Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2011

Note: This is a Reserve Bank working copy. The official version of the Principal Order is published in a supplement dated 24 June 2011 to the New Zealand Gazette of 23 June 2011.

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ANAND SATYANAND, Governor-General

Order in Council

At Wellington this 20th day of June 2011

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 2011.

2 Commencement

This order comes into force on 30 June 2011.

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 Reserve Bank document entitled "Capital Adequacy Framework (Basel I Approach) (BS2)"

Capital Adequacy Framework (Standardised Approach) (BS2A) means the Reserve Bank document entitled "Capital Adequacy Framework (Standardised Approach) (BS2A)"

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

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

company—

(a) has the same meaning as in section 2(1) of the Companies Act 1993; and

(b) includes an overseas company within the meaning of that section

conditions of registration, in relation to a registered bank, means the 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 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 has the same meaning as "equity" in the "New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting"

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

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

(a) under the New Zealand deposit guarantee scheme;

(b) under another guarantee or similar arrangement provided by the New Zealand government; or

(c) by a sovereign authority in an overseas jurisdiction

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

New Zealand deposit guarantee scheme means the deposit guarantee scheme announced by or on behalf of the Crown on and after 12 October 2008 relating to guarantees to be given by the Minister of Finance on behalf of the Crown in respect of certain financial institutions under section 65ZD of the Public Finance Act 1989

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

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

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

NZ IAS 39 means New Zealand Equivalent to International Accounting Standard 39 (Financial Instruments: Recognition

and Measurement), approved under the Financial Reporting Act 1993

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

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.

(3) A reference in this order to material which is incorporated by reference under the Act refers to the material as it exists on the day this order commences together with any amendments to the material that are promulgated before or on the day this order commences.

(4) To avoid doubt, the promulgated amendments referred to in subsection (3) do not need to be in force or to apply when this order commences to have effect after the commencement of this order.

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 or on 30 June 2011 is for the first balance date that occurs after 30 June 2011.

(2) The first disclosure statement required by this order for a registered bank that becomes a registered bank after 30 June

2011 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 or on 30 June 2011 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 on or after 30 June 2011unless subclause (3) applies.

(3) A registered bank that becomes a registered bank after 30 June 2011 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 38(3) of the Securities Regulations 2009.

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 the general disclosure statement states that a person other than a government 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:

(ba) if the registered bank has a government guarantee that is provided by means of a contract, a copy of the guarantee contract:

(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.

Revocation

26 Revocation

(1) The Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2008 is revoked at the end of the day of 29 June 2011.

(2) Despite the revocation of the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2008, a disclosure statement for a balance date that occurs during the period that order is 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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2 Auditor's report in respect of general disclosure statement: accounting period 19
3 Auditor's report in respect of general disclosure statement: interim accounting period 21

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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 that is required to be disclosed under Schedules 4 and 6 to 9 and clause 17 of Schedule 3 (as applicable) fairly states the matters to which it relates in accordance with those Schedules and, if it does not, the respects in which it fails to fairly state those matters; and

(j) if the registered bank meets the condition in clause 21(1)(d) of this Order, for supplementary information relating to capital adequacy that is required to be disclosed under Schedule 5A—

(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 is not in all material respects prepared in accordance with the bank's conditions of registration and disclosed in accordance with Schedule 5A; and

(k) if the registered bank meets the condition in clause 21(1)(e) of this Order, for supplementary information relating to capital adequacy that is required to be disclosed under Schedule 5B—

(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 is not in all material respects prepared in accordance with the bank's conditions of registration and with the bank's internal models for credit risk and operational risk as accredited by the Reserve Bank of New Zealand and disclosed in accordance with Schedule 5B; and

(l) if the registered bank meets the condition in clause 21(1)(f) of this Order, for supplementary information relating to capital adequacy that is required to be disclosed under applicable clauses of Schedules 5, 5A and 5B—

(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 is not in all material respects prepared in accordance with the bank's conditions of registration and with the bank's applicable internal risk models as accredited by the Reserve Bank of New Zealand and disclosed in accordance with the applicable clauses of Schedules 5, 5A and 5B.

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 that is required to be disclosed under Schedules 4 and 6 to 9 and clause 17 of Schedule 3 (as applicable), 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 fairly state the matters to which it relates in accordance with those Schedules; and

(c) if the registered bank meets the condition in clause 21(1)(d) of this Order, for supplementary information relating to capital adequacy that is required to be disclosed under Schedule 5A, 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 is not in all material respects prepared in accordance with the bank's conditions of registration and disclosed in accordance with Schedule 5A; and

(d) if the registered bank meets the condition in clause 21(1)(e) of this Order, for supplementary information relating to capital adequacy that is required to be disclosed under Schedule 5B, 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 is not

in all material respects prepared in accordance with the bank's conditions of registration and with the bank's internal models for credit risk and operational risk as accredited by the Reserve Bank of New Zealand and disclosed in accordance with Schedule 5B; and

(e) if the registered bank meets the condition in clause 21(1)(f) of this Order, for supplementary information relating to capital adequacy that is required to be disclosed under applicable clauses of Schedules 5, 5A and 5B, 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 is not in all material respects prepared in accordance with the bank's conditions of registration and with the bank's applicable internal risk models as accredited by the Reserve Bank of New Zealand and disclosed in accordance with the applicable clauses of Schedules 5, 5A and 5B.

Schedule 2
Information to be included in key information summary

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1 Introductory statement for customers of registered bank

The following statements:

> "The purpose of this key information summary is to provide customers and potential customers with information about the financial condition of their bank.
>
> 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?* This 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.

3A Government guarantees

(1) This clause applies if the registered bank has 1 or more government guarantees on the day its directors sign its disclosure statement.

(2) A registered bank must make the statements in this clause for each such guarantee.

(3) The following statement:

> "[Name of registered bank] has a guarantee under [description of the guarantee – for example, 'the New Zealand deposit guarantee scheme']."

(4) Statements:

(a) on how to obtain information about the government guarantee, for example, via an Internet site maintained by or on behalf of a government guarantor; and

(b) to direct the reader to more information on the registered bank's government guarantee in the registered bank's general disclosure statement and, if applicable, its supplemental disclosure statement.

3B No New Zealand government deposit guarantee

(1) This clause applies if the registered bank does not have a guarantee under the New Zealand deposit guarantee scheme on the day its directors sign its disclosure statement.

(2) The following statement:

> "[Name of registered bank] does not have a guarantee under the New Zealand deposit guarantee scheme as at [date]."

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 on whether any material obligations of the registered bank are guaranteed as at the date its directors sign its disclosure statement.

(2) If any material obligations of the registered bank are guaranteed under a guarantee that is not a government guarantee, for each such guarantee the matters set out in clauses 5, 6 and 7.

(3) If the registered bank has a government guarantee, for each such guarantee the matters set out in clauses 6A, 6B and 7.

(4) If any material obligations of the registered bank are guaranteed under a cross guaranteeing arrangement, the matters required by clause 8.

(5) Subclause (2) does not apply if subclause (4) applies.

5 Details of guarantor

(1) The name and address for service of the guarantor.

(2) A statement 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.

(6) If the guarantee has an expiry date,—

(a) a statement of the date the guarantee expires; and

(b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.

6A Details of government guarantors

(1) The name and address for service of the guarantor.

(2) A statement on how to obtain information about the government guarantee, for example, via an Internet site maintained by or on behalf of the government guarantor.

(3) To the extent the government guarantee is provided by means other than a contract, a statement of how to obtain the legislation, regulations or other documents that set out the terms and conditions of the government guarantee.

(4) A statement on how to obtain the most recent audited financial statements of the government guarantor, for example, via an Internet site maintained by or on behalf of the government guarantor.

(5) The government guarantor's issuer credit ratings in respect of its long term obligations payable in the currency of its jurisdiction and for each rating—

(a) the name of the person who gave the credit rating;

(b) the current rating and all qualifications to that rating;

(c) each change made to the rating in the 2 years immediately before the balance date and the date on which that change occurred; and

(d) descriptions or explanations of all steps in the applicable rating scales.

6B Details of obligations guaranteed by government guarantors

(1) A description of the obligations guaranteed by the government guarantor.

(2) A statement on 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 on 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) If the government guarantee has an expiry date,—

(a) a statement of the date the guarantee expires; and

(b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.

7 Availability of guarantee contracts

(1) If the guarantee is provided under a contract, a statement—

(a) that a copy of the registered bank's guarantee contract is included in its most recent supplemental disclosure statement; and

(b) that its most recent supplemental disclosure statement is available at no charge—

(i) via an Internet site maintained by or on behalf of the registered bank;

(ii) immediately, if a request is made at the registered bank's head office; and

(iii) within 5 working days of a request, if a request is made at another place specified by the registered bank.

(2) Subclause (1) does not apply if the full guarantee contract is included in the registered bank's 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 (6) as if those provisions applied to the guarantees of the obligations of the registered bank, as well as to the guarantees the registered bank has given in respect of the first-mentioned person's obligations.

(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

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			

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:

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%		

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%				
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)—

(a) in respect of the banking group; and

(b) 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)—

(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:

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)—

(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:

(a) tier one capital ratio; and

(b) total capital ratio.

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

12 Solo capital adequacy

(1) The information in subclause (2)—

(a) in respect of the registered bank; and

(b) derived in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A).

(2) The following information as at the 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.

13 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.

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:

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

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)—
(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 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)—

(a) 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

(b) 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)—

(a) in respect of the banking group; and

(b) 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 x 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 PD and, if relevant, LGD and EAD, 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, 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 comes into force on 30 June 2011 and replaces the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2008. The purpose of this order is to give legal effect to the current versions of material incorporated by reference in reliance on section 81AA and in accordance with Schedule 3 of the Reserve Bank of New Zealand Act 1989.

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