered in New Zealand.

45. The New Zealand geography figures go wider than those for the New Zealand bank's group, to include the business of the overseas bank branch and any other New Zealand business of the overseas banking group.

46. Our intention is that the standard Dashboard display will show the information for the banking group of each New Zealand-incorporated bank, as this is what we believe that users should focus on primarily to judge the soundness of the bank, in exercising market discipline to help promote financial stability. However, some users have expressed an interest in being able to compare market share and assess performance for a bank's New Zealand activities as a whole.

47. The presentation of NZ geography information on the Dashboard website has yet to be finalised but we envisage that users will have the option to select the display of this information. This feature may not be available immediately when the Dashboard is first launched.

48. The items that are available on this basis are clearly a subset of the standard items, as some information such as capital adequacy figures and liquidity ratios are neither relevant for dual-registered financial reporting groups, nor available from Reserve Bank reporting surveys.

Capital adequacy

49. The capital adequacy information to be included in the Dashboard is intended as a high-level summary of the components that make up the top and bottom of the bank's capital ratio calculations, namely the bank's capital and its risk-weighted assets. The

level of detail is broadly similar to what banks currently disclose in their off-quarter disclosure statements.

50. There are some differences between the capital calculations for banks accredited to use their own internal models for calculating risk-weighted assets ("IRB banks") and other banks ("standardised banks"). These differences present some challenges for showing the capital adequacy of all banks side by side on the Dashboard on a consistent, comparable basis, as follows:

    a. The item entitled "RWAs – problem loans" will show, for standardised banks, total risk-weighted assets on loans which are more than 90 days past due. For IRB banks, this will show RWAs for all retail loans to which the bank has assigned a 100% probability of default ("PD"), and RWAs for all other loans which have a PD falling within a "default" grade (under the bank's modelling of PD). The items are therefore broadly comparable but not identical across IRB and standardised banks, and the term "problem loans" is an intentionally non-specific term to reflect this. The definition provided will explain this further.

    b. The items entitled "RWAs – commitments and contingents" and "RWAs – counterparty credit risk on market-related contracts" are separately available for standardised banks but not for IRB banks. However, the figures for standardised banks are only available as totals, so they cannot be allocated across the different lending portfolios. The presentation shown is all that can be currently achieved.

51. The Reserve Bank expects that these comparability problems can be addressed in due course, possibly as an outcome of the continuing Capital Review.

Asset quality

52. Compared to the high-level proposal, the asset quality information now also includes collective provisions, and distinguishes between assets that are more than 90 days past due but not impaired, and impaired assets, rather than just giving the total.

53. The choices of "by portfolio" breakdown reflect the main high-level different risk groupings. The main difference from disclosure statements is that agriculture lending has been split out, as an important subset of non-financial, non-household lending, with its own quite distinct risk characteristics. Also, "other retail" is proposed as a separate category: although the total balances are a relatively small share of bank lending, this includes (for instance) credit card lending, which can include significant levels of bad debt in an economic downturn.

54. The current asset quality portfolio breakdown in disclosure statements varies somewhat between IRB and standardised banks, so there is no single solution for the Dashboard that can be fully consistent with both.

LVR information

55. A breakdown of residential mortgage lending by loan-to-value ratio (LVR) was floated as a possible option in the consultation paper. In light of feedback, the two LVR items shown will be included.

56. The figures will show the share of total outstanding loans in the 80-90% and over 90% LVR buckets as at the end of the reporting period. Only on-balance sheet amounts will

be included initially, as these are more reliably comparable across banks, and banks generally show these separately in their disclosure statements. The Reserve Bank would prefer off-balance sheet amounts to be included, and will revisit the comparability of the figures in due course.

Profitability/ performance

57. The proposal in the 2016 consultation paper was for the Dashboard to include only the highest-level numbers on performance. In light of feedback from banks and others, we propose to include a breakdown of the income statement into key components, albeit still at fairly high level, as shown in the “profitability/performance” section of the specification.

58. A key aim is for the components to be comprehensive, in the sense that the sub-items shown add up to the totals. This means that the residual “all other income” figure includes somewhat disparate items. These items are in our view less relevant for the purposes of the Dashboard, or less material (or both). The definition provided will explain everything that goes into this figure.

59. These figures will be extracted from the monthly income statement survey, which is completed by each bank on a cumulative, financial year-to-date basis. As banks have different year-ends, these figures have to be adapted to ensure figures are comparable across all banks. Banks have also expressed interest in period-on-period comparisons being readily available, so a remaining challenge is to combine the decision on what period or periods the Dashboard figures will cover with the best presentation options in finalising the Dashboard design.

60. The Dashboard will include figures for net interest margin and return on average equity. These will be calculated on the same basis that they are in the Reserve Bank’s published aggregate Table S20. This involves calculating average equity and average interest-bearing assets using the month-end figures for equity and interest-bearing assets averaged across the four month-ends (inclusive) from the previous end-of-quarter to the current end-of-quarter.

Financial position

61. As with the performance summary, the 2016 consultation paper proposal was for the Dashboard to include only the highest-level numbers on financial position, but in light of feedback we propose to include a breakdown of assets and liabilities into a few key components, as shown in the “financial position” section of the specification.

62. Also in line with the performance summary, the balance sheet sub-items shown will add up to the totals, and the same comments as in paragraph 58 apply to the residual items, namely “all other assets” and “all other liabilities”.

Liquidity

63. With the Dashboard intended as a brief summary of key metrics on a bank’s riskiness, the Reserve Bank regards liquidity information as very important, and the three regulatory liquidity ratios provide brief ready-made metrics. (These are the one-week and one-month liquidity ratios, and the core funding ratio.) We therefore proposed in the consultation paper that banks should publish end-period figures for the ratios on the Dashboard. We also proposed that this should be added to disclosure statement requirements to better align these reports with the Dashboard.

64. Banks raised some concerns about disclosing liquidity ratios, particularly on a point-in-time basis (such as end-period figures). For regulatory compliance purposes, a bank is permitted to make simplifying assumptions in the calculations if these unambiguously make it harder for the bank to meet the required minimum ratios. This means that actual ratios may not be fully consistent across banks, although the simplifications will, if anything, show a bank to be in a worse position than it actually is. Banks have also expressed concern about the volatility of mismatch figures, which may mean that the figure for a single day may be unrepresentative of its general level of liquidity.

65. In response to these concerns, we have concluded that the Dashboard should include the one-week and one-month mismatch ratios and the core funding ratio, calculated as daily averages over the quarter. We also plan to add these same figures to the full and half-year disclosure statement requirements.

66. The definition links will explain the meaning and purpose of a bank's three liquidity ratios, and also what the minimum requirements for the ratios mean. This will be challenging to set out in terms that a non-expert user can understand, but we will aim to provide non-technical definitions.

Large exposures

67. In the consultation paper, we highlighted concentration of lending in large individual credit exposures as an important factor for assessing a bank's riskiness, and therefore proposed information about large exposures as a key component of the Dashboard. None of the feedback we have received to date has weakened that general conclusion.

68. However, there are considerable challenges in converting the current presentation of credit concentration in disclosure statements into a Dashboard-friendly approach, as well as in extracting information from the existing private reporting using an automated process.

69. Disclosure statements currently include numbers of large exposures in different size bands, but exclude large exposures to banks and governments that are rated A- or better (where “large exposure” means a credit exposure greater than 10% of the bank's equity). The objective of this is to focus on the most likely sources of losses from credit concentration, such as term lending to customers. Highly-rated exposures to governments are mostly in the form of readily marketable securities, while interbank exposures typically include a high share of very short-dated placements, and marketable securities.

70. Our current thinking is that the sum of a bank's largest five exposures as a percentage of equity would be a good starting point for one Dashboard item. This should give the right balance between the commercial sensitivity considerations of including too few exposures in the metric, and the problem that including too many exposures would increase the possibility of one very large exposure being obscured among many smaller ones. But the challenge, as noted above, is to pin down exactly which categories of counterparty should be excluded from this measure.

71. We think that additional measures (if any) might capture a bank's exposure to the rest of the banking sector. Although interbank exposure is of a different nature to corporate lending, it is informative about financial system interconnectedness and is important in evaluating overall financial stability. This might cover exposures to other New Zealand banks only, or could include exposures to overseas banks.

Possible later additions

72. The Reserve Bank plans to keep the content of the Dashboard under review, and may in due course add some relevant additional items that are not currently available with sufficient data quality or comparability. Some specific data items that have been proposed or discussed during consultation with stakeholders to date include:

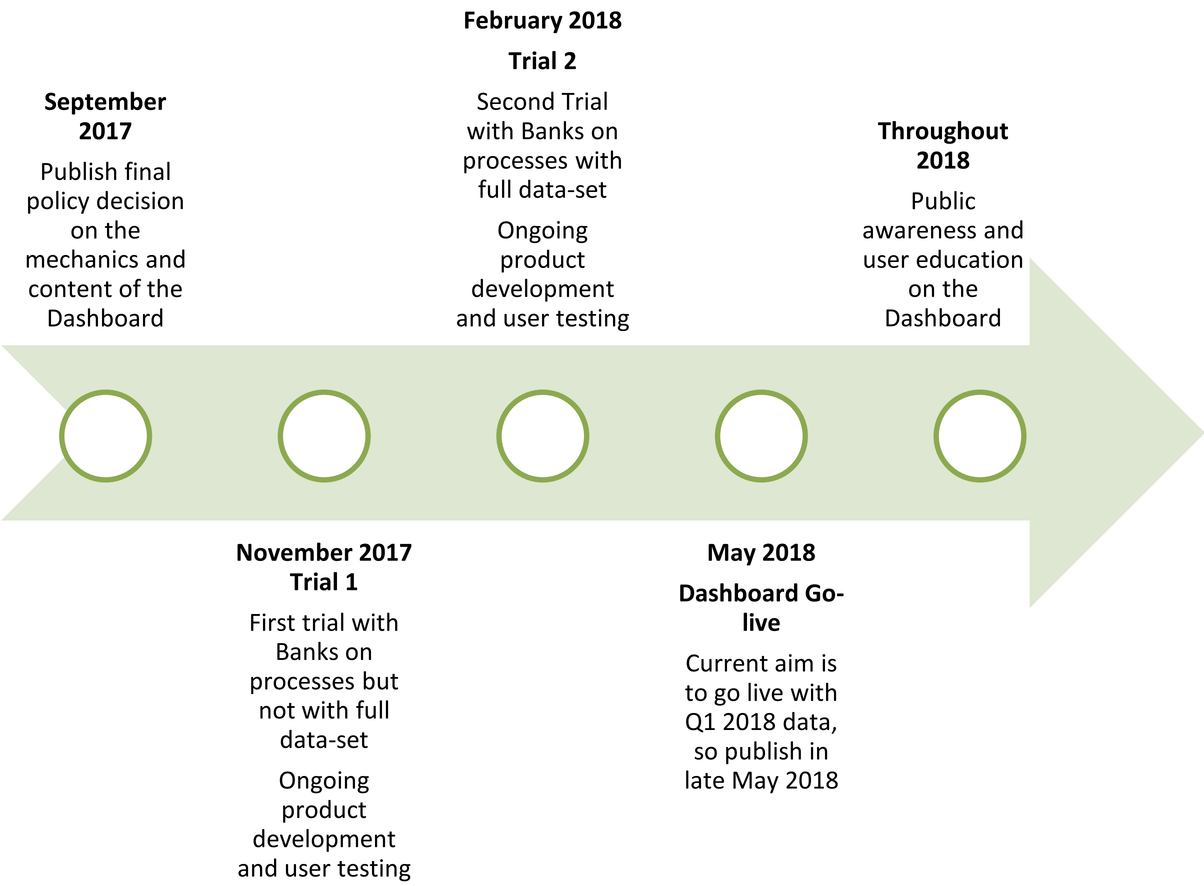
- breakdown of residential mortgage lending by debt-to-income ratio.
- exposures to counterparties connected to the bank.
- key components of the liquidity ratio calculations.

The Reserve Bank would only consider these or other additions to the Dashboard after further consulting stakeholders.

Next Steps

73. Below is a summary of the timeline for implementing the Dashboard. As mentioned above, the Reserve Bank will also be conducting parallel work on a number of related projects (see paragraph six). Our aim is to have these related pieces of work completed before the Dashboard goes live.

Figure 2: Dashboard Next Steps



APPENDIX: Table summarising Dashboard content

Subject area	Dashboard item (green = key items)	NZ Geo-graphy
	All figures $mn unless stated otherwise	
Credit Ratings	End of quarter credit ratings from approved rating agencies	
Capital Adequacy	Total Capital Ratio (%)	
	CET1 capital ratio (%)	
	Tier 1 capital ratio (%)	
	Capital Buffer Ratio (%)	
	Common Equity Tier 1 Capital	
	CET1 deductions	
	Net Common Equity Tier 1	
	Total Additional Tier 1	
	Total Tier 1 Capital	
	Tier 2 Capital	
	Total Capital	
	RWAs – Sovereign / quasi-sovereign	
	RWAs – Public Sector Entities	
	RWAs - Banks	
	RWAs - Corporate	
	RWAs - residential mortgages	
	RWAs - problem loans (Standardised banks: 90 days past due. IRB banks: retail loans with 100% PD plus other loans in default grades.)	
	RWAs - equity holdings	
	RWAs - all other assets (on-BS)	
	RWAs - commitments and contingents etc (IRB banks: “Not separately available”)	
	RWAs - counterparty credit risk on market-related contracts (IRB banks: “Not separately available”)	
	RWA equivalent - market risk	
	RWA equivalent - operational risk	
	Total RWAs	
Asset Quality	Non-performing loans / gross lending (%)	✓
	Gross Loans and Advances	✓
	Loans 90 days past due but not impaired	✓
	Impaired loans	✓
	Total NPL (90D past due + impaired)	✓
	Total individual provisions	✓
	Total collective provisions	✓

Subject area	Dashboard item (green = key items)	NZ Geo-graphy
	All figures $mn unless stated otherwise	
	Plus the above items for each of the following categories -	✓
	Retail mortgage lending	✓
	Other retail lending	✓
	Business lending	✓
	Agriculture lending	✓
	All other lending	✓
	Residential mortgages LVR 80-90% (% share) *(to be shown as "not separately available" if only NZ geography number is available)*	✓
	Residential mortgages LVR over 90% (% share) *(to be shown as "not separately available" if only NZ geography number is available)*	✓
Profitability/ Performance	Post-tax profit as % of total assets	✓
(latest three months)[5]	Post-tax profit	✓
	Net profit / average equity (%)	✓
	Total interest income	✓
	Total interest expense	✓
	Net interest income	✓
	Income from trading and derivatives	✓
	Fees and commission income	✓
	All other income	✓
	Operating expenses	✓
	Impaired asset expense	✓
	Profit before tax	✓
	Tax expense	✓
	Net Interest margin (%)	✓
Financial Position	Total Assets	✓
	Cash and bank deposits	✓
	Debt securities held	✓
	Net loans and advances	✓
	Derivatives in an asset position	✓
	All other assets	✓
	Total Liabilities	✓
	Total deposits	✓
	Debt securities issued	✓
	Other borrowings	✓
	Derivatives in a liability position	✓
	All other liabilities	✓
	Equity	✓

[5] Time periods to be covered need further consideration, along with the mechanics of presenting them.

Subject area	Dashboard item (green = key items)	NZ Geography
	All figures $mn unless stated otherwise	
Liquidity	Average 1M Mismatch Ratio (%) (min 0%)	
	Average 1W Mismatch Ratio (%) (min 0%)	
	Average Core Funding Ratio (%) (min 75%)	
Large Exposures[6]	Top 5 lending exposures / equity (%) (excluding banks, and central governments rated A- or better)	
	Top 5 bank exposures / equity (%)	

[6] Subject to further consideration, and possible updates to Large Exposures reporting survey.