



New Zealand Gazette

OF THURSDAY, 21 FEBRUARY 2008

WELLINGTON: WEDNESDAY, 27 FEBRUARY 2008 — ISSUE NO. 40

REGISTERED BANK DISCLOSURE STATEMENTS

Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2008

ANAND SATYANAND, Governor-General

Order in Council

At Wellington this 25th day of February 2008

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 Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2008.

2 Commencement

This order comes into force on 30 March 2008.

3 Application

This order applies to every registered bank incorporated in New Zealand.

4 Interpretation

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

accounting period has the same meaning as in section 2(1) of the Companies Act 1993

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; or
- (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

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

asset acquired through the enforcement of security means any asset that is legally owned as the result of enforcing security, other than a building occupied by the bank

associated person has the same meaning as in section 2(2) of the Act

balance date means the last day of an accounting period or interim accounting period (as applicable)

bank means a registered bank or an overseas bank

banking group, in relation to a registered bank,—

- (a) means the financial reporting group; but
- (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 relation to—

- (a) an overseas bank or overseas banking group, means the amount of capital held by the overseas bank or overseas banking group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that overseas bank or overseas banking group in its country of domicile; 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 current version of the Reserve Bank document entitled “Capital Adequacy Framework (Basel I Approach) (BS2)”

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

Capital Adequacy Framework (Internal Models Based Approach) (BS2B) means the current version of 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 current conditions of registration imposed on that registered bank by the Reserve Bank under section 74 of the Act

Connected Exposures Policy (BS8) means the current version of the Reserve Bank document entitled “Connected Exposures Policy (BS8)”

counterparty has the same meaning it has in the definition of “group of closely related counterparties” in NZ IFRS 7

credit risk has the same meaning as in NZ IFRS 7

currency risk has the same meaning as in NZ IFRS 7

director, in relation to a registered bank, means a person holding office as a director of the registered bank

disclosure statement has the same meaning as in section 2(1) of the Act

EAD refers to exposure at default determined in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B)

equity refers to and has the same meaning as “equity” in the “New Zealand Equivalent to the IASB Framework for the Preparation and Presentation of Financial Statements” approved by the Accounting Standards Review Board as amended from time to time.

equity exposure, in relation to a banking group, means the amount of the change in the economic value of equity instruments that are financial assets and financial liabilities of the banking group in a single currency, which would occur as a result of a change in the price of equity instruments in that currency

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 asset acquired through the enforcement of security has the same meaning as in NZ IFRS 7

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) a registered bank (as reporting entity); and
- (b) 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

group of closely related counterparties has the same meaning as in NZ IFRS 7

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, has the same meaning as in the conditions of registration for 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 at reporting date 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 repricing date, in relation to the whole or part of a financial instrument, means the earlier of the date on which, in accordance with the terms of the financial instrument,—

- (a) the interest rate reset date next occurs (being the date on which the rate of interest payable in respect of the whole or part (as applicable) of the financial instrument can or will alter); or
- (b) a principal sum is due and payable; or
- (c) if no principal sum is due and payable, the maturity date occurs

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

interim accounting period means—

- (a) the first 6 month period of an accounting period; or
- (b) if clause 25 applies, the interim accounting period specified by the Reserve Bank

IRB approach refers to 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

LGD refers to 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—

- (a) means New Zealand Equivalent to International Accounting Standard 1 (Presentation of Financial Statements), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 24—

- (a) means New Zealand Equivalent to International Accounting Standard 24 (Related Party Disclosures), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 32—

- (a) means New Zealand Equivalent to International Accounting Standard 32 (Financial Instruments: Disclosure and Presentation), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 39—

- (a) means New Zealand Equivalent to International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IFRS 7—

(a) means New Zealand Equivalent to International Financial Reporting Standard 7 (Financial Instruments: Disclosures) approved under the Financial Reporting Act 1993; and

(b) includes amendments made to that standard

90 day past due asset has the same meaning as in NZ IFRS 7 and to avoid doubt includes an asset other than a restructured asset, other individually impaired asset, or financial asset acquired through the enforcement of security, 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 90 days; or

(b) amounts owing under revolving facilities have been continuously outside of limits for at least 90 days

non-bank connected person, in relation to a registered bank, has the same meaning as in the conditions of registration for the registered bank or Connected Exposures Policy (BS8), as applicable

non-financial asset acquired through the enforcement of security means any asset which is legally owned as the result of enforcing security, other than a financial asset or a building occupied by the bank

other asset acquired through the enforcement of security means any asset which is legally owned as the result of enforcing security, other than a financial asset or a land or building asset

other asset under administration means any asset that is not an impaired asset or a 90 day past due asset, but 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

other individually impaired asset has the same meaning as in NZ IFRS 7

overseas bank means a financial institution incorporated outside New Zealand which has been authorised, registered, or licensed as a bank in its country of domicile by the appropriate banking supervisory authority

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

PD refers to probability of default determined in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B)

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

qualifying interest has the same meaning as in section 2(1) of the Act

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

rate insensitive assets means that amount of the financial assets held by the banking group that the registered bank reasonably believes is unlikely to be diminished or increased as a result of a material change in market interest rates if the interest rate applicable to that financial asset (which may be zero) does not change or does not change materially

rate insensitive liabilities means that amount of the financial liabilities held by the banking group which the registered bank reasonably believes is unlikely to be diminished or increased as a result of a material change in market interest rates if the interest rate applicable to that financial liability (which may be zero) does not change or does not change materially

rate insensitive product means a rate insensitive asset or a rate insensitive liability

real estate asset acquired through the enforcement of security means any land or building which is legally owned as the result of enforcing security, other than a building occupied by the bank

register means the register of registered banks maintained under section 69 of the Act

registered bank has the same meaning as in section 2(1) of the Act

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

restructured asset has the same meaning as in NZ IFRS 7

subsidiary means a subsidiary within the meaning of sections 5 to 8 of the Companies Act 1993

tier one capital, in relation to—

- (a) an overseas bank or overseas banking group, means the amount of tier one capital held by the overseas bank or overseas banking group determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that overseas bank or overseas banking group in its country of domicile; and
- (b) a banking group, means the amount of tier one 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, or with Capital Adequacy Framework (Standardised Approach) (BS2A), or with Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).

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

voting security has the same meaning as in section 2(1) of the Act

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, but not defined in it,—

- (a) has, in relation to a registered bank whose conditions of registration define the term or expression, the same meaning as in those conditions of registration, as amended from time to time; or
- (b) has, if paragraph (a) does not apply and the term or expression is defined in the Act, the same meaning as in the Act; or
- (c) must, if neither paragraph (a) nor paragraph (b) applies, be interpreted in a way that complies with generally accepted accounting practice, where applicable.

Part 1

Form, frequency, publication, and auditing of disclosure statements

5 Disclosure statement

- (1) The disclosure statement of a registered bank comprises—
 - (a) a key information summary; and
 - (b) a general disclosure statement; and
 - (c) a supplemental disclosure statement (if any).
- (2) A requirement that applies to a disclosure statement applies to each of the documents referred to in subclause (1).

6 First disclosure statement

- (1) The first disclosure statement required by this order for a registered bank that is a registered bank before 30 March 2008 is for the first balance date that occurs after 30 March 2008.
- (2) The first disclosure statement required by this order for a registered bank that becomes a registered bank on or after 30 March 2008 is for the balance date determined by the Reserve Bank, which may be a date that is before or after the date on which the registered bank became a registered bank.
- (3) If subclause (2) applies, a reference in this order to a balance date is to be read as if it were a reference to the balance date determined by the Reserve Bank.

7 Timing of first publication of first and subsequent disclosure statements

- (1) A registered bank that is a registered bank before 30 March 2008 must first publish its key information summary, general disclosure statement, and its supplemental disclosure statement (if any), that are part of its first disclosure statement required by this order—
 - (a) in the manner specified in clause 8; and
 - (b) on the same date.
- (2) The date referred to in subclause (1)(b) must be no later than 3 months after the first balance date that occurs after 30 March 2008 unless subclause (3) applies.
- (3) A registered bank that becomes a registered bank on or after 30 March 2008 must first publish its key information summary, general disclosure statement, and its supplemental disclosure statement (if any), that are part of its first disclosure statement required by this order—
 - (a) in the manner specified in clause 8; and
 - (b) on the same date within the period specified by the Reserve Bank.
- (4) A registered bank must first publish its key information summary, general disclosure statement, and supplemental disclosure statement (if any), that are part of each of its subsequent disclosure statements required by this order—
 - (a) in the manner specified in clause 8; and
 - (b) on the same date, which must be no later than 3 months after each balance date.

8 First publication of first and subsequent disclosure statements

- (1) On the applicable date referred to in clause 7, a registered bank must first publish its first disclosure statement or its subsequent disclosure statement, as the case may require, by—
 - (a) delivering a signed disclosure statement to the Reserve Bank; and
 - (b) prominently displaying a copy of its key information summary that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, at—
 - (i) the registered bank's head office; and
 - (ii) every branch of the registered bank; and
 - (iii) every other premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
 - (c) making a copy of its key information summary, general disclosure statement, and supplemental disclosure statement (if any), that are part of its first disclosure statement or its subsequent disclosure statement, as the case may require, readily accessible on the registered bank's website.

9 Ongoing publication of first and subsequent disclosure statements

- (1) During the publication period, a registered bank must publish its first disclosure statement or subsequent disclosure statement, as the case may require, by—
- (a) providing to any person who requests it a copy of its most recent key information summary that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, immediately on request and at no charge; and
 - (b) providing to any person who requests it a copy of its most recent general disclosure statement that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, at no charge and—
 - (i) immediately on request if the request is made at the registered bank's head office; or
 - (ii) within 5 working days if the request is made at a branch of the registered bank, any other premises of the registered bank, or any premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
 - (c) providing to any person who requests it a copy of its most recent supplemental disclosure statement, or such part of it as is requested, that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, at no charge and—
 - (i) immediately on request if the request is made at the registered bank's head office; or
 - (ii) within 5 working days if the request is made at a branch of the registered bank, any other premises of the registered bank, or any premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
 - (d) prominently displaying a copy of its key information summary that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, at—
 - (i) the registered bank's head office; and
 - (ii) every branch of the registered bank; and
 - (iii) every other premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
 - (e) making a copy of its key information summary, general disclosure statement, and supplemental disclosure statement (if any), that are part of its first disclosure statement or its subsequent disclosure statement, as the case may require, readily accessible on the registered bank's website; and
 - (f) if the registered bank provides banking accounts to customers through a branch that is not normally physically accessible by the customers of that branch,—

- (i) notifying each customer of that branch of the availability of its most recent key information summary that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require; and
 - (ii) stating that the key information summary is available immediately on request and at no charge.
- (2) Subclause (1)(c) does not apply if the content of a supplemental disclosure statement is included in the general disclosure statement.
- (3) For the purposes of subclause (1), **publication period**, in relation to a registered bank, means the period that—
 - (a) starts on the date on which the registered bank's first disclosure statement or its subsequent disclosure statement, as the case may require, is first published; and
 - (b) ends on the date on which the next disclosure statement of the registered bank is first published.

10 Disclosure statement to be audited

- (1) The disclosure statement of a registered bank must be audited.
- (2) The auditor's reports must meet the requirements of clause 19.

Part 2

Content of disclosure statements

Subpart 1—General requirements

11 Information must be in English

- (1) All information in the disclosure statement of a registered bank must be in English.
- (2) Nothing in subclause (1) applies to copies of guarantee contracts.

12 Disclosure statement not to be false or misleading

In addition to the information that is required by this order, the disclosure statement of a registered bank—

- (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.

13 Requirements when registered bank is unable to disclose information

Subject to clause 15(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.

14 Information covering period less than stated period

- (1) A disclosure statement that contains information for a period that is less than the period for which the information is required under this order must identify the period for which the information is provided.
- (2) A registered bank need not disclose information under this order about a person, business, or group for that part of a period during which the person, business, or group or any part of the group did not exist.

15 Comparative information

- (1) Any comparative information that is required to be disclosed under this order for the previous corresponding period must be restated so that it corresponds to the information disclosed for the current 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 12 months after the date on which that information was first required to be published.

16 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 21(2) and regulation 22(d) of the Securities Regulations 1983.

17 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 the banking group, without also stating whether that person guarantees any of the obligations of the registered bank or any member of the banking group.

18 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.

19 Auditor's reports

- (1) The auditor's report on the key information summary of a registered bank must—
 - (a) include the information prescribed in clause 1 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) The auditor's report on the general 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 key information summary, general disclosure statement, and supplemental disclosure statement

Key information summary

20 Information to be included in key information summary

- (1) The key information summary of a registered bank must include the information prescribed in Schedule 2—
 - (a) in respect of the most recent accounting period or interim accounting period (as applicable); and
 - (b) in the same order and under the same headings set out in that schedule.
- (2) If a key information summary would be false or misleading as a result of stating the information required to be disclosed under this order, the key information summary must, under the relevant heading, include information and explanations that will make the key information summary not false or misleading.
- (3) If applicable, the information contained in the key information summary must be taken from the information contained in the general disclosure statement.
- (4) The key information summary may contain additional information, to which the information required in Schedule 2 may refer by way of note, but only if that information is set out after the information required to be disclosed under that schedule.
- (5) The information that is required to be disclosed under clauses 4 to 9 of Schedule 2 must—
 - (a) relate to the banking group; and
 - (b) include comparative figures for the previous corresponding period.

General disclosure statement

21 Information to be included in general disclosure statement

- (1) The general disclosure statement of a registered bank must include, in respect of the most recent accounting period or interim accounting period (as applicable),—
 - (a) all of the information prescribed in Schedule 3; and
 - (b) the supplementary information prescribed in Schedule 4 and Schedules 6 to 9; and
 - (c) if the registered bank is not subject to any condition of registration requiring some aspect of capital adequacy to be measured in accordance with either Capital Adequacy Framework (Standardised Approach) (BS2A)

- or Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the supplementary information prescribed in Schedule 5; and
- (d) 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 supplementary information prescribed in Schedule 5A; and
 - (e) 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 supplementary information prescribed in Schedule 5B; and
 - (f) 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 more than one of the documents Capital Adequacy Framework (Basel I Approach) (BS2), Capital Adequacy Framework (Standardised Approach) (BS2A), and Capital Adequacy Framework (Internal Models Based Approach) (BS2B), any supplementary information set out in Schedules 5, 5A and 5B that is applicable to that methodology.
- (2) Subclauses (1)(b) to (1)(f) do not apply if the supplementary information is included in the financial statements prepared in accordance with clauses 22 or 23.

22 Financial statements for accounting period

- (1) The general disclosure statement for the accounting period must contain or be accompanied by the financial statements of—
- (a) the registered bank; and
 - (b) the 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 banking group; and
 - (b) the registered bank and the banking group do not qualify for any exemptions under any differential reporting framework that applies to them; and
 - (c) the registered bank and the banking group do not qualify for the reporting exemption provided by paragraph (a) of the definition of “financial institution” in paragraph E23 of NZ IFRS 7.
- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.

23 Financial statements for interim accounting period

- (1) Subject to subclause (4), the general disclosure statement for the interim accounting period, must contain or be accompanied by financial statements of—
- (a) the registered bank; and
 - (b) the 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) the interim accounting period were an accounting period; and
 - (b) every reference in that Act to a group were a reference to the banking group; and
 - (c) the registered bank and the banking group do not qualify for any exemptions under any differential reporting framework that applies to them; and
 - (d) the registered bank and the banking group do not qualify for the reporting exemption provided in paragraph (a) of the definition of “financial institution” in paragraph E23 of NZ IFRS 7.
- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.
- (4) Nothing in this clause requires an auditor to state whether, in the auditor’s opinion, the financial statements give a true and fair view of the matters to which they relate.

*Supplemental disclosure statement***24 Information to be included in supplemental disclosure statement**

- (1) The supplemental disclosure statement must include only the following information (if it applies):
- (a) the supplementary information prescribed in Schedule 10;
 - (b) if paragraph (c) does not apply, and the general disclosure statement states that a person guarantees any material obligations of the registered bank,—
 - (i) a copy of the full guarantee contract; and
 - (ii) a copy of the most recent financial statements and group financial statements of the guarantor; and
 - (iii) a copy of the auditor’s report (if any) for those financial statements;
 - (c) if the general disclosure statement states that a person has entered into any material cross guaranteeing arrangements with the registered bank, a copy of the full guarantee contract if—
 - (i) there is a single contract that sets out the rights and obligations of all the cross guarantors; or
 - (ii) there is a standard contract which is representative of the rights and obligations of each of the cross guarantors;

- (d) if the general disclosure statement states that the registered bank has calculated its aggregate credit exposure to connected persons on a net basis,—
 - (i) a copy of the bilateral netting agreement; and
 - (ii) if applicable, a copy of the advice from an independent third party expert that validates the robustness of that agreement.
 - (e) any additional information or explanations required to ensure the supplemental disclosure statement is not false or misleading.
- (2) Subclause (1) does not apply to the extent that the matters required under that subclause are included in the general disclosure statement.

Part 3

Miscellaneous provisions

Length of interim accounting period

25 Length of interim accounting period

- (1) This clause applies if an accounting period of a registered bank will be shorter or longer than 12 months as a result of—
- (a) the date of registration of a company in terms of the Companies Act 1993; or
 - (b) a change in the balance date (as defined in section 7 of the Financial Reporting Act 1993) of a registered bank or company.
- (2) If this clause applies, the Reserve Bank may, after consultation with the company or the registered bank, determine the length of any interim accounting period for the shorter or longer accounting period.

26 Revocation

- (1) The Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2007 is revoked.
- (2) Despite the revocation of the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2007, a disclosure statement for a balance date that occurred during the period that that order was in force must be completed, and published, in accordance with that order.
-

Schedule 1

Information to be included in auditor's report

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3	Auditor's report in respect of general disclosure statement: interim accounting period	946

1 Auditor's report in respect of key information summary

The auditor's report must state—

- (a) that the key information summary has been examined by the auditor; and
- (b) whether the key information summary has been completed in accordance with this order and whether the information contained in it has been properly taken, where applicable, from the information contained in the general disclosure statement; and
- (c) the nature of the audit examination conducted in respect of information drawn from the general disclosure statement, and whether a qualified or unqualified opinion has been given in respect of that information.

2 Auditor's report in respect of general disclosure statement: accounting period

The auditor's report in respect of the general disclosure statement for an accounting period must state, with respect to the financial statements and supplementary information prepared in accordance with this order,—

- (a) the work done by the auditor; and
- (b) the scope and limitations of the audit; and
- (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; and
- (d) whether the auditor has obtained all the information and explanations that the auditor has required; and
- (e) whether, 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 the banking group; and
- (f) whether, in the auditor's opinion, the financial statements of the registered bank and the banking group comply with generally accepted accounting practice, and if they do not, the respects in which they fail to comply; and
- (g) whether, in the auditor's opinion (where applicable), the supplementary 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 the banking group; and
- (h) whether, in the auditor's opinion, and 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 the 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
 - (i) whether, in the auditor's opinion, the supplementary information prescribed in Schedules 4 to 9 and clause 17 of Schedule 3 (as applicable) and disclosed in accordance with this order gives a true and fair view of the matters to which it relates and, if it does not, the respects in which it fails to give such a view.

3 Auditor's report in respect of general disclosure statement: interim accounting period

The auditor's report in respect of a general disclosure statement for an interim accounting period must meet the requirements of clause 2 or,—

- (a) for financial statements prepared in accordance with clauses 22 and 23 of this order, state—
 - (i) that the financial statements have been examined by the auditor; and
 - (ii) whether anything has come to the auditor's attention which would cause the auditor to believe that the financial statements do not present a true and fair view of the matters to which they relate; and
 - (b) for supplementary information prescribed in Schedules 4 to 9 and clause 17 of Schedule 3 (as applicable) and disclosed in accordance with this order, state—
 - (i) that the supplementary information has been examined by the auditor; and
 - (ii) whether anything has come to the auditor's attention which would cause the auditor to believe that the supplementary information does not present a true and fair view of the matters to which it relates.
-

Schedule 2

Information to be included in key information summary

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1 Introductory statement for customers of registered bank

The following statement:

“The purpose of this key information summary is to provide customers and potential customers with information about the financial condition of their bank.

Neither the New Zealand Government nor the Reserve Bank guarantees or insures bank deposits.

The information contained in the key information summary is explained in the Reserve Bank publication *Your Bank's Disclosure Statement - What's In It For You?* That publication can be obtained from the *[Reserve Bank] *[Reserve Bank and the [name of registered bank]].”

*Delete if not applicable

2 Corporate information

The following information:

- (a) the name of the registered bank:
- (b) if applicable, the name of any person that is the ultimate parent bank of the registered bank and its country of domicile:
- (c) if applicable, the name of any person that is the ultimate holding company of the registered bank and its country of domicile.

3 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.

4 Profitability

The following information:

- (a) the net profit or loss after tax over the accounting period or interim accounting period (as applicable), specifying the period and end date of the accounting period or interim accounting period (as applicable):
- (b) the net profit or loss after tax over the 12 month period ending on the current balance date, expressed as a percentage of the average of total assets.

5 Size

The following information:

- (a) total assets:
- (b) the percentage change in total assets over the 12 month period ending on the current balance date.

6 Capital adequacy

The following information:

- (a) tier one capital ratio derived in accordance with the registered bank's conditions of registration relating to capital adequacy, and the minimum that the ratio is permitted to be under the registered bank's conditions of registration:
- (b) total capital ratio derived in accordance with the registered bank's conditions of registration relating to capital adequacy, and the minimum that the ratio is permitted to be under the registered bank's conditions of registration.

7 Asset quality

The following information:

- (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) total individual credit impairment allowance:
- (d) total individual credit impairment allowance expressed as a percentage of total impaired assets:
- (e) total collective credit impairment allowance:
- (f) non-financial assets acquired through the enforcement of security.

8 Peak credit exposure concentrations

- (1) The following information for the most recent quarter of the accounting period or interim accounting period (as applicable):

- (a) the number of individual non-bank counterparties or groups of closely related counterparties of which a bank is not the parent to which the banking group has a peak end-of-day aggregate credit exposure which equals or exceeds 10% of the banking group's equity, in successive ranges of 10% of the banking group's equity:
 - (b) the number of individual bank counterparties or groups of closely related counterparties of which a bank is the parent to which the banking group has a peak end-of-day aggregate credit exposure which equals or exceeds 10% of the banking group's equity, in successive ranges of 10% of the banking group's equity.
- (2) The information disclosed under subclause (1) must be calculated using the methodology set out in Schedule 6.
- (3) A statement that the information disclosed under subclause (1) excludes exposures to connected persons and to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent.

9 Credit exposure to connected persons

- (1) The following information for the most recent quarter of the accounting period or interim accounting period (as applicable):
 - (a) the peak end-of-day aggregate credit exposure (of a non-capital nature and net of individual credit impairment allowance) to connected persons expressed as an amount and as a percentage of tier one capital:
 - (b) the peak end-of-day aggregate credit exposure (of a non-capital nature and net of individual credit impairment allowance) to non-bank connected persons expressed as an amount and as a percentage of tier one capital.
- (2) The information disclosed under subclause (1) must be calculated using the methodology set out in Schedule 7.
- (3) The following:
 - (a) a statement that the information required under subclause (1) is net of individual credit impairment allowance and excludes advances to connected persons of a capital nature:
 - (b) a statement whether the limits on aggregate credit exposure to connected persons and to non-bank connected persons in the registered bank's conditions of registration have been complied with at all times over the most recent quarter of the accounting period or interim accounting period (as applicable):
 - (c) a statement of the nature and amount of any breaches of the limits referred to in paragraph (b).

10 Statement about availability of general disclosure statement and supplemental disclosure statement

A statement—

- (a) that a copy of the registered bank's most recent general disclosure statement and supplemental disclosure statement (if applicable) will be provided immediately

- at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
- (b) that a copy of the registered bank's most recent general disclosure statement and supplemental disclosure statement (if applicable) are available on the registered bank's website; and
- (c) specifying the categories of places where a copy of the registered bank's most recent general disclosure statement and supplemental disclosure statement (if applicable) will be provided at no charge to any person within 5 working days of a request for a copy having been made.

11 Auditor's report

A copy of the auditor's report referred to in clause 19(1) of this order.

Schedule 3

Information to be included in general disclosure statement

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1 Name and address for service of registered bank

The name and address for service of the registered bank.

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; and
- (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.

3 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 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; and
- (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.

4 Guarantees

- (1) A statement whether any material obligations of the registered bank are guaranteed.
- (2) If a person guarantees any material obligations of the registered bank and clause 8 does not apply, the matters set out in clauses 5 to 7.

5 Details of guarantor

- (1) The name and address for service of the guarantor.
- (2) A statement whether the guarantor is a member of the 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 and 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 whether 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; and
- (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 whether 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 whether 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 whether 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.

7 Availability of copy of full guarantee contract

- (1) A statement that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided immediately at no charge to any person requesting a copy if the request is made at the registered bank's head office.
- (2) The categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (3) Subclauses (1) and (2) do not apply if the content of the supplemental disclosure statement is included in the general disclosure statement.

8 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 description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under clause 6(2) to (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 there is a single contract that sets out the rights and obligations of all the cross guarantors; or if there is a standard contract which is representative of the rights and obligations of each of the cross guarantors, a statement—
- (a) that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided immediately at no charge to any person requesting a copy where the request is made at the registered bank's head office; and
 - (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (5) Subclause (4) does not apply if the content of the supplemental disclosure statement is contained in the general disclosure statement.

9 Absence of supplemental disclosure statement

If the content of the supplemental disclosure statement is contained in the general disclosure statement, or if none of the information required to be disclosed in the supplemental disclosure statement applies, a statement that the registered bank has not published a supplemental disclosure statement, giving the reason.

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 banking group which either 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 banking group, be given to any other person of like circumstances or means, or which could otherwise be reasonably likely to influence materially the exercise of that director's duties; and
 - (b) whether the director is an executive director; and
 - (c) whether the director is an independent director; and
 - (d) the names of all companies, other than those which are members of the banking group, of which the director holds office as a director.

- (5) A statement whether there is a board audit committee, and if so, the total number of persons who comprise the audit 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 or any of them.

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 date on which the signing of the disclosure statement is completed.
- (2) If applicable, a description of any changes to the conditions of registration that have occurred since the signing of the previous disclosure statement is completed, 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 accounting period or interim accounting period (as applicable), 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 banking group, whether in New Zealand or elsewhere, that may have a material adverse effect on the registered bank or the 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:
- (e) descriptions or explanations of all steps in the applicable rating scales.

15 Historical summary of financial statements

- (1) A historical summary of financial statements for the banking group—

- (a) in the case of an accounting period, for each of the 5 most recent consecutive accounting periods; or
 - (b) in the case of an interim accounting period, for that interim accounting period and each of the 5 most recent consecutive accounting periods.
- (2) The amounts in the historical summary of financial statements must be amounts taken from financial statements of the banking group and that give a true and fair view of the results and state of affairs of the 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 impaired asset expense:
 - (e) total other expenses:
 - (f) net profit or loss before taxation:
 - (g) taxation:
 - (h) net profit or loss after taxation:
 - (i) minority interests:
 - (j) the amount paid or provided for dividends:
 - (k) total assets:
 - (l) total individually impaired assets:
 - (m) total liabilities:
 - (n) equity.
- (4) A statement whether the amounts specified in subclause (3) have been taken from audited financial statements.

16 Members of banking group

In respect of each member of the banking group other than the registered bank:

- (a) the name of the member:
- (b) the nature of the business of each such member:
- (c) the country of incorporation of the member:
- (d) the banking group's percentage ownership interest in the member.

17 Insurance business

A statement whether the banking group conducts any insurance business, and if it does, the following information:

- (a) the aggregate amount of insurance business, where the amount so disclosed is calculated in accordance with the registered bank's conditions of registration:
- (b) an explanation as to how the 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 banking group whether any insurance business is

accounted for in its statement of financial position, and if so—

- (A) the name of that member; and
 - (B) whether 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:
- (c) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraph (a).

18 Other material matters

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

- (a) are not contained elsewhere in the general 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 banking group is the issuer.

19 Directors' statements

- (1) A statement by the directors as to whether 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 each director believes, after due enquiry, that, over the accounting period or interim accounting period (as applicable),—

- (a) the registered bank has complied with all conditions of registration that applied during that period; and
- (b) credit exposures to connected persons (if any) were not contrary to the interests of the banking group; and
- (c) the registered bank had systems in place to monitor and control adequately the banking group's material risks, 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.

20 Auditor's report

A copy of the auditor's report referred to in clause 19(2) of this order.

Schedule 4

Supplementary financial disclosures and asset quality

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Supplementary financial disclosures

- 1 Supplementary information on statement of financial position**
 - (1) The following information in respect of the registered bank and banking group:
 - (a) total interest earning and discount bearing assets:
 - (b) total interest and discount bearing liabilities:
 - (c) if assets presented in the statement of financial position have been used to secure any obligations, the nature and amount of those assets:
 - (d) the nature and amount of any assets not legally owned but presented in the statement of financial position.
 - (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.
 - (3) If risk attaches to financial assets and financial liabilities set off in accordance with NZ IAS 32, the following information in respect of the registered bank and banking group —
 - (a) the gross amount of financial assets and financial liabilities set off; and
 - (b) the nature of the risk attaching to the assets and liabilities set off; and
 - (c) the revenues and expenses relating to the assets and liabilities set off.
 - (4) The disclosure required by subclause (3) is subject to a materiality criterion.
 - (5) For the purpose of subclause (3), risk attaches to any financial assets and liabilities set off if the financial instruments comprising the set-off have differing interest bases or currencies.

2 Supplementary information on related party transactions

- (1) The information in subclause (2) in respect of the registered bank and banking group, to the extent not otherwise disclosed to comply with NZ IAS 24.
- (2) The nature and recorded value (or the total of outstanding balances, as applicable), of each of the following types of related party transactions:
 - (a) management contracts:
 - (b) agency relationships:
 - (c) taxation grouping arrangements:
 - (d) debts or other amounts owing which have been forgiven over the reporting period:
 - (e) transactions which have taken place at nil or nominal value, including a brief description of those transactions and a statement that no or nominal charge has been made.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.
- (4) The disclosure required by subclause (2) is subject to a materiality criterion.

3 Supplementary information on income statement

- (1) If included in the income statement, the information in subclause (2) in respect of the registered bank and banking group.
- (2) The net gain or loss attributable to derivatives used for hedging purposes that do not qualify as designated and effective hedging instruments in terms of the provisions of NZ IAS 39.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.
- (4) The disclosure required by subclause (2) is subject to a materiality criterion.

4 Accounting policies

The registered bank's and banking group's accounting policies for recognising financial instruments, including—

- (a) the basis for classifying, and for recognising and measuring, each of the following classes of assets:
 - (i) 90 day past due assets:
 - (ii) other assets under administration; and
- (b) accounting for sale and repurchase agreements, reverse sale and repurchase agreements or their option derivatives; and
- (c) whether securities are accounted for on a trade or settlement date basis; and
- (d) accounting for financial instruments that are used for hedging purposes; and
- (e) accounting for leases; and
- (f) accounting for foreign exchange contracts, interest rate contracts, and derivative instruments such as options, futures, and swaps; and

- (g) accounting for acceptances and endorsements of bills of exchange; and
- (h) accounting for loan transfers and the securitisation of financial assets.

Asset quality

5 Classes of assets to which clauses 6 to 10 apply

- (1) Clauses 6 to 10 apply to the following classes of assets:
 - (a) other individually impaired assets:
 - (b) restructured assets:
 - (c) financial assets acquired through the enforcement of security:
 - (d) real estate assets acquired through the enforcement of security:
 - (e) other assets acquired through the enforcement of security:
 - (f) 90 day past due assets:
 - (g) other assets under administration.
- (2) To avoid doubt, the disclosure required by clauses 6 to 8 includes financial assets designated as at fair value through profit and loss, where applicable.

6 Aggregate amounts

- (1) The information in subclause (2) in respect of the registered bank and banking group for each of the classes of assets set out in clause 5.
- (2) The following information as at the balance date:
 - (a) the aggregate amount that has been recognised, before deducting allowances for credit impairment loss or allowances for impairment loss created in respect of non-financial assets where applicable; and
 - (b) the aggregate amount of individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets.
- (3) The information in subclause (4) in respect of the registered bank and banking group for each of the classes of assets set out in subclauses (a), (b), (f) and (g) of clause 5.
- (4) The aggregate amount as at the balance date of any undrawn balances on lending commitments to counterparties for whom drawn balances fall within that class of assets, before deducting allowances for credit impairment loss where applicable.
- (5) The information that is required to be disclosed under subclauses (2) and (4) must include comparative figures for the previous corresponding period.

7 Amount of interest revenue foregone

- (1) The information in subclause (2) in respect of the registered bank and banking group for holdings of other individually impaired assets and holdings of restructured assets and 90 day past due assets.
- (2) The following information:

- (a) the amount of interest revenue foregone over the accounting period or interim accounting period (as applicable);
 - (b) the basis on which the amount of interest revenue foregone has been calculated.
- (3) The information that is required to be disclosed under subclause (2)(a) must include comparative figures for the previous corresponding period.

8 Movements in pre-allowance balances

- (1) The information in subclause (2) in respect of the registered bank and banking group for each of the classes of assets set out in clause 5.
- (2) Information on movements in pre-allowance balances over the accounting period or interim accounting period (as applicable), separately disclosing—
 - (a) pre-allowance opening balance; and
 - (b) additions; and
 - (c) amounts written-off; and
 - (d) deletions; and
 - (e) pre-allowance closing balance.

9 Movements in balances of total individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets

- (1) The information in subclause (2) in respect of the registered bank and banking group for each of the classes of assets set out in clause 5.
- (2) Information on movements in the balances of total individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets over the accounting period or interim accounting period (as applicable), separately disclosing—
 - (a) opening balance; and
 - (b) charge (credit) to the statement of financial performance for increase or decrease in individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets; and
 - (c) amounts written off; and
 - (d) write-downs of assets acquired through the enforcement of security; and
 - (e) recoveries of impairment allowances and write-offs charged in previous periods; and
 - (f) other movements, and the nature of those other movements; and
 - (g) closing balance.
- (3) Movements must be reconciled to the charges allocated to the statement of financial performance.

10 Movements in balance of collective credit impairment allowance

- (1) The information in subclause (2) in respect of the registered bank and banking group.

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

11 Asset quality breakdown by major type of credit exposure

- (1) The information in subclause (2) in respect of the banking group.
 - (2) The information that is required to be disclosed under clauses 6, 8, 9 and 10 in respect of the classes of asset specified in subclauses 5(a) and 5(b) in relation 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; and
 - (ii) on balance sheet corporate exposures; and
 - (iii) on balance sheet exposures excluding those referred to by subclauses (a)(i) and (a)(ii) and excluding exposures to sovereigns and central banks, multilateral development banks and other international organisations, public sector entities, and banks;
 - (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; and
 - (ii) retail exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B), excluding those referred to by subclause (b)(i); and
 - (iii) corporate exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B);
 - (c) in any other case, residential mortgage loans as defined in the conditions of registration.
-

Schedule 5

Risk weighted exposures and capital adequacy under the Basel I approach

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1 Capital

- (1) The information in subclause (2)—
- (a) in respect of the capital of the registered bank and banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or the Capital Adequacy Framework (Basel I Approach) (BS2) (as applicable).
- (2) The following information as at the balance date:

CAPITAL

Tier one capital
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)
Total tier one capital
Tier two capital
Upper tier two capital
Unaudited retained profits
Revaluation reserves
Upper tier two capital instruments (specify)
Lower tier two capital
Term subordinated debt
Other capital elements with original maturity of 5 years or more

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

2 Equity share capital

- (1) The information in subclause (2) in respect of the registered bank and banking group.
- (2) For each class of equity share capital—
 - (a) whether it is included in tier one capital or tier two capital; and
 - (b) the material terms and conditions applying to that class, including (but not limited to)—
 - (i) voting rights; and
 - (ii) redemption, conversion or capital repayment options or facilities and their relevant terms or conditions; and
 - (iii) terms or conditions of any predetermined dividend rate; and
 - (iv) provision for any variation or suspension of dividend payments; and
 - (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 Capital instruments

- (1) The information in subclause (2) in respect of the registered bank and banking group.
- (2) For every other class of capital instrument included in capital—
 - (a) whether the class constitutes upper or lower tier two capital; and
 - (b) the priority or ranking in point of security, payment or claims of the class; and
 - (c) all other material terms and conditions of issue of the class, including any related contracts or arrangements.

4 Reserves

The nature and amount of each reserve in respect of the registered bank and banking group.

5 Risk weighted exposures

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

- (b) derived in accordance with either the conditions of registration relating to capital adequacy or the Capital Adequacy Framework (Basel I Approach) (BS2) (as applicable).

(2) The following information as at the balance date:

Risk weighted exposures

(1) Calculation of balance sheet exposures

	Amount	Risk weight	Risk weighted exposure
Cash and short term claims on Government		0%	
Long term claims on Government		10%	
Claims on banks		20%	
Claims on public sector entities		20%	
Residential mortgages		50%	
Other		100%	
Total assets			

(2) Calculation of off-balance sheet exposures

	Amount	Credit conversion factor	Credit equivalent amount	Average counterparty risk weight	Risk weighted exposure
Direct credit substitutes		100%			
Asset sales with recourse		100%			
Commitments with certain drawdown		100%			
Underwriting and sub-underwriting facilities		50%			
Transaction related contingent items		50%			
Short term, self liquidating trade related contingencies		20%			
Other commitments to provide financial services which have an original maturity of 1 year or more		50%			
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time		0%			
Market related contracts ¹ (a) foreign exchange contracts (b) interest rate contracts (c) other		NA			
Total off-balance sheet exposures					
Risk weighted exposures					

¹ Specify whether the current exposure or original exposure method was used to calculate the credit equivalent amount on these contracts.

6 Capital ratios

- (1) The information in subclause (2)—
 - (a) in respect of the registered bank and banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or the Capital Adequacy Framework (Basel I Approach) (BS2) (as applicable).
- (2) The following information as at the balance date:
 - (a) tier one capital ratio:
 - (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.

7 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 ultimate parent bank and the ultimate parent bank group:
 - (i) tier one capital ratio:
 - (ii) total capital ratio:
 - (iii) the date to which the measures of tier one capital and capital relate; and
 - (b) a statement as to—
 - (i) whether 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 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 balance date.
 - (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.
-

Schedule 5A

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 banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information as at the balance date:

Capital

Tier One Capital
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)
Total Tier One Capital
Tier Two Capital
Upper Tier Two Capital
Unaudited retained profits
Revaluation reserves
Upper tier two capital instruments (specify)

Lower Tier Two Capital
Term subordinated debt
Other capital elements with original maturity of five years or more
Total Tier Two Capital
Tier One Capital plus tier two capital
Less: Deductions from total capital (specify each deduction)
Plus: other adjustments to total capital (specify each adjustment)
Total Capital

2 Capital Structure

- (1) The information in subclauses (2), (3) and (4) in respect of the banking group.
- (2) For each class of equity share capital—
 - (a) whether it is included in tier one capital or tier two capital; and
 - (b) the material terms and conditions applying to that class including (but not limited to) —
 - (i) voting rights; and
 - (ii) redemption, conversion or capital repayment options or facilities and their relevant terms or conditions; and
 - (iii) terms or conditions of any predetermined dividend rate; and
 - (iv) provision for any variation or suspension of dividend payments; and
 - (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 or lower tier two capital; and
 - (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 banking group.

3 Credit risk

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

- (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).

(2) The following information as at the balance date:

(1) Calculation of on-balance-sheet exposures

	Total exposure after credit risk mitigation	Risk Weight	Risk Weighted Exposure	Minimum Pillar One 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%		

(2) Calculation of Off-Balance Sheet Exposures

	Total Exposure	Credit Conversion Factor	Credit Equivalent Amount	Average risk weight	Risk Weighted Exposure	Minimum Pillar One 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%				

	Total Exposure	Credit Conversion Factor	Credit Equivalent Amount	Average risk weight	Risk Weighted Exposure	Minimum Pillar One Capital Requirement
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%				
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%				
Market related contracts						
(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 banking group; and
 - in respect of total residential mortgage loans as used to calculate the Registered Bank's pillar one capital requirement for credit risk, categorised by loan-to-valuation ratio.
- (2) The following information as at the balance date:

Residential mortgages by loan-to-valuation ratio

LVR range	0%-80%	80%-90%	Over 90%
Value of exposures			

5 Credit risk mitigation

- (1) The information in subclause (2)—
- in respect of the banking group; and
 - derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information as at the balance 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 banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information as at the balance 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 x total operational risk capital requirement.

7 Market risk end-period capital charges

- (1) The information in subclause (2)—
 - (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information as at the balance date:

Market Risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

8 Market risk peak end-of-day capital charges

- (1) The information in subclause (2)—
 - (a) in respect of the 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 most recent quarter of the accounting period or interim accounting period (as applicable):

Market Risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

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) For the purpose of the disclosure required by clause 8, peak end-of-day aggregate capital charge as a percentage of the banking group's equity is derived by dividing peak end-of-day aggregate capital charge by—
 - (a) the banking group's equity as at the end of the quarter; or
 - (b) the banking group's equity at the date to which the maximum end-of-day aggregate capital charge applied.
- (3) A statement of the method used to derive peak end-of-day aggregate capital charge, and peak end-of-day aggregate capital charge as a percentage of the banking group's equity, for each category of market risk.

10 Total capital requirements

- (1) The information in subclause (2)—
 - (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).

- (2) The following information as at the balance 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)—
- in respect of the banking group; and
 - derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information as at the balance date:
- tier one capital ratio; and
 - 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)—
- in respect of the registered bank; and
 - derived in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A).
- (2) The following information as at the balance date:
- total capital requirement; and
 - tier one capital ratio; and
 - 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)—
- in respect of the banking group; and
 - derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the balance 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.
- (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 ultimate parent bank and the ultimate parent bank group:
 - (i) tier one capital ratio:
 - (ii) total capital ratio:
 - (iii) the date to which the measures of tier one capital and capital relate; and
 - (b) a statement as to—
 - (i) whether 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 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 balance date.
 - (c) the methods by which users can access pillar three 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 5B

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 banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information as at the balance date:

Capital

Tier One Capital
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)
Total Tier One Capital
Tier Two Capital
Upper Tier Two Capital
Unaudited retained profits
Revaluation reserves
Upper tier two capital instruments (specify)
Lower Tier Two Capital
Term subordinated debt
Other capital elements with original maturity of five years or more
Total Tier Two Capital
Tier One Capital plus tier two capital
Less: Deductions from total capital (specify each deduction)
Plus: other adjustments to total capital (specify each adjustment)
Total Capital

2 Capital Structure

- (1) The information in subclauses (2), (3) and (4) in respect of the banking group.
- (2) For each class of equity share capital—
- (a) whether it is included in tier one capital or tier two capital; and
 - (b) the material terms and conditions applying to that class including (but not limited to) —
 - (i) voting rights; and
 - (ii) redemption, conversion or capital repayment options or facilities and their relevant terms or conditions; and
 - (iii) terms or conditions of any predetermined dividend rate; and

- (iv) provision for any variation or suspension of dividend payments; and
 - (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 or lower tier two capital; and
 - (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 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 banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) For each exposure class where the IRB approach is applied the following information as at the balance date:

Name of exposure class					
	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 of an item in any box of the table is calculated as the sum, across each exposure falling within that box, of the following amount:

$$\frac{(\text{value of that item for that exposure}) \times (\text{value of that exposure})}{(\text{total value of all exposures falling within that box})};$$

and

- (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; and
 - (d) risk-weighted assets and minimum capital requirements must be the amounts after multiplying by the scalar (if any) specified in the conditions of registration relating to capital adequacy.
- (4) For each exposure class the following information as at the balance 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;
 - (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; and
 - (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) —
- in respect of the banking group; and
 - in respect of total exposures secured by residential mortgages as used to calculate the Registered Bank's pillar one capital requirement for credit risk, categorised by loan-to-valuation ratio.
- (2) The following information as at the balance date:

Residential mortgages by loan-to-valuation ratio

LVR range	0%-60%	60%-70%	70%-80%	80%-90%	Over 90%
Value of exposures					

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 banking group.
- (2) The following information as at the balance 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 one capital requirement
	70%		
	90%		
	115%		
	250%		

Off balance sheet exposures

	EAD	Average risk weight	Risk weighted Assets	Minimum pillar one 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; and
 - risk-weighted assets and minimum capital requirements must be the amounts after multiplying by the scalar (if any) specified in the conditions of registration relating to capital adequacy.

6 Credit risk exposures subject to the standardised approach

- (1) The information in subclause (2)—
- in respect of the 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.

(2) The following information as at the balance 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 One 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 One Capital Requirement
Total off balance sheet exposures subject to the standardised approach						
Market-related contracts subject to the standardised approach						
(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)—
- (a) 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
 - (b) 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)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information as at the balance 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)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information as at the balance date:

Equity exposures

	Total Exposure	Risk Weight	Risk Weighted Exposure	Minimum Pillar One Capital Requirement
Equity holdings (not deducted from capital) that are publicly traded		300%		
All other equity holdings (not deducted from capital)		400%		

9 Operational Risk

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information as at the balance 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)—
- (a) 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;
 - (b) implied risk weighted exposure must be calculated as $12.5 \times$ total operational risk capital requirement.

10 Market risk end-period capital charges

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information as at the balance date:

Market Risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

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

- (1) The information in subclause (2)—
 - (a) in respect of the banking group; and
 - (b) derived in accordance with clause 12.
- (2) The following information in respect of peak end-of-day aggregate capital charges for the most recent quarter of the accounting period or interim accounting period (as applicable):

Market Risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

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

- (1) For the purpose of the disclosure required by clause 11, 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) For the purpose of the disclosure required by clause 11, peak end-of-day aggregate capital charge as a percentage of the banking group's equity is derived by dividing peak end-of-day aggregate capital charge by—
 - (a) the banking group's equity as at the end of the quarter; or
 - (b) the banking group's equity at the date to which the maximum end-of-day aggregate capital charge applied.
- (3) A statement of the method used to derive peak end-of-day aggregate capital charge, and peak end-of-day aggregate capital charge as a percentage of the banking group's equity, for each category of market risk.

13 Total capital requirements

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information as at the balance 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.

14 Basel II capital ratios

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information as at the balance 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.

15 Comparison information on Basel I capital adequacy and on solo capital adequacy

- (1) The information in subclause (2)—
- (a) in respect of the registered bank and the banking group; and
 - (b) determined in accordance with Capital Adequacy Framework (Basel I Approach) (BS2).
- (2) The following information as at the balance date:
- (a) total risk-weighted exposures; and
 - (b) tier one capital ratio; and
 - (c) 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 Pillar 2 capital for other material risks

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

17 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 ultimate parent bank and the ultimate parent bank group:
 - (i) tier one capital ratio;
 - (ii) total capital ratio;
 - (iii) the date to which the measures of tier one capital and capital relate; and
 - (b) a statement as to—
 - (i) whether 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 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 balance date.
 - (c) the methods by which users can access pillar three 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 6

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 during the accounting period or the interim accounting period (as applicable).
- (2) 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 banking group's maximum exposure to credit risk taking account of the guidance in paragraphs B9 and B10 of NZ IFRS7; and
- (b) exclude credit exposures to connected persons; and
- (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.

3 Comparative figures

The information that is required to be disclosed under this schedule must include comparative figures for the previous corresponding period.

4 Large bank exposures

- (1) The information in subclause (2) in successive ranges of 10% of equity, commencing at 10% of equity —
 - (a) as the balance date; and
 - (b) in respect of peak end-of-day aggregate credit exposure for the most recent quarter of the accounting period or interim accounting period (as applicable).
- (2) The number of individual bank counterparties (which are not members of a group of closely related counterparties) and groups of closely related counterparties of which a bank is the parent to which the banking group has an aggregate credit

exposure that equals or exceeds 10% of the banking group's equity.

5 Large non-bank exposures

- (1) The information in subclause (2) in successive ranges of 10% of equity, commencing at 10% of equity —
 - (a) as at the balance date; and
 - (b) in respect of peak end-of-day aggregate credit exposure for the most recent quarter of the accounting period or interim accounting period (as applicable).
- (2) The number of individual non-bank counterparties (which are not members of a group of closely related counterparties) and groups of closely related counterparties of which a bank is not the parent to which the banking group has an aggregate credit exposure that equals or exceeds 10% of the banking group's equity.

6 Peak end-of-day aggregate credit exposure

- (1) For the purposes of clauses 4 and 5, peak end-of-day aggregate credit exposure to each individual counterparty or a group of closely related counterparties for the most recent quarter of the interim accounting period or the accounting period (as applicable) is derived by—
 - (a) determining the maximum end-of-day aggregate amount of credit exposure over the quarter; and
 - (b) then dividing that amount by—
 - (i) the banking group's equity as at the end of the quarter; or
 - (ii) the banking group's equity 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.

7 Aggregate credit exposure

- (1) The following information as at the balance date and in respect of the individual bank counterparties and groups of closely related counterparties of which a bank is the parent referred to in clause 4(2):
 - (a) the total amount of credit exposures to those counterparties that have a credit rating that is of investment grade;
 - (b) the total amount of credit exposures to those counterparties that have a credit rating that is below investment grade;
 - (c) the total amount of credit exposures to those counterparties that do not have a credit rating;
 - (d) the percentage each of the amounts referred to in paragraphs (a) to (c) represents in relation to the aggregate of the amounts referred to in paragraphs (a) to (c).

- (2) The following information as at the balance date and in respect of the individual non-bank counterparties and groups of closely related counterparties of which a bank is not the parent referred to in clause 5(2):
- (a) the total amount of credit exposures to those counterparties that have a credit rating that is of investment grade:
 - (b) the total amount of credit exposures to those counterparties that have a credit rating that is below investment grade:
 - (c) the total amount of credit exposures to those counterparties that do not have a credit rating:
 - (d) the percentage each of the amounts referred to in paragraphs (a) to (c) represents in relation to the aggregate of the amounts referred to in paragraphs (a) to (c).

8 Meaning of credit rating

- (1) For the purposes of clauses 2 and 7, **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.

9 Meaning of investment grade credit rating

For the purposes of this schedule, an **investment grade credit rating** means a credit rating of BBB- or Baa3 or above, or its equivalent.

Schedule 7

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—
 - (a) must be derived in accordance with either the registered bank's conditions of registration relating to credit exposures to connected persons or Connected Exposures Policy (BS8) (whichever is applicable); and
 - (b) must include comparative figures for the previous corresponding period.

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 most recent quarter of the accounting period or interim accounting period (as applicable).
- (2) The aggregate credit exposure (of a non-capital nature and net of individual credit impairment allowances) of the 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 either the registered bank's conditions of registration or Connected Exposures Policy (BS8) (whichever is applicable) 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 most recent quarter of the interim accounting period or the accounting period (as applicable) is derived by—
- (a) determining the maximum end-of-day aggregate amount of credit exposure over the quarter; and
 - (b) then dividing that amount by—
 - (i) the banking group's tier one capital as at the end of the quarter; or
 - (ii) the 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 banking group as at the balance date;
- (b) a statement as to whether any limit changes have occurred over the most recent quarter, and if so, the nature of those changes, and the dates on which they occurred;
- (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 most recent quarter of the accounting period or interim accounting period (as applicable)—
 - (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:
 - (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:
 - (c) a statement that the registered bank's most recent supplemental disclosure statement contains—
 - (i) a copy of the bilateral netting agreement; and
 - (ii) if an industry standard agreement is not used, a copy of the advice from an independent third

party expert validating the robustness of the agreement:

- (d) a statement that a copy of the registered bank's most recent supplemental disclosure statement will be provided immediately at no charge to a person who requests a copy of it at the registered bank's head office:
 - (e) a statement of the categories of places where a copy of the registered bank's most recent supplemental disclosure statement will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (3) Subclause (2)(c) to (e) does not apply if the content of the supplemental disclosure statement is contained in the general disclosure statement.

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

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

Schedule 8

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 to 10 relating to entities on whose behalf the banking group markets or distributes insurance products is required only in respect of affiliated insurance entities or affiliated insurance groups.

2 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 banking group's involvement in—

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

3 Arrangements to ensure no adverse impacts arising from the activities specified in clause 2

A statement as to whether arrangements have been put in place to ensure that difficulties arising from the activities specified in clause 2 would not impact adversely on the banking group, and if so, the nature of those arrangements.

4 Amounts represented by activities specified in clause 2(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 banking group; and
 - (b) funds under management by any member of the banking group; and
 - (c) funds under custodial arrangements by any member of the banking group (to the extent practicable); and
 - (d) other funds held or managed subject to fiduciary responsibilities by any member of the banking group; and
 - (e) outstanding securitised assets originated by any member of the banking group.
- (2) The information that is required to be disclosed under this clause must include comparative figures for the previous corresponding period.

5 Financial services provided to entities conducting activities specified in clause 2

A statement as to whether (over the accounting period or interim accounting period (as applicable)) financial services provided by any member of the banking group to entities that conduct the activities specified in clause 2(a) or (b) or on

whose behalf the banking group conducts the activities specified in clause 2(c), have been provided on arms length terms and conditions and at fair value.

6 Assets purchased from entities conducting activities specified in clause 2

A statement as to whether (over the accounting period or interim accounting period (as applicable)) assets purchased by any member of the banking group from entities that conduct the activities specified in clause 2, or on whose behalf the banking group conducts the activities specified in clause 2(c), have been purchased on arms length terms and conditions and at fair value.

7 Aggregate funding provided to entities

- (1) The peak end-of-day aggregate amount of funding the banking group has provided over the most recent quarter of the accounting period or interim accounting period (as applicable) to entities that conduct the activities specified in clause 2 or on whose behalf the banking group conducts the activities specified in clause 2(c).
- (2) The peak end-of-day aggregate amount of funding—
 - (a) includes funding provided by the purchase of securities issued by entities involved in activities specified in clause 2 or on whose behalf the banking group conducts the activities specified in clause 2(c); and
 - (b) must be expressed as an amount and as a percentage of tier one capital.
- (3) The information that is required to be disclosed under this clause must include comparative figures for the previous corresponding period.

8 Method for deriving peak end-of-day aggregate amount of funding in clause 7

- (1) For the purposes of clause 7, the peak end-of-day aggregate amount of funding for the most recent quarter of the interim accounting period or the accounting period (as applicable) is derived by—
 - (a) determining the maximum end-of-day aggregate amount of funding over the quarter, and
 - (b) then dividing that amount by—
 - (i) the banking group's tier one capital as at the end of the quarter; or
 - (ii) the banking group's tier one capital as at the date the maximum end-of-day aggregate amount of funding occurred.
- (2) A statement of the method used to derive peak ratio information.

9 Peak end-of-day aggregate amount of funding provided to individual entity

- (1) The peak end-of-day aggregate amount of funding provided by the banking group over the most recent quarter of the accounting period or interim accounting period (as applicable) to any individual entity that conducts the activities specified in clause 2, or on whose behalf the banking group conducts activities specified in clause 2(c).
- (2) The peak end-of-day aggregate amount of funding—
 - (a) includes funding provided by the purchase of securities issued by entities that conduct the activities specified in clause 2, or on whose behalf the banking group conducts the activities specified in clause 2(c); and
 - (b) must be expressed as an amount and as a percentage of the amount of assets of the individual entity to which the funding has been provided by the banking group.
- (3) The information that is required to be disclosed under this clause must include comparative figures for the previous corresponding period.

10 Method for deriving peak end-of-day aggregate amount of funding in clause 9

- (1) For the purposes of clause 9, the peak end-of-day aggregate amount of funding provided to an individual entity for the most recent quarter of the interim accounting period or the accounting period (as applicable) is derived by determining—
 - (a) the maximum end-of-day aggregate amount of funding provided over the quarter, and
 - (b) then dividing that amount by—
 - (i) the amount of the entity's assets as at the end of the quarter; or
 - (ii) the amount of the entity's assets as at the date the maximum end-of-day aggregate amount of funding occurred.
- (2) A statement of the method used to derive peak ratio information.

Schedule 9
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:
- (g) any other material risk to which the banking group is exposed.

2 Information about risk

- (1) A general description of the 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 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:
 - (d) a general description of the systems and procedures for controlling the 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; 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 124A of NZ IAS 1:

- (a) the 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 banking group's risk management systems; and

- (b) whether any such reviews were conducted by a party external to the banking group, ultimate parent bank, or ultimate holding company.

5 Internal audit function of banking group

- (1) A statement whether the banking group has an internal audit function.
- (2) If the 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; and
 - (b) the reporting responsibilities of internal audit; and
 - (c) whether there is a board audit committee, 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; and
 - (b) the circumstances and criteria under which financial assets are assessed collectively with other financial assets; and
 - (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, and an indication of the extent to which the banking group makes use of on- and off-balance sheet netting; and
- (b) whether the simple or comprehensive method is used to measure the mitigating effects of collateral; and
- (c) the main types of guarantor and credit derivative counterparty and their creditworthiness; and
- (d) any material market and credit risk concentrations that might arise as a result of the mitigation taken.

Schedule 10

Supplementary risk management disclosure

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1 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, the following information:
- (a) 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):
 - (i) any exposure class other than the retail exposure class which includes exposures of a material total value; and
 - (ii) exposures classified as retail mortgage lending by the registered bank for the purpose of its internal credit risk modelling; and
 - (iii) retail exposures other than those referred to in subclause (ii).

2 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.

3 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.

REBECCA KITTERIDGE, for Clerk of the Executive Council.

Explanatory note

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

This order, which comes into force on 30 March 2008, applies to a registered bank which is incorporated in New Zealand, in respect of each such bank's financial year and half year. It replaces the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2007.

The principal amendments to the 2007 Order included in this 2008 Order are to update the drafting of the 2007 Order, to revise the disclosure of capital adequacy in line with the implementation of the Basel II capital adequacy framework in New Zealand, and to remove references to superseded accounting standards and concepts given that all New Zealand banks have now adopted New Zealand IFRSs and New Zealand IASs.

A description of the principal provisions of the revised disclosure regime is given below.

Under the disclosure regime, all registered banks are required to issue a public disclosure statement each quarter. The disclosure statement required to be published under this order comprises a key information summary, a general disclosure statement and, if applicable, a supplemental disclosure statement.

The key information summary provides a brief summary of key financial information on the registered bank and its banking group, and must be made available free of charge immediately upon request. The key information summary must also be displayed prominently in each bank branch and in any other customer-accessible bank premises, and made available or displayed on a bank's internet website.

The general disclosure statement is required to contain a comprehensive range of financial and corporate information on the bank and its banking group. The general disclosure statement need not be displayed in each bank branch, but must be made available free of charge, immediately if the request is made at a bank's head office, or within five working days if the request is made at a bank branch or at any customer-accessible bank premises other than the head office. It must also be readily available on the bank's internet website. The information required to be included in a general disclosure statement includes—

- (a) general information on the structure of the bank, the members of the banking group and information on guarantee arrangements (where applicable);
- (b) information about credit ratings the bank is required to have, and a disclosure of the current level of each such rating;
- (c) comprehensive financial statements for the bank and banking group, prepared in accordance with generally accepted

accounting practice, including asset quality and risk concentration information:

- (d) information on capital adequacy (using the Reserve Bank of New Zealand's capital adequacy framework). A bank is required to disclose capital charges for each category of market risk (interest rate risk, currency risk and equity risk) both as at the end of the half year or full year and peak over the most recent quarter of the accounting period to date:
- (e) information, both as at the end of the half year or full year and peak over the most recent quarter of the accounting period to date, on exposure concentrations to individual counterparties and groups of closely related counterparties and to connected persons:
- (f) descriptions of the banking group's policies and systems for identifying, monitoring and managing its risks:
- (g) the conditions of registration imposed by the Reserve Bank on the registered bank under section 74 of the Reserve Bank of New Zealand Act:
- (h) statements signed by the directors of the bank, including an attestation as to whether the directors are satisfied that the banking group had systems in place to monitor and control adequately the group's material business risks and whether the controls have been properly applied over the reporting period, and a statement that the disclosure statement is not false or misleading:
- (i) information on the banking group's funds management and securitisation activities, and the marketing and distribution of insurance products, to the extent it has any:
- (j) information on the directorate and auditors of the bank.

Each bank must publish a supplemental disclosure statement, unless the information it would include is contained in the general disclosure statement. The supplemental disclosure statement must be made available free of charge, immediately if the request is made at a bank's head office, or within 5 working days if the request is made at a bank branch or at any customer-accessible bank premises other than the head office. It must also be readily available on the bank's internet website. This order requires the following information to be contained in a supplemental disclosure statement:

- (a) if the registered bank has adopted an Internal Ratings Based approach to credit risk under the Basel II capital adequacy framework, a description of that approach and a discussion of the control mechanisms surrounding the rating systems:

- (b) if the registered bank has adopted an Advanced Measurement Approach to operational risk under the Basel II capital adequacy framework, a description of that approach;
- (c) the contract of guarantee and financial statements of any guarantor, if the material obligations of the registered bank are guaranteed:
- (d) if the registered bank has entered into any material cross guaranteeing arrangements, a copy of the full guarantee contract if there is a contract that sets out, or is representative of, the rights and obligations of all the cross guarantors:
- (e) a copy of any bilateral netting agreement the bank has entered into with a connected person.

A bank has 3 months after its balance date or interim balance date in which to publish the disclosure statements required by this order.

The disclosure statement in respect of the end of a financial year is subject to full external audit. The disclosure statement prepared as at the half year is subject to a limited review by an external auditor, although a registered bank may elect to obtain a full external audit. The audit opinions at both of these periods concern whether the information disclosed gives a true and fair view of the matters to which it relates.

The disclosure statements required by this Order in Council must be signed by all the directors of the bank. A director may authorise in writing another person to sign on his or her behalf.

The Reserve Bank of New Zealand Act provides for criminal and civil penalties where a bank's disclosure statement is found to be false or misleading.

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

Registered Bank Disclosure Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 2008

ANAND SATYANAND, Governor-General

Order in Council

At Wellington this 25th day of February 2008

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 Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 2008.

2 Commencement

This order comes into force on 30 March 2008.

3 Application

This order applies to every registered bank incorporated in New Zealand.

4 Interpretation

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

accounting period has the same meaning as in section 2(1) of the Companies Act 1993

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; or
- (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

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

asset acquired through the enforcement of security means any asset that is legally owned as the result of enforcing security, other than a building occupied by the bank

associated person has the same meaning as in section 2(2) of the Act

bank means a registered bank or an overseas bank

banking group, in relation to a registered bank,—

- (a) means the financial reporting group; but

- (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 relation to—

- (a) an overseas bank or overseas banking group, means the amount of capital held by the overseas bank or overseas banking group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that overseas bank or overseas banking group in its country of domicile; 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 current version of the Reserve Bank document entitled “Capital Adequacy Framework (Basel I Approach) (BS2)”

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

Capital Adequacy Framework (Internal Models Based Approach) (BS2B) means the current version of 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 current conditions of registration imposed on that registered bank by the Reserve Bank under section 74 of the Act

Connected Exposures Policy (BS8) means the current version of the Reserve Bank document entitled “Connected Exposures Policy (BS8)”

counterparty has the same meaning it has in the definition of “group of closely related counterparties” in NZ IFRS 7

credit risk has the same meaning as in NZ IFRS 7

currency risk has the same meaning as in NZ IFRS 7

director, in relation to a registered bank, means a person holding office as a director of the registered bank

disclosure statement has the same meaning as in section 2(1) of the Act

EAD refers to exposure at default determined in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B)

equity refers to and has the same meaning as “equity” in the “New Zealand Equivalent to the IASB Framework for the Preparation and Presentation of Financial Statements” approved by the Accounting Standards Review Board as amended from time to time.

equity exposure, in relation to a banking group, means the amount of the change in the economic value of equity instruments that are financial assets and financial liabilities of the banking group in a single currency, which would occur as a result of a change in the price of equity instruments in that currency

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 asset acquired through the enforcement of security has the same meaning as in NZ IFRS 7

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

first quarter accounting period means—

- (a) the first 3 month period of an accounting period; or
- (b) if clause 21 applies, the first quarter accounting period determined by the Reserve Bank

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

group of closely related counterparties has the same meaning as in NZ IFRS 7

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, has the same meaning as in the conditions of registration for 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 at reporting date 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 repricing date, in relation to the whole or part of a financial instrument, means the earlier of the date on which, in accordance with the terms of the financial instrument,—

- (a) the interest rate reset date next occurs (being the date on which the rate of interest payable in respect of the whole or part (as applicable) of the financial instrument can or will alter); or
- (b) a principal sum is due and payable; or
- (c) if no principal sum is due and payable, the maturity date occurs

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

IRB approach refers to 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

LGD refers to 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 short form disclosure statement

NZ IAS 24—

- (a) means New Zealand Equivalent to International Accounting Standard 24 (Related Party Disclosures), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 32—

- (a) means New Zealand Equivalent to International Accounting Standard 32 (Financial Instruments: Disclosure and Presentation), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 34—

- (a) means New Zealand Equivalent to International Accounting Standard 34 (Interim Financial Reporting), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 39—

- (a) means New Zealand Equivalent to International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IFRS 7—

(a) means New Zealand Equivalent to International Financial Reporting Standard 7 (Financial Instruments: Disclosures) approved under the Financial Reporting Act 1993; and

(b) includes amendments made to that standard

90 day past due asset has the same meaning as in NZ IFRS 7 and to avoid doubt includes an asset other than a restructured asset, other individually impaired asset, or financial asset acquired through the enforcement of security, 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 90 days; or

(b) amounts owing under revolving facilities have been continuously outside of limits for at least 90 days

non-bank connected person, in relation to a registered bank, has the same meaning as in the conditions of registration for the registered bank or Connected Exposures Policy (BS8), as applicable

non-financial asset acquired through the enforcement of security means any asset which is legally owned as the result of enforcing security, other than a financial asset or a building occupied by the bank

off-quarter balance date means the last day of a first quarter accounting period or third quarter accounting period (as applicable)

other asset acquired through the enforcement of security means any asset which is legally owned as the result of enforcing security, other than a financial asset or a land or building asset

other asset under administration means any asset that is not an impaired asset or a 90 day past due asset, but 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

other individually impaired asset has the same meaning as in NZ IFRS 7

overseas bank means a financial institution incorporated outside New Zealand which has been authorised, registered, or licensed as a bank in its country of domicile by the appropriate banking supervisory authority

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

PD refers to probability of default determined in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B)

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

qualifying interest has the same meaning as in section 2(1) of the Act

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

rate insensitive assets means that amount of the financial assets held by the banking group that the registered bank reasonably believes is unlikely to be diminished or increased as a result of a material change in market interest rates if the interest rate applicable to that financial asset (which may be zero) does not change or does not change materially

rate insensitive liabilities means that amount of the financial liabilities held by the banking group that the registered bank reasonably believes is unlikely to be diminished or increased as a result of a material change in market interest rates if the interest rate applicable to that financial liability (which may be zero) does not change or does not change materially

rate insensitive product means a rate insensitive asset or a rate insensitive liability

real estate asset acquired through the enforcement of security means any land or building which is legally owned as the result of enforcing security, other than a building occupied by the bank

register means the register of registered banks maintained under section 69 of the Act

registered bank has the same meaning as in section 2(1) of the Act

related party has the same meaning as in NZ IAS 24

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

restructured asset has the same meaning as in NZ IFRS 7

short form disclosure statement means a disclosure statement that comprises the documents set out in clause 5(1)

subsidiary means a subsidiary within the meaning of sections 5 to 8 of the Companies Act 1993

third quarter accounting period means—

- (a) the first 9 month period of an accounting period; or
- (b) if clause 21 applies, the third quarter accounting period determined by the Reserve Bank

tier one capital, in relation to—

- (a) an overseas bank or overseas banking group, means the amount of tier one capital held by the overseas bank or overseas banking group determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that overseas

bank or overseas banking group in its country of domicile; and

- (b) a banking group, means the amount of tier one 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, or with Capital Adequacy Framework (Standardised Approach) (BS2A), or with Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).

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

voting security has the same meaning as in section 2(1) of the Act

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, but not defined in it,—

- (a) has, in relation to a registered bank whose conditions of registration define the term or expression, the same meaning as in those conditions of registration, as amended from time to time; or
- (b) has, if paragraph (a) does not apply and the term or expression is defined in the Act, the same meaning as in the Act; or
- (c) must, if neither paragraph (a) nor paragraph (b) applies, be interpreted in a way that complies with generally accepted accounting practice, where applicable.

Part 1

Form, frequency, and publication of short form disclosure statements

5 Short form disclosure statement

- (1) The short form disclosure statement of a registered bank comprises—
 - (a) a key information summary; and
 - (b) a general short form disclosure statement; and
 - (c) a supplemental disclosure statement (if any).
- (2) A requirement that applies to a short form disclosure statement applies to each of the documents referred to in subclause (1).

6 First short form disclosure statement

The first short form disclosure statement required by this order for a registered bank is for the first off-quarter balance date that occurs after 30 March 2008.

7 Timing of first publication of short form disclosure statement

- (1) A registered bank must first publish its key information summary, general short form disclosure statement, and its supplemental disclosure statement (if any)—
- (a) in the manner specified in clause 8; and
 - (b) on the same date.
- (2) The date referred to in subclause (1)(b) must be no later than 2 months after each off-quarter balance date unless subclause (3) applies.
- (3) The date referred to in subclause (1)(b) must be no later than 3 months after each off-quarter balance date if—
- (a) the general short form disclosure statement is subject to review or audit by an external auditor; and
 - (b) the extent of review or audit is not less than that which is required in respect of a disclosure statement under the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2008.

8 First publication of short form disclosure statement

On the applicable date referred to in clause 7, a registered bank must first publish its short form disclosure statement by—

- (a) delivering a signed short form disclosure statement to the Reserve Bank; and
- (b) prominently displaying a copy of its key information summary at—
 - (i) the registered bank's head office; and
 - (ii) every branch of the registered bank; and
 - (iii) every other premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
- (c) making a copy of its key information summary, general short form disclosure statement, and supplemental disclosure statement (if any), readily accessible on the registered bank's website.

9 Ongoing publication of short form disclosure statement

- (1) During the publication period, a registered bank must publish its short form disclosure statement by—
- (a) providing to any person who requests it a copy of its most recent key information summary immediately on request and at no charge; and
 - (b) providing to any person who requests it a copy of its most recent general short form disclosure statement at no charge and—
 - (i) immediately on request if the request is made at the registered bank's head office; or
 - (ii) within 5 working days if the request is made at a branch of the registered bank, any other premises of the registered bank, or any premises of an agency of the registered bank primarily engaged in the business of the registered bank; and

- (c) providing to any person who requests it a copy of its most recent supplemental disclosure statement, or such part of it as is requested, at no charge and—
 - (i) immediately on request if the request is made at the registered bank's head office; or
 - (ii) within 5 working days if the request is made at a branch of the registered bank, any other premises of the registered bank, or any premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
 - (d) prominently displaying a copy of its key information summary at—
 - (i) the registered bank's head office; and
 - (ii) every branch of the registered bank; and
 - (iii) every other premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
 - (e) making a copy of its key information summary, general short form disclosure statement, and supplemental disclosure statement (if any), readily accessible on the registered bank's website; and
 - (f) if the registered bank provides banking accounts to customers through a branch that is not normally physically accessible by the customers of that branch,—
 - (i) notifying each customer of that branch of the availability of its most recent key information summary; and
 - (ii) stating that the key information summary is available immediately on request and at no charge.
- (2) Subclause (1)(c) does not apply if the content of a supplemental disclosure statement is included in the general short form disclosure statement.
- (3) For the purposes of subclause (1), **publication period**, in relation to a registered bank, means the period that—
- (a) starts on the date on which the short form disclosure statement of the registered bank is first published; and
 - (b) ends on the date on which the next disclosure statement of the registered bank is first published.

Part 2

Content of short form disclosure statements

Subpart 1—General requirements

10 Information must be in English

- (1) All information in the short form disclosure statement of a registered bank must be in English.
- (2) Nothing in subclause (1) applies to copies of guarantee contracts.

11 Short form disclosure statement not to be false or misleading

In addition to the information that is required by this order, the short form disclosure statement of a registered bank—

- (a) must contain such other information that, in the opinion of the directors, is necessary or desirable to ensure that the short form 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.

12 Requirements when registered bank is unable to disclose information

Subject to clause 14(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 short form 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.

13 Information covering period less than stated period

- (1) A short form disclosure statement that contains information for a period that is less than the period for which the information is required under this order must identify the period for which the information is provided.
- (2) A registered bank need not disclose information under this order about a person, business, or group for that part of a period during which the person, business, group or any part of the group did not exist.

14 Comparative information

- (1) Any comparative information that is required to be disclosed under this order for the previous corresponding period must be restated so that it corresponds to the information disclosed for the current 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 12 months after the date on which that information was first required to be published.

15 Short form disclosure statement not to contain offer of securities

A short form 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 regulations 21(2) and 22(d) of the Securities Regulations 1983.

16 Information about shareholders

The short form 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 the banking group, without also stating whether that person guarantees any of the obligations of the registered bank or any member of the banking group.

17 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.

Subpart 2—Content of key information summary, general short form disclosure statement, and supplemental disclosure statement

Key information summary

18 Information to be included in key information summary

- (1) The key information summary of a registered bank must include the information prescribed in Schedule 1—
 - (a) in respect of the most recent off-quarter balance date, or first quarter accounting period, or third quarter accounting period (as applicable); and
 - (b) in the same order and under the same headings set out in that schedule.
- (2) If a key information summary would be false or misleading as a result of stating the information required to be disclosed under this order, the key information summary, must, under the relevant heading, include information and explanations that will make the key information summary not false or misleading.
- (3) If applicable, the information contained in the key information summary must be taken from the information contained in the general short form disclosure statement.
- (4) The key information summary may contain additional information to which the information required in Schedule 1 may refer by way of note, but only if that information is set out after the information required to be disclosed under that schedule.
- (5) The information that is required to be disclosed under clauses 4 to 9 of Schedule 1 must—
 - (a) relate to the banking group; and
 - (b) include comparative figures for the previous corresponding period.

General short form disclosure statement

19 Information to be included in general short form disclosure statement

The general short form disclosure statement of a registered bank must include—

- (a) all of the information prescribed in Schedules 2 to 3 and Schedules 5 to 8; and

- (b) if the registered bank is not subject to any condition of registration requiring some aspect of capital adequacy to be measured in accordance with either Capital Adequacy Framework (Standardised Approach) (BS2A) or Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the supplementary information prescribed in Schedule 4; and
- (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 supplementary information prescribed in Schedule 4A; and
- (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 supplementary information prescribed in Schedule 4B; 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 more than one of the documents Capital Adequacy Framework (Basel I Approach) (BS2), Capital Adequacy Framework (Standardised Approach) (BS2A), and Capital Adequacy Framework (Internal Models Based Approach) (BS2B), any supplementary information set out in Schedules 4, 4A and 4B that is applicable to that methodology.

Supplemental disclosure statement

20 Information to be included in supplemental disclosure statement

- (1) The supplemental disclosure statement must include only the following information (if it applies):
 - (a) if paragraph (b) does not apply and the general short form disclosure statement states that a person guarantees any material obligations of the registered bank, a copy of the—
 - (i) full guarantee contract; and
 - (ii) most recent financial statements and group financial statements of the guarantor; and
 - (iii) auditor's report (if any) relating for those financial statements:
 - (b) if the general short form disclosure statement states that a person has entered into a material cross guaranteeing arrangement with the registered bank, a copy of the full guarantee contract if—

- (i) there is a single contract that sets out the rights and obligations of all the cross guarantors; or
 - (ii) there is a standard contract that is representative of the rights and obligations of each of the cross guarantors:
 - (c) if the general short form disclosure statement states that a registered bank has calculated its aggregate credit exposure to connected persons on a net basis,—
 - (i) a copy of the bilateral netting agreement; and
 - (ii) if applicable, a copy of the advice from an independent third party expert validating the robustness of that bilateral netting agreement:
 - (d) any additional information or explanations required to ensure that the supplemental disclosure statement is not false or misleading.
- (2) Subclause (1) does not apply to the extent that the matters required under that subclause are included in the general short form disclosure statement.

Part 3

Miscellaneous provisions

Length of first quarter accounting period or third quarter accounting period (as applicable)

- 21 Length of first quarter accounting period or third quarter accounting period (as applicable)**
- (1) This clause applies if an accounting period of a registered bank will be shorter or longer than 12 months as a result of—
- (a) the date of registration of a company in terms of the Companies Act 1993; or
 - (b) a change in the balance date (as defined in section 7 of the Financial Reporting Act 1993) of a registered bank or company.
- (2) If this clause applies, the Reserve Bank may, after consultation with the company or the registered bank, determine the length of any first quarter accounting period or third quarter accounting period (as applicable) for the shorter or longer accounting period.

Revocation

- 22 Revocation**
- (1) The Registered Bank Disclosure Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 2007 is revoked.
- (2) Despite the revocation of the Registered Bank Disclosure Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 2007, a short form disclosure statement for an off-quarter balance date that occurred during the period that that order was in force must be completed, and published, in accordance with that order.
-

Schedule 1

Information to be included in key information summary

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1 **Introductory statement for customers of registered bank**

The following statement:

“The purpose of this key information summary is to provide customers and potential customers with information about the financial condition of their bank.

Neither the New Zealand Government nor the Reserve Bank of New Zealand guarantees or insures bank deposits.

The information contained in the key information summary is explained in the Reserve Bank publication *Your Bank's Disclosure Statement - What's In It For You?* That publication can be obtained from the *[Reserve Bank] *[Reserve Bank and the [name of registered bank]].”

*Delete if not applicable

2 **Corporate information**

The following information:

- (a) the name of the registered bank:
- (b) if applicable, the name of any person that is the ultimate parent bank of the registered bank and its country of domicile:
- (c) if applicable, the name of any person that is the ultimate holding company of the registered bank and its country of domicile.

3 **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 off-quarter balance date and the date on which the change occurred.

4 Profitability

The following information:

- (a) the net profit or loss after tax over the first quarter accounting period or third quarter accounting period (as applicable), specifying the period and end date of the first quarter accounting period or third quarter accounting period (as applicable):
- (b) the net profit or loss after tax over the 12 months ending on the current off-quarter balance date, expressed as a percentage of the average of total assets.

5 Size

The following information:

- (a) total assets:
- (b) the percentage change in total assets over the 12 month period ending on the current off-quarter balance date.

6 Capital adequacy

The following information:

- (a) tier one capital ratio derived in accordance with the registered bank's conditions of registration relating to capital adequacy, and the minimum percentage of this ratio permitted under the registered bank's conditions of registration:
- (b) total capital ratio derived in accordance with the registered bank's conditions of registration relating to capital adequacy, and the minimum percentage of this ratio permitted under the registered bank's conditions of registration.

7 Asset quality

The following information:

- (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) total individual credit impairment allowance:
- (d) total individual credit impairment allowance expressed as a percentage of total impaired assets:
- (e) total collective credit impairment allowance:
- (f) non-financial assets acquired through the enforcement of security.

8 Peak credit exposure concentrations

- (1) The following information for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable):
 - (a) the number of individual non-bank counterparties or groups of closely related counterparties of which a bank is not the parent to which the banking group has a peak end-of-day aggregate credit exposure which equals or exceeds 10% of the banking group's equity, in successive ranges of 10% of the banking group's equity:
 - (b) the number of individual bank counterparties or groups of closely related counterparties of which a bank is the parent to which the banking group has a peak end-of-day aggregate credit exposure which equals or exceeds 10% of the banking group's equity, in successive ranges of 10% of the banking group's equity.
- (2) The information disclosed under subclause (1) must be calculated using the methodology set out in Schedule 5.
- (3) A statement that the information disclosed under subclause (1) excludes exposures to connected persons and to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent.

9 Credit exposure to connected persons

- (1) The following information for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable):
 - (a) the peak end-of-day aggregate credit exposure (of a non-capital nature and net of individual credit impairment allowance) to connected persons expressed as an amount and as a percentage of tier one capital:
 - (b) the peak end-of-day aggregate credit exposure (of a non-capital nature and net of individual credit impairment allowance) to non-bank connected persons expressed as an amount and as a percentage of tier one capital.
- (2) The information disclosed under subclause (1) must be calculated using the methodology for disclosing this information set out in Schedule 6.
- (3) The following:
 - (a) a statement that the information required under subclause (1) is net of individual credit impairment allowance and excludes advances to connected persons of a capital nature:
 - (b) a statement whether the limits on aggregate credit exposure to connected persons and to non-bank connected persons in the registered bank's conditions of registration have been complied with at all times over the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable):
 - (c) a statement of the nature and amount of any breaches of the limits referred to in paragraph (b).

10 Statement about availability of general short form disclosure statement and supplemental disclosure statement

A statement—

- (a) that a copy of the registered bank's most recent general short form disclosure statement and supplemental disclosure statement (if applicable) will be provided immediately at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
- (b) that a copy of the registered bank's most recent general disclosure statement and supplemental disclosure statement (if applicable) are available on the registered bank's website; and
- (c) specifying the categories of places where a copy of the registered bank's most recent general short form disclosure statement and supplemental disclosure statement (if applicable) will be provided at no charge to any person within 5 working days of a request for a copy having been made.

11 Auditor's report

If the key information summary has been audited or reviewed by an external auditor, the following:

- (a) a statement of the nature and scope of the audit or review:
- (b) a copy of the auditor's report.

Schedule 2
Information to be included in general short form disclosure statement

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1 Name and address for service of registered bank

The name and address for service of the registered bank.

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; and
- (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.

3 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 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; and
- (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.

4 Directors

- (1) A statement whether there have been any changes in the composition of the registered bank's board of directors since the date on which the signing of its previous disclosure statement is completed, 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 short form disclosure statement.

5 Guarantees

- (1) A statement whether any material obligations of the registered bank are guaranteed.
- (2) If a person guarantees any material obligations of the registered bank and clause 9 does not apply, the matters set out in clauses 6 to 8.

6 Details of guarantor

- (1) The name and address for service of the guarantor.
- (2) A statement whether the guarantor is a member of the 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 and the guarantor 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 whether 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; and
 - (c) each change made to the rating in the 2 years immediately before the off-quarter balance date and the date on which that change occurred; and
 - (d) descriptions or explanations of all steps in the applicable rating scales.

7 Details of guaranteed obligations

- (1) A description of the obligations that are guaranteed.
- (2) A statement whether 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 whether 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 whether 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 liquidation of that guarantor.
- (5) If there are any such material legislative or regulatory restrictions,—
 - (a) the title of the legislation or regulatory restrictions involved; and
 - (b) the nature of the subordination of the rights of the creditors; and
 - (c) the amount of the liabilities that are affected.

8 Availability of copy of full guarantee contract

- (1) A statement that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided immediately at no charge to any person requesting a copy if the request is made at the registered bank's head office.

- (2) The categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (3) Subclauses (1) and (2) do not apply if the content of the supplemental disclosure statement is contained in the general short form disclosure statement.

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) to (4).
- (2) A description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under clause 7(2) to (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 there is a single contract that sets out the rights and obligations of all the cross guarantors; or if there is a standard contract which is representative of the rights and obligations of each of the cross guarantors, a statement—
 - (a) that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided immediately at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
 - (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (5) Subclause (4) does not apply if the content of the supplemental disclosure statement is contained in the general short form disclosure statement.

10 Absence of supplemental disclosure statement

If the content of the supplemental disclosure statement is contained in the general disclosure statement, or if none of the information required to be disclosed in the supplemental disclosure statement applies, a statement that the registered bank has not published a supplemental disclosure statement, giving the reason.

11 Conditions of registration

- (1) A copy of the conditions of registration that applied at the date on which the signing of the short form disclosure statement is completed.
- (2) If applicable, a description of any changes to the conditions of registration that have occurred since the signing of the previous

disclosure statement is completed, 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 first quarter accounting period or the third 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:
- (c) the current rating and all qualifications to that rating:
- (d) any change made to the rating in the 2 years immediately before the off-quarter balance date and the date on which the change occurred:
- (e) descriptions or explanations of all steps in the applicable rating scales.

13 Insurance business

A statement whether the banking group carries on any insurance business, and if it does, the following information:

- (a) a description of each class of that insurance business:
- (b) the aggregate amount of insurance business, where the amount disclosed is calculated in accordance with the registered bank's conditions of registration:
- (c) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraph (b).

14 Directors' statements

- (1) A statement by the directors as to whether each director believes, after due enquiry, that, as at the date on which the short form disclosure statement is signed,—
 - (a) the short form disclosure statement contains all the information that is required by this order; and
 - (b) the short form disclosure statement is not false or misleading.
- (2) A statement by the directors as to whether each director believes, after due enquiry, that, over the first quarter accounting period or third quarter accounting period (as applicable),—
 - (a) the registered bank has complied with all conditions of registration that applied during that period; and
 - (b) credit exposures to connected persons (if any) were not contrary to the interests of the banking group; and

- (c) the registered bank had systems in place to monitor and control adequately the banking group's material risks, 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.

15 Auditor's report

If the general short form 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:
 (b) a copy of the auditor's report.

Schedule 3 Short form financial statements and asset quality

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Short form financial statements

- 1 Currency must be New Zealand dollars**
 Any monetary amount that is required to be disclosed under clause 4 must be New Zealand dollars.
- 2 Comparative information**
 The information that is required to be disclosed under clause 4 must include comparative figures for the previous corresponding period.

3 Changes in accounting policies

- (1) A statement whether there have been any changes in accounting policies since the date on which the signing of the previous disclosure statement is completed.
- (2) A summary of those changes.

4 Financial information

- (1) The financial information that is required to be disclosed under this clause—
 - (a) must be in the format determined by the registered bank; and
 - (b) is for the banking group; and
 - (c) is for the first quarter accounting period or third quarter accounting period (as applicable), or is as at the off-quarter balance date, as the case may require.
- (2) The following information, to the extent that it is additional to the information that NZ IAS 34 requires the banking group to disclose when publishing interim financial statements:

Income Statement

- 1 Interest income
- 2 Interest expense
- 3 **Net interest income**
- 4 Net trading gains/losses
- 5 Other gains less losses on financial instruments at fair value
- 6 Other operating income
- 7 Other operating expenses
- 8 Impaired asset expense
- 9 Share of the profit or loss of associates and joint ventures accounted for using the equity method
- 10 **Profit/(loss) before tax**
- 11 Taxation expense/(credit)
- 12 **Profit/(loss) after tax**
- 13 Profit/(loss) attributable to minority interest
- 14 **Profit/(loss) attributable to equity holders of the parent**
- 15 A condensed statement of changes in equity or a statement of recognised income and expense

Balance Sheet**Assets**

- 1 The categories of financial asset listed in paragraph E3 of NZ IFRS 7, in each case shown net of individual credit impairment allowances
- 2 Derivative financial instruments
- 3 Deferred tax asset
- 4 Intangible assets
- 5 Fixed assets

6 Other assets

7 **Total assets**

Liabilities and shareholders' funds

8 Issued and paid-up share capital

9 Balances of reserve accounts

(a) Revaluation reserves

(b) Fair value reserves

(c) Other capital reserves

(d) Other revenue reserves

10 Balance of retained earnings

11 Minority interest

12 Total shareholders' funds

13 Term and/or perpetual subordinated debt

14 The categories of financial liability listed in paragraph E3 of NZ IFRS 7

15 Derivative financial instruments

16 Deferred tax liability

17 Other liabilities

18 **Total liabilities and shareholders' funds**

19 Total interest earning and discount bearing assets

20 Total interest and discount bearing liabilities

21 Total amounts due to related parties

22 If assets presented in the statement of financial position have been used to secure any obligations, the nature and amount of those assets

23 The nature and amount of any assets not legally owned but presented in the statement of financial position.

Asset quality

5 Classes of assets to which this Part applies

(1) This Part applies to the following classes of assets:

(a) other individually impaired assets:

(b) restructured assets:

(c) financial assets acquired through the enforcement of security:

(d) real estate assets acquired through the enforcement of security:

(e) other assets acquired through the enforcement of security:

(f) 90 day past due assets:

(g) other assets under administration.

(2) To avoid doubt, the disclosure required by clause 6 includes financial assets designated as at fair value through profit and loss, where applicable.

6 Aggregate amounts

(1) The information in subclause (2) in respect of the banking group for each of the classes of assets set out in clause 5.

- (2) The following information as at the off-quarter balance date:
 - (a) the aggregate amount that has been recognised, before deducting allowances for credit impairment loss or allowances for impairment loss created in respect of non-financial assets where applicable; and
 - (b) the aggregate amount of individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets.
- (3) The information in subclause (4) in respect of the registered bank and banking group for each of the classes of assets set out in subclauses (a), (b), (f) and (g) of clause 5.
- (4) The aggregate amount as at the balance date of any undrawn balances on lending commitments to counterparties for whom drawn balances fall within that class of assets, before deducting allowances for credit impairment loss where applicable.
- (5) The information that is required to be disclosed under subclauses (2) and (4) must include comparative figures for the previous corresponding period.

7 Movements in balances of total individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets

- (1) The information in subclause (2) in respect of the banking group for each of the classes of assets set out in clause 5.
- (2) Information on movements in the balances of total individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets over the first quarter accounting period or third quarter accounting period (as applicable), separately disclosing—
 - (a) opening balance; and
 - (b) charge (credit) to the statement of financial performance for increase or decrease in individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets; and
 - (c) amounts written-off; and
 - (d) write-downs of assets acquired through the enforcement of security; and
 - (e) recoveries of impairment allowances and write-offs charged in previous periods; and
 - (f) other movements, and the nature of those other movements; and
 - (g) closing balance.
- (3) Movements must be reconciled to the charges allocated to the statement of financial performance.

8 Movements in balance of collective credit impairment allowance

- (1) The information in subclause (2) in respect of the banking group.
- (2) Information on movements in the balance of the collective credit impairment allowance over the first quarter accounting period or third quarter accounting period (as applicable), separately disclosing—
 - (a) opening balance; and

- (b) charge (credit) to the statement of financial performance for increase or decrease in the collective credit impairment allowance; and
 - (c) other movements, and the nature of those other movements; and
 - (d) closing balance.
- (3) Movements must be reconciled to the charges allocated to the statement of financial performance.

9 Credit risk on loans and receivables at fair value

- (1) The information in subclause (2) in respect of the banking group.
- (2) The information required to be disclosed by paragraph 9 of NZ IFRS 7, in respect of the first quarter accounting period or third quarter accounting period (as applicable).

10 Asset quality breakdown by major type of credit exposure

- (1) The information in subclause (2) in respect of the banking group.
- (2) The information that is required to be disclosed under clauses 6, 7 and 8 in respect of the classes of asset specified in subclauses 5(a) and 5(b) in relation 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 subclauses (a)(i) and (a)(ii) and excluding exposures to sovereigns and central banks, multilateral development banks and other international organisations, public sector entities, and banks;
 - (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; and
 - (ii) retail exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B), excluding those referred to by subclause (b)(i); and
 - (iii) corporate exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B);

- (c) in any other case, residential mortgage loans as defined in the conditions of registration.

Schedule 4

Risk weighted exposures and capital adequacy under the Basel I approach

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1 Capital

- (1) The information in subclause (2)—
- (a) in respect of the capital of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or the Capital Adequacy Framework (Basel I Approach) (BS2) (as applicable).
- (2) The following information at the off-quarter balance date:

CAPITAL

Tier one capital (before deductions)
Less: deductions from tier one capital
Plus: other adjustments to tier one capital
Total tier one capital
Upper tier two capital
Less: deductions from upper tier two capital (specify each deduction)
Plus: other adjustments to upper tier two capital (specify each adjustment)
Lower tier two capital
Total tier two capital
Total of tier one capital and tier two capital
Less: deductions from total capital
Plus: other adjustments to total capital
Capital

2 Risk weighted exposures

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or the Capital Adequacy Framework (Basel I Approach) (BS2) (as applicable).

- (2) The following information as at the off-quarter balance date:

Risk weighted exposures

- (1) Calculation of balance sheet exposures

	Amount	Risk weight	Risk weighted exposure
Cash and short term claims on Government		0%	
Long term claims on Government		10%	
Claims on banks		20%	
Claims on public sector entities		20%	
Residential mortgages		50%	
Other		100%	
Total assets			

- (2) Calculation of off-balance sheet exposures

	Amount	Credit conversion factor	Credit equivalent amount	Average counterparty risk weight	Risk weighted exposure
Direct credit substitutes		100%			
Asset sales with recourse		100%			
Commitments with certain drawdown		100%			
Underwriting and sub-underwriting facilities		50%			
Transaction related contingent items		50%			
Short term, self liquidating trade related contingencies		20%			
Other commitments to provide financial services which have an original maturity of 1 year or more		50%			
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time		0%			
Market related contracts ² (a) foreign exchange contracts (b) interest rate contracts (c) other		NA			
Total off-balance sheet exposures					
Risk weighted exposures					

3 Capital ratios

- (1) The information in subclause (2) derived in accordance with either the conditions of registration relating to capital adequacy or the Capital Adequacy Framework (Basel I Approach) (BS2) (as applicable).
- (2) The following information in respect of the banking group as at the off-quarter balance date:
- tier one capital ratio; and
 - total capital ratio.

² Specify whether the current exposure or original exposure method was used to calculate the credit equivalent amount on these contracts.

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

Schedule 4A

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 banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information at the off-quarter balance date:

CAPITAL

Tier one capital (before deductions)
Less: deductions from tier one capital
Plus: other adjustments to tier one capital
Total tier one capital
Upper tier two capital
Less: deductions from upper tier two capital (specify each deduction)
Plus: other adjustments to upper tier two capital (specify each adjustment)
Lower tier two capital
Total tier two capital
Total of tier one capital and tier two capital
Less: deductions from total capital
Plus: other adjustments to total capital
Capital

2 Credit risk

- (1) The information in subclause (2) —
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information at the off-quarter balance date:

(1) Calculation of on-balance-sheet exposures

	Total exposure after credit risk mitigation	Risk Weight	Risk Weighted Exposure	Minimum Pillar One 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%		

(1) Calculation of on-balance-sheet exposures

	Total exposure after credit risk mitigation	Risk Weight	Risk Weighted Exposure	Minimum Pillar One 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%		

- (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.

3 Additional mortgage information

- (1) The information in subclause (2) —
- in respect of the banking group; and
 - in respect of total residential mortgage loans as used to calculate the Registered Bank's pillar one capital requirement for credit risk, categorised by loan-to-valuation ratio.
- (2) The following information at the off-quarter balance date:

Residential mortgages by loan-to-valuation ratio

LVR range	0%-80%	80%-90%	Over 90%
Value of exposures			

4 Credit risk mitigation

- (1) The information in subclause (2)—
- in respect of the banking group; and
 - derived in accordance with either the conditions of registration relating to capital adequacy or Capital

Adequacy Framework (Standardised Approach) (BS2A)
(as applicable).

- (2) The following information at the off-quarter balance 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		

5 Operational Risk

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information at the off-quarter balance 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 x total operational risk capital requirement.

6 Market risk end-period capital charges

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information at the off-quarter balance date:

Market Risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
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.

- (4) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

7 Market risk peak end-of-day capital charges

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with clause 8.
- (2) The following information in respect of peak end-of-day aggregate capital charges for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable):

Market Risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

8 Method for deriving peak end-of-day aggregate capital charge

- (1) For the purpose of the disclosure required by clause 7, 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) For the purpose of the disclosure required by clause 7, peak end-of-day aggregate capital charge as a percentage of the banking group's equity is derived by dividing peak end-of-day aggregate capital charge by—
- (a) the banking group's equity as at the end of the quarter; or
 - (b) the banking group's equity at the date to which the maximum end-of-day aggregate capital charge applied.
- (3) A statement of the method used to derive peak end-of-day aggregate capital charge, and peak end-of-day aggregate capital charge as a percentage of the banking group's equity, for each category of market risk.

9 Total capital requirements

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information at the off-quarter balance 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		

10 Capital ratios

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information at the off-quarter balance 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.

11 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 at the off-quarter balance date:
- (a) total capital requirement; and
 - (b) tier one capital ratio; and
 - (c) 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 Pillar 2 capital for other material risks

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

Schedule 4B

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 banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information at the off-quarter balance date:

CAPITAL
Tier one capital (before deductions)
Less: deductions from tier one capital
Plus: other adjustments to tier one capital
Total tier one capital
Upper tier two capital
Less: deductions from upper tier two capital (specify each deduction)
Plus: other adjustments to upper tier two capital (specify each adjustment)
Lower tier two capital
Total tier two capital
Total of tier one capital and tier two capital
Less: deductions from total capital
Plus: other adjustments to total capital
Capital

2 Credit Risk subject to the IRB approach

- (1) The information in subclauses (2) and (4)—
- (a) in respect of the capital of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) For each exposure class where the IRB approach is applied the following information at the off-quarter balance date:

Name of exposure class					
	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 of an item in any box of the table is calculated as the sum, across each exposure falling within that box, of the following amount:

$$\frac{(\text{value of that item for that exposure}) \times (\text{value of that exposure})}{(\text{total value of all exposures falling within that box});}$$

and

- (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; and
- (d) risk-weighted assets and minimum capital requirements must be the amounts after multiplying by the scalar (if

- any) specified in the conditions of registration relating to capital adequacy.
- (4) For each exposure class the following information at the off-quarter balance 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:
 - (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) lending secured by mortgages over residential property; and
 - (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.

3 Additional mortgage information

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

Residential mortgages by loan-to-valuation ratio

LVR range	0%-60%	60%-70%	70%-80%	80%-90%	Over 90%
Value of exposures					

4 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 banking group.
- (2) The following information at the off-quarter balance 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 one capital requirement
	70%		
	90%		
	115%		
	250%		

Off balance sheet exposures

	EAD	Average risk weight	Risk weighted Assets	Minimum pillar one 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; and
 - risk-weighted assets and minimum capital requirements must be the amounts after multiplying by the scalar (if any) specified in the conditions of registration relating to capital adequacy.

5 Credit risk exposures subject to the standardised approach

- (1) The information in subclause (2)—
- in respect of the 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.
- (2) The following information at the off-quarter balance 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 One 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 One Capital Requirement
Total off balance sheet exposures subject to the standardised approach						
Market-related contracts subject to the standardised approach						
(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.

6 Credit risk mitigation

- (1) The information in subclause (2)—
- in respect of the banking group; and
 - derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information at the off-quarter balance 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		

7 Equity Exposures

- (1) The information in subclause (2)—
- in respect of the banking group; and
 - derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information at the off-quarter balance date:

Equity exposures

	Total Exposure	Risk Weight	Risk Weighted Exposure	Minimum Pillar One Capital Requirement
Equity holdings (not deducted from capital) that are publicly traded		300%		
All other equity holdings (not deducted from capital)		400%		

8 Operational Risk

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information at the off-quarter balance 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)—
- (a) 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;
 - (b) implied risk weighted exposure must be calculated as $12.5 \times$ total operational risk capital requirement.

9 Market risk end-period capital charges

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information at the off-quarter balance date:

Market Risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

10 Market risk peak end-of-day capital charges

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
 - (b) derived in accordance with clause 11.
- (2) The following information in respect of peak end-of-day aggregate capital charges for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable):

Market Risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

11 Method for deriving peak end-of-day aggregate capital charge

- (1) For the purpose of the disclosure required by clause 10, 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) For the purpose of the disclosure required by clause 10, peak end-of-day aggregate capital charge as a percentage of the banking group's equity is derived by dividing peak end-of-day aggregate capital charge by—
 - (a) the banking group's equity as at the end of the quarter; or
 - (b) the banking group's equity at the date to which the maximum end-of-day aggregate capital charge applied.
- (3) A statement of the method used to derive peak end-of-day aggregate capital charge, and peak end-of-day aggregate capital charge as a percentage of the banking group's equity, for each category of market risk.

12 Total capital requirements

- (1) The information in subclause (2)—
 - (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information at the off-quarter balance 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.

13 Basel II capital ratios

- (1) The information in subclause (2)—
- in respect of the banking group; and
 - derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable).
- (2) The following information at the off-quarter balance date:
- tier one capital ratio; and
 - total capital ratio.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

14 Comparison information on Basel I capital adequacy and on solo capital adequacy

- (1) The information in subclause (2)—
- in respect of the registered bank and the banking group; and
 - determined in accordance with Capital Adequacy Framework (Basel I Approach) (BS2).
- (2) The following information at the off-quarter balance date:
- total risk-weighted exposures; and
 - tier one capital ratio; and
 - total capital ratio.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

15 Pillar 2 capital for other material risks

- (1) The information in subclause (2)—
- in respect of the banking group; and
 - derived in accordance with the conditions of registration relating to capital adequacy.
- (2) The following information as at the balance 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.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

Schedule 5

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 on the basis of—
 - (a) actual credit exposures; or
 - (b) internal limits that were not materially exceeded during the first quarter accounting period or the third quarter accounting period (as applicable).
- (2) 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 banking group's maximum exposure to credit risk taking account of the guidance in paragraphs B9 and B10 of NZ IFRS 7; and
- (b) exclude credit exposures to connected persons; and
- (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.

3 Comparative figures

The information that is required to be disclosed under this schedule must include comparative figures for the previous corresponding period.

4 Large bank exposures

- (1) The information in subclause (2) in successive ranges of 10% of equity, commencing at 10% of equity—
 - (a) as at the off-quarter balance date; and
 - (b) in respect of peak end-of-day aggregate credit exposure for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable).
- (2) The number of individual bank counterparties (which are not members of a group of closely related counterparties) and groups of closely related counterparties of which a bank is the

parent to which the banking group has an aggregate credit exposure that equals or exceeds 10% of the banking group's equity.

5 Large non-bank exposures

- (1) The information in subclause (2) in successive ranges of 10% of equity, commencing at 10% of equity—
 - (a) as at the off-quarter balance date; and
 - (b) in respect of peak end-of-day aggregate credit exposure for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable).
- (2) The number of individual non-bank counterparties (which are not members of a group of closely related counterparties) and groups of closely related counterparties of which a bank is not the parent to which the banking group has an aggregate credit exposure that equals or exceeds 10% of the banking group's equity.

6 Peak end-of-day aggregate credit exposure

For the purposes of clauses 4 and 5, peak end-of-day aggregate credit exposure to each individual counterparty or a group of closely related counterparties for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable) is derived by—

- (a) determining the maximum end-of-day aggregate amount of credit exposure over the quarter; and
- (b) then dividing that amount by—
 - (i) the banking group's equity as at the end of the quarter; or
 - (ii) the banking group's equity 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.

7 Aggregate credit exposure

- (1) The following information as at the off-quarter balance date and in respect of the individual bank counterparties, and groups of closely related counterparties of which a bank is the parent, referred to in clause 4(2):
 - (a) the total amount of credit exposures to those counterparties that have a credit rating that is of investment grade:
 - (b) the total amount of credit exposures to those counterparties that have a credit rating that is below investment grade:
 - (c) the total amount of credit exposures to those counterparties that do not have a credit rating:
 - (d) the percentage each of the amounts referred to in paragraphs (a) to (c) represents in relation to the aggregate of the amounts referred to in paragraphs (a) to (c).

- (2) The following information as at the off-quarter balance date and in respect of the individual non-bank counterparties, and groups of closely related counterparties of which a bank is not the parent, referred to in clause 5(2):
- (a) the total amount of credit exposures to those counterparties that have a credit rating that is of investment grade:
 - (b) the total amount of credit exposures to those counterparties that have a credit rating that is below investment grade:
 - (c) the total amount of credit exposures to those counterparties that do not have a credit rating:
 - (d) the percentage each of the amounts referred to in paragraphs (a) to (c) represents in relation to the aggregate of the amounts referred to in those paragraphs.

8 Meaning of credit rating

- (1) For the purposes of clauses 2 and 7, **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.

9 Meaning of investment grade credit rating

For the purposes of this schedule, an **investment grade credit rating** means a credit rating of BBB- or Baa3 or above, or its equivalent.

Schedule 6

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—
 - (a) must be derived in accordance with the registered bank's conditions of registration relating to credit exposures to connected persons or Connected Exposures Policy (BS8) (whichever is applicable); and
 - (b) must include comparative figures for the previous corresponding period.

2 Aggregate credit exposure

- (1) The information in subclause (2)—
 - (a) as at the off-quarter balance date; and
 - (b) in respect of peak credit exposures for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable).
- (2) The aggregate credit exposure (of a non-capital nature and net of individual credit impairment allowances) of the 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 either the registered bank's conditions of registration or Connected Exposures Policy (BS8) (whichever is applicable) 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 for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable) is derived by—
- (a) determining the maximum end-of-day aggregate amount of credit exposure over the quarter; and
 - (b) then dividing that amount by—
 - (i) the banking group's tier one capital as at the end of the quarter; or
 - (ii) the 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 banking group as at the off-quarter balance date;
- (b) a statement whether any limit changes have occurred over the most recent quarter, and if so, the nature of those changes, and the dates on which they occurred;
- (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 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, then the following additional information:
- (a) in respect of aggregate credit exposure to connected persons as at the off-quarter balance date, and in respect of peak end-of-day aggregate credit exposure to connected persons over the most recent quarter—
 - (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:
 - (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:
 - (c) a statement that the registered bank's most recent supplemental disclosure statement contains—
 - (i) a copy of the bilateral netting agreement; and
 - (ii) if an industry standard agreement is not used, a copy of the advice from an independent third

party expert validating the robustness of the agreement:

- (d) a statement that a copy of the registered bank's most recent supplemental disclosure statement will be provided immediately at no charge to a person who requests a copy of it at the registered bank's head office:
 - (e) a statement of the categories of places where a copy of the registered bank's most recent supplemental disclosure statement will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (3) Subclause (2)(c) to (e) does not apply if the content of the supplemental disclosure statement is contained in the general short form disclosure statement.

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

A statement of the aggregate amount of contingent exposures of the banking group to connected persons arising from risk lay-off arrangements in respect of credit exposures to counterparties (excluding counterparties that are connected persons) at the off-quarter balance date.

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

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

Schedule 7

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 that constitute insurance business.

- (2) Information disclosed under clauses 3 to 6 relating to entities on whose behalf the banking group markets or distributes insurance products is required only in respect of affiliated insurance entities or affiliated insurance groups.

2 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 banking group's involvement in—

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

3 Aggregate funding provided to entities

- (1) The peak end-of-day aggregate amount of funding the banking group has provided over the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable) to entities that conduct the activities specified in clause 2 or on whose behalf the banking group conducts the activities specified in clause 2(c).
- (2) The peak end-of-day aggregate amount of funding—
- (a) includes funding provided by the purchase of securities issued by entities involved in activities specified in clause 2 or on whose behalf the banking group conducts the activities specified in clause 2(c); and
 - (b) must be expressed as an amount and as a percentage of tier one capital.
- (3) The information that is required to be disclosed under this clause must include comparative figures for the previous corresponding period.

4 Method for deriving peak end-of-day aggregate amount of funding in clause 3

- (1) For the purposes of clause 3, the peak end-of-day aggregate amount of funding over the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable) is derived by—
- (a) determining the maximum end-of-day aggregate amount of funding over the quarter; and
 - (b) then dividing that amount by—
 - (i) the banking group's tier one capital as at the end of the quarter; or
 - (ii) the banking group's tier one capital as at the date the maximum end-of-day aggregate amount of funding occurred.
- (2) A statement of the method used to derive peak ratio information.

5 Peak end-of-day aggregate amount of funding provided to individual entity

- (1) The peak end-of-day aggregate amount of funding provided by the banking group over the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable) to any individual entity that conducts the activities specified in clause 2, or on whose behalf the banking group conducts activities specified in clause 2(c).
- (2) The peak end-of-day aggregate amount of funding—
 - (a) includes funding provided by the purchase of securities issued by entities that conduct the activities specified in clause 2, or on whose behalf the banking group conducts the activities specified in clause 2(c); and
 - (b) must be expressed as an amount and as a percentage of the amount of assets of the individual entity to which the funding has been provided by the banking group.
- (3) The information that is required to be disclosed under this clause must include comparative figures for the previous corresponding period.

6 Method for deriving peak end-of-day aggregate amount of funding in clause 5

- (1) For the purposes of clause 5, the peak end-of-day aggregate amount of funding provided to an individual entity over the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable) is derived by determining—
 - (a) the maximum end-of-day aggregate amount of funding provided over the quarter; and
 - (b) then dividing that amount by—
 - (i) the amount of the entity's assets as at the end of the quarter; or
 - (ii) the amount of the entity's assets as at the date the maximum end-of-day aggregate amount of funding occurred.
- (2) A statement of the method used to derive peak ratio information.

Schedule 8
Risk management policies

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1 Categories of risk

Clause 2 applies if, since the date on which the signing of the previous disclosure statement is completed, there has been a material change in the 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:
- (g) any other material risk to which the banking group is exposed.

2 Information about risks

- (1) A statement of the nature of the changes in the banking group's policies for managing the risks specified in clause 1.
- (2) If, since the date on which the signing of the previous disclosure statement is completed, the banking group has become exposed to a new category of risk specified in clause 1 to which the banking group was not previously exposed, the following information:
 - (a) the nature of that risk and the activities of the 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:
 - (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.

REBECCA KITTERIDGE, for Clerk of the Executive Council.

Explanatory note

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

This order, which comes into force on 30 March 2008, applies to a registered bank which is incorporated in New Zealand, in respect of each such bank's off quarter (i.e. the first and third quarters of the bank's financial year). It replaces the Registered Bank Disclosure Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 2007.

The principal amendments to the 2007 Order included in this 2008 Order are to update the drafting of the 2007 Order, to revise the disclosure of capital adequacy in line with the implementation of the Basel II capital adequacy framework in New Zealand, and to remove references to superseded accounting standards and concepts given that all New Zealand banks have now adopted New Zealand IFRSs and New Zealand IASs.

A description of the principal provisions of the revised disclosure regime is given below.

Under the disclosure regime, all registered banks are required to issue a public disclosure statement each quarter. The disclosure statement required to be published under this Order in Council comprises a key information summary, a general short form disclosure statement and, if applicable, a supplemental disclosure statement.

The key information summary provides a brief summary of key financial information on the registered bank and its banking group, and must be made available free of charge immediately upon request. The key information summary must also be displayed prominently in each bank branch and in any other customer-accessible bank premises, and made available or displayed on a bank's internet website.

The general short form disclosure statement is required to contain a range of financial and corporate information on the bank and its banking group. The general short form disclosure statement need not be displayed in each bank branch, but must be made available free of charge, immediately if the request is made at a bank's head office, or within 5 working days if the request is made at a bank branch or at any customer-accessible bank premises other than the head office. It must also be readily available on the bank's internet website. The information required to be included in a general short form disclosure statement includes—

- (a) information about credit ratings the bank is required to have, and a disclosure of the current level of each such rating;
- (b) short form financial statements for the banking group, including details on asset quality;
- (c) information on capital adequacy (using the Reserve Bank of New Zealand's capital adequacy framework). A bank is required to disclose capital charges for each category of market risk (interest rate risk, currency risk and equity risk) both as at the end of the off quarter and in respect of the peak over the most recent quarter of the accounting period;
- (d) information, both as at the end of the off quarter and in respect of peak for the most recent quarter of the accounting period, on the banking group's exposure concentrations to individual counterparties and groups of closely related counterparties and to connected persons;

- (e) descriptions of the banking group's policies and systems for managing risks in respect of a new category of risk not previously incurred by the banking group:
- (f) the conditions of registration imposed by the Reserve Bank on the registered bank under section 74 of the Reserve Bank of New Zealand Act:
- (g) statements signed by the directors of the bank, including an attestation as to whether the directors are satisfied that the banking group had systems in place to monitor and control adequately the group's material business risks and whether the controls have been properly applied over the reporting period, and a statement that the disclosure statement is not false or misleading.

The general short form disclosure statement required by this Order in Council is an abbreviated version of the general disclosure statement required by the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2008.

Each bank must also publish a supplemental disclosure statement, unless the information it would include is contained in the general short form disclosure statement. The supplemental disclosure statement must be made available free of charge, immediately if the request is made at a bank's head office, or within 5 working days if the request is made at a bank branch or at any customer-accessible bank premises other than the head office. It must also be readily available on the bank's internet website. This Order in Council requires the following information to be contained in a supplemental disclosure statement:

- (a) the contract of guarantee and financial statements of any guarantor, where the material obligations of the registered bank are guaranteed:
- (b) if the registered bank has entered into any material cross guaranteeing arrangements, a copy of the full guarantee contract if there is a contract which sets out, or is representative of, the rights and obligations of all the cross guarantors:
- (c) a copy of any bilateral netting agreement the bank has entered into with a connected person.

A bank has 2 months from its off-quarter balance date to publish the disclosure statements required by this Order in Council. The exception to is where a bank elects to have its general short form disclosure statement audited by an external auditor, in which case the bank has three months to publish its disclosure statement.

The disclosure statements published pursuant to this Order in Council are not required to be audited nor to be subject to a limited review by an external auditor.

The disclosure statements required by this Order in Council must be signed by all the directors of the bank. A director may authorise in writing another person to sign on his or her behalf.

The Reserve Bank of New Zealand Act provides for criminal and civil penalties if a bank's disclosure statement is found to be false or misleading.

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

Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2008

ANAND SATYANAND, Governor-General

Order in Council

At Wellington this 25th day of February 2008

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

- Title**
This order is the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2008.
- Commencement**
This order comes into force on 30 March 2008.

3 **Application**

This order applies to every registered bank incorporated overseas.

4 **Interpretation**

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

accounting period has the same meaning as in section 2(1) of the Companies Act 1993

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; or
- (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

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

asset acquired through the enforcement of security means any asset that is legally owned as the result of enforcing security, other than a building occupied by the bank

associated person has the same meaning as in section 2(2) of the Act

balance date means the last day of an accounting period or interim accounting period (as applicable)

bank means a registered bank or an overseas bank

banking group, in relation to a registered bank,—

- (a) means the financial reporting group; but
- (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 relation to an overseas bank or overseas banking group, means the amount of capital held by the overseas bank or overseas banking group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that overseas bank or overseas banking group in its country of domicile

Capital Adequacy Framework (Basel I Approach) (BS2) means the current version of the Reserve Bank document

entitled “Capital Adequacy Framework (Basel I Approach) (BS2)”

Capital Adequacy Framework (Standardised Approach) (BS2A) means the current version of 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 current conditions of registration imposed on that registered bank by the Reserve Bank under section 74 of the Act

counterparty has the same meaning it has in the definition of “group of closely related counterparties” in NZ IFRS 7

credit risk has the same meaning as in NZ IFRS 7

currency risk has the same meaning as in NZ IFRS 7

director, in relation to an overseas bank, means a person occupying the position of director of the overseas bank by whatever name called who whether by himself or herself, or in conjunction with other directors acting as a board of directors, has the powers necessary for managing, and for directing and supervising the management of, the business and affairs of the overseas bank

disclosure statement has the same meaning as in section 2(1) of the Act

equity refers to and has the same meaning as “equity” in the “New Zealand Equivalent to the IASB Framework for the Preparation and Presentation of Financial Statements” approved by the Accounting Standards Review Board as amended from time to time.

equity exposure, in relation to a banking group, means the amount of the change in the economic value of equity instruments that are financial assets and financial liabilities of the banking group in a single currency, which would occur as a result of a change in the price of equity instruments in that currency

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 asset acquired through the enforcement of security has the same meaning as in NZ IFRS 7

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 group (as that term is defined in section 2(1) of the Financial Reporting Act 1993) that comprises a reporting entity that is the overseas bank and its subsidiaries, as

if the members of the group were companies formed and registered in New Zealand

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

group of closely related counterparties has the same meaning as in NZ IFRS 7

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 an overseas bank, means a director who is not—

- (a) an employee of the overseas bank; and
- (b) a director, trustee, or employee of—
 - (i) a holding company of the overseas bank; or
 - (ii) any other entity capable of controlling or significantly influencing the overseas 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 at reporting date 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 repricing date, in relation to the whole or part of a financial instrument, means the earlier of the date on which, in accordance with the terms of the financial instrument,—

- (a) the interest rate reset date next occurs (being the date on which the rate of interest payable in respect of the whole or part (as applicable) of the financial instrument can or will alter); or
- (b) a principal sum is due and payable; or
- (c) if no principal sum is due and payable, the maturity date occurs

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

interim accounting period means—

- (a) the first 6 month period of an accounting period; or
- (b) if clause 25 applies, the interim accounting period specified by the Reserve Bank

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

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

New Zealand chief executive officer has the same meaning as in section 2(1) of the Act

NZ IAS 24—

- (a) means New Zealand Equivalent to International Accounting Standard 24 (Related Party Disclosures), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 32—

- (a) means New Zealand Equivalent to International Accounting Standard 32 (Financial Instruments: Disclosure and Presentation), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 39—

- (a) means New Zealand Equivalent to International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IFRS 7—

- (a) means New Zealand Equivalent to International Financial Reporting Standard 7 (Financial Instruments: Disclosures) approved under the Financial Reporting Act 1993; and
- (b) includes amendments made to that standard

90 day past due asset has the same meaning as in NZ IFRS 7 and to avoid doubt includes an asset other than a restructured asset, other individually impaired asset, or financial asset acquired through the enforcement of security, 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 90 days; or
- (b) amounts owing under revolving facilities have been continuously outside of limits for at least 90 days

non-financial asset acquired through the enforcement of security means any asset which is legally owned as the result of enforcing security, other than a financial asset or a building occupied by the bank

other asset acquired through the enforcement of security means any asset which is legally owned as the result of enforcing security, other than a financial asset or a land or building asset

other asset under administration means any asset that is not an impaired asset or a 90 day past due asset, but 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

other individually impaired asset has the same meaning as in NZ IFRS 7

overseas bank means a financial institution incorporated outside New Zealand which has been authorised, registered, or licensed as a bank in its country of domicile by the appropriate banking supervisory authority and, unless the context otherwise requires, is the bank of which the registered bank is the New Zealand branch

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

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

rate insensitive assets means that amount of the financial assets held by the banking group that the registered bank reasonably believes is unlikely to be diminished or increased as a result of a material change in market interest rates if the interest rate applicable to that financial asset (which may be zero) does not change or does not change materially

rate insensitive liabilities means that amount of the financial liabilities held by the banking group that the registered bank reasonably believes is unlikely to be diminished or increased as a result of a material change in market interest rates if the interest rate applicable to that financial liability (which may be zero) does not change or does not change materially

rate insensitive product means a rate insensitive asset or a rate insensitive liability

real estate asset acquired through the enforcement of security means any land or building which is legally owned as the result of enforcing security, other than a building occupied by the bank

register means the register of registered banks maintained under section 69 of the Act

registered bank means the New Zealand business of the entity that is entered on the register, as if that entity's business were conducted by a company formed and registered in New Zealand

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

restructured asset has the same meaning as in NZ IFRS 7

retail deposit has the same meaning as in the conditions of registration

subsidiary means a subsidiary within the meaning of sections 5 to 8 of the Companies Act 1993

tier one capital, in relation to an overseas bank or overseas banking group, means the amount of tier one capital held by the overseas bank or overseas banking group determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that overseas bank or overseas banking group in its country of domicile

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, but not defined in it,—

- (a) has, in relation to a registered bank whose conditions of registration define the term or expression, the same meaning as in those conditions of registration, as amended from time to time; or
- (b) has, if paragraph (a) does not apply and the term or expression is defined in the Act, the same meaning as in the Act; or
- (c) must, if neither paragraph (a) nor paragraph (b) applies, be interpreted in a way that complies with generally accepted accounting practice, where applicable.

Part 1

Form, frequency, publication, and auditing of disclosure statements

5 Disclosure statement

- (1) The disclosure statement of a registered bank comprises—
 - (a) a key information summary; and
 - (b) a general disclosure statement; and
 - (c) a supplemental disclosure statement (if any).
- (2) A requirement that applies to a disclosure statement applies to each of the documents referred to in subclause (1).

6 First disclosure statement

- (1) The first disclosure statement required by this order for a registered bank that is a registered bank before 30 March 2008 is for the first balance date that occurs after 30 March 2008.
- (2) The first disclosure statement required by this order for a registered bank that becomes a registered bank on or after 30 March 2008 is for the balance date determined by the Reserve Bank, which may be a date that is before or after the date on which the registered bank became a registered bank.

- (3) If subclause (2) applies, a reference in this order to a balance date is to be read as if it were a reference to the balance date determined by the Reserve Bank.

7 Timing of first publication of first and subsequent disclosure statements

- (1) A registered bank that is a registered bank before 30 March 2008 must first publish its key information summary, general disclosure statement, and its supplemental disclosure statement (if any), that are part of its first disclosure statement required by this order—
 - (a) in the manner specified in clause 8; and
 - (b) on the same date.
- (2) The date referred to in subclause (1)(b) must be no later than 3 months after the first balance date that occurs after 30 March 2008 unless subclause (3) applies.
- (3) A registered bank that becomes a registered bank on or after 30 March 2008 must first publish its key information summary, general disclosure statement, and its supplemental disclosure statement (if any), that are part of its first disclosure statement required by this order—
 - (a) in the manner specified in clause 8; and
 - (b) on the same date within the period specified by the Reserve Bank.
- (4) A registered bank must first publish its key information summary, general disclosure statement, and supplemental disclosure statement (if any), that are part of each of its subsequent disclosure statements required by this order—
 - (a) in the manner specified in clause 8; and
 - (b) on the same date, which must be no later than 3 months after each balance date.

8 First publication of first and subsequent disclosure statements

On the applicable date referred to in clause 7, a registered bank must first publish its first disclosure statement or its subsequent disclosure statement, as the case may require, by—

- (a) delivering a signed disclosure statement to the Reserve Bank; and
- (b) prominently displaying a copy of its key information summary that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, at—
 - (i) the registered bank's head office; and
 - (ii) every branch of the registered bank; and
 - (iii) every premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
- (c) making a copy of its key information summary, general disclosure statement, and supplemental disclosure statement (if any), that are part of its first disclosure statement or its subsequent disclosure statement, as the case may require, readily accessible on the registered bank's website.

9 Ongoing publication of first and subsequent disclosure statements

- (1) During the publication period, a registered bank must publish its first disclosure statement or subsequent disclosure statement, as the case may require, by—
- (a) providing to any person who requests it a copy of its most recent key information summary that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, immediately on request and at no charge; and
 - (b) providing to any person who requests it a copy of its most recent general disclosure statement that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, at no charge and—
 - (i) immediately on request if the request is made at the registered bank's head office; or
 - (ii) within 5 working days if the request is made at a branch of the registered bank, any other premises of the registered bank, or any premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
 - (c) providing to any person who requests it a copy of its most recent supplemental disclosure statement, or such part of it as is requested, that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, at no charge and—
 - (i) immediately on request if the request is made at the registered bank's head office; or
 - (ii) within 5 working days if the request is made at a branch of the registered bank, any other premises of the registered bank, or any premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
 - (d) prominently displaying a copy of its key information summary that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, at—
 - (i) the registered bank's head office; and
 - (ii) every branch of the registered bank; and
 - (iii) every premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
 - (e) making a copy of its key information summary, general disclosure statement, and supplemental disclosure statement (if any), that are part of its first disclosure statement or its subsequent disclosure statement, as the case may require, readily accessible on the registered bank's website; and
 - (f) if the registered bank provides banking accounts to customers through a branch that is not normally physically accessible by the customers of that branch,—

- (i) notifying each customer of that branch of the availability of its most recent key information summary that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require; and
 - (ii) stating that the key information summary is available immediately on request and at no charge;
- (2) Subclause (1)(c) does not apply if the content of a supplemental disclosure statement is included in the general disclosure statement.
- (3) For the purposes of subclause (1), **publication period**, in relation to a registered bank, means the period that—
 - (a) starts on the date on which the registered bank's first disclosure statement or its subsequent disclosure statement, as the case may require, is first published; and
 - (b) ends on the date on which the next disclosure statement of the registered bank is first published.

10 Disclosure statement to be audited

- (1) The disclosure statement of a registered bank must be audited.
- (2) The auditor's reports must meet the requirements of clause 19.

Part 2

Content of disclosure statements

Subpart 1—General requirements

11 Information must be in English

- (1) All information in the disclosure statement of a registered bank must be in English.
- (2) Nothing in subclause (1) applies to copies of guarantee contracts.

12 Disclosure statement not to be false or misleading

In addition to the information that is required by this order, the disclosure statement of a registered bank—

- (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 as the directors and New Zealand chief executive officer consider appropriate.

13 Requirements when registered bank is unable to disclose information

Subject to clause 15(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.

14 Information covering period less than stated period

- (1) A disclosure statement that contains information for a period that is less than the period for which the information is required under this order must identify the period for which the information is provided.
- (2) A registered bank need not disclose information under this order about a person, business, or group for that part of a period during which the person, business, group or any part of the group did not exist.

15 Comparative information

- (1) Any comparative information that is required to be disclosed under this order for the previous corresponding period must be restated so that it corresponds to the information disclosed for the current 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 12 months after the date on which that information was first required to be published.

16 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 21(2) and regulation 22(d) of the Securities Regulations 1983.

17 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 overseas bank, or of a member of the overseas banking group, without also stating whether that person guarantees any of the obligations of the registered bank or any member of the banking group.

18 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.

19 Auditor's reports

- (1) The auditor's report on the key information summary of a registered bank must—

- (a) include the information prescribed in clause 1 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) The auditor's report on the general 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 key information summary,
general disclosure statement, and supplemental
disclosure statement**

Key information summary

20 Information to be included in key information summary

- (1) The key information summary of a registered bank must include the information prescribed in Schedule 2—
 - (a) in respect of the most recent accounting period or interim accounting period (as applicable); and
 - (b) in the same order and under the same headings set out in that schedule.
- (2) If a key information summary would be false or misleading as a result of stating the information required to be disclosed under this order, the key information summary must, under the relevant heading, include information and explanations that will make the key information summary not false or misleading.
- (3) If applicable, the information contained in the key information summary must be taken from the information contained in the general disclosure statement.
- (4) The key information summary may contain additional information, to which the information required in Schedule 2 may refer by way of note, but only if that information is set out after the information required to be disclosed under that schedule.
- (5) The information that is required to be disclosed under clauses 4 to 8 of Schedule 2 must include comparative figures for the previous corresponding period.

General disclosure statement

21 Information to be included in general disclosure statement

- (1) The general disclosure statement of a registered bank must include, in respect of the most recent accounting period or interim accounting period (as applicable), all of the information prescribed in Schedules 3 to 8.
- (2) Subclause (1) does not apply to the extent that the information prescribed by that subclause is included in the financial statements prepared in accordance with clauses 22 or 23.

22 Financial statements for accounting period

- (1) The general disclosure statement for the accounting period must contain or be accompanied by financial statements of—
 - (a) the registered bank; and
 - (b) the 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 banking group; and
 - (b) the registered bank and the banking group do not qualify for any exemptions under any differential reporting framework that applies to them; and
 - (c) the registered bank and the banking group do not qualify for the reporting exemption provided by paragraph (a) of the definition of “financial institution” in paragraph E23 of NZ IFRS 7.
- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.

23 Financial statements for interim accounting period

- (1) Subject to subclause (4), the general disclosure statement for the interim accounting period must include or be accompanied by financial statements of—
 - (a) the registered bank; and
 - (b) the 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) the interim accounting period were an accounting period; and
 - (b) every reference in that Act to a group were a reference to the banking group; and
 - (c) the registered bank and the banking group do not qualify for any exemptions under any differential reporting framework that applies to them; and
 - (d) the registered bank and the banking group do not qualify for the reporting exemption provided in paragraph (a) of the definition of “financial institution” in paragraph E23 of NZ IFRS 7.
- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.
- (4) Nothing in this clause requires an auditor to state whether, in the auditor’s opinion, the financial statements give a true and fair view of the matters to which they relate.

*Supplemental disclosure statement***24 Information to be included in supplemental disclosure statement**

- (1) The supplemental disclosure statement must include only the following information (if it applies):

- (a) if paragraph (b) does not apply and the general disclosure statement states that a person guarantees any material obligations of the overseas bank,—
 - (i) a copy of the full guarantee contract; and
 - (ii) a copy of the most recent financial statements and group financial statements of the guarantor; and
 - (iii) a copy of the auditor's report (if any) for those statements:
 - (b) if the general disclosure statement states that a person has entered into any material cross guaranteeing arrangements with the overseas bank a copy of the full guarantee contract if—
 - (i) there is a single contract that sets out the rights and obligations of all the cross guarantors; or
 - (ii) there is a standard contract that is representative of the rights and obligations of each of the cross guarantors:
 - (c) a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group:
 - (d) if the overseas bank carries on in New Zealand any insurance business that is outside the banking group, a copy of the most recent publicly available financial statements and group financial statements of that insurance business:
 - (e) if the overseas bank carries on in New Zealand any non-financial activities that are outside the banking group, a copy of the most recent publicly available financial statements and group financial statements of those non-financial activities:
 - (f) any additional information or explanations required to ensure the supplemental disclosure statement is not false or misleading.
- (2) Subclause (1) does not apply to the extent that the matters required under that subclause are included in the general disclosure statement.

Part 3

Miscellaneous provisions

Length of interim accounting period

25 Length of interim accounting period

- (1) This clause applies if an accounting period of a registered bank will be shorter or longer than 12 months as a result of—
 - (a) the date of registration of a company in terms of the Companies Act 1993; or
 - (b) a change in the balance date (as defined in section 7 of the Financial Reporting Act 1993) of a registered bank or company.
- (2) If this clause applies, the Reserve Bank may, after consultation with the company or the registered bank, determine the length

of any interim accounting period for the shorter or longer accounting period.

Revocation

26 Revocation

- (1) The Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2007 is revoked.
- (2) Despite the revocation of the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2007, a disclosure statement for a balance date that occurred during the period that that order was in force must be completed, and published, in accordance with that order.

Schedule 1

Information to be included in auditor's report

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1 Auditor's report in respect of key information summary

The auditor's report must state—

- (a) that the key information summary has been examined by the auditor; and
- (b) whether the key information summary has been completed in accordance with this order and whether the information contained in it has been properly taken, where applicable, from the information contained in the general disclosure statement; and
- (c) the nature of the audit examination conducted in respect of information drawn from the general disclosure statement, and whether a qualified or unqualified opinion has been given in respect of that information.

2 Auditor's report in respect of general disclosure statement: accounting period

The auditor's report in respect of the general disclosure statement for an accounting period must state, with respect to the financial statements and supplementary information prepared in accordance with this order,—

- (a) the work done by the auditor; and
- (b) the scope and limitations of the audit; and

- (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; and
- (d) whether the auditor has obtained all the information and explanations that the auditor has required; and
- (e) whether, 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 the banking group; and
- (f) whether, in the auditor's opinion, the financial statements of the registered bank and the banking group comply with generally accepted accounting practice, and if they do not, the respects in which they fail to comply; and
- (g) whether, in the auditor's opinion (where applicable), the supplementary 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 the banking group; and
- (h) whether, in the auditor's opinion, and 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 the 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
- (i) whether, in the auditor's opinion, the supplementary information prescribed in Schedules 4 to 8 and clauses 19 and 20 of Schedule 3 (as applicable) and disclosed in accordance with this order gives a true and fair view of the matters to which it relates and, if it does not, the respects in which it fails to give such a view

3 Auditor's report in respect of general disclosure statement: interim accounting period

The auditor's report in respect of a general disclosure statement for an interim accounting period must meet the requirements of clause 2 or,—

- (a) for financial statements prepared in accordance with clause 23 of this order, state—
 - (i) that the financial statements have been examined by the auditor; and
 - (ii) whether anything has come to the auditor's attention which would cause the auditor to believe that the financial statements do not present a true and fair view of the matters to which they relate; and
- (b) for supplementary information prescribed in Schedules 4 to 8 and clauses 19 and 20 of Schedule 3 (as applicable) and disclosed in accordance with this order, state—

- (i) that the supplementary information has been examined by the auditor; and
- (ii) whether anything has come to the auditor's attention which would cause the auditor to believe that the supplementary information does not present a true and fair view of the matters to which it relates.

Schedule 2

Information to be included in key information summary

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1 Introductory statement for customers of registered bank

The following statement:

“The purpose of this key information summary is to provide customers and potential customers with information about the financial condition of their bank.

Neither the New Zealand Government nor the Reserve Bank of New Zealand guarantees or insures bank deposits.

The information contained in the key information summary is explained in the Reserve Bank publication *Your Bank's Disclosure Statement – What's In It For You?*, That publication can be obtained from the *[Reserve Bank] [Reserve Bank and the [name of registered bank]].”

*Delete if not applicable

2 Corporate information

The following information:

- (a) the name of the overseas bank and its country of domicile:

- (b) if applicable, the name of any person that is the ultimate parent bank of the overseas bank and its country of domicile:
- (c) if applicable, the name of any person that is the ultimate holding company of the overseas bank and its country of domicile.

3 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.

4 Profitability

The following information:

- (a) the net profit or loss after tax in respect of—
 - (i) the overseas banking group for the most recent period for which the information is publicly available, specifying the period and end date to which this information applies; and
 - (ii) the banking group over the interim accounting period or accounting period, specifying the period and end date to which this information applies:
- (b) the net profit or loss after tax over the previous 12 month period, expressed as a percentage of the average of total assets, in respect of—
 - (i) the overseas banking group and the end date of the most recent period for which the information is publicly available; and
 - (ii) the banking group and the balance date of the interim accounting period or accounting period (as applicable).

5 Size

The following information:

- (a) total assets of the overseas banking group 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:
- (b) total assets of the banking group and the percentage change in total assets over the 12 months ending on the current balance date.

6 Capital adequacy

The most recent publicly available information on the capital adequacy of the overseas bank and overseas banking group, including the following information:

- (a) tier one capital ratio and the minimum percentage of this ratio required by the appropriate banking supervisory authority in the overseas bank's country of domicile;
- (b) total capital ratio, and the minimum percentage of this ratio required by the appropriate banking supervisory authority in the overseas bank's country of domicile.

7 Asset quality

- (1) The information in subclause (2) in respect of—

- (a) the overseas banking group as at the most recent date for which the information is publicly available; and
- (b) the banking group.

- (2) The following information:

- (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) total individual credit impairment allowance;
- (d) total individual credit impairment allowance expressed as a percentage of total impaired assets;
- (e) total collective credit impairment allowance;
- (f) non-financial assets acquired through the enforcement of security.

8 Peak credit exposure concentrations

- (1) The following information for the most recent quarter of the accounting period or interim accounting period (as applicable):

- (a) the number of individual non-bank counterparties or groups of closely related counterparties of which a bank is not the parent to which the banking group has a peak end-of-day aggregate credit exposure which equals or exceeds 10% of the overseas banking group's equity, in successive ranges of 10% of the overseas banking group's equity;
- (b) the number of individual bank counterparties or groups of closely related counterparties of which a bank is the parent to which the banking group has a peak end-of-day aggregate credit exposure which equals or exceeds 10% of the overseas banking group's equity, in successive ranges of 10% of the overseas banking group's equity.

- (2) The information disclosed under subclause (1) must be calculated using the methodology set out in Schedule 6.

- (3) A statement that the information disclosed under subclause (1) excludes exposures to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent.

9 Ranking of local creditors in liquidation

- (1) A statement whether, in a liquidation of an overseas bank, there are any material legislative or regulatory restrictions in the overseas bank's country of incorporation that subordinates the claims of any class of unsecured creditors of the registered bank on the assets of the overseas bank to those of any other class of unsecured creditors of the overseas bank.
- (2) If subclause (1) applies, the following information:
 - (a) the title of the legislation or regulations involved and a summary of the nature of the subordination of the rights of creditors of the registered bank;
 - (b) the nature and amount of each class of the registered bank's liabilities that are affected;
 - (c) if the registered bank is required by any statute to hold in New Zealand an excess of assets over deposit liabilities, the title of the statute and a description of the requirement and a statement as to whether, since the commencement of the accounting period, the registered bank has at all times complied with that requirement;
 - (d) if the overseas bank is subject to any regulatory or legislative requirement in the overseas bank's country of incorporation to maintain sufficient assets in that country to cover an ongoing obligation to pay deposit liabilities in that country:
 - (i) the title of the legislation or regulations that impose the requirement; and
 - (ii) a description of the requirement; and
 - (iii) a statement that the requirement has the potential to impact on the management of the liquidity of the New Zealand operations of the overseas bank.

10 Non-consolidated activities

- (1) A statement whether the overseas bank carries on in New Zealand any insurance business that is outside the banking group.
- (2) If subclause (1) applies, the following information:
 - (a) the total assets, total equity, and total profits before and after tax of the insurance business on a consolidated basis, and if the 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;
 - (b) a statement that—
 - (i) the most recent publicly available financial statements and group financial statements for the insurance business are contained in the registered bank's supplemental disclosure statement or general disclosure statement (state which); and
 - (ii) copies of the registered bank's supplemental disclosure statement or general disclosure statement (or that part of which, as applicable) will be provided at no charge to any person

requesting a copy in the manner described in clause 12.

- (3) A statement whether the overseas bank carries on in New Zealand any non-financial activities that are outside the banking group.
- (4) If subclause (3) applies, the following information:
 - (a) the total assets, total equity, and total profits before and after tax of the non-financial activities on a consolidated basis, and if the 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:
 - (b) a statement that—
 - (i) the most recent publicly available financial statements and group financial statements for the non-financial activities are contained in the registered bank's supplemental disclosure statement or general disclosure statement (*state which*); and
 - (ii) copies of the registered bank's supplemental disclosure statement or general disclosure statement (or that part of which, as applicable) will be provided at no charge to any person requesting a copy in the manner described in clause 12.

11 Financial statements of overseas bank and overseas banking group

A statement that a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group is contained in the registered bank's supplemental disclosure statement or general disclosure statement (*state which*).

12 Statement about availability of general disclosure statement and supplemental disclosure statement

A statement—

- (a) that a copy of the registered bank's most recent general disclosure statement and supplemental disclosure statement (if applicable) will be provided immediately at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
- (b) that a copy of the registered bank's most recent general disclosure statement and supplemental disclosure statement (if applicable) are available on the registered bank's website; and
- (c) specifying the categories of places where a copy of the registered bank's most recent general disclosure statement and supplemental disclosure statement (if applicable) will be provided at no charge to any person within 5 working days of a request for a copy having been made.

13 Auditor's report

A copy of the auditor's report referred to in clause 19 of this order.

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1 Name and address for service of registered bank

The name and address for service of the registered bank.

2 Details of overseas bank

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

3 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 overseas bank; and
- (b) the name and address for service of the ultimate holding company of the overseas 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.

4 Subordination of claims of creditors

- (1) A statement whether there are any material legislative or regulatory restrictions in the overseas bank's country of incorporation that, in a liquidation of the overseas bank, subordinate the claims of any class of unsecured creditors of the registered bank on the assets of the overseas bank to those of any other class of unsecured creditors of the overseas bank.
- (2) If subclause (1) applies,—
 - (a) the title of the legislation or regulations involved; and
 - (b) the nature of the subordination of the rights of creditors of the registered bank; and
 - (c) the nature and amount of each class of the registered bank's liabilities that are affected.

5 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; and
- (b) a description of the requirement; and
- (c) a statement whether, since the commencement of the accounting period, the registered bank has at all times complied with that requirement.

6 Requirement to maintain sufficient assets to cover ongoing obligation to pay deposit liabilities

If the overseas bank is subject to any regulatory or legislative requirement in the overseas bank's country of incorporation 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; and
- (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 operations of the overseas bank.

7 Guarantees

- (1) A statement whether any material obligations of the overseas bank are guaranteed.
- (2) If a person guarantees any material obligations of the overseas bank, and clause 11 does not apply, the matters set out in clauses 8 to 10.

8 Details of guarantor

- (1) The name and address for service of the guarantor.
- (2) A statement whether the guarantor is a member of the banking group or 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 and 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 whether 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; and
 - (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.

9 Details of guaranteed obligations

- (1) A description of the obligations that are guaranteed.
- (2) A statement whether 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 whether 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 whether there are any material legislative or regulatory restrictions in the guarantor's country of incorporation 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 overseas 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; and
 - (b) the nature of the subordination of the rights of the creditors; and
 - (c) the amount of the liabilities that are affected.

10 Availability of copy of full guarantee contract

- (1) A statement that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided immediately at no charge to any person requesting a copy if the request is made at the registered bank's head office.
- (2) The categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no charge to any person within 5 working days of a request for a copy having been made.

- (3) Subclauses (1) and (2) do not apply if the content of the supplemental disclosure statement is included in the general disclosure statement.

11 Material cross guarantees

- (1) If a person has entered into a material cross guaranteeing arrangement with the overseas bank, the matters set out in subclauses (2) to (4).
- (2) A description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under clause 9(2) to (5) as if those provisions applied to the guarantees of the obligations of the overseas bank, as well as to the guarantees the overseas bank has given in respect of the first-mentioned person's obligations.
- (4) If there is a single contract that sets out the rights and obligations of all the cross guarantors, or if there is a standard contract which is representative of the rights and obligations of each of the cross guarantors, a statement—
 - (a) that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided immediately at no charge to any person requesting a copy where the request is made at the registered bank's head office; and
 - (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (5) Subclause (4) does not apply if the content of the supplemental disclosure statement is contained in the general disclosure statement.

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, occupations (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 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 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; and
 - (b) whether the director is an executive director; and
 - (c) whether the director is an independent director; and
 - (d) the names of all companies, other than those that are members of the banking group of which the director or the New Zealand chief executive officer holds office as a director.
- (5) A statement whether there is a board audit committee, and if so, the total number of persons who comprise the audit 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 or any of them.

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 date on which the signing of the disclosure statement is completed.
- (2) If applicable, a description of any changes to the conditions of registration that have occurred since the signing of the previous disclosure statement is completed, 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 accounting period or interim accounting period (as applicable), 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 banking group or, if publicly available, the overseas banking group, whether in New Zealand or elsewhere, that may have a material adverse effect on the registered bank or the 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:
- (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 banking group—
 - (a) in the case of an accounting period, for each of the 5 most recent consecutive accounting periods; or
 - (b) in the case of an interim accounting period, for that interim accounting period and each of the 5 most recent consecutive accounting periods.
- (2) The amounts in the historical summary of financial statements must be taken from financial statements of the banking group that give a true and fair view of the results and state of affairs of the 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 impaired asset expense:
 - (e) total other expenses:
 - (f) net profit or loss before taxation:
 - (g) taxation:
 - (h) net profit or loss after taxation:
 - (i) minority interests:
 - (j) the amount of branch profits repatriated:
 - (k) total assets:
 - (l) total individually impaired assets:
 - (m) total liabilities:
 - (n) head office account.
- (4) A statement whether the amounts specified in subclause (3) have been taken from audited financial statements.

18 Members of banking group

In respect of each member of the banking group (excluding the registered bank):

- (a) the name of the member:
- (b) the nature of the business of each such member:
- (c) the country of incorporation of the member:
- (d) the banking group's percentage ownership interest in the member.

19 Insurance business

A statement whether the banking group carries on any insurance business, and if so, the following information:

- (a) the aggregate amount of insurance business, where the amount is calculated in accordance with the registered bank's conditions of registration:
- (b) an explanation as to how the 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 banking group, any insurance business is accounted for in its statement of financial position, and if so,—
 - (A) the name of that member; and
 - (B) whether 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:
- (c) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraph (a).

20 Non-consolidated activities

- (1) A statement whether the overseas bank carries on any insurance business or non-financial activities in New Zealand that are outside the banking group, and if does, the following information:

- (a) a brief explanation of the overseas 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:
- (d) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraphs (a) to (c).

- (2) If the content of the supplemental disclosure statement is not included in the general disclosure statement, a statement—
- (a) that a copy of the registered bank's most recent supplemental disclosure statement (or that part of which, as applicable), which contains the most recent publicly available financial statements and group financial statements for insurance business carried on in New Zealand that is outside the banking group or for non-financial activities carried on in New Zealand that are outside the banking group, will be provided immediately and at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
 - (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement (or that part of which, as applicable), which contains the most recent publicly available financial statements and group financial statements for insurance business carried on in New Zealand that is outside the banking group or for non-financial activities carried on in New Zealand that are outside the banking group, will be provided at no charge and within 5 working days of a request for a copy having been made if the request is not made at the registered bank's head office.

21 Other material matters

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

- (a) are not contained elsewhere in the general 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 banking group is the issuer.

22 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 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 each director and the New Zealand chief executive officer believes, after due enquiry, that, over the accounting period or interim accounting period (as applicable),—
 - (b) the registered bank has complied with all conditions of registration that applied during that period; and
 - (a) the registered bank had systems in place to monitor and control adequately the banking group's material risks, 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 during that period.

23 Financial statements of overseas bank and overseas banking group

(1) A statement—

- (a) that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group, will be provided immediately and at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
- (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group, will be provided at no charge to any person within 5 working days of a request for a copy having been made if the request is not made at the registered bank's head office.

- (2) Subclause (1) does not apply if the content of the supplemental disclosure statement is included in the general disclosure statement.

24 Absence of supplemental disclosure statement

If the content of the supplemental disclosure statement is contained in the general disclosure statement, a statement that the registered bank has not published a supplemental disclosure statement, giving the reason.

25 Auditor's report

A copy of the auditor's report referred to in clause 19(2) of this order.

Schedule 4
Supplementary financial disclosures and asset quality

Contents

Supplementary financial disclosures

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Supplementary financial disclosures

1 Supplementary information on statement of financial position

- (1) The following information, in respect of the registered bank and the banking group, for the accounting period or the interim accounting period (as applicable), or as at the balance date, as the case may be:
- (a) total interest earning and discount bearing assets:
 - (b) total interest and discount bearing liabilities:
 - (c) if assets presented in the statement of financial position have been used to secure any obligations, the nature and amount of the assets:
 - (d) the nature and amount of any assets not legally owned but presented in the statement of financial position:
 - (e) 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):
 - (f) if applicable, the total retail deposits of the registered bank in New Zealand, as defined in the registered bank's conditions of registration; and
 - (g) with respect to the insurance group for which group financial statements must be made available in accordance with clause 20 of Schedule 3, and with respect to any affiliated insurance group outside the overseas banking group—
 - (i) the nature and amount of any credit enhancements provided by the banking group; and
 - (ii) the total amount of funding provided by the banking group; and
 - (iii) the total amount of any other credit exposures provided by the banking group, broken down according to their ranking on a liquidation of the insurance group; and
 - (iv) if the entity heading the insurance group has 1 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—
 - (A) the name of the person who gave the rating; and
 - (B) the current rating and all qualifications to that rating; and

- (C) any changes to the rating in the 2 years immediately before the balance date and the date on which any such change occurred; and
 - (D) descriptions or explanations of all the steps in the applicable rating scales.
- (2) For the purpose of this subclause (1), **credit enhancement**, **affiliated insurance group**, and **funding** must be interpreted in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A).
- (3) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.
- (4) If risk attaches to financial assets and financial liabilities set off in accordance with NZ IAS 32, the following information in respect of the registered bank and banking group —
 - (a) the gross amount of financial assets and financial liabilities set off; and
 - (b) the nature of the risk attaching to the assets and liabilities set off; and
 - (c) the revenues and expenses relating to the assets and liabilities set off.
- (5) The disclosure required by subclause (4) is subject to a materiality criterion.
- (6) For the purpose of subclause (4), risk attaches to any financial assets and liabilities set off if the financial instruments comprising the set-off have differing interest bases or currencies.

2 Supplementary information on related party transactions

- (1) The information in subclause (2) in respect of the registered bank and banking group, to the extent not otherwise disclosed to comply with NZ IAS 24.
- (2) The nature and recorded value (or the total of outstanding balances, as applicable), of each of the following types of related party transactions:
 - (a) management contracts:
 - (b) agency relationships:
 - (c) taxation grouping arrangements:
 - (d) debts or other amounts owing which have been forgiven over the reporting period:
 - (e) transactions which have taken place at nil or nominal value, including a brief description of those transactions and a statement that no or nominal charge has been made.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.
- (4) The disclosure required by subclause (2) is subject to a materiality criterion.

3 Supplementary information on income statement

- (1) If included in the income statement, the information in subclause (2) in respect of the registered bank and banking group.
- (2) The net gain or loss attributable to derivatives used for hedging purposes that do not qualify as designated and effective hedging instruments in terms of the provisions of NZ IAS 39.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.
- (4) The disclosure required by subclause (2) is subject to a materiality criterion.

4 Accounting policies

The registered bank's and banking group's accounting policies for recognising financial instruments in the financial reports or for treating financial instruments as unrecognised items, including—

- (a) the basis for classifying, and for recognising and measuring, each of the following classes of assets—
 - (i) 90 day past due assets; and
 - (ii) other assets under administration; and
- (b) accounting for sale and repurchase agreements, reverse sale and repurchase agreements or their option derivatives; and
- (c) whether securities are accounted for on a trade or settlement date basis; and
- (d) accounting for financial instruments which are used for hedging purposes; and
- (e) accounting for leases; and
- (f) accounting for foreign exchange contracts, interest rate contracts, and derivative instruments such as options, futures, and swaps; and
- (g) accounting for acceptances and endorsements of bills of exchange; and
- (h) accounting for loan transfers and the securitisation of financial assets.

*Asset quality***5 Classes of assets to which clauses 6 to 10 apply**

- (1) Clauses 6 to 10 apply to the following classes of assets:
 - (a) other individually impaired assets;
 - (b) restructured assets;
 - (c) financial assets acquired through the enforcement of security;
 - (d) real estate assets acquired through the enforcement of security;
 - (e) other assets acquired through the enforcement of security;
 - (f) 90 day past due assets;
 - (g) other assets under administration.

- (2) To avoid doubt, the disclosure required by clauses 6 to 8 includes financial assets designated as at fair value through profit and loss, where applicable.

6 Aggregate amounts

- (1) The information in subclause (2) in respect of the registered bank and banking group for each of the classes of assets set out in clause 5.
- (2) The following information as at the balance date:
 - (a) the aggregate amount that has been recognised, before deducting allowances for credit impairment loss or allowances for impairment loss created in respect of non-financial assets where applicable; and
 - (b) the aggregate amount of individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets.
- (3) The information in subclause (4) in respect of the registered bank and banking group for each of the classes of assets set out in subclauses (a), (b), (f) and (g) of clause 5.
- (4) The aggregate amount as at the balance date of any undrawn balances on lending commitments to counterparties for whom drawn balances fall within that class of assets, before deducting allowances for credit impairment loss where applicable.
- (5) The information that is required to be disclosed under subclauses (2) and (4) must include comparative figures for the previous corresponding period.

7 Amount of interest revenue foregone

- (1) The information in subclause (2) in respect of the registered bank and banking group for holdings of other individually impaired assets and holdings of restructured assets and 90 day past due assets.
- (2) The following information:
 - (a) the amount of interest revenue foregone over the accounting period or interim accounting period (as applicable);
 - (b) the basis on which the amount of interest revenue foregone has been calculated.
- (3) The information that is required to be disclosed under subclause (2)(a) must include comparative figures for the previous corresponding period.

8 Movements in pre-allowance balances

- (1) The information in subclause (2) in respect of the registered bank and banking group for each of the classes of assets set out in clause 5.
- (2) Information on movements in pre-allowance balances over the accounting period or interim accounting period (as applicable), separately disclosing—
 - (a) pre-allowance opening balance; and
 - (b) additions; and
 - (c) amounts written-off; and
 - (d) deletions; and
 - (e) pre-allowance closing balance.

9 Movements in balances of total individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets

- (1) The information in subclause (2) in respect of the registered bank and banking group for each of the classes of assets set out in clause 5.
- (2) Information on movements in the balances of total individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets over the accounting period or interim accounting period (as applicable), separately disclosing—
 - (a) opening balance; and
 - (b) charge (credit) to the statement of financial performance for increase or decrease in individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets; and
 - (c) amounts written off; and
 - (d) write-downs of assets acquired through the enforcement of security; and
 - (e) recoveries of impairment allowances and write-offs charged in previous periods; and
 - (f) other movements, and the nature of those other movements; and
 - (g) closing balance.
- (3) Movements must be reconciled to the charges allocated to the statement of financial performance.

10 Movements in balance of collective credit impairment allowance

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

Schedule 5

Credit and market risk exposures and capital adequacy

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1 Risk-weighted credit risk exposures

- (1) The information in subclause (2)—
- (a) in respect of the registered bank and banking group; and
 - (b) derived in accordance with the Capital Adequacy Framework (Basel I Approach) (BS2).
- (2) The following information as at the balance date:

Risk weighted exposures

- (1) Calculation of balance sheet exposures

	Amount	Risk weight	Risk weighted exposure
Cash and short term claims on Government		0%	
Long term claims on Government		10%	
Claims on banks		20%	
Claims on public sector entities		20%	
Residential mortgages		50%	
Other		100%	
Total assets			

- (2) Calculation of off-balance sheet exposures

	Amount	Credit conversion factor	Credit equivalent amount	Average counterparty risk weight	Risk weighted exposure
Direct credit substitutes		100%			
Asset sales with recourse		100%			
Commitments with certain drawdown		100%			
Underwriting and sub-underwriting facilities		50%			
Transaction related contingent items		50%			
Short term, self liquidating trade related contingencies		20%			
Other commitments to provide financial services which have an original maturity of 1 year or more		50%			

Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time		0%			
Market related contracts ³ (a) foreign exchange contracts (b) interest rate contracts (c) other		NA			
Total off-balance sheet exposures					
Risk weighted exposures					

2 Additional mortgage information

- (1) The information in subclause (2) —
 - (a) in respect of the 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 (The Standardised Approach) (BS2A).
- (2) The following information as at the balance date:

Residential mortgages by loan-to-valuation ratio

LVR range	0%-80%	80%-90%	Over 90%
Value of exposures			

3 Market risk end-period notional capital charges

- (1) The information in subclause (2)—
 - (a) in respect of the 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 balance date:

Market Risk	Implied risk weighted exposure	Notional capital charge	Notional capital charge as a percentage of the overseas banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

4 Market risk peak end-of-day notional capital charges

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

³ Specify whether the current exposure or original exposure method was used to calculate the credit equivalent amount on these contracts.

- (b) derived in accordance with clause 5.
- (2) The following information in respect of peak end-of-day notional capital charges for market risk for the most recent quarter of the accounting period or interim accounting period (as applicable):

Market Risk	Implied risk weighted exposure	Notional capital charge	Notional capital charge as a percentage of the overseas banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

5 Method for deriving peak end-of-day notional capital charges

- (1) For the purpose of the disclosure required by clause 4, 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—
- Capital Adequacy Framework (Standardised Approach) (BS2A); or
 - 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 (such opinion to be based on reasonable grounds), materially lower than the amount derived under paragraph (a).
- (2) For the purpose of the disclosure required by clause 4, peak end-of-day notional capital charge as a percentage of the overseas banking group's equity is derived by dividing peak end-of-day notional capital charge by—
- the overseas banking group's equity as at the end of the quarter; or
 - the most recently publicly disclosed amount of the overseas banking group's equity; or
 - the overseas banking group's equity at the date to which the maximum end-of-day notional capital charge applied.
- (3) A statement of the method used to derive peak end-of-day notional capital charge, and peak end-of-day notional capital charge as a percentage of the overseas banking group's equity, for each category of market risk.

6 Capital ratios

- (1) The most recent publicly available information specified in respect of the capital ratios of the overseas bank and the overseas banking group, including the following information:
- tier one capital ratio:

- (b) total capital ratio;
 - (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.

7 Minimum capital requirements

A statement as to—

- (a) whether the overseas bank or 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 the overseas bank or overseas banking group meets those requirements imposed on it by the appropriate banking supervisory authority in its country of domicile as at the latest balance date.

Schedule 6

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 during the accounting period or the interim accounting period (as applicable).
- (2) 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) relate only to exposures held in the financial records of the banking group; and
- (b) be calculated as the amount that best represents the banking group's maximum exposure to credit risk taking account of the guidance in paragraphs B9 and B10 of NZ IFRS 7; and
- (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.

3 Comparative figures

The information that is required to be disclosed under this schedule must include comparative figures for the previous corresponding period.

4 Overseas banking group's equity: general requirements

- (1) For the purposes of this schedule, the overseas banking group's equity must be either—
 - (a) determined as at the balance date; or
 - (b) the most recently publicly disclosed amount.
- (2) If the overseas banking group's equity is not determined as at the balance date, a statement of the date to which the measure of equity relates.

5 Large bank exposures

- (1) The information in subclause (2) in successive ranges of 10% of equity, commencing at 10% of equity—
 - (a) as at the balance date; and
 - (b) in respect of peak end-of-day aggregate credit exposure for the most recent quarter of the accounting period or interim accounting period (as applicable).
- (2) The number of individual bank counterparties (which are not members of a group of closely related counterparties), and groups of closely related counterparties of which a bank is the parent, to which the banking group has an aggregate credit exposure that equals or exceeds 10% of the overseas banking group's equity.

6 Large non-bank exposures

- (1) The information in subclause (2) in successive ranges of 10% of equity, commencing at 10% of equity—
 - (a) as at the balance date; and
 - (b) in respect of peak end-of-day aggregate credit exposure for the most recent quarter of the accounting period or interim accounting period (as applicable).
- (2) The number of individual non-bank counterparties (which are not members of a group of closely related counterparties) and groups of closely related counterparties of which a bank is not the parent to which the banking group has an aggregate credit exposure that equals or exceeds 10% of the overseas banking group's equity.

7 Peak end-of-day aggregate credit exposure

- (1) For the purposes of clauses 5 and 6, peak end-of-day aggregate credit exposure to each individual counterparty or a group of closely related counterparties for the most recent quarter of the interim accounting period or the accounting period (as applicable) is derived by—
- (a) determining the maximum end-of-day aggregate amount of credit exposure over the quarter; and
 - (b) then dividing that amount by—
 - (i) the overseas banking group's equity as at the end of the quarter; or
 - (ii) the overseas banking group's equity 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.

8 Aggregate credit exposure

- (1) The following information as at the balance date and in respect of the individual bank counterparties, and groups of closely related counterparties of which a bank is the parent, referred to in clause 5(2):
- (a) the total amount of credit exposure to those counterparties that have a credit rating that is of investment grade:
 - (b) the total amount of credit exposure to those counterparties that have a credit rating that is below investment grade:
 - (c) the total amount of credit exposure to those counterparties that do not have a credit rating:
 - (d) the percentage each of the amounts referred to in paragraphs (a) to (c) represents in relation to the aggregate of the amounts referred to in those paragraphs.
- (2) The following information as at the balance date and in respect of the individual non-bank counterparties, and groups of closely related counterparties of which a bank is not the parent, referred to in clause 6(2):
- (a) the total amount of credit exposure to those counterparties that have a credit rating that is of investment grade:
 - (b) the total amount of credit exposure to those counterparties that have a credit rating that is below investment grade:
 - (c) the total amount of credit exposure to those counterparties that do not have a credit rating:
 - (d) the percentage each of the amounts referred to in paragraphs (a) to (c) represents in relation to the aggregate of the amounts referred to in those paragraphs.

9 Meaning of credit rating

- (1) For the purposes of clauses 2 and 8, **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.

10 Meaning of investment grade credit rating

For the purposes of this schedule, **investment grade credit rating** means a credit rating of BBB- or Baa3 or above, or its equivalent.

Schedule 7

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 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 banking group's involvement in—

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

3 Arrangements to ensure no adverse impacts arising from activities specified in clause 2

A statement as to whether arrangements have been put in place to ensure that difficulties arising from the activities specified in clause 2 would not impact adversely on the banking group, and if so, the nature of those arrangements.

4 Amounts represented by activities specified in clause 2(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 banking group; and
 - (b) funds under management by any member of the banking group; and
 - (c) funds under custodial arrangements by any member of the banking group (to the extent practicable); and
 - (d) other funds held or managed subject to fiduciary responsibilities by any member of the banking group; and
 - (e) outstanding securitised assets originated by any member of the banking group.
- (2) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

Schedule 8

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:
- (g) any other material business risk to which the 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 of NZ IFRS 7:

- (a) an explanation of the nature of the risk and the activities of the 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:
- (c) a general description of the systems and procedures for controlling the 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.

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 banking group's risk management systems; and
- (b) whether any such reviews were conducted by a party external to the banking group, overseas banking group, ultimate parent bank, or ultimate holding company.

4 Internal audit function of banking group

- (1) A statement whether the banking group has an internal audit function.
- (2) If the 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; and
 - (b) the reporting responsibilities of internal audit; and
 - (c) whether there is a board audit committee, 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.

Explanatory note

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

This order, which comes into force on 30 March 2008, applies to a registered bank that is incorporated in a country other than New Zealand, and that operates in New Zealand as a branch of the overseas bank, in respect of each such bank's financial year and half year. It replaces the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2007.

The principal amendments to the 2007 Order included in this 2008 Order are to update the drafting of the 2007 Order and to remove references to superseded accounting standards and concepts given that all New Zealand banks have now adopted New Zealand IFRSs and New Zealand IASs.

A description of the principal provisions of the revised disclosure regime is given below.

Under the disclosure regime, all registered banks are required to issue a public disclosure statement each quarter. The disclosure statement required to be published under this order comprises a key information summary, a general disclosure statement and, if applicable, a supplemental disclosure statement.

The key information summary provides a brief summary of key financial information on the registered bank and its banking group, and must be made available free of charge immediately on request. The key information summary must also be displayed prominently in each bank branch and in any other customer-accessible bank premises, and made available or displayed on a bank's internet website.

The general disclosure statement is required to contain a comprehensive range of financial and corporate information on the bank and its banking group. The general disclosure statement need not be displayed in each bank branch, but must be made available free of charge, immediately if the request is made at a bank's head office, or within 5 working days if the request is made at a bank branch or at any customer-accessible bank premises other than the head office. It must also be readily available on the bank's internet website. The information required to be included in a general disclosure statement includes—

- (a) general information on the structure of the bank, the members of the banking group and information on guarantee arrangements (where applicable);
- (b) information about credit ratings the bank is required to have, and a disclosure of the current level of each such rating;
- (c) comprehensive financial statements for the bank and banking group, prepared in accordance with generally accepted accounting practice, including asset quality and information:

- (d) information on exposures to credit risk and market risk. A bank is required to disclose measures of exposure to each category of market risk (interest rate risk, currency risk and equity risk) based on a notional capital charge, both as at the end of the half year or full year and peak over the most recent quarter of the accounting period to date:
- (e) information, both as at the end of the half year or full year and in respect of peak for the most recent quarter of the accounting period, on exposure concentrations to individual counterparties and groups of closely related counterparties:
- (f) descriptions of the banking group's policies and systems for identifying, monitoring and managing its risks:
- (g) the conditions of registration imposed by the Reserve Bank on the registered bank under section 74 of the Reserve Bank of New Zealand Act 1989:
- (h) statements signed by the directors and the New Zealand chief executive officer of the bank, including an attestation as to whether the directors and the New Zealand chief executive officer are satisfied that the banking group had systems in place to monitor and control adequately the group's material business risks and whether the controls have been properly applied over the reporting period, and a statement that the disclosure statement is not false or misleading:
- (i) information on the banking group's funds management and securitisation activities, the marketing and distribution of insurance products, to the extent it has any:
- (j) information on the directorate and auditors of the bank.

Each bank must also publish a supplemental disclosure statement, unless the information it would include is contained in the general disclosure statement. The supplemental disclosure statement must be made available free of charge, immediately if the request is made at a bank's head office, or within 5 working days if the request is made at a bank branch or at any customer-accessible bank premises other than the head office. It must also be readily available on the bank's internet website. This order requires the following information to be contained in a supplemental disclosure statement:

- (a) the contract of guarantee and financial statements of any guarantor, where the material obligations of the overseas bank are guaranteed:
- (b) if the overseas bank has entered into any material cross guaranteeing arrangements, a copy of the full guarantee contract if there is a contract which sets out, or is representative of, the rights and obligations of all the cross guarantors:

- (c) the most recent publicly available financial statements of the overseas bank and overseas banking group of which the registered bank is part:
- (d) if the overseas bank conducts in New Zealand outside the New Zealand banking group any insurance business or non-financial activities, the most recent publicly available financial statements of that business or those activities.

A bank has 3 months after its balance date or interim balance date in which to publish the disclosure statements required by this order.

The disclosure statement in respect of the end of a financial year is subject to full external audit. The disclosure statement prepared as at the half year is subject to a limited review by an external auditor, although a bank may elect to obtain a full external audit. The audit opinions at both of these periods concern whether the information disclosed gives a true and fair view of the matters to which it relates.

The disclosure statements required by this order must be signed by all the directors and the New Zealand chief executive officer of the bank. A director or New Zealand chief executive officer may authorise in writing another person to sign on his or her behalf.

The Reserve Bank of New Zealand Act 1989 provides for criminal and civil penalties where a bank's disclosure statement is found to be false or misleading.

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

Registered Bank Disclosure Statement (Off-Quarter—Overseas Incorporated Registered Banks) Order 2008

ANAND SATYANAND, Governor-General

Order in Council

At Wellington this 25th day of February 2008

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 Statement (Off-Quarter—Overseas Incorporated Registered Banks) Order 2008.
- 2 Commencement**
This order comes into force on 30 March 2008.
- 3 Application**
This order applies to every registered bank incorporated overseas.
- 4 Interpretation**
 - (1) In this order, unless the context otherwise requires,—
accounting period has the same meaning as in section 2(1) of the Companies Act 1993
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; or

- (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

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

asset acquired through the enforcement of security means any asset that is legally owned as the result of enforcing security, other than a building occupied by the bank

associated person has the same meaning as in section 2(2) of the Act

bank means a registered bank or an overseas bank

banking group, in relation to a registered bank,—

- (a) means the financial reporting group; but
- (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 relation to an overseas bank or overseas banking group, means the amount of capital held by the overseas bank or overseas banking group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that overseas bank or overseas banking group in its country of domicile

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

Capital Adequacy Framework (Standardised Approach) (BS2A) means the current version of 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 current conditions of registration imposed on that registered bank by the Reserve Bank under section 74 of the Act

counterparty has the same meaning it has in the definition of “group of closely related counterparties” in NZ IFRS 7

credit risk has the same meaning as in NZ IFRS 7

currency risk has the same meaning as in NZ IFRS 7

director, in relation to an overseas bank, means a person occupying the position of director of the overseas bank by whatever name called who whether by himself or herself, or in conjunction with other directors acting as a board of directors, has the powers necessary for managing, and for directing and supervising the management of, the business and affairs of the overseas bank

disclosure statement has the same meaning as in section 2(1) of the Act

equity refers to and has the same meaning as “equity” in the “New Zealand Equivalent to the IASB Framework for the Preparation and Presentation of Financial Statements” approved by the Accounting Standards Review Board as amended from time to time.

equity exposure, in relation to a banking group, means the amount of the change in the economic value of equity instruments that are financial assets and financial liabilities of the banking group in a single currency, which would occur as a result of a change in the price of equity instruments in that currency

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 asset acquired through the enforcement of security has the same meaning as in NZ IFRS 7

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 group (as that term is defined in section 2(1) of the Financial Reporting Act 1993) that comprises a reporting entity that is the overseas bank and its subsidiaries, as if the members of the group were companies formed and registered in New Zealand

first quarter accounting period means—

- (a) the first 3 month period of an accounting period; or
- (b) if clause 21 applies, the first quarter accounting period determined by the Reserve Bank

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

group of closely related counterparties has the same meaning as in NZ IFRS 7

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 an overseas bank, means a director who is not—

- (a) an employee of the overseas bank; and
- (b) a director, trustee, or employee of—
 - (i) a holding company of the overseas bank; or
 - (ii) any other entity capable of controlling or significantly influencing the overseas 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 at reporting date 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 repricing date, in relation to the whole or part of a financial instrument, means the earlier of the date on which, in accordance with the terms of the financial instrument,—

- (a) the interest rate reset date next occurs (being the date on which the rate of interest payable in respect of the whole or part (as applicable) of the financial instrument can or will alter); or
- (b) a principal sum is due and payable; or
- (c) if no principal sum is due and payable, the maturity date occurs

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

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

New Zealand chief executive officer has the same meaning as in section 2(1) of the Act

NZ IAS 24—

- (a) means New Zealand Equivalent to International Accounting Standard 24 (Related Party Disclosures), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 32—

- (a) means New Zealand Equivalent to International Accounting Standard 32 (Financial Instruments: Disclosure and Presentation), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 34—

- (a) means New Zealand Equivalent to International Accounting Standard 34 (Interim Financial Reporting), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IAS 39—

- (a) means New Zealand Equivalent to International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), approved under the Financial Reporting Act 1993; and
- (b) includes amendments to that standard

NZ IFRS 7—

- (a) means New Zealand Equivalent to International Financial Reporting Standard 7 (Financial Instruments: Disclosures) approved under the Financial Reporting Act 1993; and
- (b) includes amendments made to that standard

90 day past due asset has the same meaning as in NZ IFRS 7 and to avoid doubt includes an asset other than a restructured asset, other individually impaired asset, or financial asset acquired through the enforcement of security, 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 90 days; or
- (b) amounts owing under revolving facilities have been continuously outside of limits for at least 90 days

non-financial asset acquired through the enforcement of security means any asset which is legally owned as the result of enforcing security, other than a financial asset or a building occupied by the bank

off-quarter balance date means the last day of a first quarter accounting period or third quarter accounting period (as applicable)

other asset acquired through the enforcement of security means any asset which is legally owned as the result of enforcing security, other than a financial asset or a land or building asset

other asset under administration means any asset that is not an impaired asset or a 90 day past due asset, but 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
other individually impaired asset has the same meaning as in NZ IFRS 7

overseas bank means a financial institution incorporated outside New Zealand which has been authorised, registered, or licensed as a bank in its country of domicile by the appropriate banking supervisory authority and, unless the context otherwise requires, is the bank of which the registered bank is the New Zealand branch

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

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

rate insensitive assets means that amount of the financial assets held by the banking group that the registered bank reasonably believes is unlikely to be diminished or increased as a result of a material change in market interest rates if the interest rate applicable to that financial asset (which may be zero) does not change or does not change materially

rate insensitive liabilities means that amount of the financial liabilities held by the banking group that the registered bank reasonably believes is unlikely to be diminished or increased as a result of a material change in market interest rates if the interest rate applicable to that financial liability (which may be zero) does not change or does not change materially

rate insensitive product means a rate insensitive asset or a rate insensitive liability

real estate asset acquired through the enforcement of security means any land or building which is legally owned as the result of enforcing security, other than a building occupied by the bank

register means the register of registered banks maintained under section 69 of the Act

registered bank means the New Zealand business of the entity that is entered on the register, as if that entity's business were conducted by a company formed and registered in New Zealand

related party has the same meaning as in NZ IAS 24

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

restructured asset has the same meaning as in NZ IFRS 7

retail deposit has the same meaning as in the conditions of registration

short form disclosure statement means a disclosure statement that comprises the documents set out in clause 5(1)

subsidiary means a subsidiary within the meaning of sections 5 to 8 of the Companies Act 1993

third quarter accounting period means—

the first 9 month period of an accounting period; or

- (b) if clause 21 applies, the third quarter accounting period determined by the Reserve Bank

tier one capital, in relation to an overseas bank or overseas banking group, means the amount of tier one capital held by the overseas bank or overseas banking group determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that overseas bank or overseas banking group in its country of domicile

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, but not defined in it,—

- (a) has, in relation to a registered bank whose conditions of registration define the term or expression, the same meaning as in those conditions of registration, as amended from time to time; or
- (b) has, if paragraph (a) does not apply and the term or expression is defined in the Act, the same meaning as in the Act; or
- (c) must, if neither paragraph (a) nor paragraph (b) applies, be interpreted in a way that complies with generally accepted accounting practice, where applicable.

Part 1

Form, frequency, and publication of short form disclosure statements

5 Short form disclosure statement

- (1) The short form disclosure statement of a registered bank comprises—

- (a) a key information summary; and
- (b) a general short form disclosure statement; and
- (c) a supplemental disclosure statement (if any).

- (2) A requirement that applies to a short form disclosure statement applies to each of the documents referred to in subclause (1).

6 First short form disclosure statement

The first short form disclosure statement required by this order for a registered bank is for the first off-quarter balance date that occurs after 30 March 2008.

7 Timing of first publication of short form disclosure statement

- (1) A registered bank must first publish its key information summary, general short form disclosure statement, and its supplemental disclosure statement (if any)—
- (a) in the manner specified in clause 8; and
 - (b) on the same date.
- (2) The date referred to in subclause (1)(b) must be no later than 2 months after each off-quarter balance date unless subclause (3) applies.
- (3) The date referred to in subclause (1)(b) must be no later than 3 months after each off-quarter balance date if—
- (a) the general short form disclosure statement is subject to review or audit by an external auditor; and
 - (b) the extent of review or audit is not less than that which is required in respect of a disclosure statement in terms of the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2008.

8 First publication of short form disclosure statement

On the applicable date referred to in clause 7, a registered bank must first publish its short form disclosure statement by—

- (a) delivering a signed short form disclosure statement to the Reserve Bank; and
- (b) prominently displaying a copy of its most recent key information summary at—
 - (i) the registered bank's head office; and
 - (ii) every branch of the registered bank; and
 - (iii) every other premises of the registered bank; and
 - (iv) every premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
- (c) making a copy of its most recent key information summary, general short form disclosure statement, and supplemental disclosure statement (if any), readily accessible on the registered bank's website.

9 Ongoing publication of short form disclosure statement

- (1) During the publication period, a registered bank must publish its short form disclosure statement by—
- (a) providing to any person who requests it a copy of its most recent key information summary immediately on request and at no charge; and
 - (b) providing to any person who requests it a copy of its most recent general short form disclosure statement at no charge and—
 - (i) immediately on request if the request is made at the registered bank's head office; or
 - (ii) within 5 working days if the request is made at a branch of the registered bank, any other premises of the registered bank, or any premises of an agency of the registered bank primarily

- engaged in the business of the registered bank;
and
- (c) providing to any person who requests it a copy of its most recent supplemental disclosure statement, or such part of it as is requested, at no charge, and—
 - (i) immediately on request if the request is made at the registered bank's head office; or
 - (ii) within 5 working days if the request is made at a branch of the registered bank, any other premises of the registered bank, or any premises of an agency of the registered bank primarily engaged in the business of the registered bank;
and
- (d) prominently displaying a copy of its most recent key information summary at—
 - (i) the registered bank's head office; and
 - (ii) every branch of the registered bank; and
 - (iii) every other premises of the registered bank; and
 - (iv) every premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
- (e) making a copy of its most recent key information summary, general short form disclosure statement, and supplemental disclosure statement (if any), readily accessible on the registered bank's website; and
- (f) if the registered bank provides banking accounts to customers through a branch that is not normally physically accessible by the customers of that branch,—
 - (i) notifying each customer of that branch of the availability of its most recent key information summary; and
 - (ii) stating that the key information summary is available immediately on request and at no charge.
- (2) Subclause (1)(c) does not apply if the content of a supplemental disclosure statement is included in the general short form disclosure statement.
- (3) For the purposes of subclause (1), **publication period**, in relation to a registered bank, means the period that—
 - (a) starts on the date on which the short form disclosure statement of the registered bank is first published; and
 - (b) ends on the date on which the next disclosure statement of the registered bank is first published.

Part 2

Content of short form disclosure statements

Subpart 1—General requirements

10 Information must be in English

- (1) All information in the short form disclosure statement of a registered bank must be in English.

- (2) Nothing in subclause (1) applies to copies of guarantee contracts.

11 Short form disclosure statement not to be false or misleading

In addition to the information that is required by this order, the short form disclosure statement of a registered bank—

- (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 short form 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.

12 Requirements when registered bank is unable to disclose information

Subject to clause 14(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 short form 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.

13 Information covering period less than stated period

- (1) A short form disclosure statement that contains information for a period that is less than the period for which the information is required under this order must identify the period for which the information is provided.
- (2) A registered bank need not disclose information under this order about a person, business, or group for that part of a period during which the person, business, or group or any part of the group did not exist.

14 Comparative information

- (1) Any comparative information that is required to be disclosed under this order for the previous corresponding period must be restated so that it corresponds to the information disclosed for the current 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 12 months after the date on which that information was first required to be published.

15 Short form disclosure statement not to contain offer of securities

A short form 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 regulations 21(2) and 22(d) of the Securities Regulations 1983.

16 Information about shareholders

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

17 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.

Subpart 2—Content of key information summary, general short form disclosure statement, and supplemental disclosure statement

Key information summary

18 Information to be included in key information summary

- (1) The key information summary of a registered bank must include the information prescribed in Schedule 1—
 - (a) in respect of its most recent off-quarter balance date, or first quarter accounting period, or third quarter accounting period (as applicable); and
 - (b) in the same order and under the same headings set out in that schedule.
- (2) If a key information summary would be false or misleading as a result of stating the information required to be disclosed under this order, the key information summary must, under the relevant heading, include information and explanations that will make the key information summary not false or misleading.
- (3) If applicable, the information contained in the key information summary must be taken from the information contained in the general short form disclosure statement.
- (4) The key information summary may contain additional information to which the information required in Schedule 1 may refer by way of note, but only if that information is set out after the information required to be disclosed under that schedule.
- (5) The information that is required to be disclosed under clauses 4 to 8 of Schedule 1 must include comparative figures for the previous corresponding period.

*General short form disclosure statement***19 Information to be included in general short form disclosure statement**

The general short form disclosure statement of a registered bank must include all of the information prescribed in Schedules 2 to 6.

*Supplemental disclosure statement***20 Information to be included in supplemental disclosure statement**

- (1) The supplemental disclosure statement must include only the following information (if it applies):
- (a) if paragraph (b) does not apply and the general short form disclosure statement states that a person guarantees any material obligations of the overseas bank, a copy of the—
 - (i) full guarantee contract; and
 - (ii) most recent financial statements and group financial statements of the guarantor; and
 - (iii) auditor's report (if any) for those statements:
 - (b) if the general short form disclosure statement states that a person has entered into a material cross guaranteeing arrangement with the overseas bank, a copy of the full guarantee contract if—
 - (i) there is a single contract that sets out the rights and obligations of all the cross guarantors; or
 - (ii) there is a standard contract which is representative of the rights and obligations of each of the cross guarantors:
 - (c) a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group:
 - (d) if the overseas bank carries on in New Zealand any insurance business that is outside the banking group, a copy of the most recent publicly available financial statements and group financial statements of that insurance business:
 - (e) if the overseas bank carries on in New Zealand any non-financial activities that are outside the banking group, a copy of the most recent publicly available financial statements and group financial statements of those non-financial activities:
 - (f) any additional information or explanations required to ensure the supplemental disclosure statement is not false or misleading.
- (2) Subclause (1) does not apply to the extent that the matters required under that subclause are included in the general short form disclosure statement.

Part 3

Miscellaneous provisions

Length of first quarter accounting period or third quarter accounting period (as applicable)

21 Length of first quarter accounting period or third quarter accounting period (as applicable)

- (1) This clause applies if an accounting period of a registered bank will be shorter or longer than 12 months as a result of—
 - (a) the date of registration of a company in terms of the Companies Act 1993; or
 - (b) a change in the balance date (as defined in section 7 of the Financial Reporting Act 1993) of a registered bank or company.
- (2) If this clause applies, the Reserve Bank may, after consultation with the company or the registered bank, determine the length of any first quarter accounting period or third quarter accounting period (as applicable) for the shorter or longer accounting period.

Revocation

22 Revocation

- (1) The Registered Bank Disclosure Statement (Off-Quarter—Overseas Incorporated Registered Banks) Order 2007 is revoked.
- (2) Despite the revocation of the Registered Bank Disclosure Statement (Off-Quarter—Overseas Incorporated Registered Banks) Order 2007, a short form disclosure statement for an off-quarter balance date that occurred during the period that that order was in force must be completed, and published, in accordance with that order.

Transitional provision for short-form disclosures for 31 March 2008 off-quarter balance date

23 Transition

- (1) This clause applies to a short form disclosure statement for a registered bank that is for an off-quarter balance date of 31 March 2008.
- (2) The short form disclosure statement may be completed and published in accordance with either—
 - (a) This order; or
 - (b) The Registered Bank Disclosure Statement (Off-Quarter—Overseas Incorporated Registered Banks) Order 2007 as in force immediately before that order expired on 30 March 2008 as if that order had not expired.
- (3) However, subclause (2) applies only if the short form disclosure statement states that it is prepared under this clause.
- (4) This clause applies despite clause 6.

Schedule 1

Information to be included in key information summary

Contents

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1 Introductory statement for customers of registered bank

The following statement:

“The purpose of this key information summary is to provide customers and potential customers with information about the financial condition of their bank.

Neither the New Zealand Government nor the Reserve Bank of New Zealand guarantees or insures bank deposits.

The information contained in the key information summary is explained in the Reserve Bank publication *Your Bank's Disclosure Statement - What's In It For You?* That publication can be obtained from the *[Reserve Bank] *[Reserve Bank and the [name of registered bank]].”

*Delete if not applicable

2 Corporate information

The following information:

- (a) the name of the overseas bank and its country of domicile:
- (b) if applicable, the name of any person that is the ultimate parent bank of the overseas bank and its country of domicile:
- (c) if applicable, the name of any person that is the ultimate holding company of the overseas bank and its country of domicile.

3 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 off-quarter balance date and the date on which the change occurred.

4 Profitability

The following information:

- (a) the net profit or loss after tax in respect of—
 - (i) the overseas banking group for the most recent period for which the information is publicly available, specifying the period and end date to which this information applies; and
 - (ii) the banking group over the first quarter accounting period or third quarter accounting period (as applicable), specifying the period and end date to which this information applies:
- (b) the net profit or loss after tax over the previous 12 month period, expressed as a percentage of the average of total assets, in respect of—
 - (i) the overseas banking group and the end date of the most recent period for which the information is publicly available; and
 - (ii) the banking group and the off-quarter balance date of the first quarter accounting period or third quarter accounting period (as applicable).

5 Size

The following information:

- (a) total assets of the overseas banking group 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:
- (b) total assets of the banking group and the percentage change in total assets over the 12 months ending on the current off-quarter balance date.

6 Capital adequacy

The most recent publicly available information on the capital adequacy of the overseas bank and overseas banking group, including the following information:

- (a) tier one capital ratio, and the minimum percentage of this ratio required by the appropriate banking supervisory authority in the overseas bank's country of domicile:
- (b) total capital ratio, and the minimum percentage of this ratio required by the appropriate banking supervisory authority in the overseas bank's country of domicile.

7 Asset quality

- (1) The information in subclause (2) in respect of—
 - (a) the overseas banking group as at the most recent date for which the information is publicly available: and
 - (b) the banking group.
- (2) The following information:
 - (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) total individual credit impairment allowance:
 - (d) total individual credit impairment allowance expressed as a percentage of total impaired assets
 - (e) total collective credit impairment allowance:
 - (f) non-financial assets acquired through the enforcement of security.

8 Peak credit exposure concentrations

- (1) The following information for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable):
 - (a) the number of individual non-bank counterparties or groups of closely related counterparties of which a bank is not the parent to which the banking group has a peak end-of-day aggregate credit exposure which equals or exceeds 10% of the overseas banking group's equity, in successive ranges of 10% of the overseas banking group's equity:
 - (b) the number of individual bank counterparties or groups of closely related counterparties of which a bank is the parent to which the banking group has a peak end-of-day aggregate credit exposure which equals or exceeds 10% of the overseas banking group's equity, in successive ranges of 10% of the overseas banking group's equity.
- (2) The information disclosed under subclause (1) must be calculated using the methodology set out in Schedule 5.
- (3) A statement that the information disclosed under subclause (1) excludes exposures to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent.

9 Ranking of local creditors in liquidation

- (1) A statement whether, in a liquidation of an overseas bank, there are any material legislative or regulatory restrictions in the overseas bank's country of incorporation that subordinate the claims of any class of unsecured creditors of the registered bank on the assets of the overseas bank to those of any other class of unsecured creditors of the overseas bank.
- (2) If subclause (1) applies, the following information:
 - (a) the title of the legislation or regulations involved and a summary of the nature of the subordination of the rights of creditors of the registered bank:

- (b) the nature and amount of each class of the registered bank's liabilities that are so affected:
- (c) if the registered bank is required by any statute to hold in New Zealand an excess of assets over deposit liabilities, the title of the statute and a description of the requirement and a statement as to whether, since the commencement of the accounting period, the registered bank has at all times complied with that requirement:
- (d) if the overseas bank is subject to any regulatory or legislative requirement in the overseas bank's country of incorporation to maintain sufficient assets in that country to cover an ongoing obligation to pay deposit liabilities in that country—
 - (i) the title of the legislation or regulations that impose the requirement; and
 - (ii) a description of the requirement; and
 - (iii) a statement that the requirement has the potential to impact on the management of the liquidity of the New Zealand operations of the overseas bank.

10 Non-consolidated activities

- (1) A statement whether the overseas bank carries on in New Zealand any insurance business that is outside the banking group.
- (2) If subclause (1) applies, the following information:
 - (a) the total assets, total equity, and total profits before and after tax of the insurance business on a consolidated basis, and if the 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:
 - (b) a statement that—
 - (i) the most recent publicly available financial statements and group financial statements for the insurance business are contained in the registered bank's supplemental disclosure statement or general short form disclosure statement (state which); and
 - (ii) copies of the registered bank's supplemental disclosure statement or general short form disclosure statement (or that part of which, as applicable) will be provided at no charge to any person requesting a copy in the manner described in clause 12.
- (3) A statement whether the overseas bank carries on in New Zealand any non-financial activities that are outside the banking group.
- (4) If subclause (3) applies, the following information:
 - (a) the total assets, total equity, and total profits before and after tax of the non-financial activities on a consolidated basis, and if the 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:

- (b) a statement that—
- (i) the most recent publicly available financial statements and group financial statements for the non-financial activities are contained in the registered bank's supplemental disclosure statement or general short form disclosure statement (*state which*); and
 - (ii) copies of the registered bank's supplemental disclosure statement or general short form disclosure statement (or that part of which, as applicable) will be provided at no charge to any person requesting a copy in the manner described in clause 12.

11 Financial statements of overseas bank and overseas banking group

A statement that a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group are contained in the registered bank's supplemental disclosure statement or general short form disclosure statement (*state which*).

12 Statement about availability of general short form disclosure statement and supplemental disclosure statement

A statement—

- (a) that a copy of the registered bank's most recent general short form disclosure statement and supplemental disclosure statement (if applicable) will be provided immediately at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
- (b) that a copy of the registered bank's most recent general disclosure statement and supplemental disclosure statement (if applicable) are available on the registered bank's website; and
- (c) specifying the categories of places where a copy of the registered bank's most recent general short form disclosure statement and supplemental disclosure statement (if applicable) will be provided at no charge to any person within 5 working days of a request for a copy having been made.

13 Auditor's report

If the key information summary has been audited or reviewed by an external auditor, the following:

- (a) a statement of the nature and scope of the audit or review:
 - (b) a copy of the auditor's report.
-

Schedule 2

Information to be included in general short form disclosure statement

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-
- 1 Name and address for service of registered bank**
 The name and address for service of the registered bank.
 - 2 Details of overseas bank**
 The name and the address of the overseas bank's principal office, or place of business, outside New Zealand.
 - 3 Changes in overseas bank's board of directors**
 (1) A statement whether there have been any changes in the composition of the overseas bank's board of directors since the date on which the signing of the previous disclosure statement is completed, 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 short form disclosure statement.
 - 4 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 overseas bank; and
 - (b) the name and address for service of the ultimate holding company of the overseas 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.

5 Subordination of claims of creditors

- (1) A statement whether there are any material legislative or regulatory restrictions in the overseas bank's country of incorporation that, in a liquidation of the overseas bank, subordinate the claims of any class of unsecured creditors of the registered bank on the assets of the overseas bank to those of any other class of unsecured creditors of the overseas bank.
- (2) If subclause (1) applies,—
 - (a) the title of the legislation or regulations involved; and
 - (b) the nature of the subordination of the rights of creditors of the registered bank; and
 - (c) the nature and amount of each class of the registered bank's liabilities that are affected.

6 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; and
- (b) a description of the requirement; and
- (c) a statement whether, since the commencement of the accounting period, the registered bank has at all times complied with that requirement.

7 Requirement to maintain sufficient assets to cover ongoing obligation to pay deposit liabilities

If the overseas bank is subject to any regulatory or legislative requirement in the overseas bank's country of incorporation 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; and
- (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 operations of the overseas bank.

8 Guarantees

- (1) A statement whether any material obligations of the overseas bank are guaranteed.
- (2) If a person guarantees any material obligations of the overseas bank, and clause 12 does not apply, the matters set out in clauses 9 to 11.

9 Details of guarantor

- (1) The name and address for service of the guarantor.
- (2) A statement whether the guarantor is a member of the banking group or 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 and the guarantor 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 whether 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; and
 - (c) each change made to the rating in the 2 years immediately before the off-quarter 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 guaranteed obligations

- (1) A description of the obligations that are guaranteed.
- (2) A statement whether 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 whether 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 whether there are any material legislative or regulatory restrictions in the guarantor's country of incorporation 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 overseas 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; and
 - (b) the nature of the subordination of the rights of the creditors; and
 - (c) the amount of the liabilities that are affected.

11 Availability of copy of full guarantee contract

- (1) A statement that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided immediately at no charge to any person requesting a copy if the request is made at the registered bank's head office.
- (2) The categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no

charge to any person within 5 working days of a request for a copy having been made.

- (3) Subclauses (1) and (2) do not apply if the content of the supplemental disclosure statement is contained in the general short form disclosure statement.

12 Material cross guarantees

- (1) If a person has entered into a material cross guaranteeing arrangement with the overseas bank, the matters set out in subclauses (2) to (4).
- (2) A description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under clause 10(2) to (5) as if those clauses applied to the guarantees of the obligations of the overseas bank, as well as to the guarantees the overseas bank has given in respect of the first mentioned person's obligations.
- (4) If there is a single contract that sets out the rights and obligations of all the cross guarantors, or if there is a standard contract which is representative of the rights and obligations of each of the cross guarantors, a statement—
 - (a) that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided immediately at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
 - (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (5) Subclause (4) does not apply if the content of the supplemental disclosure statement is contained in the general short form disclosure statement.

13 Conditions of registration

- (1) A copy of the conditions of registration that applied at the date on which the signing of the short form disclosure statement is completed.
- (2) If applicable, a description of any changes to the conditions of registration that have occurred since the signing of the previous disclosure statement is completed, 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 first quarter accounting period or the third quarter accounting period (as applicable), a description of the nature and extent of each case of non-compliance.

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 off-quarter balance date and the date on which the change occurred:
- (e) descriptions or explanations of all steps in the applicable rating scales.

15 Insurance business

A statement whether the banking group carries on any insurance business, and if it does, the following information:

- (a) a description of each class of that insurance business:
- (b) the aggregate amount of insurance business, where the amount disclosed is calculated in accordance with the registered bank's conditions of registration:
- (c) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraph (b).

16 Non-consolidated activities

- (1) A statement whether the overseas bank carries on any insurance business or non-financial activities in New Zealand that are outside the banking group, and if it does, the following information:

- (a) a brief explanation of the overseas 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:
- (d) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraphs (a) to (c).

- (2) If the content of the supplemental disclosure statement is not included in the general short form disclosure statement, a statement—

- (a) that a copy of the registered bank's most recent supplemental disclosure statement (or that part of which, as applicable), which contains the most recent publicly available financial statements and group financial statements for insurance business carried on in New Zealand that is outside the banking group or for non-financial activities carried on in New Zealand that are outside the banking group, will be provided immediately and at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
- (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement (or that part of which, as applicable), which contains the most recent publicly available financial statements and group financial statements for insurance business carried on in New Zealand that is outside the banking group or for non-financial activities carried on in New Zealand that are outside the banking group, will be provided at no charge and within 5 working days of a request for a copy having been made if the request is not made at the registered bank's head office.

17 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 each director and the New Zealand chief executive officer believes, after due enquiry, that, as at the date on which the short form disclosure statement is signed,—
 - (a) the short form disclosure statement contains all the information that is required by this order; and
 - (b) the short form disclosure statement is not false or misleading.
- (2) A statement by the directors and the New Zealand chief executive officer as to whether each director and the New Zealand chief executive officer believes, after due enquiry, that, over the first quarter accounting period or third quarter accounting period (as applicable),—
 - (a) the registered bank has complied with all conditions of registration that applied during that period; and
 - (b) the registered bank had systems in place to monitor and control adequately the banking group's material risks, 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 during that period.

18 Financial statements of overseas bank and overseas banking group

- (1) A statement—
 - (a) that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the most recent publicly available financial

- statements of the overseas bank and overseas banking group, will be provided immediately and at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
- (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group, will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (2) Subclause (1) does not apply if the content of the supplemental disclosure statement is contained in the general short form disclosure statement.

19 Absence of supplemental disclosure statement

If the content of the supplemental disclosure statement is contained in the general disclosure statement, a statement that the registered bank has not published a supplemental disclosure statement, giving the reason.

20 Auditor's report

If the general short form 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:
- (b) a copy of the auditor's report.

Schedule 3

Short form financial statements and asset quality

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*Short form financial statements***1 Currency must be New Zealand dollars**

Any monetary amount that is required to be disclosed under clause 4 must be New Zealand dollars

2 Comparative information

The information that is required to be disclosed under clause 4 must include comparative figures for the previous corresponding period.

3 Changes in accounting policies

- (1) A statement whether there have been any changes in accounting policies since the date on which the signing of the previous disclosure statement is completed.
- (2) A summary of those changes.

4 Financial information

- (1) The financial information that is required to be disclosed under this clause—
 - (a) must be in the format determined by the registered bank; and
 - (b) is for the banking group; and
 - (c) is for the first quarter accounting period or third quarter accounting period (as applicable), or is as at the off-quarter balance date, as the case may require.
- (2) The following information, to the extent that it is additional to the information that NZ IAS 34 requires the banking group to disclose when publishing interim financial statements:

Income Statement

- 1 Interest income
- 2 Interest expense
- 3 **Net interest income**
- 4 Net trading gains/losses
- 5 Other gains less losses on financial instruments at fair value
- 6 Other operating income
- 7 Other operating expenses
- 8 Impaired asset expense
- 9 Share of the profit or loss of associates and joint ventures accounted for using the equity method
- 10 **Profit/(loss) before tax**
- 11 Taxation expense/(credit)
- 12 **Profit(loss) after tax**
- 13 Profit/(loss) attributable to minority interest
- 14 **Profit/(loss) attributable to equity holders of the parent**
- 15 A condensed statement of changes in equity or a statement of recognised income and expense

Balance sheet**Assets**

- 1 The categories of financial asset listed in paragraph E3 of NZ IFRS 7, in each case shown net of individual credit impairment allowances
- 2 Derivative financial instruments
- 3 Deferred tax asset
- 4 Intangible assets
- 5 Fixed assets
- 6 Other assets
- 7 **Total assets**

Liabilities and branch equity

- 8 Head office account
- 9 Issued and paid up capital
- 9 Balances of reserve accounts
 - (a) Revaluation reserves
 - (b) Fair value reserves
 - (c) Other capital reserves
 - (d) Other revenue reserves
- 10 Balance of retained earnings
- 11 Minority interests
- 12 Total head office account and equity
- 12 Term and/or perpetual subordinated debt
- 13 The categories of financial liability listed in paragraph E3 of NZ IFRS 7
- 14 Derivative financial instruments
- 15 Deferred tax liability
- 16 Other liabilities
- 17 **Total liabilities and branch equity**
- 18 Total interest earning and discount bearing assets
- 19 Total interest and discount bearing liabilities
- 20 Total amounts due from related parties
- 21 Total amounts due to related parties
- 22 If assets shown in the statement of financial position have been used to secure any obligations, the nature and amount of those assets
- 23 The nature and amount of any assets not legally owned but shown in the statement of financial position
- 24 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)
- 25 If applicable, the total retail deposits of the registered bank in New Zealand, as defined in the registered bank's conditions of registration.

*Asset quality***5 Classes of assets to which clauses 6 to 8 apply**

- (1) Clauses 6 to 8 apply to the following classes of assets:
 - (a) other individually impaired assets:
 - (b) restructured assets:
 - (c) financial assets acquired through the enforcement of security:
 - (d) real estate assets acquired through the enforcement of security:
 - (e) other assets acquired through the enforcement of security:
 - (f) 90 day past due assets:
 - (g) other assets under administration.
- (2) To avoid doubt, the disclosure required by clause 6 includes financial assets designated as at fair value through profit and loss, where applicable.

6 Aggregate amounts

- (1) The information in subclause (2) in respect of the banking group for each of the classes of assets set out in clause 5.
- (2) The following information as at the off-quarter balance date:
 - (a) the aggregate amount that has been recognised, before deducting allowances for credit impairment loss or allowances for impairment loss created in respect of non-financial assets where applicable; and
 - (b) the aggregate amount of individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets.
- (3) The information in subclause (4) in respect of the registered bank and banking group for each of the classes of assets set out in subclauses (a), (b), (f) and (g) of clause 5.
- (4) The aggregate amount as at the balance date of any undrawn balances on lending commitments to counterparties for whom drawn balances fall within that class of assets, before deducting allowances for credit impairment loss where applicable.
- (5) The information that is required to be disclosed under subclauses (2) and (4) must include comparative figures for the previous corresponding period.

7 Movements in balances of total individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets

- (1) The information in subclause (2) in respect of the banking group for each of the classes of assets set out in clause 5.
- (2) Information on movements in the balances of total individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets over the first quarter accounting period or third quarter accounting period (as applicable), separately disclosing—
 - (a) opening balance; and
 - (b) charge (credit) to the statement of financial performance for increase or decrease in individual credit impairment

- allowances or allowances for impairment loss created in respect of non-financial assets; and
- (c) amounts written-off; and
 - (d) write-downs of assets acquired through the enforcement of security; and
 - (e) recoveries of impairment allowances and write-offs charged in previous periods; and
 - (f) other movements, and the nature of those other movements; and
 - (g) closing balance.
- (3) Movements must be reconciled to the charges allocated to the statement of financial performance.

8 Movements in balance of collective credit impairment allowance

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

9 Credit risk on loans and receivables at fair value

- (1) The information in subclause (2) in respect of the banking group.
- (2) The information required to be disclosed by paragraph 9 of NZ IFRS 7, in respect of the first quarter accounting period or third quarter accounting period (as applicable).

Schedule 4

Credit and market risk exposures and capital adequacy

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1 Risk-weighted credit risk exposures

- (1) The information in subclause (2)—
- (a) in respect of the registered bank and banking group; and
 - (b) derived in accordance with the Capital Adequacy Framework (Basel I Approach) (BS2).
- (2) The following information as at the off-quarter balance date:

Risk weighted exposures

- (1) Calculation of balance sheet exposures

	Amount	Risk weight	Risk weighted exposure
Cash and short term claims on Government		0%	
Long term claims on Government		10%	
Claims on banks		20%	
Claims on public sector entities		20%	
Residential mortgages		50%	
Other		100%	
Total assets			

- (2) Calculation of off-balance sheet exposures

	Amount	Credit conversion factor	Credit equivalent amount	Average counterparty risk weight	Risk weighted exposure
Direct credit substitutes		100%			
Asset sales with recourse		100%			
Commitments with certain drawdown		100%			
Underwriting and sub-underwriting facilities		50%			
Transaction related contingent items		50%			
Short term, self liquidating trade related contingencies		20%			
Other commitments to provide financial services which have an original maturity of 1 year or more		50%			
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time		0%			
Market related contracts ⁴ (a) foreign exchange contracts(b) interest rate contracts(c) other		NA			
Total off-balance sheet exposures					
Risk weighted exposures					

2 Additional mortgage information

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

⁴ Specify whether the current exposure or original exposure method was used to calculate the credit equivalent amount on these contracts.

- (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 balance date:

Residential mortgages by loan-to-valuation ratio

LVR range	0%-80%	80%-90%	Over 90%
Value of exposures			

3 Market risk end-period notional capital charges

- (1) The information in subclause (2)—
- (a) in respect of the 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 balance date:

Market Risk	Implied risk weighted exposure	Notional capital charge	Notional capital charge as a percentage of the overseas banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

4 Market risk peak end-of-day notional capital charges

- (1) The information in subclause (2)—
- (a) in respect of the banking group; and
- (b) derived in accordance with clause 5.
- (2) The following information in respect of peak end-of-day notional capital charges for market risk for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable):

Market Risk	Implied risk-weighted exposure	Notional capital charge	Notional capital charge as a percentage of the overseas banking group's equity
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.
- (4) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

5 Method for deriving peak end-of-day notional capital charges

- (1) For the purpose of the disclosure required by clause 4, 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 (such opinion to be based on reasonable grounds), materially lower than the amount derived under paragraph (a).
- (2) For the purpose of the disclosure required by clause 4, peak end-of-day notional capital charge as a percentage of the overseas banking group's equity is derived by dividing peak end-of-day notional capital charge by—
 - (a) the overseas banking group's equity as at the end of the quarter; or
 - (b) the most recently publicly disclosed amount of the overseas banking group's equity; or
 - (c) the overseas banking group's equity at the date to which the maximum end-of-day notional capital charge applied.
- (3) A statement of the method used to derive peak end-of-day notional capital charge, and peak end-of-day notional capital charge as a percentage of the overseas banking group's equity, for each category of market risk.

6 Capital ratios

- (1) The most recent publicly available information specified in respect of the capital ratios of the overseas bank and the overseas banking group, including the following information:
 - (a) tier one capital ratio:
 - (b) total capital ratio:
 - (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.
-

Schedule 5

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 on the basis of—
 - (a) actual credit exposures; or
 - (b) internal limits that were not materially exceeded during the first quarter accounting period or the third quarter accounting period (as applicable).
- (2) 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) relate only to exposures held in the financial records of the banking group; and
- (b) be calculated as the amount that best represents the banking group's maximum exposure to credit risk taking account of the guidance in paragraphs B9 and B10 of NZ IFRS7; and
- (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.

3 Comparative figures

The information that is required to be disclosed under this schedule must include comparative figures for the previous corresponding period.

4 Overseas banking group's equity: general requirements

- (1) For the purposes of this schedule, the overseas banking group's equity must be—
 - (a) determined as at the off-quarter balance date; or
 - (b) the most recently publicly disclosed amount.
- (2) If the overseas banking group's equity is not determined as at the off-quarter balance date, a statement of the date to which the measure of equity relates.

5 Large bank exposures

- (1) The information in subclause (2) in successive ranges of 10% of equity, commencing at 10% of equity—
 - (a) as at the off-quarter balance date; and
 - (b) in respect of peak end-of-day aggregate credit exposures for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable).
- (2) The number of individual bank counterparties (which are not members of a group of closely related counterparties), and groups of closely related counterparties of which a bank is the parent, to which the banking group has an aggregate credit exposure that equals or exceeds 10% of the overseas banking group's equity.

6 Large non-bank exposures

- (1) The information in subclause (2) in successive ranges of 10% of equity, commencing at 10% of equity—
 - (a) as at the off-quarter balance date; and
 - (b) in respect of peak end-of-day aggregate credit exposures for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable).
- (2) The number of individual non-bank counterparties (which are not members of a group of closely related counterparties) and groups of closely related counterparties of which a bank is not the parent to which the banking group has an aggregate credit exposure that equals or exceeds 10% of the overseas banking group's equity.

7 Peak end-of-day aggregate credit exposure

- (1) For the purposes of clauses 5 and 6, peak end-of-day aggregate credit exposure to each individual counterparty or a group of closely related counterparties for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable) is derived by—
 - (a) determining the maximum end-of-day aggregate amount of credit exposure over the quarter; and
 - (b) then dividing that amount by—
 - (i) the overseas banking group's equity as at the end of the quarter; or
 - (ii) the overseas banking group's equity 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.

8 Aggregate credit exposure

- (1) The following information as at the off-quarter balance date and in respect of the individual bank counterparties, and groups of closely related counterparties of which a bank is the parent, referred to in clause 5(2):

- (a) the total amount of credit exposure to those counterparties that have a credit rating that is of investment grade:
 - (b) the total amount of credit exposure to those counterparties that have a credit rating that is below investment grade:
 - (c) the total amount of credit exposure to those counterparties that do not have a credit rating:
 - (d) the percentage each of the amounts referred to in paragraphs (a) to (c) represents in relation to the aggregate of the amounts referred to in those paragraphs.
- (2) The following information as at the off-quarter balance date and in respect of the individual non-bank counterparties, and groups of closely related counterparties of which a bank is not the parent, referred to in clause 6(2):
- (a) the total amount of credit exposure to those counterparties that have a credit rating that is of investment grade:
 - (b) the total amount of credit exposure to those counterparties that have a credit rating that is below investment grade:
 - (c) the total amount of credit exposure to those counterparties that do not have a credit rating:
 - (d) the percentage each of the amounts referred to in paragraphs (a) to (c) represents in relation to the aggregate of the amounts referred to in those paragraphs.

9 Meaning of credit rating

- (1) For the purposes of clauses 2 and 8, **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 is not 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 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.

10 Meaning of investment grade credit rating

For the purposes of this schedule, **investment grade credit rating** means a credit rating of BBB- or Baa3 or above, or its equivalent.

Schedule 6
Risk management policies

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1 Categories of risk

Clause 2 applies if, since the date on which the signing of the previous disclosure statement is completed, there has been a material change in the 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:
- (g) any other material business risk to which the banking group is exposed.

2 Information about risks

- (1) A statement of the nature of the changes in the banking group's policies for managing the risks specified in clause 1.
- (2) If, since the date on which the signing of the previous disclosure statement is completed, the banking group has become exposed to a new category of risk specified in clause 1 to which the banking group was not previously exposed, the following information:
 - (a) the nature of that risk and the activities of the 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:
 - (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.

REBECCA KITTERIDGE, for Clerk of the Executive Council.

Explanatory note

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

This order, which comes into force on 30 March 2008, applies to a registered bank that is incorporated in a country other than New Zealand, and that operates in New Zealand as a branch of the overseas bank, in respect of each such bank's "off-quarters" (i.e. the first and third quarters of the bank's financial year). It replaces the Registered Bank Disclosure Statement (Off-Quarter—Overseas Incorporated Registered Banks) Order 2007.

The principal amendments to the 2007 Order included in this 2008 Order are to update the drafting of the 2007 Order and to remove references to superseded accounting standards and concepts given that all New Zealand banks have now adopted New Zealand IFRSs and New Zealand IASs.

A description of the principal provisions of the revised disclosure regime is given below.

Under the disclosure regime, all registered banks are required to issue a public disclosure statement each quarter. The disclosure statement required to be published under this order comprises a key information summary, a general short form disclosure statement and, if applicable, a supplemental disclosure statement.

The key information summary provides a brief summary of key financial information on the registered bank and banking group, and must be made available free of charge immediately on request if the request is made at the registered bank's head office. The key information summary must also be displayed prominently in each bank branch and in any other customer-accessible bank premises, and made available or displayed on a bank's internet website.

The general short form disclosure statement is required to contain a range of financial and corporate information on the bank and its banking group. The general short form disclosure statement need not be displayed in each bank branch, but must be made available free of charge, immediately if the request is made at a bank's head office, or within 5 working days if the request is made at a bank branch or at any customer-accessible bank premises other than the head office. It must also be readily available on the bank's internet website. The information required to be included in a general short form disclosure statement includes—

- (a) information about credit ratings the bank is required to have, and a disclosure of the current level of each such rating:
- (b) short form financial statements for the banking group, including details on asset quality:
- (c) information on exposures to credit risk and market risk. A bank is required to disclose measures of exposure to each category of market risk (interest rate risk, currency risk and equity risk) based on a notional capital charge, both as at the end of the off-quarter and in respect of peak over the most recent quarter of the accounting period to date:
- (d) information, both as at the end of the off-quarter and in respect of peak for the most recent quarter of the accounting period, on the banking group's exposure concentrations to individual counterparties and groups of closely related counterparties:
- (e) descriptions of the banking group's policies and systems for managing risks in respect of a new category of risk not previously incurred by the banking group:
- (f) the conditions of registration imposed by the Reserve Bank on the registered bank pursuant to section 74 of the Reserve Bank of New Zealand Act 1989:
- (g) statements signed by the directors and the New Zealand chief executive officer of the bank, including an attestation as to whether the directors and the New Zealand chief executive officer are satisfied that the banking group had systems in place to monitor and control adequately the group's material business risks and whether the controls have been properly applied over the reporting period, and a statement that the disclosure statement is not false or misleading.

The general short form disclosure statement required by this order is an abbreviated version of the general disclosure statement required by the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2008.

Each bank must also publish a supplemental disclosure statement, unless the information it would include is contained in the general short form disclosure statement. The supplemental disclosure statement must be made available free of charge, immediately if the request is made at a bank's head office, or within 5 working days if the request is made at a bank branch or at any customer-accessible bank premises other than the head office. It must also be readily available on the bank's internet website. This order requires the following information to be contained in a supplemental disclosure statement:

- (a) the contract of guarantee and financial statements of any guarantor, where the material obligations of the overseas bank are guaranteed:

- (b) if the overseas bank has entered into any material cross guaranteeing arrangements, a copy of the full guarantee contract if there is a contract which sets out, or is representative of, the rights and obligations of all the cross guarantors:
- (c) the most recent publicly available financial statements of the overseas bank and overseas banking group of which the registered bank is part:
- (d) if the overseas bank conducts in New Zealand outside the New Zealand banking group any insurance business or non-financial activities, the most recent publicly available financial statements of that business or those activities.

A bank has 2 months from its off-quarter balance date to publish the disclosure statements required by this order. The exception to this is where a bank elects to have its general short form disclosure statement audited by an external auditor, in which case the bank has 3 months to publish its disclosure statement.

The disclosure statements published pursuant to this order are not required to be audited nor to be subject to a limited review by an external auditor.

The disclosure statements required by this order must be signed by all the directors and the New Zealand chief executive officer of the bank. A director or New Zealand chief executive officer may authorise in writing another person to sign on his or her behalf.

The Reserve Bank of New Zealand Act provides for criminal and civil penalties where a bank's disclosure statement is found to be false or misleading.

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

**Registered Bank Disclosure Statement
Orders in Council
Documents incorporated by reference**

The Registered Bank Disclosure Statement Orders in Council are published pursuant to section 81 of the Reserve Bank of New Zealand Act 1989. They comprise the following four Orders which were made on 25 February 2008 and come into force on 30 March 2008:

Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2008

Registered Bank Disclosure Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 2008

Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2008

Registered Bank Disclosure Statement (Off-Quarter—Overseas Incorporated Registered Banks) Order 2008

The following documents, which form part of the Reserve Bank of New Zealand Banking Supervision Handbook, are incorporated by reference into the Orders:

- 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 also refer to the following accounting standards and documents, as amended from time to time:

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: Disclosure and 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 Framework for the Preparation and Presentation of Financial Statements

Copies of the accounting standards are available free of charge on the New Zealand Institute of Chartered Accountants' website: <http://www.nzica.com>

The New Zealand Equivalent to the IASB Framework for the Preparation and Presentation of Financial Statements is only available in hard copy. Copies of it and the standards may be inspected free of charge at the office of the New Zealand Institute of Chartered Accountants, Level 2, Cigna House, 40 Mercer Street, Wellington. Copies of these documents may also be purchased there.

Prudential Supervision Department
Reserve Bank of New Zealand