



Summary

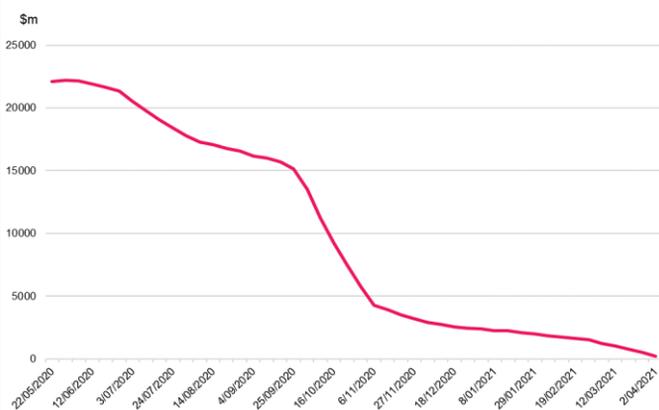
- The Reserve Bank of New Zealand’s regulatory guidance for the mortgage deferrals programme applied until 31 March 2021. There was immediate large uptake of the programme in April 2020. The stock value of loans on deferral began to fall sharply from the end of September 2020, coinciding with the six month limit for mortgages which were deferred at the end of March 2020.
- At 2 April 2021, the value of outstanding deferrals was \$219m, down from a peak of \$22.2bn in May 2020.
- The value of housing loans being restructured to ‘interest only’ peaked during the national lockdown, with \$5.3bn of loans restructured in the week ended 10 April 2020.
- In March 2020, the Government announced the Business Finance Guarantee Scheme (BFGS) to facilitate business access to credit. As at 2 April 2021, loans through the scheme valued \$2bn.

\$219M OF HOUSING LOANS REMAIN ON DEFERRAL AS REGULATORY GUIDANCE ENDS

On 27 March 2020, the Reserve Bank issued regulatory guidance to facilitate banks offering loan deferrals to their customers. This guidance enabled banks to temporarily treat deferred loans as performing (non-defaulted) for a period of up to six months. This regulatory guidance applied up until 31 March 2021.

Data from 2 April 2021 showed only \$219m of residential mortgage loans remained on deferral. This was down from a peak of \$22.2bn of loans on deferral at 29 May 2020 (figure 1). The stock value data is available from 22 May 2020.

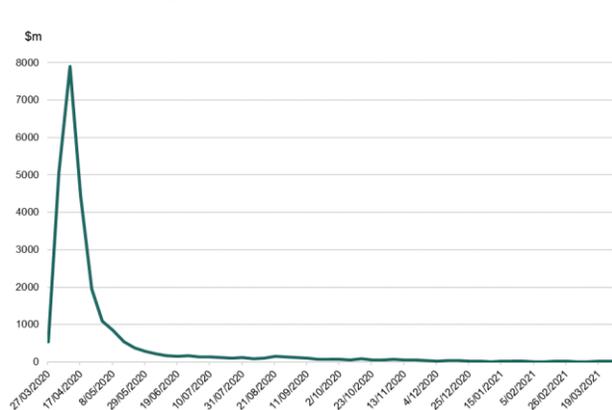
Figure 1
Value of deferred residential mortgage loans as at week-end



Between 25 September 2020 and 6 November 2020, the value of mortgage loans on deferral dropped from \$15.2bn to \$4.3bn, a fall of 72 percent. This rapid decline began six-months after the mortgage deferral scheme’s start. The stock value continued to tail off between November 2020 and the final data collection.

The weekly new value of deferred loans peaked in the week ended 10 April, with \$7.9bn of loans deferred in that week. From 12 June 2020, less than \$200m of new mortgage deferrals arose each week (figure 2).

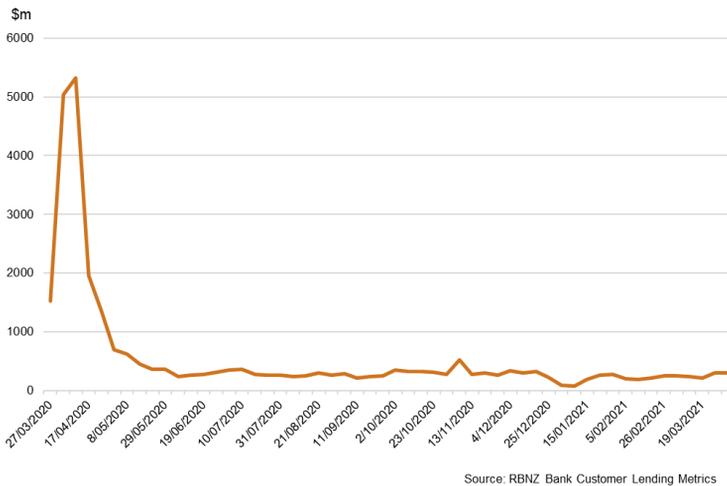
Figure 2
Value of new deferrals of residential mortgage loans during the week



RESTRUCTURES OF HOUSING LOANS PEAKED DURING NATIONWIDE LOCKDOWN

In the weeks ended April 3 and April 10 2020 over \$5bn of loans secured by residential mortgage were restructured to 'interest only' per week. The number of new restructures each week soon fell away, however (figure 3). Between 22 May 2020 and 2 April 2021, the average weekly value of new restructures to 'interest only' averaged only \$275m.

Figure 3
Value of new restructures of residential mortgage loans to 'interest only' during the week



\$275m
Average weekly flows value since 22 May 2020

Data from the Bank Balance Sheet ([S32 table](#)) shows that the share of interest only lending has returned to pre-COVID levels.

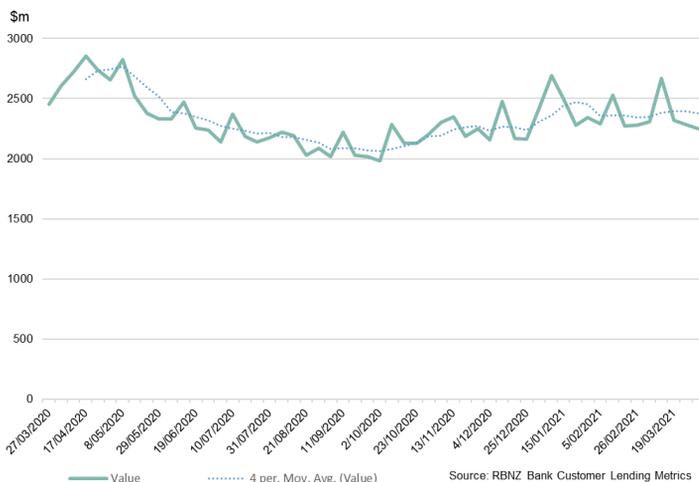
At 2 April 2021, \$13bn of restructured loans secured by residential mortgage remained.

\$2.2BN OF HOUSING LOANS WITH MISSED PAYMENTS

At 2 April 2021, the total value of loans secured by residential mortgage with missed payments (7+ days past due) was \$2.2bn. The series peaked at \$2.9bn of loans at 17 April 2020. This missed payments data exhibits seasonality. A 4-week moving average trendline is superimposed in figure 4.

An uptick in missed payments beginning in October 2020 coincided with many loans exiting the mortgage deferral scheme.

Figure 4
Value of residential mortgage loans with missed payments at week-end

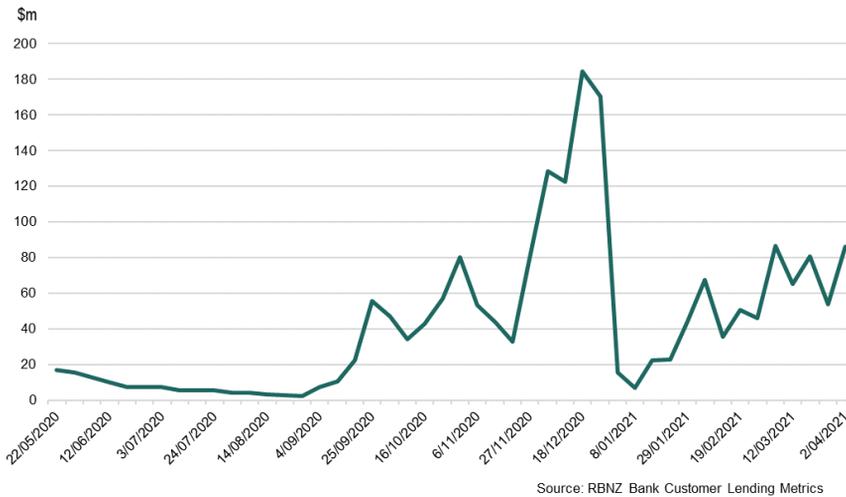


\$2.2bn
Housing loans with missed payments At 2 April 2021

THE BUSINESS FINANCE GUARANTEE SCHEME REACHED ITS HIGHEST WEEKLY FLOW VALUE OF \$184 MILLION IN THE WEEK ENDING 18 DECEMBER 2020

Uptake of the scheme gained traction in September 2020, with weekly flow values exceeding \$50 million for the first time in the week ending 25 September. Weekly flow values exceeded \$100 million for the first time in the week ending 4 December, and we continued to see large increases ahead of the initially scheduled scheme end date of 31 December 2020.

Figure 5
Weekly value of the Business Finance Guarantee Scheme



We saw scheme use drop over the Christmas and New Year period.

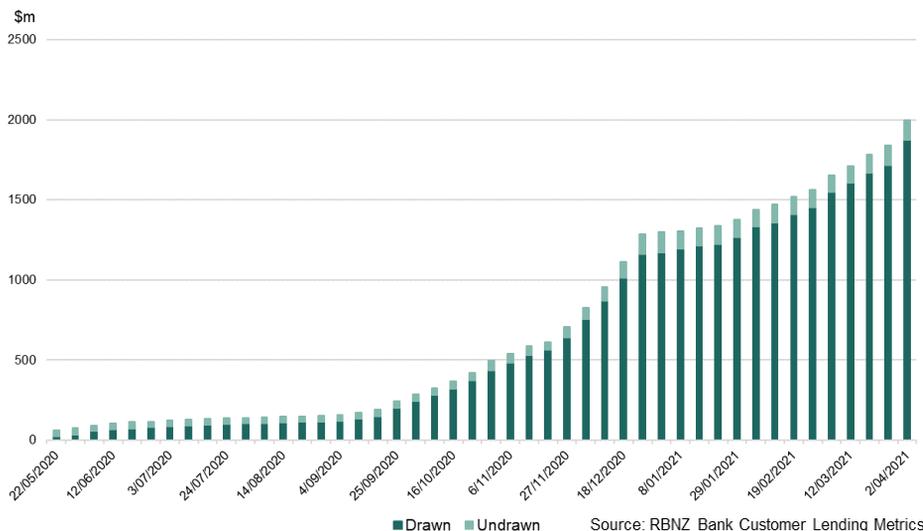
The scheme end date was extended to 30 June 2021, and since the New Year we have seen a steadily increasing trend.

Notably, recent increases have not come anywhere close to the previous height reached in the week ending 18 December.

TOTAL APPROVED LIMITS OF THE BUSINESS FINANCE GUARANTEE SCHEME HAVE REACHED \$2 BILLION

Drawn stock value of the scheme was 94% of total approved limits in the week ending 2 April 2021.

Figure 6
Stock position of the Business Finance Guarantee Scheme



BUSINESS LOAN RESTRUCTURES

In the week ended 27 March 2020, 4,051 business loans were restructured. Business loan restructures can include top-ups, extensions, interest only and payment deferrals.

In the week ended 2 April 2021, 1,000 business loans were restructured, a 75 percent decrease from the peak volume in the week ended 27 March 2020.

Figure 7
Number of restructures of business loans during the week



Note:
1. Requests to restructure business loans include top-ups, extensions, interest only, payment deferral, etc.)

Source: RBNZ Bank Customer Lending Metrics

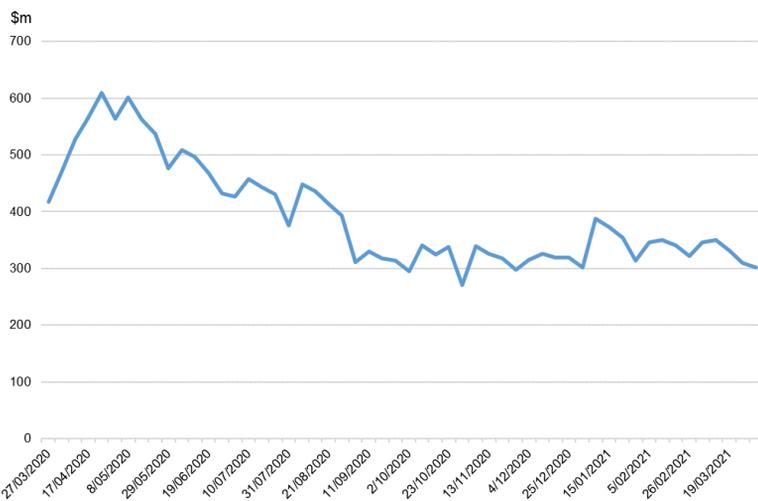
**75%
decrease**

In the number of
business loans
restructured
each week

MISSED PAYMENTS ON CONSUMER LOANS HIGHER DURING NATIONWIDE LOCKDOWN

At 2 April 2021, \$302m of consumer loans had missed payments (7+ days past due). This is a 50 percent fall from the series peak of \$609m at 24 April 2020, during the nationwide COVID-19 Alert Level 4 lockdown.

Figure 8
Value of consumer loans with missed payments at week-end



Source: RBNZ Bank Customer Lending Metrics

**50%
decrease**

In consumer
loans with
missed payments

Following a period of decrease from the series peak in April, consumer loans with missed payments were relatively stable between September and December 2020. The value of loans with missed payments increased after the Christmas spending period.

About the Bank Customer Lending Collection

Data has been collected weekly since late March 2020 from registered banks in New Zealand. Lending through other financial service providers, such as credit unions, is not included. Further data series were collected from 22 May 2020.

For more information contact stats-info@rbnz.govt.nz