



# New Zealand Gazette

OF THURSDAY, 23 FEBRUARY 2012

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WELLINGTON: FRIDAY, 24 FEBRUARY 2012 — ISSUE NO. 21

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## REGISTERED BANK DISCLOSURE STATEMENTS

# Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2012

JERRY MATEPARAE, Governor-General

## Order in Council

At Wellington this 20th day of February 2012

Present:

His Excellency the Governor-General in Council

Pursuant to section 81 of the Reserve Bank of New Zealand Act 1989, His Excellency the Governor-General, acting on the advice and with the consent of the Executive Council and on the advice of the Minister of Finance given in accordance with a recommendation of the Reserve Bank of New Zealand, makes the following Order.

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## Order

### 1 Title

This Order is the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2012.

### 2 Commencement

This Order comes into force on 31 March 2012 except clause 26 which comes into force on 30 March 2012.

### 3 Application

This Order applies to a registered bank that is incorporated in New Zealand.

### 4 Interpretation

(1) In this Order, unless the context otherwise requires,—

**Act** means the Reserve Bank of New Zealand Act 1989

**address for service**, in relation to—

- (a) an individual, means the address of their usual place of business in New Zealand or, if no such address exists, the address of their usual place of business outside New Zealand;
- (b) a company, means the address for service adopted by the company under section 192 of the Companies Act 1993; or
- (c) any other entity, means the address of its principal office or principal place of business in New Zealand or, if no such address exists, its principal office or principal place of business outside New Zealand

**affiliated insurance entity** has the same meaning as in the Capital Adequacy Framework (Standardised Approach) (BS2A)

**affiliated insurance group** has the same meaning as in the Capital Adequacy Framework (Standardised Approach) (BS2A)

**allowance for credit impairment loss** means an amount which has been created against identified credit losses or in respect of an identified deterioration in the value of any asset or class of asset attributable to an increase in credit risk as set out in NZ IAS 39 paragraphs 58 to 62

**applicable financial reporting standard** has the same meaning as in section 2(1) of the Financial Reporting Act 1993

**banking group**, in relation to a registered bank,—

- (a) means the financial reporting group; or
- (b) if the Reserve Bank has, by notice in writing to the registered bank, after consultation with the registered bank, agreed to or required the inclusion or exclusion of any entity or any part of any entity, means the financial reporting group including or excluding that entity or that part of that entity, as the case may be

**capital**, in clause 5 of Schedule 2, in relation to—

- (a) an overseas banking group, means the amount of capital held by the overseas banking group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on the overseas banking group; and
- (b) a banking group, means the amount of capital held by the banking group, determined in accordance with the conditions of registration relating to capital adequacy for the registered bank heading that banking group

**Capital Adequacy Framework (Basel I Approach) (BS2)** means the Reserve Bank document entitled “Capital Adequacy Framework (Basel I Approach) (BS2)”

**Capital Adequacy Framework (Standardised Approach) (BS2A)** means the Reserve Bank document entitled “Capital Adequacy Framework (Standardised Approach) (BS2A)”

**Capital Adequacy Framework (Internal Models Based Approach) (BS2B)** means the Reserve Bank document entitled “Capital Adequacy Framework (Internal Models Based Approach) (BS2B)”

**collective credit impairment allowance** means an allowance for credit impairment loss on groups of financial assets

**company**—

- (a) has the same meaning as in section 2(1) of the Companies Act 1993; and
- (b) includes an overseas company within the meaning of that section

**conditions of registration**, in relation to a registered bank, means the conditions of registration imposed on the registered bank by the Reserve Bank under section 74 of the Act

**Connected Exposures Policy (BS8)** means the Reserve Bank document entitled “Connected Exposures Policy (BS8)”

**country of domicile** for a registered bank is either—

- (a) the country or jurisdiction determined by the Reserve Bank and notified to the registered bank; or
- (b) if paragraph (a) does not apply, the country that falls into the greatest number of the following categories:
  - (i) the country of its home supervisor for banking supervisory purposes;
  - (ii) the country in which it is incorporated;
  - (iii) the country of its principal place of business outside New Zealand; and
  - (iv) the country in which its head office is located

**credit rating** is defined in clause 6 of Schedule 13 for the purposes of Schedule 13

**credit risk** has the same meaning as in NZ IFRS 7

**currency risk** has the same meaning as in NZ IFRS 7

**EAD** means an exposure at default determined in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B)

**equity** has the same meaning as “equity” in the “New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting”

**equity risk** means the risk arising from changes in the prices of equity instruments

**fair value** has the same meaning as in NZ IAS 32

**financial asset** has the same meaning as in NZ IAS 32

**financial instrument** has the same meaning as in NZ IAS 32

**financial liability** has the same meaning as in NZ IAS 32

**financial reporting group** means a registered bank (as reporting entity) and all other entities included in the group as defined in section 2(1) of the Financial Reporting Act 1993

**generally accepted accounting practice** has the same meaning as in section 3 of the Financial Reporting Act 1993

**government guarantee** means a guarantee of all or some of a registered bank's obligations, or a similar arrangement, provided—

- (a) by the New Zealand government under a guarantee or similar arrangement; or
- (b) by a sovereign authority in an overseas jurisdiction

**group of closely related counterparties** means a group of legal or natural persons who are related in such a way that—

- (a) the financial soundness of any one of them may materially affect the financial soundness of the others;
- (b) one has the power to control the others; or
- (c) one has the capacity to exercise significant influence over the others

**holding company** has the same meaning as in section 5 of the Companies Act 1993

**immediate relative**, in relation to any person, means their spouse, civil union partner, or de facto partner (as defined in the Property (Relationships) Act 1976), and any parent, brother, sister or child, in each case whether or not adoptive, of that person or of their spouse, civil union partner or de facto partner

**individual credit impairment allowance** means an allowance for credit impairment loss on individual assets

**individually impaired asset** means a financial asset that is individually determined to be impaired in accordance with NZ IAS 39 paragraphs 58 to 62

**insurance business**, in relation to a registered bank, has the same meaning as in the conditions of registration for the registered bank

**interest rate risk** has the same meaning as in NZ IFRS 7

**IRB approach** means an internal ratings-based approach as described in Capital Adequacy Framework (Internal Models Based Approach) (BS2B)

**issuer** has the same meaning as in section 4 of the Financial Reporting Act 1993

**key management personnel** has the same meaning as in NZ IAS 24

**LGD** means a loss given default determined in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B)



**material,—**

- (a) in relation to a statement, fact or item to which generally accepted accounting practice applies, has the meaning given to it by generally accepted accounting practice; or
- (b) in relation to a statement, fact or item to which generally accepted accounting practice does not apply, means that the inclusion or omission of the statement, fact, or item, or the method of treating the disclosure of the statement, fact, or item, would be likely to influence a reasonable user of the disclosure statement

**NZ IAS 1** means New Zealand Equivalent to International Accounting Standard 1 (Presentation of Financial Statements), approved under the Financial Reporting Act 1993

**NZ IAS 24** means New Zealand Equivalent to International Accounting Standard 24 (Related Party Disclosures), approved under the Financial Reporting Act 1993

**NZ IAS 32** means New Zealand Equivalent to International Accounting Standard 32 (Financial Instruments: Presentation), approved under the Financial Reporting Act 1993

**NZ IAS 34** means New Zealand Equivalent to International Accounting Standard 34 (Interim Financial Reporting), approved under the Financial Reporting Act 1993

**NZ IAS 39** means New Zealand Equivalent to International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), approved under the Financial Reporting Act 1993

**NZ IFRS 7** means New Zealand Equivalent to International Financial Reporting Standard 7 (Financial Instruments: Disclosures), approved under the Financial Reporting Act 1993

**other asset under administration** means any asset that is not an impaired asset or a 90 day past due asset where the counterparty—

- (a) is in receivership, liquidation, bankruptcy, statutory management, a no asset procedure, voluntary administration or any other form of administration in New Zealand; or
- (b) is in any other equivalent form of voluntary or involuntary administration in an overseas jurisdiction

**overseas banking group** means an overseas bank and all other entities included in the group for the purposes of public reporting of group financial statements in the country of domicile of the overseas bank

**past due** has the same meaning as in NZ IFRS 7 and an asset that is a specified number of days past due includes an asset for which, in relation to the contracted terms, conditions, or limits that applied to the asset immediately before non-performance commenced—

- (a) any payment of principal, interest or other forms of monies owing is overdue, or has not been paid in accordance with the asset's terms and conditions, for at least the specified number of days; or

- (b) amounts owing under revolving facilities have been continuously outside of limits for at least the specified number of days

**PD** means a probability of default determined in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B)

**premises** means any staffed premises of the registered bank or an agency of the registered bank in New Zealand to which the registered bank's customers or potential customers have access in order to conduct banking business

**qualifying revolving retail exposures** has the same meaning as in Capital Adequacy Framework (Internal Models Based Approach) (BS2B)

**reporting date** means the last day of the accounting period for a disclosure statement

**responsible person** means a person authorised in writing by a director to sign the disclosure statement of a registered bank in accordance with section 82 of the Act

**subsidiary** means a subsidiary within the meaning of sections 5 to 8 of the Companies Act 1993 and includes any company or body corporate or association of persons that is classified as a subsidiary in any applicable financial reporting standard approved by the Accounting Standards Review Board under the Financial Reporting Act 1993

**ultimate holding company**, in relation to a registered bank, means the body corporate that—

- (a) is the registered bank's holding company; and
- (b) is not itself a subsidiary of another body corporate; and
- (c) is not a bank

**ultimate parent bank**, in relation to a registered bank, means the bank that—

- (a) is the registered bank's holding company; and
- (b) is not itself a subsidiary of another bank

**working day** means a day of the week on which the head office of a registered bank is open for business.

- (2) A term or expression that is used in this Order and not defined in it or in the Act—
- (a) if defined in a registered bank's conditions of registration, has in relation to the registered bank the same meaning as under its conditions of registration; or
  - (b) if paragraph (a) does not apply and if applicable, must be interpreted in a way that complies with generally accepted accounting practice.
- (3) A reference in this Order to material which is incorporated by reference under the Act refers to the material as it exists on the day this Order commences together with any amendments to the material that are promulgated before or on the day this Order commences.
- (4) To avoid doubt, the promulgated amendments referred to in subsection (3) do not need to be in force or to apply when this Order commences to have effect after the commencement of this Order.



**5 Accounting periods for disclosure statements**

- (1) A **full year accounting period** is—
- (a) the 12 month period that begins on the day after one balance date and ends on the next balance date;
  - (b) the period longer or shorter than 12 months that begins on the day after one balance date and ends on the next balance date due to—
    - (i) the date of the registered bank's incorporation;
    - (ii) a change of the registered bank's balance date;or
  - (c) for a first disclosure statement, the period determined by the Reserve Bank.
- (2) **Balance date** means—
- (a) in subclause (1), the balance date of the registered bank under section 7 of the Financial Reporting Act 1993; or
  - (b) for a first disclosure statement, the date determined by the Reserve Bank.
- (3) A **half year accounting period**—
- (a) if subclause (1)(a) applies, is the first 6 month period of a full year accounting period; or
  - (b) if subclause (1)(b) applies, is the period determined by the Reserve Bank under subclause (8).
- (4) A **first quarter accounting period**—
- (a) if subclause (1)(a) applies, is the first 3 month period of a full year accounting period; or
  - (b) if subclause (1)(b) applies, is the period determined by the Reserve Bank under subclause (8).
- (5) A **third quarter accounting period**—
- (a) if subclause (1)(a) applies, is the first 9 month period of a full year accounting period; or
  - (b) if subclause (1)(b) applies, is the period determined by the Reserve Bank under subclause (8).
- (6) A **fourth quarter accounting period** is the period determined by the Reserve Bank under subclause (8) but occurs only if—
- (a) subclause (1)(b) applies and the full year accounting period is 14 months or more; and
  - (b) after consultation with the registered bank, the Reserve Bank requires a fourth quarter accounting period.
- (7) An **off quarter accounting period** is—
- (a) a first quarter accounting period;
  - (b) a third quarter accounting period; or
  - (c) a fourth quarter accounting period.
- (8) If subclause (1)(b) applies, the Reserve Bank may, after consultation with the registered bank, determine the length of any of the half year or off quarter accounting periods in the shorter or longer full year accounting period.

## **Part 1**

### **General requirements for disclosure statements**

#### **6 General requirements for disclosure statements**

- (1) A disclosure statement may be—
  - (a) a full year disclosure statement;
  - (b) a half year disclosure statement;
  - (c) an off quarter disclosure statement, which may be—
    - (i) a first quarter disclosure statement;
    - (ii) a third quarter disclosure statement; or
    - (iii) if applicable, a fourth quarter disclosure statement; or
  - (d) a first disclosure statement.
- (2) Subject to subclause (5), a registered bank must produce—
  - (a) a full year disclosure statement for each full year accounting period;
  - (b) a half year disclosure statement for each half year accounting period;
  - (c) an off quarter disclosure statement for—
    - (i) each first quarter accounting period; and
    - (ii) each third quarter accounting period.
- (3) If a registered bank's full year accounting period is 14 months or more, the registered bank may also be required to produce a fourth quarter disclosure statement for a fourth quarter accounting period.
- (4) When registered as a registered bank, a registered bank must produce a first disclosure statement.
- (5) If a full year disclosure statement and a half year or off quarter disclosure statement are required in respect of the same accounting period, the registered bank need only produce the full year disclosure statement.
- (6) Further details are set out—
  - (a) for full year, half year and off quarter disclosure statements in Part 2 and in the Schedules of this Order; and
  - (b) for first disclosure statements in clause 12.

#### **7 Full and half year disclosure statements to be audited**

- (1) A full year disclosure statement of a registered bank must be audited.
- (2) A half year disclosure statement of a registered bank must be reviewed by an auditor if it is not audited.
- (3) An auditor's report or review statement must meet the requirements of clause 20.

#### **8 Publication on Internet**

- (1) A disclosure statement is published when it is made available on the registered bank's Internet site for New Zealand.
- (2) A disclosure statement published on a registered bank's Internet site must be—
  - (a) publicly available at no charge;

- (b) readily accessible from the main landing page or front page for the registered bank's Internet site via a link labelled "disclosure statements"; and
- (c) maintained on the registered bank's Internet site for at least 5 years after the last day on which the disclosure statement must be published.

## **9 Time of publication**

- (1) A registered bank must publish—
  - (a) a full year disclosure statement within 3 months of the reporting date for the full year disclosure statement;
  - (b) a half year disclosure statement within—
    - (i) 2 months of the reporting date for the half year disclosure statement; or
    - (ii) if the Reserve Bank considers the registered bank has reasonable grounds for not being able to comply with subparagraph (i), 3 months of the reporting date for the half year disclosure statement; and
  - (c) an off quarter disclosure statement within 2 months of the reporting date for the off quarter disclosure statement.
- (2) A first disclosure statement must be published by a registered bank on the day of the registered bank's registration.

## **10 Delivery to Reserve Bank**

- (1) On the day a disclosure statement is published the disclosure statement must be sent to the Reserve Bank by the registered bank.
- (2) If the Reserve Bank specifies a form or format for the disclosure statement to be sent to it, the disclosure statement must be provided in the form or format specified by the Reserve Bank.
- (3) The Reserve Bank may specify more than one form or format.

## **11 Requests for copies**

- (1) A person may request a copy of any of a registered bank's disclosure statements.
- (2) A registered bank must provide a copy of the disclosure statements requested by a person free of charge.
- (3) If a person requests a copy of the registered bank's most recent disclosure statement in person at the premises of the registered bank, the registered bank—
  - (a) may refer the person to its Internet site; but
  - (b) must offer to provide a printed copy to the person of its most recent full year disclosure statement and any subsequent half year or off quarter disclosure statement that is published when the request is made.
- (4) If a person accepts an offer made under subclause (3)(b), the registered bank must dispatch to the person a printed copy of the offered disclosure statements by the end of the second working day after the day on which the request is made.
- (5) Other than in relation to a request made in person at the premises of the registered bank or by accessing a copy

published on the registered bank's Internet site, if a person requests a copy of the registered bank's most recent disclosure statement, the registered bank—

- (a) may refer the person to its Internet site; but
  - (b) must offer to provide to the person by other suitable means a copy of its most recent full year disclosure statement and any subsequent half year or off quarter disclosure statement that is published when the request is received.
- (6) If a person accepts an offer made under subclause (5)(b), the registered bank must dispatch to the person a copy of the offered disclosure statements by the end of the second working day after the day on which the request is received.
- (7) Other than in relation to a request for the registered bank's most recent disclosure statement or by accessing a copy published on the registered bank's Internet site, if a person requests a copy of any of the registered bank's disclosure statements, the registered bank—
- (a) may refer the person to its Internet site; but
  - (b) must offer to provide to the person by other suitable means a copy of the requested disclosure statements that are published when the request is made.
- (8) If a person accepts an offer made under subclause (7)(b), the registered bank must dispatch to the person a copy of the requested disclosure statements by the end of the second working day after the day on which the request is received.
- (9) To avoid doubt, in this clause a printed copy is a copy in non-electronic form.

## **12 First disclosure statement**

- (1) Subject to subclauses (2) to (4), a registered bank's first disclosure statement must meet the requirements that apply to a full year disclosure statement.
- (2) The Reserve Bank must determine the full year accounting period and balance date for a first disclosure statement.
- (3) The balance date determined by the Reserve Bank may be a date before the date on which the registered bank is registered as a registered bank.
- (4) The Reserve Bank must give notice in writing to an applicant bank of the accounting period and balance date for the first disclosure statement—
- (a) at least 1 month before the date the bank is registered as a registered bank; or
  - (b) on a date agreed by the applicant bank and the Reserve Bank.

## **Part 2**

### **Content of disclosure statements**

#### **Subpart 1—General requirements**

**13 Information must be in English**

The information in a disclosure statement must be in English.

**14 Disclosure statement not to be false or misleading**

In addition to the information required in this Order, a disclosure statement—

- (a) must contain such other information that, in the opinion of the directors, is necessary or desirable to ensure that the disclosure statement is not false or misleading in any material particular; and
- (b) except as otherwise expressly provided in this Order, may contain any other information that the directors consider appropriate to include in the disclosure statement.

**15 Requirements when registered bank is unable to disclose information**

Subject to clause 16(3), if a registered bank is unable because of systems limitations or because of circumstances beyond its control to disclose information under this Order, the disclosure statement must—

- (a) state that fact and explain those limitations or circumstances; and
- (b) contain the closest available alternative to the information that must be disclosed under this Order.

**16 Comparative information**

- (1) Any comparative information that is required to be disclosed under this Order for the previous corresponding accounting period must be restated so that it corresponds to the information disclosed for the current accounting period.
- (2) If there has been a material restatement of prior period amounts, the nature of, and the reason for, the restatement must be disclosed.
- (3) A registered bank need not disclose comparative information that is not readily available in the time since the last day of the previous corresponding accounting period.

**17 Disclosure statement not to contain offer of securities**

A disclosure statement—

- (a) must not contain any offer of securities within the meaning of section 2 of the Securities Act 1978; but
- (b) may contain information required for the purposes of regulation 38(3) of the Securities Regulations 2009.

**18 Information about shareholders**

The disclosure statement of a registered bank must not state or imply that a person is, or intends to become, a shareholder of the registered bank, or of a member of its banking group, without also stating whether or not that person guarantees any of the obligations of the registered bank or any member of its banking group.

**19 Disclosure of currency that is not New Zealand dollars**

A registered bank must disclose the currency used if information is disclosed in a currency that is not New Zealand dollars.

**20 Auditor's report or review statement**

(1) An auditor's report on the full year disclosure statement of a registered bank must—

- (a) include the information prescribed in clause 2 of Schedule 1; and
- (b) be signed by the auditor, either in the auditor's own name or the name of the auditor's firm.

(2) An auditor's report or review statement on the half year disclosure statement of a registered bank must—

- (a) include the information prescribed in either clause 2 or clause 3 of Schedule 1; and
- (b) be signed by the auditor, either in the auditor's own name or the name of the auditor's firm.

**Subpart 2—Content of disclosure statements****21 Information to be included in full year disclosure statement**

(1) A full year disclosure statement of a registered bank must include, in respect of the most recent full year accounting period,—

- (a) all of the information prescribed in Schedule 2;
- (b) the information prescribed in Schedules 4, 7, 13, 14, 15 and 17;
- (c) if the registered bank has not been accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A), the information prescribed in Schedule 9;
- (d) if the registered bank has been fully accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured primarily in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the information prescribed in Schedule 11; and
- (e) if the registered bank has been partially accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is therefore subject to conditions of registration requiring capital adequacy to



be measured using a methodology based on Capital Adequacy Framework (Standardised Approach) (BS2A) and Capital Adequacy Framework (Internal Models Based Approach) (BS2B), any information set out in Schedules 9 and 11 that is applicable to that methodology.

- (2) Paragraphs (b) to (e) of subclause (1) do not apply if the information is included in the financial statements prepared in accordance with clause 24.

**22 Information to be included in half year disclosure statement**

- (1) A half year disclosure statement of a registered bank must include, in respect of the most recent half year accounting period,—

- (a) all of the information prescribed in Schedule 3;
- (b) the information prescribed in Schedules 5, 7, 13, 16 and 18;
- (c) if the registered bank has not been accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A), the information prescribed in Schedule 9;
- (d) if the registered bank has been fully accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured primarily in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the information prescribed in Schedule 11; and
- (e) if the registered bank has been partially accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is therefore subject to conditions of registration requiring capital adequacy to be measured using a methodology based on Capital Adequacy Framework (Standardised Approach) (BS2A) and Capital Adequacy Framework (Internal Models Based Approach) (BS2B), any information set out in Schedules 9 and 11 that is applicable to that methodology.

- (2) Paragraphs (b) to (e) of subclause (1) do not apply if the information is included in the financial statements prepared in accordance with clause 25.

**23 Information to be included in off quarter disclosure statements**

- (1) An off quarter disclosure statement of a registered bank must include, in respect of the most recent off quarter accounting period—

- (a) all of the information prescribed in Schedule 3;
- (b) the information prescribed in Schedules 6, 8, 13, 16 and 18;

- (c) if the registered bank has not been accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A), the information prescribed in Schedule 10;
  - (d) if the registered bank has been fully accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured primarily in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the information prescribed in Schedule 12; and
  - (e) if the registered bank has been partially accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is therefore subject to conditions of registration requiring capital adequacy to be measured using a methodology based on Capital Adequacy Framework (Standardised Approach) (BS2A) and Capital Adequacy Framework (Internal Models Based Approach) (BS2B), any information set out in Schedules 10 and 12 that is applicable to that methodology.
- (2) Paragraphs (b) to (e) of subclause (1) do not apply if the information is included in the financial statements prepared in accordance with clause 25.

**24 Financial statements for full year accounting period**

- (1) A full year disclosure statement of a registered bank must contain or be accompanied by the financial statements of—
- (a) the registered bank; and
  - (b) its banking group.
- (2) The financial statements referred to in subclause (1) must be prepared in accordance with the requirements of the Financial Reporting Act 1993 as if—
- (a) every reference in that Act to a group were a reference to the registered bank's banking group; and
  - (b) the registered bank and its banking group do not qualify for any exemptions under any differential reporting framework that applies to them.
- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.

**25 Financial statements for half year and off quarter accounting periods**

- (1) The half year and off quarter disclosure statement must contain or be accompanied by interim financial statements of the registered bank's banking group prepared in accordance with NZ IAS 34.
- (2) The financial statements referred to in subclause (1) must be prepared as if the registered bank's banking group does not qualify for any exemptions under any differential reporting framework that applies to them.

- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.

### **Part 3**

#### **Miscellaneous provisions**

**26      Revocation**

The Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) (No 4) Order 2011 is revoked at the end of the day of 30 March 2012.

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## Schedule 1—Full year and half year

### Information in audit reports and review statements

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#### **1 How this Schedule applies**

- (1) An auditor's report or review statement must address the financial statements and the information prepared in accordance with this Order except for the information required under Schedules 2 and 3.
- (2) For a full year disclosure statement, an auditor's report must meet the requirements of clause 2 as they apply to a full year disclosure statement.
- (3) For a half year disclosure statement,—
  - (a) if the disclosure statement is audited by an auditor, the auditor's report must meet the requirements of clause 2 as they apply to a half year disclosure statement; and
  - (b) if the disclosure statement is reviewed by an auditor, the auditor's review statement must meet the requirements of clause 3.

#### **2 Audit report required for full year disclosure statements but optional for half year disclosure statements**

- (1) Subject to subclause (2), the auditor's report must in respect of a full year disclosure statement and may in respect of a half year disclosure statement state—
  - (a) the work done by the auditor;
  - (b) the scope and limitations of the audit;
  - (c) the existence of any relationship (other than that of auditor) which the auditor has with, or interest the auditor has in, the registered bank and any associated person of the registered bank;
  - (d) whether or not the auditor has obtained all the information and explanations that the auditor has required;
  - (e) whether or not, in the auditor's opinion, as far as appears from an examination of them, proper accounting records have been kept by the registered bank and its banking group;
  - (f) whether or not, in the auditor's opinion, the financial statements of the registered bank and its banking group comply with generally accepted accounting practice, and if they do not, the respects in which they fail to comply;
  - (g) whether or not, in the auditor's opinion (where applicable), the information has been prepared in

- accordance with guidelines issued under section 78(3) of the Act (if any) or any conditions of registration, and is in accordance with the books and records of the registered bank and its banking group;
- (h) whether or not, in the auditor's opinion,—
- (i) for an auditor's report that relates to a full year disclosure statement, having regard to any information or explanations that may have been added by the registered bank under sections 11(2) and 14(2) of the Financial Reporting Act 1993, the financial statements of the registered bank and its banking group give a true and fair view of the matters to which they relate and, if they do not, the respects in which they fail to give such a view; and
  - (ii) for an auditor's report that relates to a half year disclosure statement, the interim financial statements of the registered bank's banking group are prepared, in all material respects, in accordance with NZ IAS 34;
- (i) whether or not, in the auditor's opinion, the information that is required to be disclosed under the applicable schedules listed in subclause (3) fairly states the matters to which it relates in accordance with those schedules and, if it does not, the respects in which it fails to fairly state those matters;
- (j) if the registered bank meets the condition in clause 21(1)(c) of Part 2, for the information relating to capital adequacy that is required to be disclosed under Schedule 9—
- (i) that the information has been examined by the auditor;
  - (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information is not in all material respects prepared in accordance with the bank's conditions of registration and disclosed in accordance with Schedule 9;
- (k) if the registered bank meets the condition in clause 21(1)(d) of Part 2, for information relating to capital adequacy that is required to be disclosed under Schedule 11—
- (i) that the information has been examined by the auditor; and
  - (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information is not in all material respects prepared in accordance with the bank's conditions of registration and with the bank's internal models for credit risk and operational risk as accredited by the Reserve Bank of New Zealand and disclosed in accordance with Schedule 11; and

- (l) if the registered bank meets the condition in clause 21(1)(e) of Part 2, for the information relating to capital adequacy that is required to be disclosed under applicable clauses of Schedules 9 and 11—
  - (i) that the information has been examined by the auditor; and
  - (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information is not in all material respects prepared in accordance with the bank's conditions of registration and with the bank's applicable internal risk models as accredited by the Reserve Bank of New Zealand and disclosed in accordance with the applicable clauses of Schedules 9 and 11.
- (2) For the purposes of paragraphs (e) to (h) of subclause (1), if the auditor's report relates to a half year disclosure statement, the auditor's opinion need only relate to the registered bank's banking group.
- (3) For the purposes of subclause (1)(i),—
  - (a) if the auditor's report relates to a full year disclosure statement, the applicable schedules are Schedules 4, 7, 13, 14, 15 and 17; and
  - (b) if the auditor's report relates to a half year disclosure statement, the applicable schedules are Schedules 5, 7, 13, 16 and 18.

### **3 Audit review statement for half year disclosure statements**

If a half year disclosure statement is not audited and instead is reviewed by an auditor, the auditor's review statement must—

- (a) for financial statements prepared in accordance with clause 25 of Part 2, state—
  - (i) that the financial statements have been examined by the auditor; and
  - (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the financial statements have not been prepared, in all material respects, in accordance with NZ IAS 34;
- (b) for the information that is required to be disclosed under Schedules 5, 7, 13, 16 and 18, state—
  - (i) that the information has been examined by the auditor; and
  - (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information does not fairly state the matters to which it relates in accordance with those schedules;
- (c) if the registered bank meets the condition in clause 21(1)(c) of Part 2, for the information relating to capital adequacy that is required to be disclosed under Schedule 9, state—



- (i) that the information has been examined by the auditor; and
    - (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information is not in all material respects prepared in accordance with the bank's conditions of registration and disclosed in accordance with Schedule 9;
  - (d) if the registered bank meets the condition in clause 21(1)(d) of Part 2, for the information relating to capital adequacy that is required to be disclosed under Schedule 11, state—
    - (i) that the information has been examined by the auditor; and
    - (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information is not in all material respects prepared in accordance with the bank's conditions of registration and with the bank's internal models for credit risk and operational risk as accredited by the Reserve Bank of New Zealand and disclosed in accordance with Schedule 11; and
  - (e) if the registered bank meets the condition in clause 21(1)(e) of Part 2, for the information relating to capital adequacy that is required to be disclosed under applicable clauses of Schedules 9 and 11, state—
    - (i) that the information has been examined by the auditor; and
    - (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information is not in all material respects prepared in accordance with the bank's conditions of registration and with the bank's applicable internal risk models as accredited by the Reserve Bank of New Zealand and disclosed in accordance with the applicable clauses of Schedules 9 and 11.
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## Schedule 2—Full year

### Information to be included in disclosure statement

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#### 1 Details of ultimate parent bank and ultimate holding company

If applicable,—

- (a) the name and address for service of the ultimate parent bank of the registered bank;
- (b) the name and address for service of the ultimate holding company of the registered bank; and
- (c) a summary of any regulations, legislation, or other restrictions of a legally enforceable nature that may materially inhibit the legal ability of the bodies corporate referred to in paragraphs (a) and (b) to provide material financial support to the registered bank.

#### 2 Interests in 5% or more of voting securities of registered bank

To the extent that it is reasonably practicable for the registered bank to obtain it, the following information:

- (a) the name of each person who has a direct or indirect qualifying interest in 5% or more of the voting securities of the registered bank, and the percentage of the interest that each of those persons holds;
- (b) the nature of each interest identified in paragraph (a) if the person holding it is not a registered and beneficial holder of the securities; and
- (c) the name of each person who has the ability to directly or indirectly appoint 25% or more of the board of directors (or other persons exercising powers of

management, however described), and the percentage of the directors that each of those persons has the ability to appoint.

**3 Priority of creditors' claims**

Information on the priority of the claims of each class of creditor over the registered bank's assets in the event that the registered bank is liquidated or ceases to trade.

**4 Guarantees**

- (1) A statement on whether or not any material obligations of the registered bank are guaranteed as at the date its directors sign its disclosure statement.
- (2) If any material obligations of the registered bank are guaranteed under a guarantee that is not a government guarantee, for each such guarantee the matters set out in clauses 5 and 6.
- (3) If the registered bank has a government guarantee, for each such guarantee the matters set out in clauses 7 and 8.
- (4) If any material obligations of the registered bank are guaranteed under a cross guaranteeing arrangement, the matters required by clause 9.
- (5) Subclause (2) does not apply if subclause (4) applies.

**5 Details of guarantor**

- (1) The name and address for service of the guarantor.
- (2) A statement on whether or not the guarantor is a member of the registered bank's banking group.
- (3) Either—
  - (a) the amount of the net tangible assets of the guarantor as shown in the most recent publicly available audited financial statements, together with any qualifications in the auditor's report on those financial statements that reflect on the statement of those assets in the financial statements; or
  - (b) if the guarantor is a bank, the most recent publicly disclosed capital of the guarantor's group expressed as an amount and as a percentage of risk weighted exposures, and the date to which that measure of capital relates.
- (4) A statement on whether or not the guarantor has any credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation, and if so, in respect to each rating—
  - (a) the name of the person who gave the credit rating;
  - (b) the current rating and all qualifications to that rating;
  - (c) each change made to the rating in the 2 years immediately before the balance date and the date on which that change occurred; and
  - (d) descriptions or explanations of all steps in the applicable rating scales.

**6 Details of guaranteed obligations**

- (1) A description of the obligations that are guaranteed.
- (2) A statement on whether or not there are any limits on the amount of the obligations guaranteed and, if so, a brief summary of the nature of those limits.
- (3) A statement on whether or not there are any material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a brief summary of those conditions.
- (4) A statement on whether or not there are any material legislative or regulatory restrictions in the guarantor's country of incorporation which would have the effect of subordinating the claims under the guarantee of any of the creditors of the registered bank on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor.
- (5) If there are any such material legislative or regulatory restrictions,—
  - (a) the title of the legislation or regulations involved and the nature of the subordination of the rights of the creditors which they create; and
  - (b) the amount of the liabilities that are affected.
- (6) If the guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.

**7 Details of government guarantors**

- (1) The name and address for service of the guarantor.
- (2) A statement on how to obtain information about the government guarantee, for example, via an Internet site maintained by or on behalf of the government guarantor.
- (3) To the extent the government guarantee is provided by means other than a contract, a statement of how to obtain the legislation, regulations or other documents that set out the terms and conditions of the government guarantee.
- (4) A statement on how to obtain the most recent audited financial statements of the government guarantor, for example, via an Internet site maintained by or on behalf of the government guarantor.
- (5) The government guarantor's issuer credit ratings in respect of its long term obligations payable in the currency of its jurisdiction and for each rating—
  - (a) the name of the person who gave the credit rating;
  - (b) the current rating and all qualifications to that rating;
  - (c) each change made to the rating in the 2 years immediately before the balance date and the date on which that change occurred; and
  - (d) descriptions or explanations of all steps in the applicable rating scales.

**8 Details of obligations guaranteed by government guarantors**

- (1) A description of the obligations guaranteed by the government guarantor.
- (2) A statement on whether or not there are any limits on the amount of the obligations guaranteed and, if so, a brief summary of the nature of those limits.
- (3) A statement on whether or not there are any material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a brief summary of those conditions.
- (4) If the government guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.

**9 Material cross guarantees**

- (1) If a person has entered into a material cross guaranteeing arrangement with the registered bank, the matters set out in subclauses (2) and (3).
- (2) A description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under subclauses (2) to (6) of clause 6 as if those provisions applied to the guarantees of the obligations of the registered bank, as well as to the guarantees the registered bank has given in respect of the first-mentioned person's obligations.

**10 Directors**

- (1) An address to which communications to the directors and responsible persons (if any), may be sent.
- (2) The name, occupation(s) (separately identifying which is the primary occupation), technical or professional qualifications, and country of residence of each director and responsible person.
- (3) If applicable, the name of each director on whose behalf each responsible person has signed the disclosure statement.
- (4) In relation to each director,—
  - (a) the nature and amount of any transaction which the director or any immediate relative or close business associate of the director has with the registered bank or any member of the registered bank's banking group that either—
    - (i) has been entered into on terms other than those which would, in the ordinary course of business of the registered bank or any member of the registered bank's banking group, be given to any other person of like circumstances or means; or
    - (ii) could otherwise be reasonably likely to influence materially the exercise of that director's duties;
  - (b) whether or not the director is an executive director;
  - (c) whether or not the director is an independent director; and

- (d) the names of all companies, other than those which are members of the registered bank's banking group, of which the director holds office as a director.
- (5) A statement on whether or not there is a board audit committee or other separate board committee covering audit matters, and if so, the total number of persons who comprise the committee, and of these, the number who are—
  - (a) directors (other than independent directors); and
  - (b) independent directors.
- (6) The policy of the board of directors for avoiding or dealing with conflicts of interest which may arise from the personal, professional or business interests of the directors.

**11 Auditors**

The name and address of any auditor whose report is referred to in the disclosure statement.

**12 Conditions of registration**

- (1) A copy of the conditions of registration that applied at the balance date for the disclosure statement.
- (2) If applicable, a description of any changes to the conditions of registration that have occurred since the reporting date for the previous disclosure statement, including the dates on which the changes occurred.
- (3) A statement of the date on which the conditions of registration of the registered bank came into effect.
- (4) If the registered bank has not complied with all conditions of registration over the full year accounting period, a description of the nature and extent of each case of non-compliance.

**13 Pending proceedings or arbitration**

A description of any pending legal proceedings or arbitration concerning any member of the registered bank's banking group, whether in New Zealand or elsewhere, that may have a material adverse effect on the registered bank or its banking group.

**14 Credit rating**

If the registered bank is required, by a notice given to it under section 80 of the Act, to obtain or maintain a rating of its creditworthiness or financial condition by a person nominated or approved by the Reserve Bank, with respect to each rating obtained or maintained by the registered bank that complies with the notice given under section 80 of the Act, the following information:

- (a) the name of the person who gave the rating;
- (b) the type of rating;
- (c) the current rating and all qualifications to that rating;
- (d) any change made to the rating in the 2 years immediately before the balance date and the date on which the change occurred; and
- (e) descriptions or explanations of all steps in the applicable rating scales.



**15 Historical summary of financial statements**

- (1) An historical summary of financial statements for the registered bank's banking group for each of the 5 most recent consecutive full year accounting periods.
- (2) The amounts in the historical summary of financial statements must be amounts that—
  - (a) are taken from financial statements of the registered bank's banking group; and
  - (b) give a true and fair view of the results and the state of affairs of the registered bank's banking group for the period concerned.
- (3) The amounts that appear in the historical summary of financial statements must include the following:
  - (a) total interest revenue;
  - (b) total interest expense;
  - (c) total other revenue;
  - (d) total credit impairment losses charged to the income statement;
  - (e) total other expenses;
  - (f) net profit or loss before taxation;
  - (g) taxation;
  - (h) net profit or loss after taxation;
  - (i) net profit or loss attributable to non-controlling interests;
  - (j) the amount paid or provided for dividends;
  - (k) total assets;
  - (l) total individually impaired assets;
  - (m) total liabilities; and
  - (n) equity.
- (4) A statement on whether or not the amounts specified in subclause (3) have been taken from audited financial statements.

**16 Other material matters**

Details of any matters relating to the business or affairs of the registered bank and its banking group that—

- (a) are not contained elsewhere in the disclosure statement; and
- (b) would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the registered bank or any member of the registered bank's banking group is the issuer.

**17 Directors' statements**

- (1) A statement by the directors as to whether or not each director believes, after due enquiry, that, as at the date on which the disclosure statement is signed,—
  - (a) the disclosure statement contains all the information that is required by this Order; and
  - (b) the disclosure statement is not false or misleading.
- (2) A statement by the directors as to whether or not each director believes, after due enquiry, that, over the full year accounting period—

- (a) the registered bank has complied with all conditions of registration that applied during that period;
- (b) credit exposures to connected persons (if any) were not contrary to the interests of the registered bank's banking group; and
- (c) the registered bank had systems in place to monitor and control adequately the material risks of the registered bank's banking group including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

**18 Auditor's report**

A copy of the auditor's report referred to in clause 20(1) in Part 2.

**19 Index**

An index to the contents of the disclosure statement that—

- (a) refers to the main components of the disclosure statement;
  - (b) lists the notes to the financial statements in the disclosure statement; and
  - (c) if needed, includes any other information that might help a reader locate key information in the disclosure statement.
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## Schedule 3—Half year and off quarters

### Information to be included in disclosure statement

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#### **1 Details of ultimate parent bank and ultimate holding company**

- (1) If since the balance date for the most recent full year disclosure statement there has been a change in either the ultimate parent bank or the ultimate holding company of the registered bank,—
  - (a) a statement of the nature of the changes;
  - (b) the name and address for service of the ultimate parent bank; and
  - (c) the name and address for service of the ultimate holding company.
- (2) If since the balance date for the most recent full year disclosure statement there has been a material change in regulations, legislation, or other restrictions of a legally enforceable nature that may materially inhibit the legal ability of the bodies corporate referred to in subclause (1) to provide material financial support to the registered bank, a statement of the nature of the changes.

#### **2 Guarantees**

- (1) A statement on whether or not any material obligations of the registered bank are guaranteed as at the date its directors sign its disclosure statement.
- (2) If any material obligations of the registered bank are guaranteed under a guarantee that is not a government guarantee, for each such guarantee the matters set out in clause 3.
- (3) If the registered bank has a government guarantee, for each such guarantee the matters set out in clause 4.
- (4) If any material obligations of the registered bank are guaranteed under a cross guaranteeing arrangement, the matters required by clause 5.
- (5) Subclause (2) does not apply if subclause (4) applies.

**3 Summary information on guarantor and guaranteed obligations**

- (1) The name and address for service of the guarantor.
- (2) A statement on whether or not the guarantor is a member of the registered bank's banking group.
- (3) A statement on whether or not the guarantor has any credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation, and if so, in respect to each rating—
  - (a) the name of the person who gave the credit rating; and
  - (b) the current rating and all qualifications to that rating.
- (4) A summary description of the obligations that are guaranteed.
- (5) If the guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.
- (6) If the registered bank's most recent full year disclosure statement contains further information about the guarantee:
  - (a) a statement to that effect;
  - (b) information on how to obtain a copy of that disclosure statement; and
  - (c) if there have been any material changes in the terms of the guarantee since the date on which the signing of that disclosure statement was completed, a description of those changes.

**4 Summary information on government guarantors and government-guaranteed obligations**

- (1) The name and address for service of the guarantor.
- (2) A statement on how to obtain information about the government guarantee, for example, via an Internet site maintained by or on behalf of the government guarantor.
- (3) A summary description of the obligations guaranteed by the government guarantor.
- (4) If the government guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.
- (5) If the registered bank's most recent full year disclosure statement contains further information about the guarantee:
  - (a) a statement to that effect;
  - (b) information on how to obtain a copy of that disclosure statement; and
  - (c) if there have been any material changes in the terms of the guarantee since the date on which the signing of that disclosure statement was completed, a description of those changes.

**5 Material cross guarantees**

- (1) If a person has entered into a material cross guaranteeing arrangement with the registered bank, the matters set out in subclauses (2) to (4).

- (2) A summary description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under clause 3(5) as if those provisions applied to the guarantees of the obligations of the registered bank, as well as to the guarantees the registered bank has given in respect of the first-mentioned person's obligations.
- (4) If the registered bank's most recent full year disclosure statement contains further information about the cross guaranteeing arrangement:
  - (a) a statement to that effect;
  - (b) information on how to obtain a copy of that disclosure statement; and
  - (c) if there have been any material changes in the cross guaranteeing arrangements since the date on which the signing of that disclosure statement was completed, a description of those changes.

**6 Changes in registered bank's board of directors**

- (1) A statement on whether or not there have been any changes in the composition of the registered bank's board of directors since the balance date for its most recent full year disclosure statement, and if so, the changes involved and the name of each director affected by the changes.
- (2) If applicable, the name of each director on whose behalf each responsible person has signed the disclosure statement.

**7 Auditors**

The name and address of any auditor whose report or review statement is referred to in the disclosure statement.

**8 Conditions of registration**

- (1) If any changes to the conditions of registration have occurred between the reporting date for the previous disclosure statement and the reporting date for the disclosure statement, a description of those changes including the dates on which they occurred.
- (2) If the registered bank has not complied with all conditions of registration over the half year accounting period or off quarter accounting period as applicable, a description of the nature and extent of each case of non-compliance.

**9 Pending proceedings or arbitration**

A description of any pending legal proceedings or arbitration concerning any member of the registered bank's banking group, whether in New Zealand or elsewhere, that may have a material adverse effect on the registered bank or its banking group.

**10 Credit rating**

If the registered bank is required, by a notice given to it under section 80 of the Act, to obtain or maintain a rating of its creditworthiness or financial condition by a person nominated or approved by the Reserve Bank, with respect to each rating obtained or maintained by the registered bank that complies

with the notice given under section 80 of the Act, the following information:

- (a) the name of the person who gave the rating;
- (b) the type of rating; and
- (c) the current rating and all qualifications to that rating.

**11 Other material matters**

Details of any matters relating to the business or affairs of the registered bank and its banking group that—

- (a) are not contained elsewhere in the disclosure statement; and
- (b) would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the registered bank or any member of the registered bank's banking group is the issuer.

**12 Directors' statements**

- (1) A statement by the directors as to whether or not each director believes, after due enquiry, that, as at the date on which the disclosure statement is signed,—

- (a) the disclosure statement contains all the information that is required by this Order; and
- (b) the disclosure statement is not false or misleading.

- (2) A statement by the directors as to whether or not each director believes, after due enquiry, that, over the half year accounting period or the off quarter accounting period as applicable,—

- (a) the registered bank has complied with all conditions of registration that applied during that period;
- (b) credit exposures to connected persons (if any) were not contrary to the interests of the registered bank's banking group; and
- (c) the registered bank had systems in place to monitor and control adequately the material risks of the registered bank's banking group including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

**13 Auditor's report or review statement**

- (1) In respect of a half year disclosure statement, a copy of the auditor's report or review statement referred to in clause 20(2) of Part 2.

- (2) In respect of an off quarter disclosure statement, if the disclosure statement has been audited or reviewed by an external auditor, the following:

- (a) a statement of the nature and scope of the audit or review; and
  - (b) a copy of the auditor's report or review statement.
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## Schedule 4—Full year

### Additional financial disclosures

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#### **1 Additional information on statement of financial position**

- (1) The following information in respect of the registered bank and its banking group:
  - (a) total interest earning and discount bearing assets; and
  - (b) total interest and discount bearing liabilities.
- (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

#### **2 Additional information on concentrations of credit risk**

- (1) In disclosing information on concentrations of credit exposure in terms of customer and industry sector in compliance with paragraphs 34(c) and B8 of NZ IFRS 7, the information in subclause (2) in respect of the registered bank and its banking group.
- (2) Separate disclosure of credit risk exposure to the agricultural sector, if material to the registered bank's banking group.
- (3) For the purpose of the disclosure required by subclause (2), if the bank categorises sector credit risk concentrations using the Australian and New Zealand Standard Industrial Classification 2006, the amounts disclosed must relate to subdivision A01 "Agriculture" of that classification.

#### **3 Additional information on interest rate sensitivity**

- (1) In addition to the sensitivity analysis of interest rate risk presented in compliance with NZ IFRS 7, the information in subclause (2) in respect of the registered bank and its banking group.
- (2) An interest rate repricing schedule showing, for each class of financial assets and financial liabilities, contractual repricing or maturity dates, whichever dates are earlier, grouped into maturity bands including at least the following:

Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Not interest- bearing
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**4 Additional information on liquidity risk**

- (1) In addition to the maturity analyses required by NZ IFRS 7 for financial liabilities, maturity analyses for financial assets that show the maturities using the same time bands and on the same basis as the maturity analyses of financial liabilities required by paragraphs 39(a) and (b), and paragraphs B10A to B11D of Appendix B, of NZ IFRS 7.
- (2) In disclosing the maturity analyses of financial liabilities required by NZ IFRS 7 and the maturity analyses of financial assets required by subclause (1), the registered bank must include an “on demand” time band.

**5 Reconciliation of mortgage-related amounts**

- (1) The information in subclause (2) in respect of the registered bank’s banking group as at the balance date.
  - (2) A table providing a reconciliation between any figures disclosed elsewhere in the full year disclosure statement that relate to mortgages on residential property, including but not limited to amounts described by any of the following terms:
    - (a) housing loans;
    - (b) residential mortgages; or
    - (c) retail mortgages.
  - (3) In providing the reconciliation table required by subclause (2), the bank must explain any differences between the numbers, including, if applicable, but not limited to, the following explanations:
    - (a) whether an amount includes lending for the purpose of investment in residential property or only covers owner-occupied housing;
    - (b) whether or not an amount includes any corporate lending secured on residential mortgages; and
    - (c) whether an amount only includes drawn-down loan balances or also includes undrawn lending commitments.
-

## Schedule 5—Half year

### Additional financial disclosures

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#### **1 Additional information on statement of financial position**

(1) The following information in respect of the registered bank's banking group—

- (a) total interest earning and discount bearing assets;
- (b) total interest and discount bearing liabilities;
- (c) the amount of any financial assets that have been pledged as collateral for liabilities or contingent liabilities, presented on a basis that is consistent with any such information disclosed in the financial statements for the most recent full year accounting period and that complies with paragraph 14 of NZ IFRS 7;
- (d) total amounts due from related entities; and
- (e) total amounts due to related entities.

(2) In subclauses (1)(d) and (1)(e), related entities does not include key management personnel of the registered bank's banking group.

#### **2 Additional information on income statement**

Within the interim financial statements included in the half year disclosure statement in accordance with clause 25 of Part 2, either in the income statement or in the explanatory notes, information allowing the following amounts to be separately identified:

- (a) net trading gains or losses;
- (b) if applicable, credit risk adjustments on financial assets at fair value;
- (c) other fair value adjustments not included in the amounts referred to in subclause (b); and
- (d) other operating income excluding amounts referred to in subclauses (a) to (c).

#### **3 Additional information on concentrations of credit risk**

(1) In respect of the registered bank's banking group, information on concentrations of credit exposure in terms of customer and industry sector as if paragraphs 34(c) and B8 of NZ IFRS 7 applied to the half year disclosure statement.

- (2) The information required to be disclosed by subclause (1) must separately show the registered bank's banking group's credit risk exposure to the agricultural sector, if material to the registered bank's banking group.
- (3) For the purpose of the disclosure required by subclause (2), if the bank categorises sector credit risk concentrations using the Australian and New Zealand Standard Industrial Classification 2006, the amounts disclosed must relate to subdivision A01 "Agriculture" of that classification.

#### **4 Additional information on concentrations of funding**

In respect of the registered bank's banking group, information on concentrations of funding in terms of customer and industry sector and in terms of geographical area as if paragraphs 34(c) and B8 of NZ IFRS 7 applied to the half year disclosure statement.

#### **5 Additional information on interest rate sensitivity**

- (1) In respect of the registered bank's banking group, the information on interest rate risk in subclause (2).
- (2) An interest rate repricing schedule showing, for each class of financial assets and financial liabilities, contractual repricing or maturity dates, whichever dates are earlier, grouped into maturity bands including at least the following:

Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Not interest- bearing
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#### **6 Additional information on liquidity risk**

- (1) In respect of the registered bank's banking group, maturity analyses of financial liabilities as if the requirements of paragraphs 39(a) and (b), and paragraphs B10A to B11D of Appendix B, of NZ IFRS 7 applied.
- (2) In respect of the registered bank's banking group, maturity analyses of financial assets using the same time bands and on the same basis as the maturity analyses of financial liabilities required by subclause (1).
- (3) In disclosing the information required by subclauses (1) and (2), the registered bank must include an "on demand" time band in the maturity analyses of the registered bank's banking group's financial assets and liabilities.
- (4) An analysis of financial assets held by the registered bank's banking group for the purpose of managing liquidity risk, presented on a basis that is consistent with any such information disclosed in the financial statements for the most recent full year accounting period and that complies with NZ IFRS 7.

**7 Reconciliation of mortgage-related amounts**

- (1) The information in subclause (2) in respect of the registered bank's banking group as at the reporting date.
  - (2) A table providing a reconciliation between any figures disclosed elsewhere in the half year disclosure statement that relate to mortgages on residential property, including but not limited to amounts described by any of the following terms:
    - (a) housing loans;
    - (b) residential mortgages; or
    - (c) retail mortgages.
  - (3) In providing the reconciliation table required by subclause (2), the bank must explain any differences between the numbers, including, if applicable, but not limited to, the following explanations:
    - (a) whether an amount includes lending for the purpose of investment in residential property or only covers owner-occupied housing;
    - (b) whether or not an amount includes any corporate lending secured on residential mortgages; and
    - (c) whether an amount only includes drawn-down loan balances or also includes undrawn lending commitments.
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## Schedule 6—Off quarters

### Additional financial disclosures

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#### **1 Additional information on statement of financial position**

(1) The following information in respect of the registered bank's banking group as at the off quarter reporting date:

- (a) total interest earning and discount bearing assets;
- (b) total interest and discount bearing liabilities;
- (c) the amount of any financial assets that have been pledged as collateral for liabilities or contingent liabilities, presented on a basis that is consistent with any such information disclosed in the financial statements for the most recent full year accounting period and that complies with paragraph 14 of NZ IFRS 7;
- (d) total amounts due from related entities; and
- (e) total amounts due to related entities.

(2) In paragraphs (d) and (e) of subclause (1), related entities does not include key management personnel of the registered bank's banking group.

#### **2 Additional information on income statement**

Within the interim financial statements included in the off quarter disclosure statement in accordance with clause 25 of Part 2, either in the income statement or in the explanatory notes, information allowing the following amounts to be separately identified:

- (a) net trading gains or losses;
- (b) if applicable, credit risk adjustments on financial assets at fair value;
- (c) other fair value adjustments not included in the amounts referred to in paragraph (b); and
- (d) other operating income excluding amounts referred to in paragraphs (a) to (c).

#### **3 Additional information on liquidity risk**

An analysis of financial assets held by the registered bank's banking group for the purpose of managing liquidity risk, on a consistent basis with any such information provided in financial statements for the most recent full year accounting period in compliance with NZ IFRS 7.

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## Schedule 7—Full year and half year

### Asset quality

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#### 1 Scope of asset quality disclosure

- (1) For the full year disclosure statement, the information on asset quality required to be disclosed under clauses 3 to 8 must—
  - (a) relate to the registered bank and its banking group; and
  - (b) include comparative figures for the previous corresponding period.
- (2) For the half year disclosure statement, the information on asset quality required to be disclosed under clauses 3 to 8 must relate to the registered bank's banking group.

#### 2 Asset quality breakdown by major type of credit exposure

The information that is required to be disclosed under clauses 3 to 8 must be categorised according to the following types of credit exposure:

- (a) if the registered bank has not been accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A), the following:
  - (i) residential mortgage loans;
  - (ii) on balance sheet corporate exposures; and
  - (iii) on balance sheet exposures excluding those referred to by subparagraphs (i) and (ii) and excluding exposures to sovereigns and central banks, multilateral development banks and other international organisations, public sector entities, and banks; and
  - (iv) total credit exposures;
- (b) if the registered bank has been fully accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured primarily in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the following:

- (i) exposures secured by residential mortgages;
- (ii) retail exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B), excluding those referred to by subparagraph (i); and
- (iii) corporate exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B); and
- (iv) total credit exposures; and
- (c) in any other case, the following:
  - (i) residential mortgage loans as defined in the conditions of registration; and
  - (ii) total credit exposures.

### **3 Past due assets**

- (1) The amount of assets that are, as at the reporting date, past due and not impaired, classified according to the following ageing categories:
  - (a) less than 30 days past due;
  - (b) at least 30 days but less than 60 days past due;
  - (c) at least 60 days but less than 90 days past due; and
  - (d) at least 90 days past due.
- (2) To avoid doubt, a registered bank may disclose information in addition to that required by subclause (1) to provide further ageing analysis of past due assets but if additional ageing categories are used the amounts disclosed must be summed to provide the total amounts required to be disclosed by subclause (1).

### **4 Movements in individually impaired assets**

Information on movements in the pre-allowance balance of individually impaired assets over the full year or half year accounting period as applicable, separately disclosing—

- (a) the pre-allowance opening balance;
- (b) additions;
- (c) amounts written off;
- (d) deletions;
- (e) the pre-allowance closing balance; and
- (f) the aggregate amount of individual credit impairment allowances against individually impaired assets at the reporting date.

### **5 Movements in balances of total individual credit impairment allowances**

- (1) Information on movements in the balances of total individual credit impairment allowances over the full year or half year accounting period as applicable, separately disclosing—
  - (a) the opening balance;
  - (b) the charge (credit) to the statement of financial performance for an increase or decrease in individual credit impairment allowances;
  - (c) amounts written off;
  - (d) recoveries of amounts written off in previous periods;



- (e) reversals of previously recognised impairment losses;
  - (f) other movements, and the nature of those other movements; and
  - (g) the closing balance.
- (2) Movements must be reconciled to the charges allocated to the statement of financial performance.

**6 Movements in balance of collective credit impairment allowance**

- (1) Information on movements in the balance of the collective credit impairment allowance over the full year or half year accounting period as applicable, separately disclosing—
- (a) the opening balance;
  - (b) the charge (credit) to the statement of financial performance for increase or decrease in the collective credit impairment allowance;
  - (c) other movements, and the nature of those other movements; and
  - (d) the closing balance.
- (2) Movements must be reconciled to the charges allocated to the statement of financial performance.

**7 Asset quality for financial assets designated at fair value**

- (1) For any financial assets designated as at fair value through profit and loss on which there have been changes in fair value that are attributable to changes in credit risk of the financial asset determined in accordance with NZ IFRS 7 paragraph 9(c), the information in subclause (2).
- (2) The following information on the assets referred to in subclause (1), separately from the equivalent information for individually impaired financial assets—
- (a) movements over the period in the total balance of such assets, following the same breakdown as required for individually impaired assets under clause 4;
  - (b) an analysis of credit risk adjustments on individual financial assets designated at fair value, following the same breakdown as required for total individual credit impairment allowances under clause 5; and
  - (c) an analysis of credit risk adjustments on groups of financial assets designated at fair value, following the same breakdown as required for total collective credit impairment allowances by clause 6.

**8 Other asset quality information**

The following information as at the reporting date:

- (a) the aggregate amount of any undrawn balances on lending commitments to counterparties for whom drawn balances are classified as individually impaired; and
  - (b) the amount of other assets under administration.
-

## Schedule 8—Off quarters

### Asset quality

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4 Asset quality for financial assets designated at fair value .....	535

#### 1 Asset quality breakdown by major type of credit exposure

The information that is required to be disclosed under clauses 2 to 4 must be categorised according to the following types of credit exposure:

- (a) if the registered bank has not been accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A), the following:
  - (i) residential mortgage loans;
  - (ii) on balance sheet corporate exposures; and
  - (iii) on balance sheet exposures excluding those referred to by subparagraphs (i) and (ii) and excluding exposures to sovereigns and central banks, multilateral development banks and other international organisations, public sector entities, and banks; and
  - (iv) total credit exposures;
- (b) if the registered bank has been fully accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured primarily in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the following:
  - (i) exposures secured by residential mortgages;
  - (ii) retail exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B), excluding those referred to by subparagraph (i); and
  - (iii) corporate exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B); and
  - (iv) total credit exposures; and
- (c) in any other case, the following:
  - (i) residential mortgage loans as defined in the conditions of registration; and
  - (ii) total credit exposures.

**2 End-period balances**

- (1) The information in subclause (2) in respect of the registered bank's banking group.
- (2) The following information as at the reporting date:
  - (a) the aggregate amount of individually impaired assets that has been recognised, before deducting allowances for credit impairment loss;
  - (b) the aggregate amount of individual credit impairment allowances;
  - (c) the aggregate amount of collective credit impairment allowances; and
  - (d) the aggregate amount of assets that are at least 90 days past due but not impaired.

**3 Charges to the statement of financial performance**

- (1) The information in subclause (2) in respect of the registered bank's banking group.
- (2) The following information for the off quarter accounting period—
  - (a) the charge (credit) to the statement of financial performance for an increase or decrease in individual credit impairment allowances; and
  - (b) the charge (credit) to the statement of financial performance for an increase or decrease in collective credit impairment allowances.

**4 Asset quality for financial assets designated at fair value**

- (1) For any financial assets designated as at fair value through profit and loss on which there have been changes in fair value that are attributable to changes in credit risk of the financial asset determined in accordance with NZ IFRS 7 paragraph 9(c), the information in subclause (2).
  - (2) The following information on the assets referred to in subclause (1) as at the reporting date—
    - (a) the total balance of such assets, separately from the total amount of individually impaired assets required under clause 2(2)(a);
    - (b) the total value of credit risk adjustments on individual financial assets designated at fair value, separately from the total amount of individual credit impairment allowances required under clause 2(2)(b); and
    - (c) the total value of credit risk adjustments on groups of financial assets designated at fair value, separately from the total amount of collective credit impairment allowances required under clause 2(2)(c).
-

## Schedule 9—Full year and half year

### Capital adequacy under the standardised approach

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#### 1 Capital

- (1) The information in subclause (2)—
- (a) in respect of the capital of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

#### Capital

<b>Tier one capital</b>
Issued and fully paid up ordinary share capital
Perpetual fully paid up non-cumulative preference shares
Revenue and similar reserves
Current period's audited retained earnings
Tier one minority interests
Less: deductions from tier one capital (specify each deduction)
Plus: other adjustments to tier one capital (specify each adjustment)
<b>Total tier one capital</b>
<b>Tier two capital</b>
<i>Upper tier two capital</i>
Unaudited retained profits
Revaluation reserves
Upper tier two capital instruments (specify)
<i>Lower tier two capital</i>
Term subordinated debt
Other capital elements with original maturity of five years or more

<b>Total tier two capital</b>
Tier one capital plus tier two capital
Less: deductions from total capital (specify each deduction)
Plus: other adjustments to total capital (specify each adjustment)
<b>Total capital</b>

## 2 Capital structure

- (1) The information in subclauses (2) to (4) in respect of the registered bank's banking group.
- (2) For each class of equity share capital—
  - (a) whether it is included in tier one capital or tier two capital;
  - (b) the material terms and conditions applying to that class including (but not limited to)—
    - (i) voting rights;
    - (ii) redemption, conversion or capital repayment options or facilities and their relevant terms or conditions;
    - (iii) terms or conditions of any predetermined dividend rate;
    - (iv) provision for any variation or suspension of dividend payments;
    - (v) any maturity date; and
    - (vi) any options granted or to be granted pursuant to any arrangement, the consideration given or to be given, the expiry date for the exercise and the total number of shares subject to such option;
  - (c) the total of cumulative preferred dividends in arrears; and
  - (d) a brief description of any other material terms and conditions of issue of the securities including provisions of related contracts or arrangements.
- (3) For every other class of capital instrument included in capital:
  - (a) whether the class constitutes upper or lower tier two capital;
  - (b) the priority or ranking in point of security, payment or claims of the class; and
  - (c) all other material terms and conditions of issues of the class, including any related contracts or arrangements.
- (4) The nature and amount of each reserve in respect of the registered bank and its banking group.

## 3 Credit risk

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

**Calculation of on-balance-sheet exposures**

	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Cash and gold bullion		0%		
Sovereigns and central banks		0%		
		20%		
		50%		
		100%		
		150%		
Multilateral development banks and other international organisations		0%		
		20%		
		50%		
		100%		
		150%		
Public sector entities		20%		
		50%		
		100%		
		150%		
Banks		20%		
		50%		
		100%		
		150%		
Corporate		20%		
		50%		
		100%		
		150%		
Residential mortgages not past due		35%		
		50%		
		75%		
Past due residential mortgages		100%		
Other past due assets		100%		
		150%		
Equity holdings (not deducted from capital) that are publicly traded		300%		
All other equity holdings (not deducted from capital)		400%		
Other assets		100%		

**Calculation of off-balance sheet exposures**

	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Direct credit substitute		100%				
Asset sale with recourse		100%				
Forward asset purchase		100%				
Commitment with certain drawdown		100%				
Note issuance facility		50%				
Revolving underwriting facility		50%				
Performance-related contingency		50%				
Trade-related contingency		20%				
Placements of forward deposits		100%				
Other commitments where original maturity is more than one year		50%				
Other commitments where original maturity is less than or equal to one year		20%				

	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice		0%				
<b>Market related contracts</b>						
(a) Foreign exchange contracts		n/a				
(b) Interest rate contracts		n/a				
(c) Other – OTC etc		n/a				

- (3) For the purpose of the disclosure required by subclause (2), average risk weight means the exposure-weighted average of the risk weights of individual exposures determined according to the counterparty or type of asset or issuer as appropriate.

#### 4 Additional mortgage information

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - in respect of total residential mortgage loans as used to calculate the registered bank's Pillar 1 capital requirement for credit risk, categorised by loan-to-valuation ratio.
- (2) The following information as at the reporting date:

##### Residential mortgages by loan-to-valuation ratio

Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%
Value of exposures			

- (3) For the purpose of the disclosure required by subclause (2), any residential mortgage loan for which no loan-to-valuation ratio is available must be included in the category for loan-to-valuation ratios that exceed 90%.

#### 5 Credit risk mitigation

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

##### Credit risk mitigation

Exposure class	Total value of on- and off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on- and off-balance sheet exposures covered by guarantees or credit derivatives
Sovereign or central bank		
Multilateral development bank		
Public sector entities		
Bank		
Corporate		
Residential mortgage		
Other		



**6 Operational risk**

- (1) The information in subclause (2)—
- (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

**Operational risk capital requirement**

	Implied risk weighted exposure	Total operational risk capital requirement
Operational risk		

- (3) For the purpose of the disclosure required by subclause (2), implied risk weighted exposure must be calculated as  $12.5 \times$  total operational risk capital requirement.

**7 Market risk end-period capital charges**

- (1) The information in subclause (2)—
- (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

**Market risk**

	Implied risk weighted exposure	Aggregate capital charge
Interest rate risk		
Foreign currency risk		
Equity risk		

- (3) For the purpose of the disclosure required by subclause (2) implied risk weighted exposure must be calculated as  $12.5 \times$  aggregate capital charge.

**8 Market risk peak end-of-day capital charges**

- (1) The information in subclause (2)—
- (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with clause 9.
- (2) The following information in respect of peak end-of-day aggregate capital charges for the half year accounting period or the then remaining part of the full year accounting period (as applicable):

**Market risk**

	Implied risk weighted exposure	Aggregate capital charge
Interest rate risk		
Foreign currency risk		
Equity risk		

- (3) For the purpose of the disclosure required by subclause (2) implied risk weighted exposure must be calculated as  $12.5 \times$  aggregate capital charge.

**9 Method for deriving peak end-of-day aggregate capital charge**

- (1) For the purpose of the disclosure required by clause 8, peak end-of-day aggregate capital charge for each category of market risk is derived by determining the maximum over the relevant period of the aggregate capital charge at the close of each business day derived in accordance with—
  - (a) Capital Adequacy Framework (Standardised Approach) (BS2A); or
  - (b) any other method, but only if the aggregate market risk capital charge derived in accordance with that method is not, in the opinion of the registered bank (such opinion to be based on reasonable grounds), materially lower than the amount derived under paragraph (a).
- (2) A statement of the method used to derive peak end-of-day aggregate capital charge for each category of market risk.

**10 Total capital requirements**

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
Total credit risk + equity			
Operational risk	n/a		
Market risk	n/a		
TOTAL	n/a		

**11 Capital ratios**

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:
  - (a) tier one capital ratio; and
  - (b) total capital ratio.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

**12 Solo capital adequacy**

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank; and
  - (b) derived in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A).
- (2) The following information as at the reporting date:
  - (a) tier one capital ratio; and
  - (b) total capital ratio.

- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

**13 Pillar 2 capital for other material risks**

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:
  - (a) internal capital allocation for other material risks; and
  - (b) a summary description of the risks covered by the internal capital allocation for other material risks.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

**14 Information about ultimate parent bank and ultimate parent banking group**

- (1) If the registered bank is a subsidiary of an ultimate parent bank,—
    - (a) the most recent publicly available information for the following in respect of the registered bank's ultimate parent bank and ultimate parent bank group:
      - (i) the tier one capital ratio;
      - (ii) the total capital ratio; and
      - (iii) the date to which the measures of tier one capital and capital relate; and
    - (b) a statement as to—
      - (i) whether or not the ultimate parent bank or ultimate parent banking group is required by the appropriate banking supervisory authority in its country of domicile to hold minimum capital at least equal to that specified under either the Basel I approach, the Basel II (standardised) approach or the Basel II (internal models based) approach and if so, which; and
      - (ii) to the extent that the information is publicly available, whether or not the ultimate parent bank or ultimate parent bank group meets the requirements imposed on it by the appropriate banking supervisory authority in its country of domicile as at the latest reporting date; and
    - (c) the methods by which users can access Pillar 3 disclosure information, if it has been published, on the implementation of the Basel II capital adequacy framework by the ultimate parent bank or ultimate parent bank group.
  - (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.
-

## Schedule 10—Off quarters

### Capital adequacy under the standardised approach

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#### 1 Capital ratios

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information at the reporting date:
  - (a) tier one capital ratio; and
  - (b) total capital ratio.

#### 2 Capital

- (1) The information in subclause (2)—
  - (a) in respect of the capital of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information at the reporting date:

#### Capital

Tier one capital (before deductions)
Total tier one capital (net of all deductions and adjustments)
Total tier two capital
Total of tier one capital and tier two capital
Deductions from total capital and other adjustments
Capital

#### 3 Pillar 1 capital requirements

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information at the reporting date:

**Pillar 1 capital requirements**

	Pillar 1 capital requirement
<b>On-balance sheet credit risk:</b>	
Residential mortgages (including past due)	
Corporate	
Claims on banks	
Other	
<b>Total on-balance sheet credit risk</b>	
<b>Other capital requirements:</b>	
Off-balance sheet credit exposures	
Operational risk	
Market risk	
<b>Total other capital requirements</b>	
<b>Total Pillar 1 capital requirement</b>	

**4 Additional mortgage information**

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - in respect of total residential mortgage loans as used to calculate the registered bank's Pillar 1 capital requirement for credit risk, categorised by loan-to-valuation ratio.
- (2) The following information at the reporting date:

**Residential mortgages by loan-to-valuation ratio**

Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%
Value of exposures			

- (3) For the purpose of the disclosure required by subclause (2), any residential mortgage loan for which no loan-to-valuation ratio is available must be included in the category for loan-to-valuation ratios that exceed 90%.

**5 Pillar 2 capital for other material risks**

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:
- internal capital allocation for other material risks; and
  - a summary description of the risks covered by the internal capital allocation for other material risks.

## Schedule 11—Full year and half year

### Capital adequacy under the internal models based approach

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#### 1 Capital

- (1) The information in subclause (2)—
  - (a) in respect of the capital of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

#### Capital

<b>Tier one capital</b>
Issued and fully paid up ordinary share capital
Perpetual fully paid up non-cumulative preference shares
Revenue and similar reserves
Current period's audited retained earnings
Tier one minority interests
Less: deductions from tier one capital (specify each deduction)
Plus: other adjustments to tier one capital (specify each adjustment)
<b>Total tier one capital</b>
<b>Tier two capital</b>
<i>Upper tier two capital</i>
Unaudited retained profits
Revaluation reserves
Upper tier two capital instruments (specify)

<b><i>Lower tier two capital</i></b>
Term subordinated debt
Other capital elements with original maturity of five years or more
<b>Total tier two capital</b>
Tier one capital plus tier two capital
Less: deductions from total capital (specify each deduction)
Plus: other adjustments to total capital (specify each adjustment)
<b>Total capital</b>

## **2 Capital structure**

- (1) The information in subclauses (2) to (4) in respect of the registered bank's banking group.
- (2) For each class of equity share capital—
  - (a) whether it is included in tier one capital or upper tier two capital or lower tier two capital;
  - (b) the material terms and conditions applying to that class including (but not limited to)—
    - (i) voting rights;
    - (ii) redemption, conversion or capital repayment options or facilities and their relevant terms or conditions;
    - (iii) terms or conditions of any predetermined dividend rate;
    - (iv) provision for any variation or suspension of dividend payments;
    - (v) any maturity date; and
    - (vi) any options granted or to be granted pursuant to any arrangement, the consideration given or to be given, the expiry date for the exercise and the total number of shares subject to such option; and
  - (c) the total of cumulative preferred dividends in arrears; and
  - (d) a brief description of any other material terms and conditions of issue of the securities including provisions of related contracts or arrangements.
- (3) For every other class of capital instrument included in capital:
  - (a) whether the class constitutes upper tier two capital or lower tier two capital;
  - (b) the priority or ranking in point of security, payment or claims of the class; and
  - (c) all other material terms and conditions of issues of the class, including any related contracts or arrangements.
- (4) The nature and amount of each reserve included in capital for banking group.

## **3 Credit risk subject to the IRB approach**

- (1) The information in subclauses (2) and (4)—
  - (a) in respect of the capital of the registered bank's banking group; and



- (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) For each exposure class where the IRB approach is applied, the following information as at the reporting date:

Name of exposure class					
Exposure-weighted PD grade	Exposure amounts	Exposure-weighted LGD (%) used for the capital calculation	Exposure-weighted risk weight (%)	Risk weighted assets	Minimum capital requirement
Exposure-weighted PD grade 1 (%)					
Exposure-weighted PD grade 2 (%)					
...					
...					
Default PD grade					
AGGREGATE EXPOSURE-WEIGHTED PD GRADE	TOTAL EXPOSURES	AGGREGATE EXPOSURE-WEIGHTED LGD GRADE (%)	AGGREGATE EXPOSURE-WEIGHTED RISK WEIGHT (%)	TOTAL RISK WEIGHTED ASSETS	TOTAL MINIMUM CAPITAL REQUIREMENT

- (3) For the purpose of the disclosure required by subclause (2),—
- (a) the exposure-weighted value in any box in the first, third and fourth column of the table is given by the following formula:

$$\frac{\sum_i (\text{exposure}_i \times \text{multiplier}_i)}{\sum_i (\text{exposure}_i)}$$

where—

- (i) “exposure<sub>*i*</sub>” is the value of the *i*<sup>th</sup> exposure in the relevant box;
  - (ii) “multiplier<sub>*i*</sub>” is the value, as applicable, of the risk-weight, LGD or PD that corresponds to exposure<sub>*i*</sub>; and
  - (iii) “*i*” indexes all exposures for the box.
- (b) the PD grades must either be those used internally for rating exposures in that exposure class or aggregated from those used internally, provided that where PD grades are aggregated:
- (i) the disclosure must be based on a minimum of five non-default aggregated PD grades and one default aggregated PD grade; and
  - (ii) the aggregated PD grades should be reasonably evenly distributed across the range of PD grades used in the internal rating system; and
  - (iii) the PD disclosed for each aggregated grade must be the exposure-weighted average of the PDs included in the aggregation; and
- (c) the exposures disclosed must comprise outstanding loans, and EAD on undrawn commitments and other off-balance sheet exposures that are used in the calculation of regulatory capital.
- (4) For each exposure class the following information as at the reporting date:

- (a) total value of undrawn commitments and other off-balance sheet amounts excluding market related contracts;
  - (b) the total value of market related contracts;
  - (c) the EAD of undrawn commitments and other off-balance sheet amounts; and
  - (d) the EAD of market related contracts.
- (5) For the purpose of the disclosure required by subclauses (2) and (4) the exposure classes to be disclosed are those defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B) except that:
- (a) if qualifying revolving retail exposures are material relative to overall credit exposures, the retail exposure class must be disclosed as if the following three exposure sub-classes of the retail exposure class were each a separate exposure class:
    - (i) exposures secured by residential mortgages;
    - (ii) qualifying revolving retail exposures; and
    - (iii) all other retail lending; and
  - (b) otherwise the retail exposure class must be disclosed as if the following two exposure sub-classes of the retail exposure class were each a separate exposure class:
    - (i) exposures secured by residential mortgages; and
    - (ii) all other retail lending.

#### 4 Additional mortgage information

- (1) The information in subclause (2)—
- (a) in respect of the registered bank's banking group; and
  - (b) in respect of total exposures secured by residential mortgages as used to calculate the Pillar 1 capital requirement for credit risk, categorised by loan-to-valuation ratio.
- (2) The following information as at the reporting date:

##### Residential mortgages by loan-to-valuation ratio

Loan-to-valuation ratio	Does not exceed 60%	Exceeds 60% and not 70%	Exceeds 70% and not 80%	Exceeds 80% and not 90%	Exceeds 90%
Value of exposures					

- (3) For the purpose of the disclosure required by subclause (2)—
- (a) exposure amounts for which no loan-to-valuation ratio is available must be included in the category for loan-to-valuation ratios that exceed 90%;
  - (b) in calculating the total exposure amount in relation to any residential mortgage loan, the registered bank must include the credit equivalent amount of any off-balance sheet exposures as used in the capital calculation; and
  - (c) the valuation used in the calculation of each loan-to-valuation ratio must be the valuation of the associated residential property at the date of origination of the loan.
- (4) A description of the main assumptions used in preparing the information required by subclause (2).

**5 Specialised lending subject to the slotting approach**

- (1) If the slotting approach for specialised lending exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B) is used, the information in subclause (2) in respect of the registered bank's banking group.
- (2) The following information as at the reporting date in respect of specialised exposures subject to the slotting approach:

**On-balance sheet exposures**

Total exposures after credit risk mitigation	Risk weight	Risk weighted assets	Minimum Pillar 1 capital requirement
	70%		
	90%		
	115%		
	250%		

**Off-balance sheet exposures**

	EAD	Average risk weight	Risk weighted assets	Minimum Pillar 1 capital requirement
Undrawn commitments and other off-balance sheet exposures				

- (3) For the purpose of the disclosure required by subclause (2), average risk weight means the EAD-weighted average of the risk weights of individual exposures determined according to the counterparty or type of asset or issuer as appropriate.

**6 Credit risk exposures subject to the standardised approach**

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - in respect of any credit risk exposures that are not subject to the IRB approach or the slotting approach to specialised lending and do not arise from equity holdings.
- (2) The following information as at the reporting date:

**Credit risk exposures subject to the standardised approach****On-balance sheet exposures**

	Total exposure after credit risk mitigation	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Cash and gold bullion				
Sovereigns and central banks				
Multilateral development banks and other international organisations				
Public sector entities				
Banks				
Corporate				
Residential mortgages				
Past due assets				
Other assets				

**Off-balance sheet exposures**

	Total exposure or principal amount	Average credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Total off balance sheet exposures subject to the standardised approach						
<b>Market-related contracts subject to the standardised approach</b>						
(a) Foreign exchange contracts		n/a				
(b) Interest rate contracts		n/a				
(c) Other - OTC etc		n/a				

- (3) For the purpose of the disclosure required by subclause (2)—
- average risk weight means the exposure-weighted average of the risk weights of individual exposures determined according to the counterparty or type of asset or issuer as appropriate; and
  - average credit conversion factor means the exposure-weighted average of the credit conversion factors for individual exposures.

**7 Credit risk mitigation**

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

**Credit risk mitigation**

Exposure class	For portfolios subject to the standardised or foundation IRB approach as defined by BS2B: total value of exposures covered by eligible financial or IRB collateral (after haircutting)	For all portfolios: total value of exposures covered by guarantees or credit derivatives
Sovereign		
Bank		
Corporate (including specialised lending)		
Residential mortgage		
Other		

**8 Equity exposures**

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

**Equity exposures**

	Total exposure	Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Equity holdings (not deducted from capital) that are publicly traded		300%		
All other equity holdings (not deducted from capital)		400%		

**9 Scalar**

- (1) For the purpose of the disclosure required by this Schedule, risk-weighted on- and off-balance sheet credit exposures and capital requirements must be the amounts after multiplying by the scalar (if any) specified in the conditions of registration relating to capital adequacy.
- (2) If applicable,—
- an explanation of which figures disclosed are shown after multiplying by the scalar referred to in subclause (1); and
  - a statement of the value of the scalar.

**10 Operational risk**

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

**Operational risk capital requirement**

Approach implemented:		
	Implied risk weighted exposure	Total operational risk capital requirement
Operational risk		

- (3) For the purpose of the disclosure required by subclause (2)—
- approach implemented means the capital adequacy approach to operational risk implemented by the registered bank in accordance with its conditions of registration relating to capital adequacy;
  - implied risk weighted exposure must be calculated as  $12.5 \times$  total operational risk capital requirement.

**11 Market risk end-period capital charges**

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

**Market risk**

	Implied risk weighted exposure	Aggregate capital charge
Interest rate risk		
Foreign currency risk		
Equity risk		

- (3) For the purpose of the disclosure required by subclause (2) implied risk weighted exposure must be calculated as  $12.5 \times$  aggregate capital charge.

**12 Market risk peak end-of-day capital charges**

- (1) The information in subclause (2)—
- (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with clause 13.
- (2) The following information in respect of peak end-of-day aggregate capital charges for the half year accounting period or for the then remaining part of the full year accounting period (as applicable):

**Market risk**

	Implied risk weighted exposure	Aggregate capital charge
Interest rate risk		
Foreign currency risk		
Equity risk		

- (3) For the purpose of the disclosure required by subclause (2) implied risk weighted exposure must be calculated as 12.5 x aggregate capital charge.

**13 Method for deriving peak end-of-day aggregate capital charge**

- (1) For the purpose of the disclosure required by clause 12, peak end-of-day aggregate capital charge for each category of market risk is derived by determining the maximum over the relevant period of the aggregate capital charge at the close of each business day derived in accordance with—
- (a) Capital Adequacy Framework (Internal Models Based Approach) (BS2B); or
  - (b) any other method, but only if the aggregate market risk capital charge derived in accordance with that method is not, in the opinion of the registered bank (such opinion to be based on reasonable grounds), materially lower than the amount derived under paragraph (a).
- (2) A statement of the method used to derive peak end-of-day aggregate capital charge for each category of market risk.

**14 Total capital requirements**

- (1) The information in subclause (2)—
- (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:

	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Total capital requirement
Total credit risk			
Operational risk	n/a		
Market risk	n/a		
Supervisory adjustment	n/a		
TOTAL	n/a		

- (3) For the purpose of the disclosure required by subclause (2) supervisory adjustment means an additional capital requirement (if any) imposed in the conditions of registration.

**15 Basel II capital ratios**

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:
  - (a) tier one capital ratio; and
  - (b) total capital ratio.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

**16 Solo capital adequacy**

- (1) The information in subclause (2) must be determined in accordance with the Capital Adequacy Framework (Basel I Approach) (BS2).
- (2) The following information as at the reporting date for the registered bank:
  - (a) tier one capital ratio; and
  - (b) total capital ratio.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

**17 Pillar 2 capital for other material risks**

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:
  - (a) internal capital allocation for other material risks; and
  - (b) a summary description of the risks covered by the internal capital allocation for other material risks.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

**18 Information about ultimate parent bank and ultimate parent banking group**

- (1) If the registered bank is a subsidiary of an ultimate parent bank,—
  - (a) the most recent publicly available information for the following in respect of the registered bank's ultimate parent bank and ultimate parent bank group:
    - (i) tier one capital ratio;
    - (ii) total capital ratio; and
    - (iii) the date to which the measures of tier one capital and capital relate; and



- (b) a statement as to—
    - (i) whether or not the ultimate parent bank or ultimate parent banking group is required by the appropriate banking supervisory authority in its country of domicile to hold minimum capital at least equal to that specified under either the Basel I approach, or the Basel II (standardised) approach, or the Basel II (internal models based) approach and if so, which; and
    - (ii) to the extent that the information is publicly available, whether or not the ultimate parent bank or ultimate parent bank group meets the requirements imposed on it by the appropriate banking supervisory authority in its country of domicile as at the latest reporting date; and
  - (c) the methods by which users can access Pillar 3 disclosure information, if it has been published, on the implementation of the Basel II capital adequacy framework by the ultimate parent bank or ultimate parent bank group.
- (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.
-

## Schedule 12—Off quarters

### Capital adequacy under the internal models based approach

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#### 1 Basel II capital ratios

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information at the reporting date:
  - (a) tier one capital ratio; and
  - (b) total capital ratio.

#### 2 Capital

- (1) The information in subclause (2)—
  - (a) in respect of the capital of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information at the reporting date:

#### Capital

Tier one capital (before deductions)
Total tier one capital (net of all deductions and adjustments)
Total tier two capital
Total of tier one capital and tier two capital
Deductions from total capital and other adjustments
Capital

#### 3 Credit risk subject to the IRB approach

- (1) The information in subclause (2)—
  - (a) in respect of the capital of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) For each exposure class where the IRB approach is applied, the following information at the reporting date:

Name of exposure class	Total minimum capital requirement for that exposure class
------------------------	-----------------------------------------------------------

- (3) For the purpose of the disclosure required by subclause (2) the exposure classes to be disclosed are those defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B) except that:
- (a) if qualifying revolving retail exposures are material relative to overall credit exposures, the retail exposure class must be disclosed as if the following three exposure sub-classes of the retail exposure class were each a separate exposure class:
    - (i) lending secured by mortgages over residential property;
    - (ii) qualifying revolving retail exposures; and
    - (iii) all other retail lending; and
  - (b) otherwise the retail exposure class must be disclosed as if the following two exposure sub-classes of the retail exposure class were each a separate exposure class:
    - (i) lending secured by mortgages over residential property; and
    - (ii) all other retail lending.

#### **4 Other credit risk capital requirements**

- (1) The information in subclause (2) at the reporting date in respect of the registered bank's banking group.
- (2) The total capital requirement for credit risk not subject to the IRB approach, calculated as the sum of the following amounts—
  - (a) if the registered bank uses the slotting approach for specialised lending exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the total Pillar 1 capital requirement for specialised exposures subject to the slotting approach;
  - (b) the total Pillar 1 capital requirement for equity exposures derived in accordance with the conditions of registration relating to capital adequacy; and
  - (c) the total Pillar 1 capital requirement for any other credit risk exposures that are not subject to the IRB approach.

#### **5 Scalar**

- (1) For the purpose of the disclosure required by this Schedule, capital requirements must be the amounts after multiplying by the scalar (if any) specified in the conditions of registration relating to capital adequacy.
- (2) If applicable,—
  - (a) an explanation of which figures disclosed are shown after multiplying by the scalar referred to in subclause (1); and
  - (b) a statement of the value of the scalar.

#### **6 Capital requirements for other risks**

- (1) The information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and

- (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information at the reporting date:

	Total capital requirement
Operational risk	
Market risk	
Supervisory adjustment	

- (3) For the purpose of the disclosure required by subclause (2), supervisory adjustment means an additional capital requirement (if any) imposed in the conditions of registration.

## 7 Additional mortgage information

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - in respect of total exposures secured by residential mortgages as used to calculate the registered bank's Pillar 1 capital requirement for credit risk, categorised by loan-to-valuation ratio.
- (2) The following information at the reporting date:

### Residential mortgages by loan-to-valuation ratio

Loan-to-valuation ratio	Does not exceed 60%	Exceeds 60% and not 70%	Exceeds 70% and not 80%	Exceeds 80% and not 90%	Exceeds 90%
Value of exposures					

- (3) For the purpose of the disclosure required by subclause (2)—
- exposure amounts for which no loan-to-valuation ratio is available must be included in the category for loan-to-valuation ratios that exceed 90%;
  - in calculating the total exposure amount in relation to any residential mortgage loan, the registered bank must include the credit equivalent amount of any off-balance sheet exposures as used in the capital calculation; and
  - the valuation used in the calculation of each loan-to-valuation ratio must be the valuation of the associated residential property at the date of origination of the loan.
- (4) A description of the main assumptions used in preparing the information required by subclause (2).

## 8 Pillar 2 capital for other material risks

- (1) The information in subclause (2)—
- in respect of the registered bank's banking group; and
  - derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the reporting date:
- internal capital allocation for other material risks; and
  - a summary description of the risks covered by the internal capital allocation for other material risks.

## Schedule 13—All periods

### Concentration of credit exposures to individual counterparties

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#### 1 Credit exposure information: general requirements

In this Schedule, credit exposure information must be disclosed either on the basis of—

- (a) actual credit exposures; or
- (b) internal limits that were not materially exceeded between the reporting date for the previous disclosure statement and the reporting date for the disclosure statement.
- (c) A statement of the method used for disclosing the credit exposure information required by this Schedule.

#### 2 Calculation of credit exposure information

The credit exposure information required by this Schedule must—

- (a) be calculated as the amount that best represents the registered bank's banking group's maximum exposure to credit risk taking account of the guidance in paragraphs B9 and B10 of NZ IFRS 7;
- (b) exclude credit exposures to connected persons;
- (c) exclude credit exposures to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent; and
- (d) exclude credit exposures to any bank with a long-term credit rating of A- or A3 or above, or its equivalent.

#### 3 Large exposures at the reporting date

(1) The information in subclauses (2) and (4)—

- (a) as at the reporting date; and
- (b) in successive ranges of 5% of the registered bank's banking group's equity, commencing at 10% of equity.

(2) The number of bank counterparties described by subclause (3) to which the registered bank's banking group has an aggregate credit exposure that equals or exceeds 10% of the registered bank's banking group's equity, showing separately—

- (a) those counterparties that have a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent, and

- (b) if applicable—
  - (i) those counterparties that have a long-term credit rating lower than BBB- or Baa3, or its equivalent; and
  - (ii) those counterparties that do not have a long-term credit rating.
- (3) A counterparty is a bank counterparty if it is—
  - (a) a bank that is not a member of a group of closely related counterparties; or
  - (b) a group of closely related counterparties of which a bank is the parent.
- (4) The number of non-bank counterparties described by subclause (5) to which the registered bank's banking group has an aggregate credit exposure that equals or exceeds 10% of the registered bank's banking group's equity, showing separately—
  - (a) those counterparties that have a long-term credit rating of A- or A3 or above, or its equivalent;
  - (b) those counterparties that have a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent; and
  - (c) if applicable—
    - (i) those counterparties that have a long-term credit rating lower than BBB- or Baa3, or its equivalent; and
    - (ii) those counterparties that do not have a long-term credit rating.
- (5) A counterparty is a non-bank counterparty if it is—
  - (a) a non-bank that is not a member of a group of closely related counterparties; or
  - (b) a group of closely related counterparties of which a bank is not the parent.

#### **4 Peak end-of-day aggregate credit exposure**

- (1) The information in subclauses (2) and (4)—
  - (a) in respect of peak end-of-day aggregate credit exposure for the period between the reporting date for the previous disclosure statement and the reporting date for the disclosure statement; and
  - (b) in successive ranges of 5% of the registered bank's banking group's equity, commencing at 10% of equity.
- (2) The number of bank counterparties described by subclause (3) to which the registered bank's banking group has a peak end-of-day aggregate credit exposure that equals or exceeds 10% of the registered bank's banking group's equity, showing separately—
  - (a) those counterparties that have a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent; and
  - (b) if applicable—
    - (i) those counterparties that have a long-term credit rating lower than BBB- or Baa3, or its equivalent; and

- (ii) those counterparties that do not have a long-term credit rating.
- (3) A counterparty is a bank counterparty if it is—
  - (a) a bank that is not a member of a group of closely related counterparties; or
  - (b) a group of closely related counterparties of which a bank is the parent.
- (4) The number of non-bank counterparties described by subclause (5) to which the registered bank's banking group has a peak end-of-day aggregate credit exposure that equals or exceeds 10% of the registered bank's banking group's equity, showing separately—
  - (a) those counterparties that have a long-term credit rating of A- or A3 or above, or its equivalent;
  - (b) those counterparties that have a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent; and
  - (c) if applicable—
    - (i) those counterparties that have a long-term credit rating lower than BBB- or Baa3, or its equivalent; and
    - (ii) those counterparties that do not have a long-term credit rating.
- (5) A counterparty is a non-bank counterparty if it is—
  - (a) a non-bank that is not a member of a group of closely related counterparties; or
  - (b) a group of closely related counterparties of which a bank is not the parent.

## **5 Method of calculating peak end-of-day aggregate credit exposure**

For the purposes of clause 4, peak end-of-day aggregate credit exposure to an individual counterparty or a group of closely related counterparties for the period between the reporting date for the previous disclosure statement and the reporting date for the disclosure statement is derived by—

- (a) determining the maximum end-of-day aggregate amount of credit exposure over the period; and
- (b) then dividing that amount by the registered bank's banking group's equity as at the reporting date for the disclosure statement.

## **6 Meaning of credit rating**

- (1) For the purposes of clauses 2 to 4, **credit rating** means a credit rating that meets the criteria in subclause (2) and that,—
  - (a) in the case of a group of closely related counterparties, applies to the entity heading the group of closely related counterparties; or
  - (b) in the case of an individual counterparty (excluding a member of a group of closely related counterparties), applies to the individual counterparty.



- (2) The following criteria:
    - (a) a credit rating that applies to—
      - (i) the relevant entity's long term senior unsecured obligations payable in New Zealand, in New Zealand dollars; or
      - (ii) the relevant entity's long term senior unsecured foreign currency obligations:
    - (b) a credit rating given by a rating agency that has been approved by the Reserve Bank of New Zealand under section 80 of the Act.
  - (3) If an entity has 2 or more credit ratings that meet the criteria in subclauses (1) and (2) and those credit ratings are not the same, then the lowest credit rating applies.
-

## Schedule 14—Full year

### Credit exposures to connected persons

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#### **1 Credit exposure information: general requirements**

- (1) In this Schedule, credit exposure information must be disclosed on the basis of actual credit exposures.
- (2) The information that is required to be disclosed under this Schedule must be derived in accordance with the registered bank's conditions of registration relating to credit exposures to connected persons and Connected Exposures Policy (BS8).

#### **2 Aggregate credit exposure**

- (1) The information in subclause (2)—
  - (a) as at the balance date; and
  - (b) in respect of peak end-of-day aggregate credit exposure for the full year accounting period.
- (2) The aggregate credit exposure (of a non-capital nature and net of individual credit impairment allowances) of the registered bank's banking group to—
  - (a) connected persons expressed both as an amount and as a percentage of tier one capital; and
  - (b) non-bank connected persons expressed both as an amount and as a percentage of tier one capital.

#### **3 Credit exposure to connected persons**

- A statement that the information on credit exposure to connected persons—
- (a) has been derived in accordance with the registered bank's conditions of registration and Connected Exposures Policy (BS8) and is net of individual credit impairment allowances; and
  - (b) excludes advances to connected persons of a capital nature.

**4 Peak end-of-day aggregate exposure**

- (1) For the purposes of this Schedule, peak end-of-day aggregate credit exposure to connected persons as a ratio to tier one capital for the full year accounting period is derived by—
- (a) determining the maximum end-of-day aggregate amount of credit exposure over the accounting period; and
  - (b) then dividing that amount by—
    - (i) the registered bank's banking group's tier one capital as at the reporting date; or
    - (ii) the registered bank's banking group's tier one capital at the date the maximum end-of-day aggregate amount of credit exposure occurred.
- (2) A statement of the method used to derive peak ratio information.

**5 Rating-contingent limit**

The following information:

- (a) the rating-contingent limit that applies to the registered bank's banking group as at the balance date;
- (b) a statement as to whether any limit changes have occurred over the full year accounting period, and if so, the nature of those changes, and the dates on which they occurred; and
- (c) a statement that, within the overall rating-contingent limit, there is a sub-limit of 15% of tier one capital that applies to the aggregate credit exposure to non-bank connected persons.

**6 Additional requirements for aggregate credit exposure to connected persons**

- (1) A statement as to whether aggregate credit exposure to connected persons has been calculated on a gross or a bilateral net basis.
- (2) If any part of the calculation has been undertaken on a bilateral net basis, the following additional information:
- (a) in respect of aggregate credit exposure to connected persons as at the balance date, and in respect of peak end-of-day aggregate credit exposure to connected persons over the full year accounting period—
    - (i) the gross amount, as a percentage of tier one capital, before any netting has taken place; and
    - (ii) the amount, as a percentage of tier one capital, that has been netted off in determining the net exposure; and
  - (b) a statement that there is a limit of 125% of banking group tier one capital in respect of the gross amount of aggregate credit exposure to connected persons that can be netted off in determining the net exposure.

**7 Aggregate amount of contingent exposures arising from risk lay-off arrangements**

A statement of the aggregate amount of contingent exposures of the registered bank's banking group to connected persons arising from risk lay-off arrangements in respect of credit

exposures to counterparties (excluding counterparties that are connected persons) as at the balance date.

**8 Aggregate amount of individual credit impairment allowances against credit exposures to connected persons**

A statement of the aggregate amount of the registered bank's banking group's individual credit impairment allowances provided against credit exposures to connected persons as at the balance date.

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## Schedule 15—Full year

### Insurance business, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

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#### 1 Insurance products

- (1) In this Schedule, insurance products relate to insurance contracts which constitute insurance business.
- (2) Information disclosed under clauses 6 to 9 relating to entities on whose behalf the registered bank's banking group markets or distributes insurance products is required only in respect of affiliated insurance entities or affiliated insurance groups.

#### 2 Insurance business

A statement on whether or not the registered bank's banking group conducts any insurance business, and if it does, the following information:

- (a) the aggregate amount of insurance business as at the balance date, where the amount so disclosed is calculated in accordance with the registered bank's conditions of registration;
- (b) an explanation of how the registered bank's banking group manages its insurance business, including information on whether—
  - (i) any insurance business is conducted in special purpose subsidiaries whose business activities predominantly comprise insurance business, and if so, the name of each of those subsidiaries, and a description of the insurance business conducted in each subsidiary; and
  - (ii) in relation to any other member of the registered bank's banking group, any insurance business is accounted for in its statement of financial position, and if so—

- (A) the name of that member;
  - (B) whether or not the assets relating to that member's insurance business are managed and accounted for as separate funds; and
  - (C) a description of the insurance business conducted by that member; and
- (c) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraph (a).

**3 Banking group's involvement in securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products**

A statement of the nature of the registered bank's banking group's involvement in—

- (a) the establishment, marketing, or sponsorship of trust, custodial, funds management, and other fiduciary activities;
- (b) the origination of securitised assets, and the marketing or servicing of securitisation schemes; and
- (c) the marketing and distribution of insurance products.

**4 Arrangements to ensure no adverse impacts arising from the activities specified in clause 3**

A statement on whether or not arrangements have been put in place to ensure that difficulties arising from the activities specified in clause 3 would not impact adversely on the registered bank's banking group, and if so, the nature of those arrangements.

**5 Amounts represented by activities specified in clause 3(a) and (b)**

- (1) A statement of the amount as at the balance date of—
  - (a) funds held in trust by any member of the registered bank's banking group;
  - (b) funds under management by any member of the registered bank's banking group;
  - (c) funds under custodial arrangements by any member of the registered bank's banking group (to the extent practicable);
  - (d) other funds held or managed subject to fiduciary responsibilities by any member of the registered bank's banking group; and
  - (e) outstanding securitised assets originated by any member of the registered bank's banking group.
- (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

**6 Financial services provided to entities conducting activities specified in clause 3**

A statement on whether or not over the accounting period financial services provided by any member of the registered bank's banking group to entities that conduct the activities specified in clause 3(a) or (b), or on whose behalf the registered bank's banking group conducts the activities specified in clause 3(c), have been provided on arms length terms and conditions and at fair value.

**7 Assets purchased from entities conducting activities specified in clause 3**

A statement on whether or not over the accounting period assets purchased by any member of the registered bank's banking group from entities that conduct the activities specified in clause 3, or on whose behalf the registered bank's banking group conducts the activities specified in clause 3(c), have been purchased on arms length terms and conditions and at fair value.

**8 Funding provided to entities in aggregate and individually**

- (1) The information in subclauses (2) and (3) in respect of entities that conduct the activities specified in clause 3 or on whose behalf the registered bank's banking group conducts the activities specified in clause 3(c).
- (2) The peak end-of-day aggregate amount of funding the registered bank's banking group has provided over the full year accounting period to all such entities, expressed as an amount and as a percentage of the registered bank's banking group's tier one capital.
- (3) The peak end-of-day aggregate amount of funding the registered bank's banking group has provided over the full year accounting period to each such entity individually, expressed as an amount and as a percentage of the amount of assets of the individual entity.
- (4) The information that is required to be disclosed under this clause must include comparative figures for the previous corresponding period.

**9 Method for deriving peak end-of-day amount of funding in aggregate and individually in clause 8**

- (1) For the purposes of clause 8 the peak end-of-day aggregate amount of funding provided to any entity involved in activities specified in clause 3, or on whose behalf the registered bank's banking group conducts the activities specified in clause 3(c), includes funding provided by the purchase of securities issued by the entity.



- (2) For the purposes of clause 8, the peak end-of-day aggregate amount of funding is the maximum end-of-day aggregate amount of funding over the full year accounting period, divided by—
    - (a) in the case of clause 8(2), the registered bank's banking group's tier one capital as at the balance date;
    - (b) in the case of clause 8(3), the total assets as at the balance date of the individual entity to which the registered bank's banking group has provided funding.
  - (3) A statement of the methods used to derive peak ratio information.
-

## Schedule 16—Half year and off quarters

### Insurance business, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

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#### **1 Insurance products**

- (1) In this Schedule, insurance products relate to insurance contracts which constitute insurance business.
- (2) Information disclosed under clauses 5 and 6 relating to entities on whose behalf the registered bank's banking group markets or distributes insurance products is required only in respect of affiliated insurance entities or affiliated insurance groups.

#### **2 Insurance business**

A statement on whether or not the registered bank's banking group conducts any insurance business, and if it does, the following information:

- (a) the aggregate amount of insurance business as at the reporting date, where the amount so disclosed is calculated in accordance with the registered bank's conditions of registration; and
- (b) if, since the reporting date for the previous disclosure statement, there have been material changes in the registered bank's banking group's approach to managing its insurance business, a description of the nature of those changes.

#### **3 Banking group's involvement in securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products**

- (1) The information in subclause (2) if, since the reporting date for the previous disclosure statement, there has been a material change in the nature of the registered bank's banking group's involvement in—

- (a) the establishment, marketing, or sponsorship of trust, custodial, funds management, and other fiduciary activities; or
  - (b) the origination of securitised assets, and the marketing or servicing of securitisation schemes; or
  - (c) the marketing and distribution of insurance products.
- (2) A statement of the nature of any changes in the registered bank's banking group's involvement in the activities specified in subclause (1).

**4 Arrangements to ensure no adverse impacts arising from the activities specified in clause 3(1)**

If, since the reporting date for the previous disclosure statement, there has been a material change in any arrangements which have been put in place to ensure that difficulties arising from the activities specified in clause 3(1) would not impact adversely on the registered bank's banking group, a statement of the nature of the changes.

**5 Financial services provided to entities conducting activities specified in clause 3(1)**

If over the half year accounting period or off quarter accounting period as applicable, financial services provided by any member of the registered bank's banking group to entities that conduct the activities specified in clause 3(1)(a) or (b), or on whose behalf the registered bank's banking group conducts the activities specified in clause 3(1)(c), have been provided other than on arms length terms and conditions and at fair value, a statement to that effect.

**6 Assets purchased from entities conducting activities specified in clause 3(1)**

If over the half year accounting period or off quarter accounting period as applicable, assets purchased by any member of the registered bank's banking group from entities that conduct the activities specified in clause 3(1), or on whose behalf the registered bank's banking group conducts the activities specified in clause 3(1)(c), have been purchased other than on arms length terms and conditions and at fair value, a statement to that effect.

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## Schedule 17—Full year

### Risk management policies

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#### 1 Categories of risk

Clause 2 applies to the following categories of risk:

- (a) credit risk, including concentrations of credit risk, intra-day credit risk, credit risk to bank counterparties and related party credit risk;
- (b) currency risk;
- (c) interest rate risk;
- (d) equity risk;
- (e) liquidity risk;
- (f) operational risk; and
- (g) any other material risk to which the registered bank's banking group is exposed.

#### 2 Information about risk

- (1) A general description of the registered bank's banking group's risk management objectives, policies, strategies and processes, to the extent not otherwise disclosed to comply with paragraph 33 of NZ IFRS 7.
- (2) The following information in respect of each of the categories of risk set out in clause 1, to the extent not otherwise disclosed to comply with paragraph 33 of NZ IFRS 7:
  - (a) an explanation of the nature of the risk and the activities of the registered bank's banking group which give rise to that risk;
  - (b) an explanation of the structure and organisation of the relevant risk management function;
  - (c) a general description of the relevant processes for identifying, measuring and monitoring exposure to the risk, including the frequency with which exposures are monitored and reported; and
  - (d) a general description of the systems and procedures for controlling the risk, including (if applicable)—
    - (i) whether exposure limits are employed;
    - (ii) any policies with respect to collateral or other security;

- (iii) any policies on the use of financial instruments to mitigate or hedge risks; and
- (iv) strategies and processes for monitoring the continuing effectiveness of hedges and other mitigants.

### **3 Capital adequacy**

A summary discussion of the following matters, to the extent not otherwise disclosed to comply with paragraph 134 of NZ IAS 1:

- (a) the registered bank's banking group's approach to assessing the adequacy of its capital to support current and future activities; and
- (b) the role that directors and senior management take in the capital management process.

### **4 Reviews of banking group's risk management systems**

A statement as to—

- (a) the nature and frequency of any reviews conducted in respect of the registered bank's banking group's risk management systems; and
- (b) whether or not any such reviews were conducted by a party external to the registered bank's banking group, ultimate parent bank, or ultimate holding company.

### **5 Internal audit function of banking group**

- (1) A statement on whether or not the registered bank's banking group has an internal audit function.
- (2) If the registered bank's banking group has an internal audit function, a statement describing—
  - (a) the nature and scope of the internal audit function, including type and frequency of audits;
  - (b) the reporting responsibilities of the internal audit function; and
  - (c) whether or not there is a board audit committee or other separate board committee covering audit matters, and if so, the nature and scope of that committee's responsibilities.

### **6 Measurement of impaired assets**

- (1) The information in subclause (2), to the extent not otherwise disclosed to comply with paragraph 21 of NZ IFRS 7.
- (2) A description of approaches followed for individual and collective allowance for impaired assets, and any statistical methods used in assessing asset impairment, including the following information:
  - (a) the circumstances and criteria under which financial assets are assessed individually;
  - (b) the circumstances and criteria under which financial assets are assessed collectively with other financial assets;
  - (c) the frequency of assessing impairment; and
  - (d) how recoverable amounts are calculated.

**7 Credit risk mitigation**

Where applicable, the following information, to the extent not otherwise disclosed to comply with paragraph 33 of NZ IFRS 7:

- (a) the policies and processes for on- and off-balance sheet netting;
- (b) an indication of the extent to which the registered bank's banking group makes use of on- and off-balance sheet netting;
- (c) whether the simple or comprehensive method is used to measure the mitigating effects of collateral;
- (d) the main types of guarantor and credit derivative counterparty and their creditworthiness; and
- (e) any material market and credit risk concentrations that might arise as a result of the mitigation taken.

**8 Additional information about credit risk**

- (1) If a registered bank has partly, but not fully adopted the Foundation Internal Ratings Based (IRB) approach or the Advanced IRB approach to credit risk, the following information:

- (a) a description of the nature of credit exposures within each exposure class subject to the Standardised, Foundation, and Advanced IRB approaches; and
- (b) if relevant, management's plans and timing for migrating credit exposures to full implementation of the applicable approach.

- (2) If a registered bank has implemented the Foundation IRB approach or Advanced IRB approach to credit risk, information giving a broad overview of the model approaches and methods used for the estimation of Probability of Default and, if relevant, Loss Given Default and Exposure at Default, for the following exposure classes or sub-classes as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B):

- (a) any exposure class other than the retail exposure class which includes exposures of a material total value;
- (b) exposures classified as retail mortgage lending by the registered bank for the purpose of its internal credit risk modelling; and
- (c) retail exposures other than those referred to in paragraph (b).

**9 Additional information about operational risk**

If a registered bank has implemented the Advanced Measurement Approach to operational risk, the following information:

- (a) a general description of the methodology used in the advanced measurement approach including a discussion of relevant internal and external factors considered in the bank's measurement approach, and whether economic capital is allocated across business lines; and

- (b) a description of the use of insurance for the purposes of mitigating operational risk.

**10 Controls surrounding credit risk rating systems**

If the registered bank has implemented the Advanced IRB approach or Foundation IRB approach to credit risk, a discussion of the control mechanisms for the rating systems used to measure credit risk, covering independence, accountability, and rating systems reviews.

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## Schedule 18—Half year and off quarters

### Risk management policies

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#### 1 Categories of risk

Clause 2 applies if, since the reporting date for the previous disclosure statement, there has been a material change in the registered bank's banking group's policies for managing any of the following risks:

- (a) credit risk, including concentrations of credit risk, intra-day credit risk, credit risk to bank counterparties and related party credit risk;
- (b) currency risk;
- (c) interest rate risk;
- (d) equity risk;
- (e) liquidity risk;
- (f) operational risk; and
- (g) any other material risk to which the registered bank's banking group is exposed.

#### 2 Information about risks

- (1) A statement of the nature of the changes in the registered bank's banking group's policies for managing the risks specified in clause 1.
- (2) If, since the reporting date for the previous disclosure statement, the registered bank's banking group has become exposed to a new category of risk specified in clause 1 to which the registered bank's banking group was not previously exposed, the following information:
  - (a) the nature of that risk and the activities of the registered bank's banking group that caused the risk;
  - (b) the methods used to identify and monitor exposure to that risk, including the frequency with which exposures are monitored; and
  - (c) the systems and procedures for controlling that risk, including (if applicable)—
    - (i) whether exposure limits are employed; and
    - (ii) any policies with respect to collateral or other security; and
    - (iii) any policies on the use of financial instruments to mitigate or hedge risks.

**Explanatory note**

*This note is not part of the order, but is intended to indicate its general effect.*

The operative provisions of this Order come into force on 31 March 2012. This Order replaces the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order (No 4) 2011.

The purpose of this Order is to give legal effect to the current versions of material incorporated by reference in reliance on section 81AA and in accordance with Schedule 3 of the Reserve Bank of New Zealand Act 1989.

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This Order in Council is administered in the Reserve Bank of New Zealand.

# Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2012

JERRY MATEPARAE, Governor-General

## Order in Council

At Wellington this 20th day of February 2012

Present:

His Excellency the Governor-General in Council

Pursuant to section 81 of the Reserve Bank of New Zealand Act 1989, His Excellency the Governor-General, acting on the advice and with the consent of the Executive Council and on the advice of the Minister of Finance given in accordance with a recommendation of the Reserve Bank of New Zealand, makes the following Order.

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## Order

### 1 Title

This Order is the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2012.

### 2 Commencement

This Order comes into force on 31 March 2012 except clause 27 which comes into force on 30 March 2012.

### 3 Application

This Order applies to a registered bank that is incorporated outside New Zealand.

### 4 Interpretation

(1) In this Order, unless the context otherwise requires,—

**Act** means the Reserve Bank of New Zealand Act 1989

**address for service**, in relation to—

- (a) an individual, means the address of their usual place of business in New Zealand or, if no such address exists, the address of their usual place of business outside New Zealand;
- (b) a company, means the address for service adopted by the company under section 192 of the Companies Act 1993; or
- (c) any other entity, means the address of its principal office or principal place of business in New Zealand or, if no such address exists, its principal office or principal place of business outside New Zealand

**allowance for credit impairment loss** means an amount which has been created against identified credit losses or in respect of an identified deterioration in the value of any asset or class of asset attributable to an increase in credit risk as set out in NZ IAS 39 paragraphs 58 to 62

**applicable financial reporting standard** has the same meaning as in section 2(1) of the Financial Reporting Act 1993

**banking group**, in relation to a registered bank,—

- (a) means the financial reporting group; or
- (b) if the Reserve Bank has, by notice in writing to the registered bank, after consultation with the registered bank, agreed to or required the inclusion or exclusion of any entity or any part of any entity, means the financial reporting group including or excluding that entity or that part of that entity, as the case may be

**branch** means the New Zealand business of a registered bank

**capital**, in clause 7 of Schedule 2, in relation to an overseas banking group, means the amount of capital held by the overseas banking group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on the overseas banking group

**Capital Adequacy Framework (Basel I Approach) (BS2)** means the Reserve Bank document entitled “Capital Adequacy Framework (Basel I Approach) (BS2)”

**Capital Adequacy Framework (Standardised Approach) (BS2A)** means the Reserve Bank document entitled “Capital Adequacy Framework (Standardised Approach) (BS2A)”

**collective credit impairment allowance** means an allowance for credit impairment loss on groups of financial assets

**company**—

- (a) has the same meaning as in section 2(1) of the Companies Act 1993; and
- (b) includes an overseas company within the meaning of that section

**conditions of registration**, in relation to a registered bank, means the conditions of registration imposed on the registered bank by the Reserve Bank under section 74 of the Act

**country of domicile** for a registered bank is either—

- (a) the country or jurisdiction determined by the Reserve Bank and notified to the registered bank; or
- (b) if paragraph (a) does not apply, the country that falls into the greatest number of the following categories:
  - (i) the country of its home supervisor for banking supervisory purposes;
  - (ii) the country in which it is incorporated;
  - (iii) the country of its principal place of business outside New Zealand; and
  - (iv) the country in which its head office is located

**credit rating** is defined in clause 7 of Schedule 10 for the purposes of Schedule 10

**credit risk** has the same meaning as in NZ IFRS 7

**currency risk** has the same meaning as in NZ IFRS 7

**equity** has the same meaning as “equity” in the “New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting”

**equity risk** means the risk arising from changes in the prices of equity instruments

**fair value** has the same meaning as in NZ IAS 32

**financial asset** has the same meaning as in NZ IAS 32

**financial instrument** has the same meaning as in NZ IAS 32

**financial liability** has the same meaning as in NZ IAS 32

**financial reporting group** means the New Zealand business of all the members of the registered bank’s group, where group has the same meaning as in section 2(1) of the Financial Reporting Act 1993

**generally accepted accounting practice** has the same meaning as in section 3 of the Financial Reporting Act 1993

**government guarantee** means a guarantee of all or some of a registered bank’s obligations, or a similar arrangement, provided—

- (a) by the New Zealand government under a guarantee or similar arrangement; or
- (b) by a sovereign authority in an overseas jurisdiction

**group of closely related counterparties** means a group of legal or natural persons who are related in such a way that—

- (a) the financial soundness of any one of them may materially affect the financial soundness of the others;
- (b) one has the power to control the others; or

- (c) one has the capacity to exercise significant influence over the others

**holding company** has the same meaning as in section 5 of the Companies Act 1993

**immediate relative**, in relation to any person, means their spouse, civil union partner, or de facto partner (as defined in the Property (Relationships) Act 1976), and any parent, brother, sister or child, in each case whether or not adoptive, of that person or of their spouse, civil union partner or de facto partner

**independent director**, in relation to a registered bank, means a director who is not—

- (a) an employee of the registered bank; or
- (b) a director, trustee, or employee of—
  - (i) a holding company of the registered bank; or
  - (ii) any other entity capable of controlling or significantly influencing the registered bank

**individual credit impairment allowance** means an allowance for credit impairment loss on individual assets

**individually impaired asset** means a financial asset that is individually determined to be impaired in accordance with NZ IAS 39 paragraphs 58 to 62

**insurance business**, in relation to a registered bank, has the same meaning as in the conditions of registration for the registered bank

**interest rate risk** has the same meaning as in NZ IFRS 7

**issuer** has the same meaning as in section 4 of the Financial Reporting Act 1993

**key management personnel** has the same meaning as in NZ IAS 24

**material**,—

- (a) in relation to a statement, fact or item to which generally accepted accounting practice applies, has the meaning given to it by generally accepted accounting practice; or
- (b) in relation to a statement, fact or item to which generally accepted accounting practice does not apply, means that the inclusion or omission of the statement, fact, or item, or the method of treating the disclosure of the statement, fact, or item, would be likely to influence a reasonable user of the disclosure statement

**New Zealand business** means all business, operations, or undertakings conducted in or from New Zealand identified and treated as if it were conducted by a company formed and registered in New Zealand

**NZ IAS 24** means New Zealand Equivalent to International Accounting Standard 24 (Related Party Disclosures), approved under the Financial Reporting Act 1993

**NZ IAS 32** means New Zealand Equivalent to International Accounting Standard 32 (Financial Instruments: Presentation), approved under the Financial Reporting Act 1993

**NZ IAS 34** means New Zealand Equivalent to International Accounting Standard 34 (Interim Financial Reporting), approved under the Financial Reporting Act 1993



**NZ IAS 39** means New Zealand Equivalent to International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), approved under the Financial Reporting Act 1993

**NZ IFRS 7** means New Zealand Equivalent to International Financial Reporting Standard 7 (Financial Instruments: Disclosures), approved under the Financial Reporting Act 1993

**other asset under administration** means any asset that is not an impaired asset or a 90 day past due asset where the counterparty—

- (a) is in receivership, liquidation, bankruptcy, statutory management, a no asset procedure, voluntary administration or any other form of administration in New Zealand; or
- (b) is in any other equivalent form of voluntary or involuntary administration in an overseas jurisdiction

**overseas banking group** means a registered bank and all other entities included in the group for the purposes of public reporting of group financial statements in the country of domicile of the registered bank

**past due** has the same meaning as in NZ IFRS 7 and an asset that is a specified number of days past due includes an asset for which, in relation to the contracted terms, conditions, or limits that applied to the asset immediately before non-performance commenced—

- (a) any payment of principal, interest or other forms of monies owing is overdue, or has not been paid in accordance with the asset's terms and conditions, for at least the specified number of days; or
- (b) amounts owing under revolving facilities have been continuously outside of limits for at least the specified number of days

**premises** means any staffed premises of the registered bank or an agency of the registered bank in New Zealand to which the registered bank's customers or potential customers have access in order to conduct banking business

**reporting date** means the last day of the accounting period for a disclosure statement

**responsible person** means a person authorised in writing by a director or the New Zealand chief executive officer to sign the disclosure statement of a registered bank in accordance with section 82 of the Act

**subsidiary** means a subsidiary within the meaning of sections 5 to 8 of the Companies Act 1993 and includes any company or body corporate or association of persons that is classified as a subsidiary in any applicable financial reporting standard approved by the Accounting Standards Review Board under the Financial Reporting Act 1993

**ultimate holding company**, in relation to a registered bank, means the body corporate that—

- (a) is the registered bank's holding company; and
- (b) is not itself a subsidiary of another body corporate; and
- (c) is not a bank

**ultimate parent bank**, in relation to a registered bank, means the bank that—

- (a) is the registered bank's holding company; and
- (b) is not itself a subsidiary of another bank

**working day** means a day of the week on which the head office of a branch in New Zealand is open for business.

- (2) A term or expression that is used in this Order and not defined in it or in the Act—
  - (a) if defined in a registered bank's conditions of registration, has in relation to the registered bank the same meaning as under its conditions of registration; or
  - (b) if paragraph (a) does not apply and if applicable, must be interpreted in a way that complies with generally accepted accounting practice.
- (3) A reference in this Order to material which is incorporated by reference under the Act refers to the material as it exists on the day this Order commences together with any amendments to the material that are promulgated before or on the day this Order commences.
- (4) To avoid doubt, the promulgated amendments referred to in subsection (3) do not need to be in force or to apply when this Order commences to have effect after the commencement of this Order.

## **5 Accounting periods for disclosure statements**

- (1) A **full year accounting period** is—
  - (a) the 12 month period that begins on the day after one balance date and ends on the next balance date;
  - (b) the period longer or shorter than 12 months that begins on the day after one balance date and ends on the next balance date due to—
    - (i) the date of the registered bank's incorporation;
    - (ii) a change of the registered bank's balance date; or
  - (c) for a first disclosure statement, the period determined by the Reserve Bank.
- (2) **Balance date** means—
  - (a) in subclause (1), the balance date of the registered bank under section 7 of the Financial Reporting Act 1993; or
  - (b) for a first disclosure statement, the date determined by the Reserve Bank.
- (3) A **half year accounting period**—
  - (a) if subclause (1)(a) applies, is the first 6 month period of a full year accounting period; or
  - (b) if subclause (1)(b) applies, is the period determined by the Reserve Bank under subclause (8).
- (4) A **first quarter accounting period**—
  - (a) if subclause (1)(a) applies, is the first 3 month period of a full year accounting period; or

- (b) if subclause (1)(b) applies, is the period determined by the Reserve Bank under subclause (8).
- (5) A **third quarter accounting period**—
  - (a) if subclause (1)(a) applies, is the first 9 month period of a full year accounting period; or
  - (b) if subclause (1)(b) applies, is the period determined by the Reserve Bank under subclause (8).
- (6) A **fourth quarter accounting period** is the period determined by the Reserve Bank under subclause (8) but occurs only if—
  - (a) subclause (1)(b) applies and the full year accounting period is 14 months or more; and
  - (b) after consultation with the registered bank, the Reserve Bank requires a fourth quarter accounting period.
- (7) An **off quarter accounting period** is—
  - (a) a first quarter accounting period;
  - (b) a third quarter accounting period; or
  - (c) a fourth quarter accounting period.
- (8) If subclause (1)(b) applies, the Reserve Bank may, after consultation with the registered bank, determine the length of any of the half year or off quarter accounting periods in the longer or shorter full year accounting period.

## Part 1

### General requirements for disclosure statements

#### 6 General requirements for disclosure statements

- (1) A disclosure statement may be—
  - (a) a full year disclosure statement;
  - (b) a half year disclosure statement;
  - (c) an off quarter disclosure statement, which may be—
    - (i) a first quarter disclosure statement;
    - (ii) a third quarter disclosure statement; or
    - (iii) if applicable, a fourth quarter disclosure statement; or
  - (d) a first disclosure statement.
- (2) Subject to subclause (5), a registered bank must produce—
  - (a) a full year disclosure statement for each full year accounting period;
  - (b) a half year disclosure statement for each half year accounting period;
  - (c) an off quarter disclosure statement for—
    - (i) each first quarter accounting period; and
    - (ii) each third quarter accounting period.
- (3) If a registered bank's full year accounting period is 14 months or more, the registered bank may also be required to produce a fourth quarter disclosure statement for a fourth quarter accounting period.
- (4) When registered as a registered bank, a registered bank must produce a first disclosure statement.
- (5) If a full year disclosure statement and a half year or off quarter disclosure statement are required in respect of the same accounting period, the registered bank need only produce the full year disclosure statement.

- (6) Further details are set out—
  - (a) for full year, half year and off quarter disclosure statements in Part 2 and in the Schedules of this Order; and
  - (b) for first disclosure statements in clause 13.

## **7 Disclosure statement of overseas financial statements**

- (1) A disclosure statement may be an overseas financial statement.
- (2) An overseas financial statement is a disclosure statement if—
  - (a) it is a financial statement for—
    - (i) the registered bank; or
    - (ii) the overseas banking group of the registered bank;
  - (b) it is publicly available in any jurisdiction; and
  - (c) it meets the reporting requirements that apply to the registered bank in its country of domicile.
- (3) Publication by the registered bank in accordance with clause 9 is sufficient to meet the requirement under section 82 of the Act to date and sign a disclosure statement that is an overseas financial statement if the registered bank retains a signed and dated record that—
  - (a) authorises the publication of the overseas financial statements;
  - (b) is dated and signed—
    - (i) by the person required to date and sign the disclosure statement under section 82; and
    - (ii) within 2 working days of publication in accordance with clause 9; and
  - (c) confirms the disclosure statement is the most recent publicly available overseas financial statement of the registered bank as at the date it is signed.
- (4) For the purposes of subclause (3) and in the context of section 22 of the Electronic Transactions Act 2002, the sending of an email message that contains the overseas financial statements may be appropriate to the purpose for which, and the circumstances in which, the signature is required.

## **8 Full and half year disclosure statements to be audited**

- (1) A full year disclosure statement of a registered bank must be audited.
- (2) A half year disclosure statement of a registered bank must be reviewed by an auditor if it is not audited.
- (3) An auditor's report or review statement must meet the requirements of clause 21.

## **9 Publication on Internet**

- (1) A disclosure statement is published when it is made available on the registered bank's Internet site for New Zealand.
- (2) A disclosure statement published on a registered bank's Internet site must be—
  - (a) publicly available at no charge;
  - (b) readily accessible from the main landing page or front page for the registered bank's Internet site via a link labelled "disclosure statements"; and

- (c) maintained on the registered bank's Internet site for at least 5 years after the last day on which the disclosure statement must be published.

## **10 Time of publication**

- (1) A registered bank must publish—
  - (a) a full year disclosure statement within 3 months of the reporting date for the full year disclosure statement;
  - (b) a half year disclosure statement within—
    - (i) 2 months of the reporting date for the half year disclosure statement; or
    - (ii) if the Reserve Bank considers the registered bank has reasonable grounds for not being able to comply with subparagraph (i), 3 months of the reporting date for the half year disclosure statement; and
  - (c) an off quarter disclosure statement within 2 months of the reporting date for the off quarter disclosure statement.
- (2) A first disclosure statement must be published by a registered bank on the day of the registered bank's registration.
- (3) A disclosure statement that is an overseas financial statement under clause 7 must be published by a registered bank before the end of the first working day after the day on which it enters the public domain in the registered bank's country of domicile.

## **11 Delivery to Reserve Bank**

- (1) On the day a disclosure statement is published the disclosure statement must be sent to the Reserve Bank by the registered bank.
- (2) If the Reserve Bank specifies a form or format for the disclosure statement to be sent to it, the disclosure statement must be provided in the form or format specified by the Reserve Bank.
- (3) The Reserve Bank may specify more than one form or format.

## **12 Requests for copies**

- (1) A person may request a copy of any of a registered bank's disclosure statements.
- (2) A registered bank must provide a copy of the disclosure statements requested by a person free of charge.
- (3) If a person requests a copy of the registered bank's most recent disclosure statement in person at the premises of the registered bank, the registered bank—
  - (a) may refer the person to its Internet site; but
  - (b) must offer to provide a printed copy to the person of its most recent full year disclosure statement and any subsequent half year or off quarter disclosure statement that is published when the request is made.
- (4) If a person accepts an offer made under subclause (3)(b), the registered bank must dispatch to the person a printed copy of the offered disclosure statements by the end of the second working day after the day on which the request is made.

- (5) Other than in relation to a request made in person at the premises of the registered bank or by accessing a copy published on the registered bank's Internet site, if a person requests a copy of the registered bank's most recent disclosure statement, the registered bank—
  - (a) may refer the person to its Internet site; but
  - (b) must offer to provide to the person by other suitable means a copy of its most recent full year disclosure statement and any subsequent half year or off quarter disclosure statement that is published when the request is received.
- (6) If a person accepts an offer made under subclause (5)(b), the registered bank must dispatch to the person a copy of the offered disclosure statements by the end of the second working day after the day on which the request is received.
- (7) Other than in relation to a request for the registered bank's most recent disclosure statement or by accessing a copy published on the registered bank's Internet site, if a person requests a copy of any of the registered bank's disclosure statements, the registered bank—
  - (a) may refer the person to its Internet site; but
  - (b) must offer to provide to the person by other suitable means a copy of the requested disclosure statements that are published when the request is made.
- (8) If a person accepts an offer made under subclause (7)(b), the registered bank must dispatch to the person a copy of the requested disclosure statements by the end of the second working day after the day on which the request is received.
- (9) To avoid doubt, in this clause a printed copy is a copy in non-electronic form.

### **13 First disclosure statement**

- (1) Subject to subclauses (2) to (4), a registered bank's first disclosure statement must meet the requirements that apply to a full year disclosure statement.
- (2) The Reserve Bank must determine the full year accounting period and balance date for a first disclosure statement.
- (3) The balance date determined by the Reserve Bank may be a date before the date on which the registered bank is registered as a registered bank.
- (4) The Reserve Bank must give notice in writing to an applicant bank of the accounting period and balance date for the first disclosure statement—
  - (a) at least 1 month before the date the bank is registered as a registered bank; or
  - (b) on a date agreed by the applicant bank and the Reserve Bank.



## **Part 2**

### **Content of disclosure statements**

#### **Subpart 1—General requirements**

**14 Information must be in English**

The information in a disclosure statement must be in English.

**15 Disclosure statement not to be false or misleading**

In addition to the information that is required in this Order, a disclosure statement—

- (a) must contain such other information that, in the opinion of the directors and New Zealand chief executive officer, is necessary or desirable to ensure that the disclosure statement is not false or misleading in any material particular; and
- (b) except as otherwise expressly provided in this Order, may contain any other information that the directors and New Zealand chief executive officer consider appropriate to include in the disclosure statement.

**16 Requirements when registered bank is unable to disclose information**

Subject to clause 17(3), if a registered bank is unable because of systems limitations or because of circumstances beyond its control to disclose information under this Order, the disclosure statement must—

- (a) state that fact, and explain those limitations or circumstances; and
- (b) contain the closest available alternative to the information that must be disclosed under this Order.

**17 Comparative information**

- (1) Any comparative information that is required to be disclosed under this Order for the previous corresponding accounting period must be restated so that it corresponds to the information disclosed for the current accounting period.
- (2) If there has been a material restatement of prior period amounts, the nature of, and the reason for, the restatement must be disclosed.
- (3) A registered bank need not disclose comparative information that is not readily available in the time since the last day of the previous corresponding accounting period.

**18 Disclosure statement not to contain offer of securities**

A disclosure statement—

- (a) must not contain any offer (within the meaning of section 2 of the Securities Act 1978) of securities; but
- (b) may contain information required for the purposes of regulation 38(3) of the Securities Regulations 2009.



**19 Information about shareholders**

The disclosure statement of a registered bank must not state or imply that a person is, or intends to become, a shareholder of the registered bank or of a member of its overseas banking group, without also stating whether or not that person guarantees any of the obligations of the registered bank or any member of its overseas banking group.

**20 Disclosure of currency that is not New Zealand dollars**

A registered bank must disclose the currency used if information is disclosed in a currency that is not New Zealand dollars.

**21 Auditor's report or review statement**

(1) An auditor's report on the full year disclosure statement of a registered bank must—

- (a) include the information prescribed in clause 2 of Schedule 1; and
- (b) be signed by the auditor, either in the auditor's own name or the name of the auditor's firm.

(2) An auditor's report or review statement on the half year disclosure statement of a registered bank must—

- (a) include the information prescribed in either clause 2 or clause 3 (as applicable) of Schedule 1; and
- (b) be signed by the auditor, either in the auditor's own name or the name of the auditor's firm.

**Subpart 2—Content of disclosure statement****22 Information to be included in full year disclosure statement**

(1) A full year disclosure statement of a registered bank must include, in respect of the most recent full year accounting period—

- (a) all of the information prescribed in Schedule 2; and
- (b) the information prescribed in Schedules 4, 7, 9 to 11 and 13.

(2) Subclause (1)(b) does not apply to the extent that the information prescribed by that subclause is included in the financial statements prepared in accordance with clause 25.

**23 Information to be included in half year disclosure statement**

(1) A half year disclosure statement of a registered bank must include, in respect of the most recent half year accounting period—

- (a) all of the information prescribed in Schedule 3; and
- (b) the information prescribed in Schedules 5, 7, 9, 10, 12 and 14.

(2) Subclause (1)(b) does not apply to the extent that the information prescribed by that subclause is included in the financial statements prepared in accordance with clause 26.

**24 Information to be included in off quarter disclosure statement**

- (1) An off quarter disclosure statement of a registered bank must include, in respect of the most recent off quarter accounting period—
- (a) all of the information prescribed in Schedule 3; and
  - (b) the information prescribed in Schedules 6, 8, 9, 10, 12 and 14.
- (2) Subclause (1)(b) does not apply to the extent that the information prescribed by that subclause is included in the financial statements prepared in accordance with clause 26.

**25 Financial statements for full year accounting period**

- (1) A full year disclosure statement of a registered bank must contain or be accompanied by financial statements of—
- (a) the branch; and
  - (b) its banking group.
- (2) The financial statements referred to in subclause (1) must be prepared in accordance with the requirements of the Financial Reporting Act 1993 as if—
- (a) every reference in that Act to a group were a reference to the registered bank's banking group; and
  - (b) for the branch, the registered bank and its banking group do not qualify for any exemptions under any differential reporting framework that applies to them.
- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.

**26 Financial statements for half year and off quarter accounting periods**

- (1) The half year and off quarter disclosure statements must include or be accompanied by interim financial statements of the registered bank's banking group prepared in accordance with NZ IAS 34.
- (2) The financial statements referred to in subclause (1) must be prepared as if the registered bank's banking group does not qualify for any exemptions under any differential reporting framework that applies to them.
- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.

### **Part 3**

#### **Miscellaneous provisions**

**27 Revocation**

The Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order (No 4) 2011 is revoked at the end of the day of 30 March 2012.

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## Schedule 1—Full year and half year

### Information in audit reports and review statements

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#### **1 How this Schedule applies**

- (1) An auditor's report or review statement must address the financial statements and the information prepared in accordance with this Order except for the information required under Schedules 2 and 3.
- (2) For a full year disclosure statement, an auditor's report must meet the requirements of clause 2 as they apply to a full year disclosure statement.
- (3) For a half year disclosure statement,—
  - (a) if the disclosure statement is audited by an auditor, the auditor's report must meet the requirements of clause 2 as they apply to a half year disclosure statement; and
  - (b) if the disclosure statement is reviewed by an auditor, the auditor's review statement must meet the requirements of clause 3.

#### **2 Audit report required for full year disclosure statements but optional for half year disclosure statements**

- (1) Subject to subclause (2), the auditor's report must in respect of a full year disclosure statement and may in respect of a half year disclosure statement state—
  - (a) the work done by the auditor;
  - (b) the scope and limitations of the audit;
  - (c) the existence of any relationship (other than that of auditor) which the auditor has with, or interest the auditor has in, the registered bank and any associated person of the registered bank;
  - (d) whether or not the auditor has obtained all the information and explanations that the auditor has required;
  - (e) whether or not, in the auditor's opinion, as far as appears from an examination of them, proper accounting records have been kept by the branch and its banking group;
  - (f) whether or not, in the auditor's opinion, the financial statements of the branch and its banking group comply with generally accepted accounting practice, and if they do not, the respects in which they fail to comply;
  - (g) whether or not, in the auditor's opinion (where applicable), the information has been prepared in accordance with guidelines issued under section 78(3) of

the Act (if any) or any conditions of registration, and is in accordance with the books and records of the branch and its banking group;

- (h) whether or not, in the auditor's opinion,—
  - (i) for an auditor's report that relates to a full year disclosure statement, having regard to any information or explanations that may have been added by the registered bank under sections 11(2) and 14(2) of the Financial Reporting Act 1993, the financial statements of the branch and its banking group give a true and fair view of the matters to which they relate and, if they do not, the respects in which they fail to give such a view; and
  - (ii) for an auditor's report that relates to a half year disclosure statement, the interim financial statements of the registered bank's banking group are prepared, in all material respects, in accordance with NZ IAS 34;
- (i) whether or not, in the auditor's opinion, the information that is required to be disclosed under the applicable schedules listed in subclause (3) fairly states the matters to which it relates in accordance with those schedules and, if it does not, the respects in which it fails to fairly state those matters; and
- (j) whether or not, in the auditor's opinion, the information relating to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 9 is in all material respects prepared in accordance with Capital Adequacy Framework (Basel I Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9.
- (2) For the purposes of paragraphs (e) to (h) of subclause (1), if the auditor's report relates to a half year disclosure statement, the auditor's opinion need only relate to the registered bank's banking group.
- (3) For the purposes of subclause (1)(i),—
  - (a) if the auditor's report relates to a full year disclosure statement, the applicable schedules are Schedules 4, 7, 10, 11, and 13; and
  - (b) if the auditor's report relates to a half year disclosure statement, the applicable schedules are Schedules 5, 7, 10, 12 and 14.

### **3 Audit review statement for half year disclosure statements**

If a half year disclosure statement is not audited and instead is reviewed by an auditor, the auditor's review statement must—

- (a) for financial statements prepared in accordance with clause 26 of Part 2, state—
  - (i) that the financial statements have been examined by the auditor; and
  - (ii) whether or not anything has come to the auditor's attention which would cause the auditor

- to believe that the financial statements have not been prepared, in all material respects, in accordance with NZ IAS 34; and
- (b) for the information that is required to be disclosed under Schedules 5, 7, 10, 12 and 14, state—
- (i) that the information has been examined by the auditor; and
- (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information does not fairly state the matters to which it relates in accordance with those schedules; and
- (c) for the information relating to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 9, state—
- (i) that the information has been examined by the auditor; and
- (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information is not in all material respects prepared in accordance with Capital Adequacy Framework (Basel I Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9.
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## Schedule 2—Full year

### Information to be included in disclosure statement

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#### 1 Details of registered bank

The name and the address of the registered bank's principal office, or place of business, outside New Zealand.

#### 2 Details of ultimate parent bank and ultimate holding company

If applicable,—

- (a) the name and address for service of the ultimate parent bank of the registered bank;
- (b) the name and address for service of the ultimate holding company of the registered bank; and
- (c) a summary of any regulations, legislation, or other restrictions of a legally enforceable nature that may materially inhibit the legal ability of the bodies corporate referred to in paragraphs (a) and (b) to provide material financial support to the registered bank or the branch.

#### 3 Subordination of claims of creditors

- (1) A statement on whether or not there are any material legislative or regulatory restrictions in the registered bank's country of domicile that, in a liquidation of the registered bank, subordinate the claims of any class of unsecured creditors of the branch on the assets of the registered bank to those of any other class of unsecured creditors of the registered bank.

- (2) If subclause (1) applies,—
- (a) the title of the legislation or regulations involved;
  - (b) the nature of the subordination of the rights of creditors of the branch; and
  - (c) the nature and amount of each class of the branch's liabilities that are affected.

**4 Requirement to hold excess assets over deposit liabilities**

If the registered bank is required by any statute to hold in New Zealand an excess of assets over deposit liabilities,—

- (a) the title of the statute;
- (b) a description of the requirement; and
- (c) a statement whether or not, since the commencement of the full year accounting period, the registered bank has at all times complied with that requirement.

**5 Requirement to maintain sufficient assets to cover ongoing obligation to pay deposit liabilities**

If the registered bank is subject to any regulatory or legislative requirement in the registered bank's country of domicile to maintain sufficient assets in that country to cover an ongoing obligation to pay deposit liabilities in that country,—

- (a) the title of the legislation or regulations that impose the requirement;
- (b) a description of the requirement; and
- (c) a statement that the requirement has the potential to impact on the management of the liquidity of the New Zealand business of the registered bank.

**6 Guarantees**

- (1) A statement on whether or not any material obligations of the registered bank that relate to the branch are guaranteed as at the date its directors and New Zealand chief executive officer sign its disclosure statement.
- (2) If any material obligations of the registered bank that relate to the branch are guaranteed under a guarantee that is not a government guarantee, for each such guarantee the matters set out in clauses 7 and 8.
- (3) If any material obligations of the registered bank that relate to the branch are guaranteed under a government guarantee, for each such guarantee the matters set out in clauses 9 and 10.
- (4) If any material obligations of the registered bank that relate to the branch are guaranteed under a cross guaranteeing arrangement, the matters required by clause 11.
- (5) Subclause (2) does not apply if subclause (4) applies.

**7 Details of guarantor**

- (1) The name and address for service of the guarantor.
- (2) A statement on whether or not the guarantor is a member of the registered bank's banking group or its overseas banking group.
- (3) Either—
  - (a) the amount of the net tangible assets of the guarantor as shown in the most recent publicly available audited financial statements, together with any qualifications in



the auditor's report on those financial statements that reflect on the statement of those assets in the financial statements; or

- (b) if the guarantor is a bank, the most recent publicly disclosed capital of the guarantor's group expressed as an amount and as a percentage of risk weighted exposures, and the date to which that measure of capital relates.
- (4) A statement on whether or not the guarantor has any credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation, and if so, in respect to each such rating—
  - (a) the name of the person who gave the credit rating;
  - (b) the current rating and all qualifications to that rating;
  - (c) each change made to the rating in the 2 years immediately before the balance date and the date on which that change occurred; and
  - (d) descriptions or explanations of all steps in the applicable rating scales.

## **8 Details of guaranteed obligations**

- (1) A description of the obligations that are guaranteed.
- (2) A statement on whether or not there are any limits on the amount of the obligations guaranteed and, if so, a brief summary of the nature of those limits.
- (3) A statement on whether or not there are any material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a brief summary of those conditions.
- (4) A statement on whether or not there are any material legislative or regulatory restrictions in the guarantor's country of domicile that, in a liquidation of the guarantor, would have the effect of subordinating the claims under the guarantee of any of the creditors of the registered bank on the assets of the guarantor to other claims on the guarantor.
- (5) If there are any such material legislative or regulatory restrictions,—
  - (a) the title of the legislation or regulations involved;
  - (b) the nature of the subordination of the rights of the creditors; and
  - (c) the amount of the liabilities that are affected.
- (6) If the guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.

## **9 Details of government guarantors**

- (1) The name and address for service of the guarantor.
- (2) A statement on how to obtain information about the government guarantee, for example, via an Internet site maintained by or on behalf of the government guarantor.
- (3) To the extent the government guarantee is provided by means other than a contract, a statement of how to obtain the

legislation, regulations or other documents that set out the terms and conditions of the government guarantee.

- (4) A statement on how to obtain the most recent audited financial statements of the government guarantor, for example, via an Internet site maintained by or on behalf of the government guarantor.
- (5) The government guarantor's issuer credit ratings in respect of its long term obligations payable in the currency of its jurisdiction and for each rating—
  - (a) the name of the person who gave the credit rating;
  - (b) the current rating and all qualifications to that rating;
  - (c) each change made to the rating in the 2 years immediately before the balance date and the date on which that change occurred; and
  - (d) descriptions or explanations of all steps in the applicable rating scales.

#### **10 Details of obligations guaranteed by government guarantors**

- (1) A description of the obligations guaranteed by the government guarantor.
- (2) A statement on whether or not there are any limits on the amount of the obligations guaranteed and, if so, a brief summary of the nature of those limits.
- (3) A statement on whether or not there are any material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a brief summary of those conditions.
- (4) If the government guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.

#### **11 Material cross guarantees**

- (1) If a person has entered into a material cross guaranteeing arrangement with the registered bank that relates to the branch, the matters set out in subclauses (2) and (3).
- (2) A description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under subclauses (2) to (6) of clause 8 as if those provisions applied to:
  - (a) the guarantees of the obligations of the registered bank that relate to the branch; and
  - (b) the guarantees the registered bank has given in respect of the person's obligations.

#### **12 Directors**

- (1) An address to which communications to the directors, the New Zealand chief executive officer, and responsible persons (if any), may be sent.
- (2) The name, occupation(s) (separately identifying which is the primary occupation), technical or professional qualifications, and country of residence of each director, the New Zealand chief executive officer, and each responsible person.

- (3) If applicable, the name of each director, and the New Zealand chief executive officer, on whose behalf each responsible person has signed the disclosure statement.
- (4) In relation to each director and, if applicable, the New Zealand chief executive officer,—
  - (a) the nature and amount of any transaction that the director or the New Zealand chief executive officer or any immediate relative or close business associate of the director or the New Zealand chief executive officer has with the registered bank or any member of the registered bank's banking group that either—
    - (i) has been entered into on terms other than those that would, in the ordinary course of business of the registered bank or any member of the registered bank's banking group, be given to any other person of like circumstances or means; or
    - (ii) could otherwise be reasonably likely to influence materially the exercise of the director's or New Zealand chief executive officer's duties;
  - (b) whether or not the director is an executive director;
  - (c) whether or not the director is an independent director; and
  - (d) the names of all companies, other than those that are members of the registered bank's banking group of which the director or the New Zealand chief executive officer holds office as a director.
- (5) A statement on whether or not there is a board audit committee or other separate board committee covering audit matters, and if so, the total number of persons who comprise the committee, and of these, the number who are—
  - (a) directors (other than independent directors); and
  - (b) independent directors.
- (6) The policy of the board of directors for avoiding or dealing with conflicts of interest which may arise from the personal, professional, or business interests of the directors.

### **13 Auditors**

The name and address of any auditor whose report is referred to in the disclosure statement.

### **14 Conditions of registration**

- (1) A copy of the conditions of registration that applied at the balance date for the disclosure statement.
- (2) If applicable, a description of any changes to the conditions of registration that have occurred since the reporting date for the previous disclosure statement, including the dates on which the changes occurred.
- (3) A statement of the date on which the conditions of registration came into effect.
- (4) If the registered bank has not complied with all conditions of registration over the full year accounting period, a description of the nature and extent of each case of non-compliance.

**15 Pending proceedings or arbitration**

A description of any pending legal proceedings or arbitration concerning any member of the registered bank's banking group or, if publicly available, its overseas banking group, whether in New Zealand or elsewhere, that may have a material adverse effect on the registered bank or its banking group.

**16 Credit rating**

If the registered bank is required, by a notice given to it under section 80 of the Act, to obtain or maintain a rating of its creditworthiness or financial condition by a person nominated or approved by the Reserve Bank, with respect to each rating obtained or maintained by the registered bank that complies with the notice given under section 80 of the Act, the following information:

- (a) the name of the person who gave the rating;
- (b) the type of rating;
- (c) the current rating and all qualifications to that rating;
- (d) any change made to the rating in the 2 years immediately before the balance date and the date on which the change occurred; and
- (e) descriptions or explanations of all steps in the applicable rating scales.

**17 Historical summary of financial statements**

- (1) A historical summary of financial statements for the registered bank's banking group for each of the 5 most recent consecutive full year accounting periods.
- (2) The amounts in the historical summary of financial statements must be amounts that—
  - (a) are taken from financial statements of the registered bank's banking group; and
  - (b) give a true and fair view of the results and the state of affairs of the registered bank's banking group for the period concerned.
- (3) The amounts that appear in the historical summary of financial statements must include the following:
  - (a) total interest revenue;
  - (b) total interest expense;
  - (c) total other revenue;
  - (d) total credit impairment losses charged to the income statement;
  - (e) total other expenses;
  - (f) net profit or loss before taxation;
  - (g) taxation;
  - (h) net profit or loss after taxation;
  - (i) net profit or loss attributable to non-controlling interests;
  - (j) the amount of branch profits repatriated;
  - (k) total assets;
  - (l) total individually impaired assets;
  - (m) total liabilities; and
  - (n) head office account.

- (4) A statement on whether or not the amounts specified in subclause (3) have been taken from audited financial statements.

**18 Other material matters**

Details of any matters relating to the business or affairs of the registered bank and its banking group that—

- (a) are not contained elsewhere in the disclosure statement; and
- (b) would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the registered bank or any member of the registered bank's banking group is the issuer.

**19 Directors' and New Zealand chief executive officer's statements**

- (1) A statement by the directors and the New Zealand chief executive officer as to whether or not each director and the New Zealand chief executive officer believes, after due enquiry, that, as at the date on which the disclosure statement is signed,—

- (a) the disclosure statement contains all the information that is required by this Order; and
- (b) the disclosure statement is not false or misleading.

- (2) A statement by the directors and the New Zealand chief executive officer as to whether or not each director and the New Zealand chief executive officer believes, after due enquiry, that, over the full year accounting period—

- (a) the registered bank has complied with all conditions of registration that applied during that period; and
- (b) the branch had systems in place to monitor and control adequately the material risks of the registered bank's banking group including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, and other business risks, and that those systems were being properly applied.

**20 Financial statements of registered bank and overseas banking group**

A statement on how to access the most recent publicly available financial statements for the registered bank and its overseas banking group.

**21 Auditor's report**

A copy of the auditor's report referred to in clause 21(1) of Part 2.

**22 Index**

An index to the contents of the disclosure statement that—

- (a) refers to the main components of the disclosure statement;
  - (b) lists the notes to the financial statements in the disclosure statement; and
  - (c) if needed, includes any other information that might help a reader locate key information in the disclosure statement.
-

### Schedule 3—Half year and off quarter

#### Information to be included in disclosure statement

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#### **1 Details of ultimate parent bank and ultimate holding company**

- (1) If since the balance date for the most recent full year disclosure statement there has been a change in either the ultimate parent bank or the ultimate holding company of the registered bank,—
  - (a) a statement of the nature of the changes;
  - (b) the name and address for service of the ultimate parent bank; and
  - (c) the name and address for service of the ultimate holding company.
- (2) If since the balance date for the most recent full year disclosure statement there has been a material change in regulations, legislation, or other restrictions of a legally enforceable nature that may materially inhibit the legal ability of the bodies corporate referred to in subclause (1) to provide material financial support to the registered bank, a statement of the nature of the changes.

#### **2 Changes in subordination of claims of creditors**

If, since the balance date for the most recent full year disclosure statement, there have been any material changes in any material legislative or regulatory restrictions in the registered bank's country of domicile that, in a liquidation of the registered bank, subordinate the claims of any class of unsecured creditors of the branch on the assets of the registered bank to those of any other class of unsecured creditors of the registered bank, a description of those changes.



**3 Changes to the requirement to hold excess assets over deposit liabilities**

If, since the balance date for the most recent full year disclosure statement, there have been any material changes in any statute that requires the registered bank to hold in New Zealand an excess of assets over deposit liabilities, a description of those changes.

**4 Changes to the requirement to maintain sufficient assets to cover ongoing obligation to pay deposit liabilities**

If, since the balance date for the most recent full year disclosure statement, there have been any material changes in any regulatory or legislative requirement in the registered bank's country of domicile that require the registered bank to maintain sufficient assets in that country to cover an ongoing obligation to pay deposit liabilities in that country, a description of those changes.

**5 Guarantees**

- (1) A statement on whether or not any material obligations of the registered bank that relate to the branch are guaranteed as at the date its directors and New Zealand chief executive officer sign its disclosure statement.
- (2) If any material obligations of the registered bank that relate to the branch are guaranteed under a guarantee that is not a government guarantee, for each such guarantee the matters set out in clause 6.
- (3) If any material obligations of the registered bank that relate to the branch are guaranteed under a government guarantee, for each such guarantee the matters set out in clause 7.
- (4) If any material obligations of the registered bank that relate to the branch are guaranteed under a cross guaranteeing arrangement, the matters required by clause 8.
- (5) Subclause (2) does not apply if subclause (4) applies.

**6 Summary information on guarantor and guaranteed obligations**

- (1) The name and address for service of the guarantor.
- (2) A statement on whether or not the guarantor is a member of the registered bank's banking group or its overseas banking group.
- (3) A statement on whether or not the guarantor has any credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation, and if so, in respect to each such rating—
  - (a) the name of the person who gave the credit rating; and
  - (b) the current rating and all qualifications to that rating.
- (4) A summary description of the obligations that are guaranteed.
- (5) If the guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.
- (6) If the registered bank's most recent full year disclosure statement contains further information about the guarantee:
  - (a) a statement to that effect;

- (b) information on how to obtain a copy of that disclosure statement; and
- (c) if there have been any material changes in the terms of the guarantee since the date on which the signing of that disclosure statement was completed, a description of those changes.

**7 Summary information on government guarantors and government-guaranteed obligations**

- (1) The name and address for service of the guarantor.
- (2) A statement on how to obtain information about the government guarantee, for example, via an Internet site maintained by or on behalf of the government guarantor.
- (3) A summary description of the obligations guaranteed by the government guarantor.
- (4) If the government guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.
- (5) If the registered bank's most recent full year disclosure statement contains further information about the guarantee:
  - (a) a statement to that effect;
  - (b) information on how to obtain a copy of that disclosure statement; and
  - (c) if there have been any material changes in the terms of the guarantee since the date on which the signing of that disclosure statement was completed, a description of those changes.

**8 Material cross guarantees**

- (1) If a person has entered into a material cross guaranteeing arrangement with the registered bank that relates to the branch, the matters set out in subclauses (2) to (4).
- (2) A summary description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under clause 6(5) as if the clause applied to:
  - (a) the guarantees of the obligations of the registered bank that relate to the branch; and
  - (b) the guarantees the registered bank has given in respect of the person's obligations.
- (4) If the registered bank's most recent full year disclosure statement contains further information about the cross guaranteeing arrangement:
  - (a) a statement to that effect;
  - (b) information on how to obtain a copy of that disclosure statement; and
  - (c) if there have been any material changes in the cross guaranteeing arrangements since the date on which the signing of that disclosure statement was completed, a description of those changes.

**9 Changes in registered bank's board of directors**

- (1) A statement on whether or not there have been any changes in the composition of the registered bank's board of directors since the balance date for its most recent full year disclosure statement, and if so, the changes involved, and the name of each director affected by the changes.
- (2) If applicable, the name of each director, and the New Zealand chief executive officer, on whose behalf each responsible person has signed the half year or off quarter disclosure statement.

**10 Auditors**

The name and address of any auditor whose report or review statement is referred to in the disclosure statement.

**11 Conditions of registration**

- (1) If any changes to the conditions of registration have occurred between the reporting date for the previous disclosure statement and the reporting date for the disclosure statement, a description of those changes including the dates on which the changes occurred.
- (2) If the registered bank has not complied with all conditions of registration over the half year accounting period or the off quarter accounting period as applicable, a description of the nature and extent of each case of non-compliance.

**12 Credit rating**

If the registered bank is required, by a notice given to it under section 80 of the Act, to obtain or maintain a rating of its creditworthiness or financial condition by a person nominated or approved by the Reserve Bank, with respect to each rating obtained or maintained by the registered bank that complies with the notice given under section 80 of the Act, the following information:

- (a) the name of the person who gave the rating;
- (b) the type of rating; and
- (c) the current rating and all qualifications to that rating.

**13 Other material matters**

Details of any matters relating to the business or affairs of the registered bank and its banking group that—

- (a) are not contained elsewhere in the disclosure statement; and
- (b) would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the registered bank or any member of its banking group is the issuer.

**14 Directors' and New Zealand chief executive officer's statements**

- (1) A statement by the directors and the New Zealand chief executive officer as to whether or not each director and the New Zealand chief executive officer believes, after due

enquiry, that, as at the date on which the disclosure statement is signed,—

- (a) the disclosure statement contains all the information that is required by this Order; and
  - (b) the disclosure statement is not false or misleading.
- (2) A statement by the directors and the New Zealand chief executive officer as to whether or not each director and the New Zealand chief executive officer believes, after due enquiry, that, over the half year accounting period or the off quarter accounting period as applicable—
- (a) the registered bank has complied with all conditions of registration that applied during that period; and
  - (b) the branch had systems in place to monitor and control adequately the material risks of the registered bank's banking group including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, and other business risks, and that those systems were being properly applied.

**15 Financial statements of registered bank and overseas banking group**

A statement on how to access the most recent publicly available financial statements for the registered bank and its overseas banking group.

**16 Auditor's report or review statement**

- (1) In respect of a half year disclosure statement, a copy of the auditor's report or review statement referred to in clause 21(2) of Part 2.
  - (2) In respect of an off quarter disclosure statement, if the disclosure statement has been audited or reviewed by an external auditor, the following:
    - (a) a statement of the nature and scope of the audit or review; and
    - (b) a copy of the auditor's report or review statement.
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## Schedule 4—Full year

### Additional financial disclosures

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#### **1 Additional information on statement of financial position**

- (1) The following information in respect of the branch and its registered bank's banking group:
  - (a) total interest earning and discount bearing assets;
  - (b) total interest and discount bearing liabilities;
  - (c) the total liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank); and
  - (d) if applicable, the total retail deposits of the registered bank in New Zealand.
- (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

#### **2 Additional information on concentrations of credit risk**

- (1) In disclosing information on concentrations of credit exposure in terms of customer and industry sector in compliance with paragraphs 34(c) and B8 of NZ IFRS 7, the information in subclause (2) in respect of the branch and its registered bank's banking group.
- (2) Separate disclosure of credit risk exposure to the agricultural sector, if material to the registered bank's banking group.
- (3) For the purpose of the disclosure required by subclause (2), if the bank categorises sector credit risk concentrations using the Australian and New Zealand Standard Industrial Classification 2006, the amounts disclosed must relate to subdivision A01 "Agriculture" of that classification.

#### **3 Additional information on interest rate sensitivity**

- (1) In addition to the sensitivity analysis of interest rate risk presented in compliance with NZ IFRS 7, the information in subclause (2) in respect of the branch and its registered bank's banking group.

- (2) An interest rate repricing schedule showing, for each class of financial assets and financial liabilities, contractual repricing or maturity dates, whichever dates are earlier, grouped into maturity bands including at least the following:

Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Not interest- bearing
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#### **4 Additional information on liquidity risk**

- (1) In addition to the maturity analyses required by NZ IFRS 7 for financial liabilities, maturity analyses for financial assets that show the maturities using the same time bands and on the same basis as the maturity analyses of financial liabilities required by paragraphs 39(a) and (b), and paragraphs B10A to B11D of Appendix B, of NZ IFRS 7.
- (2) In disclosing the maturity analyses of financial liabilities required by NZ IFRS 7 and the maturity analyses of financial assets required by subclause (1), the registered bank must include an “on demand” time band.

#### **5 Registered bank profitability and size**

The following information in respect of the registered bank’s overseas banking group:

- (a) net profit or loss after tax for the most recent period for which the information is publicly available, specifying the period and end date to which this information applies;
- (b) net profit or loss after tax over the previous 12 month period, expressed as a percentage of the average of total assets, and the end date of the most recent period for which the information is publicly available; and
- (c) total assets as at the most recent date for which the information is publicly available and the percentage change in total assets over the 12 months ending on that date.

#### **6 Reconciliation of mortgage-related amounts**

- (1) The information in subclause (2) in respect of the registered bank’s banking group as at the balance date.
- (2) A table providing a reconciliation between any figures disclosed elsewhere in the full year disclosure statement that relate to mortgages on residential property, including but not limited to amounts described by any of the following terms:
- (a) housing loans;
  - (b) residential mortgages; or
  - (c) retail mortgages.
- (3) In providing the reconciliation table required by subclause (2), the bank must explain any differences between the numbers, including, if applicable, but not limited to, the following explanations:
- (a) whether an amount includes lending for the purpose of investment in residential property or only covers owner-occupied housing;

- (b) whether or not an amount includes any corporate lending secured on residential mortgages; and
  - (c) whether an amount only includes drawn-down loan balances or also includes undrawn lending commitments.
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## Schedule 5—Half year

### Additional financial disclosures

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#### **1 Additional information on statement of financial position**

(1) The following information in respect of the registered bank's banking group—

- (a) total interest earning and discount bearing assets;
- (b) total interest and discount bearing liabilities;
- (c) the amount of any financial assets that have been pledged as collateral for liabilities or contingent liabilities, presented on a basis that is consistent with any such information disclosed in the financial statements for the most recent full year accounting period and that complies with paragraph 14 of NZ IFRS 7;
- (d) total amounts due from related entities; and
- (e) total amounts due to related entities.

(2) The following information in respect of the branch:

- (a) the total liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank); and
- (b) if applicable, the total retail deposits of the registered bank in New Zealand, as defined in the registered bank's conditions of registration.

(3) In paragraphs (d) and (e) of subclause (1), related entities does not include key management personnel of the registered bank's banking group.

#### **2 Additional information on income statement**

Within the interim financial statements included in the half year disclosure statement in accordance with clause 26 of Part 2, either in the income statement or in the explanatory notes, information allowing the following amounts to be separately identified:

- (a) net trading gains or losses;
- (b) if applicable, credit risk adjustments on financial assets at fair value;
- (c) other fair value adjustments not included in the amounts referred to in subclause (b); and

- (d) other operating income excluding amounts referred to in subclauses (a) to (c).

**3 Additional information on concentrations of credit risk**

- (1) In respect of the registered bank's banking group, information on concentrations of credit exposure in terms of customer and industry sector as if paragraphs 34(c) and B8 of NZ IFRS 7 applied to the half year disclosure statement.
- (2) The information required to be disclosed by subclause (1) must separately show the registered bank's banking group's credit risk exposure to the agricultural sector, if material to the registered bank's banking group.
- (3) For the purpose of the disclosure required by subclause (2), if the bank categorises sector credit risk concentrations using the Australian and New Zealand Standard Industrial Classification 2006, the amounts disclosed must relate to subdivision A01 "Agriculture" of that classification.

**4 Additional information on concentrations of funding**

In respect of the registered bank's banking group, information on concentrations of funding in terms of customer and industry sector and in terms of geographical area as if paragraphs 34(c) and B8 of NZ IFRS 7 applied to the half year disclosure statement.

**5 Additional information on interest rate sensitivity**

- (1) In respect of the registered bank's banking group, the information on interest rate risk in subclause (2).
- (2) An interest rate repricing schedule showing, for each class of financial assets and financial liabilities, contractual repricing or maturity dates, whichever dates are earlier, grouped into maturity bands including at least the following:

Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Not interest- bearing
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**6 Additional information on liquidity risk**

- (1) In respect of the registered bank's banking group, maturity analyses of financial liabilities as if the requirements of paragraphs 39(a) and (b), and paragraphs B10A to B11D of Appendix B, of NZ IFRS 7 applied.
- (2) In respect of the registered bank's banking group, maturity analyses of financial assets using the same time bands and on the same basis as the maturity analyses of financial liabilities required by subclause (1).
- (3) In disclosing the information required by subclauses (1) and (2), the registered bank must include an "on demand" time band in the maturity analyses of the registered bank's banking group's financial assets and liabilities.
- (4) An analysis of financial assets held by the registered bank's banking group for the purpose of managing liquidity risk, presented on a basis that is consistent with any such information disclosed in the financial statements for the most recent full year accounting period and that complies with NZ IFRS 7.

**7 Registered bank profitability and size**

The following information in respect of the registered bank's overseas banking group:

- (a) net profit or loss after tax for the most recent period for which the information is publicly available, specifying the period and end date to which this information applies;
- (b) net profit or loss after tax over the previous 12 month period, expressed as a percentage of the average of total assets, and the end date of the most recent period for which the information is publicly available; and
- (c) total assets as at the most recent date for which the information is publicly available and the percentage change in total assets over the 12 months ending on that date.

**8 Reconciliation of mortgage-related amounts**

- (1) The information in subclause (2) in respect of the registered bank's banking group as at the reporting date.

- (2) A table providing a reconciliation between any figures disclosed elsewhere in the half year disclosure statement that relate to mortgages on residential property, including but not limited to amounts described by any of the following terms:

- (a) housing loans;
- (b) residential mortgages; or
- (c) retail mortgages.

- (3) In providing the reconciliation table required by subclause (2), the bank must explain any differences between the numbers, including, if applicable, but not limited to, the following explanations:

- (a) whether an amount includes lending for the purpose of investment in residential property or only covers owner-occupied housing;
  - (b) whether or not an amount includes any corporate lending secured on residential mortgages; and
  - (c) whether an amount only includes drawn-down loan balances or also includes undrawn lending commitments.
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## Schedule 6—Off quarters

### Additional financial disclosures

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#### **1 Additional information on statement of financial position**

- (1) The following information in respect of the registered bank's banking group as at the off quarter reporting date:
  - (a) total interest earning and discount bearing assets;
  - (b) total interest and discount bearing liabilities;
  - (c) the amount of any financial assets that have been pledged as collateral for liabilities or contingent liabilities, presented on a basis that is consistent with any such information disclosed in the financial statements for the most recent full year accounting period and that complies with paragraph 14 of NZ IFRS 7;
  - (d) total amounts due from related entities; and
  - (e) total amounts due to related entities.
- (2) The following information in respect of the branch:
  - (a) the total liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank); and
  - (b) if applicable, the total retail deposits of the registered bank in New Zealand, as defined in the registered bank's conditions of registration.
- (3) In paragraphs (d) and (e) of subclause (1), related entities excludes key management personnel of the registered bank's banking group.

#### **2 Additional information on income statement**

Within the interim financial statements included in the off quarter disclosure statement in accordance with clause 26 of Part 2, either in the income statement or in the explanatory notes, information allowing the following amounts to be separately identified:

- (a) net trading gains or losses;
- (b) if applicable, credit risk adjustments on financial assets at fair value;
- (c) other fair value adjustments not included in the amounts referred to in paragraph (b); and
- (d) other operating income excluding amounts referred to in paragraphs (a) to (c).

**3 Additional information on liquidity risk**

An analysis of financial assets held by the registered bank's banking group for the purpose of managing liquidity risk, on a consistent basis with any such information provided in financial statements for the most recent full year accounting period in compliance with NZ IFRS 7.

**4 Registered bank profitability and size**

The following information in respect of the registered bank's overseas banking group:

- (a) net profit or loss after tax for the most recent period for which the information is publicly available, specifying the period and end date to which this information applies;
  - (b) net profit or loss after tax over the previous 12 month period, expressed as a percentage of the average of total assets, and the end date of the most recent period for which the information is publicly available; and
  - (c) total assets as at the most recent date for which the information is publicly available and the percentage change in total assets over the 12 months ending on that date.
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## Schedule 7—Full year and half year

### Asset quality

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#### **1 Scope of asset quality disclosure**

- (1) For the full year disclosure statement, the information on asset quality required to be disclosed under clauses 2 to 7 must—
  - (a) relate to the branch and its registered bank's banking group; and
  - (b) include comparative figures for the previous corresponding period.
- (2) For the half year disclosure statement, the information on asset quality required to be disclosed under clauses 2 to 7 must relate to the registered bank's banking group.

#### **2 Past due assets**

- (1) The amount of assets that are, as at the reporting date, past due and not impaired, classified according to the following ageing categories:
  - (a) less than 30 days past due;
  - (b) at least 30 days but less than 60 days past due;
  - (c) at least 60 days but less than 90 days past due; and
  - (d) at least 90 days past due.
- (2) To avoid doubt, a registered bank may disclose information in addition to that required by subclause (1) to provide further ageing analysis of past due assets but if additional ageing categories are used the amounts disclosed must be summed to provide the total amounts required to be disclosed by subclause (1).

#### **3 Movements in individually impaired assets**

Information on movements in the pre-allowance balance of individually impaired assets over the full year or half year accounting period as applicable, separately disclosing—

- (a) the pre-allowance opening balance;
- (b) additions;
- (c) amounts written off;
- (d) deletions;
- (e) the pre-allowance closing balance; and

- (f) the aggregate amount of individual credit impairment allowances against individually impaired assets at the reporting date.

**4 Movements in balances of total individual credit impairment allowances**

- (1) Information on movements in the balances of total individual credit impairment allowances over the full year or half year accounting period as applicable, separately disclosing—
  - (a) the opening balance;
  - (b) the charge (credit) to the statement of financial performance for an increase or decrease in individual credit impairment allowances;
  - (c) amounts written off;
  - (d) recoveries of amounts written off in previous periods;
  - (e) reversals of previously recognised impairment losses;
  - (f) other movements, and the nature of those other movements; and
  - (g) the closing balance.
- (2) Movements must be reconciled to the charges allocated to the statement of financial performance.

**5 Movements in balance of collective credit impairment allowance**

- (1) Information on movements in the balance of the collective credit impairment allowance over the full year or half year accounting period as applicable, separately disclosing—
  - (a) the opening balance;
  - (b) the charge (credit) to the statement of financial performance for increase or decrease in the collective credit impairment allowance;
  - (c) other movements, and the nature of those other movements; and
  - (d) the closing balance.
- (2) Movements must be reconciled to the charges allocated to the statement of financial performance.

**6 Asset quality for financial assets designated at fair value**

- (1) For any financial assets designated as at fair value through profit and loss on which there have been changes in fair value that are attributable to changes in credit risk of the financial asset determined in accordance with paragraph 9(c) of NZ IFRS 7, the information in subclause (2).
- (2) The following information on the assets referred to in subclause (1), separately from the equivalent information for individually impaired financial assets:
  - (a) movements over the period in the total balance of such assets, following the same breakdown as required for individually impaired assets under clause 3;
  - (b) an analysis of credit risk adjustments on individual financial assets designated at fair value, following the same breakdown as required for total individual credit impairment allowances under clause 4; and



- (c) an analysis of credit risk adjustments on groups of financial assets designated at fair value, following the same breakdown as required for total collective credit impairment allowances by clause 5.

**7 Other asset quality information**

The following information as at the reporting date:

- (a) the aggregate amount of any undrawn balances on lending commitments to counterparties for whom drawn balances are classified as individually impaired; and
- (b) the amount of other assets under administration.

**8 Registered bank asset quality**

In respect of the registered bank's overseas banking group, as at the most recent date for which the information is publicly available:

- (a) total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense);
  - (b) total individually impaired assets expressed as a percentage of total assets;
  - (c) the total individual credit impairment allowance;
  - (d) the total individual credit impairment allowance expressed as a percentage of total individually impaired assets; and
  - (e) the total collective credit impairment allowance.
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## Schedule 8—Off quarters

### Asset quality

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#### **1 End-period balances**

- (1) The information in subclause (2) in respect of the registered bank's banking group.
- (2) The following information as at the reporting date:
  - (a) the aggregate amount of individually impaired assets that has been recognised, before deducting allowances for credit impairment loss;
  - (b) the aggregate amount of individual credit impairment allowances;
  - (c) the aggregate amount of collective credit impairment allowances; and
  - (d) the aggregate amount of assets that are at least 90 days past due but not impaired.

#### **2 Charges to the statement of financial performance**

- (1) The information in subclause (2) in respect of the registered bank's banking group.
- (2) The following information for the first quarter accounting period or third quarter accounting period (as applicable)—
  - (a) charge (credit) to the statement of financial performance for an increase or decrease in individual credit impairment allowances; and
  - (b) charge (credit) to the statement of financial performance for an increase or decrease in collective credit impairment allowances.

#### **3 Asset quality for financial assets designated at fair value**

- (1) For any financial assets designated as at fair value through profit and loss on which there have been changes in fair value that are attributable to changes in credit risk of the financial asset determined in accordance with paragraph 9(c) of NZ IFRS 7, the information in subclause (2).
- (2) The following information on the assets referred to in subclause (1)—
  - (a) the total balance of such assets, separately from the total amount of individually impaired assets required under clause 1(2)(a);
  - (b) the total value of credit risk adjustments on individual financial assets designated at fair value, separately from the total amount of individual credit impairment allowances required under clause 1(2)(b); and

- (c) the total value of credit risk adjustments on groups of financial assets designated at fair value, separately from the total amount of collective credit impairment allowances required under clause 1(2)(c).

**4 Registered bank asset quality**

In respect of the registered bank's overseas banking group as at the most recent date for which the information is publicly available:

- (a) total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense);
  - (b) total individually impaired assets expressed as a percentage of total assets;
  - (c) the total individual credit impairment allowance;
  - (d) the total individual credit impairment allowance expressed as a percentage of total individually impaired assets; and
  - (e) the total collective credit impairment allowance.
-

## Schedule 9—All periods

### Credit and market risk exposures and capital adequacy

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#### 1 Additional mortgage information

- (1) The information in subclause (2)—
- (a) in respect of the registered bank's banking group; and
  - (b) in respect of total residential mortgage loans and derived in accordance with the definition of loan-to-valuation ratio specified in Capital Adequacy Framework (Standardised Approach) (BS2A).
- (2) The following information as at the reporting date:

##### Residential mortgages by loan-to-valuation ratio

Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%
Value of exposures			

- (3) For the purpose of the disclosure required by subclause (2), any residential mortgage loan for which no loan-to-valuation ratio is available must be included in the category for loan-to-valuation ratios that exceed 90%.

#### 2 Market risk end-period notional capital charges

- (1) The information in subclause (2)—
- (a) in respect of the registered bank's banking group; and
  - (b) derived on the basis that the notional capital charge for each category of market risk is the aggregate capital charge for that category of market risk derived in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A).
- (2) The following information as at the reporting date:

##### Market risk

	Implied risk weighted exposure	Notional capital charge
Interest rate risk		
Foreign currency risk		
Equity risk		

- (3) For the purpose of the disclosure required by subclause (2) implied risk weighted exposure must be calculated as 12.5 x notional capital charge.

**3 Market risk peak end-of-day notional capital charges**

- (1) In the full year and half year disclosure statement, the information in subclause (2)—
  - (a) in respect of the registered bank's banking group; and
  - (b) derived in accordance with clause 4.
- (2) The following information in respect of peak end-of-day notional capital charges for market risk for the half year accounting period or the then remaining part of the full year accounting period (as applicable):

**Market risk**

	Implied risk weighted exposure	Notional capital charge
Interest rate risk		
Foreign currency risk		
Equity risk		

- (3) For the purpose of the disclosure required by subclause (2) implied risk-weighted exposure must be calculated as  $12.5 \times$  notional capital charge.

**4 Method for deriving peak end-of-day notional capital charges**

- (1) For the purpose of the disclosure required by clause 3, peak end-of-day notional capital charge for each category of market risk is derived by determining the maximum over the relevant period of the aggregate capital charge for that category at the close of each business day derived in accordance with—
  - (a) Capital Adequacy Framework (Standardised Approach) (BS2A); or
  - (b) any other method, but only if the aggregate capital charge derived in accordance with that method is not, in the opinion of the registered bank (where such opinion is based on reasonable grounds), materially lower than the amount derived under paragraph (a).
- (2) A statement of the method used to derive peak end-of-day notional capital charge, for each category of market risk.

**5 Capital ratios**

- (1) The most recent publicly available information specified in respect of the capital ratios of the registered bank and its overseas banking group, including the following information:
  - (a) the tier one capital ratio;
  - (b) the total capital ratio; and
  - (c) the date to which the measures of tier one capital ratio and total capital ratio relate.
- (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period to the extent that the information is publicly available.

**6 Minimum capital requirements**

A statement as to—

- (a) whether or not the registered bank or its overseas banking group is required by the appropriate banking supervisory authority in its country of domicile to hold minimum capital at least equal to that specified under either the Basel I approach, or the Basel II (standardised) approach, or the Basel II (internal models based) approach and if so, which; and
  - (b) whether or not the registered bank or its overseas banking group meets those requirements imposed on it by the appropriate banking supervisory authority in its country of domicile as at the latest reporting date.
-

## Schedule 10—All periods

### Concentration of credit exposures to individual counterparties

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#### 1 Credit exposure information: general requirements

- (1) In this Schedule, credit exposure information must be disclosed either on the basis of—
- (a) actual credit exposures; or
  - (b) internal limits that were not materially exceeded between the reporting date for the previous disclosure statement and the reporting date for the disclosure statement.
- (2) A statement of the method used for disclosing the credit exposure information required by this Schedule.
- (3) A statement that in the credit exposure information required by this Schedule, credit exposures to an individual counterparty or a group of closely related counterparties do not include exposures to those counterparties if they are booked outside New Zealand.

#### 2 Calculation of credit exposure information

The credit exposure information required by this Schedule must—

- (a) relate only to exposures held in the financial records of the registered bank's banking group;
- (b) be calculated as the amount that best represents the registered bank's banking group's maximum exposure to credit risk taking account of the guidance in paragraphs B9 and B10 of NZ IFRS 7;
- (c) exclude credit exposures to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent; and
- (d) exclude credit exposures to any bank with a long-term credit rating of A- or A3 or above, or its equivalent.

#### 3 Overseas banking group's equity: general requirements

- (1) For the purposes of this Schedule, the registered bank's overseas banking group's equity must be either—
- (a) determined as at the reporting date; or
  - (b) the most recently publicly disclosed amount.



- (2) If the overseas banking group's equity is not determined as at the reporting date, a statement of the date to which the measure of equity relates.

**4 Large exposures at the reporting date**

- (1) The information in subclauses (2) and (4)—
  - (a) as at the reporting date; and
  - (b) in successive ranges of 5% of the registered bank's overseas banking group's equity, commencing at 10% of equity.
- (2) The number of bank counterparties described by subclause (3) to which the registered bank's banking group has an aggregate credit exposure that equals or exceeds 10% of the registered bank's overseas banking group's equity, showing separately—
  - (a) those counterparties that have a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent; and
  - (b) if applicable—
    - (i) those counterparties that have a long-term credit rating lower than BBB- or Baa3, or its equivalent; and
    - (ii) those counterparties that do not have a long-term credit rating.
- (3) A counterparty is a bank counterparty if it is—
  - (a) a bank that is not a member of a group of closely related counterparties; or
  - (b) a group of closely related counterparties of which a bank is the parent.
- (4) The number of non-bank counterparties described by subclause (5) to which the registered bank's banking group has an aggregate credit exposure that equals or exceeds 10% of the registered bank's overseas banking group's equity, showing separately—
  - (a) those counterparties that have a long-term credit rating of A- or A3 or above, or its equivalent;
  - (b) those counterparties that have a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent; and
  - (c) if applicable—
    - (i) those counterparties that have a long-term credit rating lower than BBB- or Baa3, or its equivalent; and
    - (ii) those counterparties that do not have a long-term credit rating.
- (5) A counterparty is a non-bank counterparty if it is—
  - (a) a non-bank that is not a member of a group of closely related counterparties; or
  - (b) a group of closely related counterparties of which a bank is not the parent.

**5 Peak end-of-day aggregate credit exposure**

- (1) The information in subclauses (2) and (4)—
- (a) in respect of peak end-of-day aggregate credit exposure for the period between the reporting date for the previous disclosure statement and the reporting date for the disclosure statement; and
  - (b) in successive ranges of 5% of the registered bank's overseas banking group's equity, commencing at 10% of equity.
- (2) The number of bank counterparties described by subclause (3) to which the registered bank's banking group has a peak end-of-day aggregate credit exposure that equals or exceeds 10% of the registered bank's overseas banking group's equity, showing separately—
- (a) those counterparties that have a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent; and
  - (b) if applicable—
    - (i) those counterparties that have a long-term credit rating lower than BBB- or Baa3, or its equivalent; and
    - (ii) those counterparties that do not have a long-term credit rating.
- (3) A counterparty is a bank counterparty if it is—
- (a) a bank that is not a member of a group of closely related counterparties; or
  - (b) a group of closely related counterparties of which a bank is the parent.
- (4) The number of non-bank counterparties described by subclause (5) to which the registered bank's banking group has a peak end-of-day aggregate credit exposure that equals or exceeds 10% of the registered bank's overseas banking group's equity, showing separately—
- (a) those counterparties that have a long-term credit rating of A- or A3 or above, or its equivalent;
  - (b) those counterparties that have a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent; and
  - (c) if applicable—
    - (i) those counterparties that have a long-term credit rating lower than BBB- or Baa3, or its equivalent; and
    - (ii) those counterparties that do not have a long-term credit rating.
- (5) A counterparty is a non-bank counterparty if it is—
- (a) a non-bank that is not a member of a group of closely related counterparties; or
  - (b) a group of closely related counterparties of which a bank is not the parent.

**6 Method of calculating peak end-of-day aggregate credit exposure**

For the purposes of clause 5, peak end-of-day aggregate credit exposure to an individual counterparty or a group of closely related counterparties for the period between the reporting date for the previous disclosure statement and the reporting date for the disclosure statement is derived by—

- (a) determining the maximum end-of-day aggregate amount of credit exposure over the period; and
- (b) then dividing that amount by the registered bank's overseas banking group's equity.

**7 Meaning of credit rating**

- (1) For the purposes of clauses 2, 4 and 5, **credit rating** means a credit rating that meets the criteria in subclause (2) and that,—

- (a) in the case of a group of closely related counterparties, applies to the entity heading the group of closely related counterparties; or
- (b) in the case of an individual counterparty (which are not members of a group of closely related counterparties), applies to the individual counterparty.

- (2) The following criteria:

- (a) a credit rating that applies to—
  - (i) the relevant entity's long term senior unsecured obligations payable in New Zealand, in New Zealand dollars; or
  - (ii) the relevant entity's long term senior unsecured foreign currency obligations;
- (b) a credit rating given by a rating agency that has been approved by the Reserve Bank under section 80 of the Act.

- (3) If an entity has 2 or more credit ratings that meet the criteria in subclauses (1) and (2) and those credit ratings are not the same, then the lower credit rating applies.
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## Schedule 11—Full year

### Insurance, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

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#### 1 Insurance products

In this Schedule, insurance products relate to insurance contracts that constitute insurance business.

#### 2 Insurance business in the banking group

A statement on whether or not the registered bank's banking group carries on any insurance business, and if so, the following information:

- (a) the aggregate amount of insurance business as at the balance date, where the amount is calculated in accordance with the registered bank's conditions of registration;
- (b) an explanation of how the registered bank's banking group manages its insurance business, including information on whether—
  - (i) any insurance business is carried on in special purpose subsidiaries whose business activities predominantly comprise insurance business, and if so,—
    - (A) the name of each of those subsidiaries; and
    - (B) a description of the insurance business carried on in each subsidiary; and
  - (ii) in relation to any other member of the registered bank's banking group, any insurance business is accounted for in its statement of financial position, and if so,—
    - (A) the name of that member;
    - (B) whether or not the assets relating to that member's insurance business are managed and accounted for as separate funds; and

- (C) a description of the insurance business carried on by that member; and
- (c) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraph (a).

**3 Non-consolidated insurance and non-financial activities**

A statement on whether or not the registered bank carries on any insurance business or non-financial activities in New Zealand that are outside its banking group, and if does, the following information:

- (a) a brief explanation of the registered bank's involvement in that insurance business or those non-financial activities;
- (b) the total assets, total equity, and total profits before and after tax of that insurance business on a consolidated basis, and if that insurance business is carried on by an overseas incorporated company, separately in respect of the overseas company's group and that group's New Zealand business;
- (c) the total assets, total equity, and total profits before and after tax of those non-financial activities on a consolidated basis, and if those non-financial activities are carried on by an overseas incorporated company, separately in respect of the overseas company's group and that group's New Zealand business; and
- (d) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraphs (a) to (c).

**4 Banking group credit exposure to non-consolidated insurance business**

- (1) The information in subclause (2) in respect of the registered bank's banking group, for the full year accounting period or as at the balance date, as the case may be.
- (2) With respect to the insurance group carrying on the insurance business referred to in clause 3, if applicable, and with respect to any affiliated insurance group outside the overseas banking group—
  - (a) the nature and amount of any credit enhancements provided by the registered bank's banking group;
  - (b) the total amount of funding provided by the registered bank's banking group;
  - (c) the total amount of any other credit exposures provided by the registered bank's banking group, broken down according to their ranking on a liquidation of the insurance group; and

- (d) if the entity heading the insurance group has one or more financial strength ratings, claims paying ability ratings, or credit ratings applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars, in respect of each such rating—
    - (i) the name of the person who gave the rating;
    - (ii) the current rating and all qualifications to that rating;
    - (iii) any changes to the rating in the 2 years immediately before the balance date and the date on which any such change occurred; and
    - (iv) descriptions or explanations of all the steps in the applicable rating scales.
- (3) For the purpose of subclause (2), **credit enhancement**, **affiliated insurance group**, and **funding** must be interpreted in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A).
- (4) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

**5 Banking group's involvement in securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products**

A statement of the nature of the registered bank's banking group's involvement in—

- (a) the establishment, marketing, or sponsorship of trust, custodial, funds management, and other fiduciary activities;
- (b) the origination of securitised assets, and the marketing or servicing of securitisation schemes; and
- (c) the marketing and distribution of insurance products.

**6 Arrangements to ensure no adverse impacts arising from activities specified in clause 5**

A statement as to whether or not arrangements have been put in place to ensure that difficulties arising from the activities specified in clause 5 would not impact adversely on the registered bank's banking group, and if so, the nature of those arrangements.

**7 Amounts represented by activities specified in clause 5(a) and (b)**

- (1) A statement of the amount as at the balance date of—
  - (a) funds held in trust by any member of the registered bank's banking group;
  - (b) funds under management by any member of the registered bank's banking group;
  - (c) funds under custodial arrangements by any member of the registered bank's banking group (to the extent practicable);
  - (d) other funds held or managed subject to fiduciary responsibilities by any member of the registered bank's banking group; and

- (e) outstanding securitised assets originated by any member of the registered bank's banking group.
  - (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.
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## Schedule 12—Half year and off quarters

### Insurance, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

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#### 1 Insurance products

In this Schedule, insurance products relate to insurance contracts which constitute insurance business.

#### 2 Insurance business

A statement on whether or not the registered bank's banking group carries on any insurance business, and if it does, the following information:

- (a) the aggregate amount of insurance business as at the reporting date, where the amount so disclosed is calculated in accordance with the registered bank's conditions of registration; and
- (b) if, since the reporting date for the previous disclosure statement, there have been material changes in the registered bank's banking group's approach to managing its insurance business, a description of the nature of those changes.

#### 3 Non-consolidated insurance and non-financial activities

- (1) The information in subclause (2) if, since the reporting date for the previous disclosure statement, there has been a material change in any insurance business or non-financial activities that the registered bank carries on in New Zealand outside its banking group.
- (2) A statement of the nature of any changes in the insurance business or non-financial activities referred to in subclause (1).

#### 4 Banking group's involvement in securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

- (1) The information in subclause (2) if, since the reporting date for the previous disclosure statement is completed, there has been a material change in the nature of the registered bank's banking group's involvement in—

- (a) the establishment, marketing, or sponsorship of trust, custodial, funds management, and other fiduciary activities;
  - (b) the origination of securitised assets, and the marketing or servicing of securitisation schemes; or
  - (c) the marketing and distribution of insurance products.
- (2) A statement of the nature of any changes in the registered bank's banking group's involvement in the activities specified in subclause (1).

**5 Arrangements to ensure no adverse impacts arising from activities specified in clause 4(1)**

If, since the reporting date for the previous disclosure statement, there has been a material change in any arrangements which have been put in place to ensure that difficulties arising from the activities specified in clause 4(1) would not impact adversely on the registered bank's banking group, a statement of the nature of the changes.

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## Schedule 13—Full year

### Risk management policies

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#### 1 Categories of risk

Clause 2 applies to the following categories of risk:

- (a) credit risk, including concentrations of credit risk, intra-day credit risk, credit risk to bank counterparties, and related party credit risk;
- (b) currency risk;
- (c) interest rate risk;
- (d) equity risk;
- (e) liquidity risk;
- (f) operational risk; and
- (g) any other material business risk to which the registered bank's banking group is exposed.

#### 2 Information about risk

The following information in respect of each of the categories of risk set out in clause 1, to the extent not otherwise disclosed to comply with paragraph 33 of NZ IFRS 7:

- (a) an explanation of the nature of the risk and the activities of the registered bank's banking group that give rise to that risk;
- (b) a general description of the methods used to identify and monitor exposure to the risk, including the frequency with which exposures are monitored; and
- (c) a general description of the systems and procedures for controlling the risk, including (if applicable)—
  - (i) whether exposure limits are employed;
  - (ii) any policies with respect to collateral or other security; and
  - (iii) any policies on the use of financial instruments to mitigate or hedge risks.

#### 3 Reviews of banking group's risk management systems

A statement as to—

- (a) the nature and frequency of any reviews conducted in respect of the registered bank's banking group's risk management systems; and
- (b) whether or not any such reviews were conducted by a party external to the registered bank's banking group, overseas banking group, ultimate parent bank or ultimate holding company.

**4 Internal audit function of banking group**

- (1) A statement on whether or not the registered bank's banking group has an internal audit function.
- (2) If the registered bank's banking group has an internal audit function, a statement describing—
  - (a) the nature and scope of the internal audit function, including type and frequency of audits;
  - (b) the reporting responsibilities of the internal audit function; and
  - (c) whether or not there is a board audit committee or other separate board committee covering audit matters, and if so, the nature and scope of that committee's responsibilities.

**5 Access to parental disclosures**

A statement as to how users can access disclosures made by the ultimate parent bank or ultimate holding company in relation to capital adequacy requirements or risk management processes implemented by the ultimate parent bank or ultimate holding company.

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## Schedule 14—Half year and off quarter

### Risk management policies

#### Contents

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#### 1 Categories of risk

Clause 2 applies if, since the reporting date for the previous disclosure statement, there has been a material change in the registered bank's banking group's policies for managing any of the following risks:

- (a) credit risk, including concentrations of credit risk, intra-day credit risk, credit risk to bank counterparties and related party credit risk;
- (b) currency risk;
- (c) interest rate risk;
- (d) equity risk;
- (e) liquidity risk;
- (f) operational risk; and
- (g) any other material business risk to which the registered bank's banking group is exposed.

#### 2 Information about risk

- (1) A statement of the nature of the changes in the registered bank's banking group's policies for managing the risks specified in clause 1.
- (2) If, since the reporting date for the previous disclosure statement, the registered bank's banking group has become exposed to a new category of risk specified in clause 1 to which the registered bank's banking group was not previously exposed, the following information:
  - (a) the nature of that risk and the activities of the registered bank's banking group that caused the risk;
  - (b) the methods used to identify and monitor exposure to that risk, including the frequency with which exposures are monitored; and
  - (c) the systems and procedures for controlling that risk, including (if applicable)—
    - (i) whether exposure limits are employed;
    - (ii) any policies with respect to collateral or other security; and
    - (iii) any policies on the use of financial instruments to mitigate or hedge risks.

**Explanatory note**

*This note is not part of the order, but is intended to indicate its general effect.*

The operative provisions of this Order come into force on 31 March 2012. This Order replaces the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order (No 4) 2011.

The main purpose of this Order is to give legal effect to the current versions of material incorporated by reference in reliance on section 81AA and in accordance with Schedule 3 of the Reserve Bank of New Zealand Act 1989. This Order also corrects clause 8(2) of Schedule 5 so that it refers to half year disclosure statement instead of full year disclosure statement.

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This Order in Council is administered in the Reserve Bank of New Zealand.

## **Documents incorporated by reference in Orders in Council for registered bank disclosure statements**

The Orders in Council for registered bank disclosure statements are published pursuant to section 81 of the Reserve Bank of New Zealand Act 1989. They consist of the following Orders (“the Orders”) made on 20 February 2012 and come into force on 31 March 2012, except for clause 26 of the first Order and clause 27 of the second Order, which come into force on 30 March 2012.

- Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2012
- Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2012

The Orders incorporate by reference the following documents from the Reserve Bank of New Zealand banking supervision handbook:

- Capital Adequacy Framework (Basel I Approach) (BS2)
- Capital Adequacy Framework (Standardised Approach) (BS2A)
- Capital Adequacy Framework (Internal Models Based Approach) (BS2B)
- Connected Exposures Policy (BS8)

Copies of these documents are available free of charge on the Reserve Bank of New Zealand’s website: <http://www.rbnz.govt.nz>

Copies may also be inspected free of charge at the Reserve Bank, No. 2 The Terrace, Wellington, during normal office hours. The Reserve Bank will accommodate reasonable requests for copies of the documents.

The Orders incorporate by reference the following accounting standards and documents:

- New Zealand Equivalent to International Accounting Standard 1—Presentation of Financial Statements (NZ IAS 1)
- New Zealand Equivalent to International Accounting Standard 24—Related Party Disclosures (NZ IAS 24)
- New Zealand Equivalent to International Accounting Standard 32—Financial Instruments: Presentation (NZ IAS 32)
- New Zealand Equivalent to International Accounting Standard 34—Interim Financial Reporting (NZ IAS 34)
- New Zealand Equivalent to International Accounting Standard 39—Financial Instruments: Recognition and Measurement (NZ IAS 39)



- New Zealand Equivalent to International Financial Reporting Standard 7—Financial Instruments: Disclosures (NZ IFRS 7)
- New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting (NZ Framework)

Copies of the accounting standards and of the NZ Framework are available free of charge on the website of the External Reporting Board (<http://www.xrb.govt.nz>) or may be purchased by e-mailing [enquiries@xrb.govt.nz](mailto:enquiries@xrb.govt.nz).

The Orders incorporate the conditions of registration for registered banks as they apply to each bank. Under the Orders, each registered bank is required to publish its conditions of registration on the Internet and also make them available either in a printed or other suitable form, free of charge in all cases.

Prudential Supervision Department  
Reserve Bank of New Zealand