

# The Treasury

## South Canterbury Finance Limited Information Release

### Release Document

April 2011

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

**From:** Andrew Hemphill [Andrew.Hemphill@rbnz.govt.nz]  
**Sent:** Friday, 3 July 2009 9:51 a.m.  
**To:** Joanna Gordon; John Park; Craig Murphy  
**Cc:** Andy Wood; Douglas Widdowson  
**Subject:** [SENSITIVE] DGS Monthly RBNZ reporting

[3]

Joanna, John and Craig.

Please find attached :

- April Risk Ranking report
- April Watchlist reports
- April Loss estimate workings
- Allied Nationwide loan book profile report from the information sourced directly from yourselves.

You will note that the only material movement is the re-categorising of [3] from “Higher” to “Medium” risk as a result of their change in how they recognise Impaired Assets on a collective basis. We have been advised that their auditor has approved this change and we take comfort that this should be reviewed as part of the pending independent investigation of the coy. The effect of this change has resulted [3] Estimated Loss (should it fail) reducing by c.\$60M to \$93m

The sector reports should be with you early next week.

Let me know if you have any queries

Cheers

**Andrew Hemphill**  
Senior Analyst, Domestic Deposit Taking Oversight  
Reserve Bank of New Zealand  
T: [1]  
E: [1]

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## Review of guaranteed NBDT entity

Entity Name:	<b>South Canterbury Finance Ltd</b>
Assessment date:	April 2009
Assessed by:	A Hemphill
Trustee	Trustee Executors [1]
Guaranteed Deposits	\$1,857m (31,255)

### Ownership

100% - Southbury Group (Allan Hubbard holds 70% shareholding).

### Key People:

Allan Hubbard – Chairman, Lachie McLeod – [1]

### Estimated Loss in the event of company failure

- The estimated net claim under the DGS is unchanged at between \$350M - \$500M

### Movement

- Related Party Deposits increased ~\$1.2M (up \$3M Since Feb 09)
- Capital declined ~\$8M
- Loan Book increased ~\$100M – 60% of growth in Property development sector / 2<sup>nd</sup> Mortgages
- Cash decreased ~\$145M – now ~8% of total deposits
- ~ \$30M increase in Impaired Assets and 90+ delinquency – minimal growth in Provisions
- ~ \$20M increase in loans with Capitalising Interest
- ~\$25M increase in related party lending

### Risk ranking

- Low levels of capital – though acknowledge increase in March.
- High level of related party lending
- Diminishing Loan book quality
- Concentration / Large exposure risk – 81% of the loan book has loan sizes > \$1M
- Modest levels of provisions

**Entity to remain High end of Medium risk.**

# Review of guaranteed NBDT entity

## Key Graphs

