

**Registered Bank Disclosure Statement
(Off-Quarter—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.

**Registered Bank Disclosure Statement
(Off-Quarter—New Zealand Incorporated
Registered Banks) Order 2011**

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.

Contents

		Page
1	Title	3
2	Commencement.....	3
3	Application	3
4	Interpretation	3

Part 1

Form, frequency, and publication of short form disclosure statements

5	Short form disclosure statement	10
6	First short form disclosure statement	10
7	Timing of first publication of short form disclosure statement	10
8	First publication of short form disclosure statement	10
9	Ongoing publication of short form disclosure statement.....	11

Part 2

Content of short form disclosure statements

Subpart 1—General requirements

10	Information must be in English	12
11	Short form disclosure statement not to be false or misleading	12
12	Requirements when registered bank is unable to disclose information.....	12

13	Information covering period less than stated period.....	12
14	Comparative information	13
15	Short form disclosure statement not to contain offer of securities	13
16	Information about shareholders	13
17	Disclosure of currency that is not New Zealand dollars	13

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

Key information summary

18	Information to be included in key information summary	13
----	---	----

General short form disclosure statement

19	Information to be included in general short form disclosure statement	14
----	---	----

Supplemental disclosure statement

20	Information to be included in supplemental disclosure statement.....	15
----	--	----

Part 3

Miscellaneous provisions

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

21	Length of first quarter accounting period or third quarter accounting period (as applicable).....	16
----	---	----

Revocation

22	Revocation.....	16
----	-----------------	----

	Schedule 1	17
--	-------------------------	-----------

Information to be included in key information summary

	Schedule 2	22
--	-------------------------	-----------

Information to be included in general short form disclosure statement

	Schedule 3	28
--	-------------------------	-----------

Short form financial statements and asset quality

	Schedule 4	33
--	-------------------------	-----------

Risk weighted exposures and capital adequacy under the Basel I approach

	Schedule 4A	36
--	--------------------------	-----------

Capital adequacy under the standardised approach

	Schedule 4B	43
--	--------------------------	-----------

Capital adequacy under the internal models based approach

	Schedule 5	52
--	-------------------------	-----------

Concentration of credit exposures to individual counterparties

	Schedule 6	55
--	-------------------------	-----------

Credit exposures to connected persons

	Schedule 7	58
--	-------------------------	-----------

Securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

	Schedule 8	61
--	-------------------------	-----------

Risk management policies

Order

1 Title

This order is the Registered Bank Disclosure Statement (Off-Quarter—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

bank means a registered bank or an overseas bank

banking group, in relation to a registered bank,—

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

capital, in relation to—

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

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

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

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

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

company—

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

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

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

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

credit risk has the same meaning as in NZ IFRS 7

currency risk has the same meaning as in NZ IFRS 7

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

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

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

equity 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)

first quarter accounting period means—

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

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

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

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

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

LGD refers to loss given default determined in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B)

material,—

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

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

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

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

90 day past due asset has the same meaning as in NZ IFRS 7 and to avoid doubt includes an asset other than a restructured asset, other individually impaired asset, or financial asset acquired through the enforcement of security, for which, in relation to the contracted terms, conditions, or limits that applied to the asset immediately before non-performance commenced—

- (a) any payment of principal, interest, or other forms of monies owing is overdue, or has not been paid in accordance with the asset's terms and conditions, for at least 90 days; or
- (b) amounts owing under revolving facilities have been continuously outside of limits for at least 90 days

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

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

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

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

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

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

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

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

overseas banking group means an overseas bank and all other entities included in the group for the purposes of public

reporting of group financial statements in the country of domicile of the overseas bank

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

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

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

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

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

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

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

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

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

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

related party has the same meaning as in NZ IAS 24

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

restructured asset has the same meaning as in NZ IFRS 7

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

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

third quarter accounting period means—

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

tier one capital, in relation to—

- (a) an overseas bank or overseas banking group, means the amount of tier one capital held by the overseas bank or overseas banking group determined in accordance with

the requirements of the authority having the power to impose minimum capital requirements on that overseas bank or overseas banking group in its country of domicile; and

- (b) a banking group, means the amount of tier one capital held by the banking group, determined in accordance with the conditions of registration relating to capital adequacy for the registered bank heading that banking group, or with Capital Adequacy Framework (Standardised Approach) (BS2A), or with Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (as applicable)

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

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

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

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

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

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

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

5 Short form disclosure statement

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

6 First short form disclosure statement

The first short form disclosure statement required by this order for a registered bank is for the first off-quarter balance date that occurs on or after 30 June 2011.

7 Timing of first publication of short form disclosure statement

- (1) A registered bank must first publish its key information summary, general short form disclosure statement, and its supplemental disclosure statement (if any)—
- (a) in the manner specified in clause 8; and
 - (b) on the same date.
- (2) The date referred to in subclause (1)(b) must be no later than 2 months after each off-quarter balance date unless subclause (3) applies.
- (3) The date referred to in subclause (1)(b) must be no later than 3 months after each off-quarter balance date if—
- (a) the general short form disclosure statement is subject to review or audit by an external auditor; and
 - (b) the extent of review or audit is not less than that which is required in respect of a disclosure statement under the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 2011.

8 First publication of short form disclosure statement

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

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

disclosure statement (if any), readily accessible on the registered bank's website.

9 Ongoing publication of short form disclosure statement

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

- (2) Subclause (1)(c) does not apply if the content of a supplemental disclosure statement is included in the general short form disclosure statement.
- (3) For the purposes of subclause (1), **publication period**, in relation to a registered bank, means the period that—
 - (a) starts on the date on which the short form disclosure statement of the registered bank is first published; and
 - (b) ends on the date on which the next disclosure statement of the registered bank is first published.

Part 2

Content of short form disclosure statements

Subpart 1—General requirements

10 Information must be in English

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

11 Short form disclosure statement not to be false or misleading

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

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

12 Requirements when registered bank is unable to disclose information

Subject to clause 14(3), if a registered bank is unable because of systems limitations or because of circumstances beyond its control to disclose information under this order, the short form disclosure statement must—

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

13 Information covering period less than stated period

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

14 Comparative information

- (1) Any comparative information that is required to be disclosed under this order for the previous corresponding period must be restated so that it corresponds to the information disclosed for the current period.
- (2) If there has been a material restatement of prior period amounts, the nature of, and the reason for, the restatement must be disclosed.
- (3) A registered bank need not disclose comparative information that is not readily available in the 12 months after the date on which that information was first required to be published.

15 Short form disclosure statement not to contain offer of securities

A short form disclosure statement—

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

16 Information about shareholders

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

17 Disclosure of currency that is not New Zealand dollars

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

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

Key information summary

18 Information to be included in key information summary

- (1) The key information summary of a registered bank must include the information prescribed in Schedule 1—
 - (a) in respect of the most recent off-quarter balance date, or first quarter accounting period, or third quarter accounting period (as applicable); and
 - (b) in the same order and under the same headings set out in that schedule.
- (2) If a key information summary would be false or misleading as a result of stating the information required to be disclosed under this order, the key information summary must, under the relevant heading, include information and explanations that will make the key information summary not false or misleading.

- (3) If applicable, the information contained in the key information summary must be taken from the information contained in the general short form disclosure statement.
- (4) The key information summary may contain additional information to which the information required in Schedule 1 may refer by way of note, but only if that information is set out after the information required to be disclosed under that schedule.
- (5) The information that is required to be disclosed under clauses 4 to 9 of Schedule 1 must—
 - (a) relate to the banking group; and
 - (b) include comparative figures for the previous corresponding period.

General short form disclosure statement

19 Information to be included in general short form disclosure statement

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

- (a) all of the information prescribed in Schedules 2 to 3 and Schedules 5 to 8; and
- (b) if the registered bank is not subject to any condition of registration requiring some aspect of capital adequacy to be measured in accordance with either Capital Adequacy Framework (Standardised Approach) (BS2A) or Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the supplementary information prescribed in Schedule 4; and
- (c) if the registered bank has not been accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A), the supplementary information prescribed in Schedule 4A; and
- (d) if the registered bank has been fully accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured primarily in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the supplementary information prescribed in Schedule 4B; and
- (e) if the registered bank has been partially accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is therefore subject to conditions of registration requiring capital adequacy to be measured using a methodology based on more than one of the documents Capital Adequacy Framework (Basel I Approach) (BS2), Capital Adequacy Framework (Standardised Approach) (BS2A), and Capital Adequacy Framework (Internal Models Based

Approach) (BS2B), any supplementary information set out in Schedules 4, 4A and 4B that is applicable to that methodology.

Supplemental disclosure statement

20 Information to be included in supplemental disclosure statement

- (1) The supplemental disclosure statement must include only the following information (if it applies):
- (a) if the general short form disclosure statement states that a person other than a government guarantees any material obligations of the registered bank, a copy of the—
 - (i) full guarantee contract; and
 - (ii) most recent financial statements and group financial statements of the guarantor; and
 - (iii) auditor's report (if any) relating to those financial statements:
 - (aa) if the registered bank has a government guarantee that is provided by means of a contract, a copy of the guarantee contract:
 - (b) if the general short form disclosure statement states that a person has entered into a material cross guaranteeing arrangement with the registered bank, a copy of the full guarantee contract if—
 - (i) there is a single contract that sets out the rights and obligations of all the cross guarantors; or
 - (ii) there is a standard contract that is representative of the rights and obligations of each of the cross guarantors:
 - (c) if the general short form disclosure statement states that a registered bank has calculated its aggregate credit exposure to connected persons on a net basis,—
 - (i) a copy of the bilateral netting agreement; and
 - (ii) if applicable, a copy of the advice from an independent third party expert validating the robustness of that bilateral netting agreement:
 - (d) any additional information or explanations required to ensure that the supplemental disclosure statement is not false or misleading.
- (2) Subclause (1) does not apply to the extent that the matters required under that subclause are included in the general short form disclosure statement.

Part 3
Miscellaneous provisions

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

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

Revocation

- 22 Revocation**
- (1) The Registered Bank Disclosure Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 2008 is revoked at the end of the day of 29 June 2011.
 - (2) Despite the revocation of the Registered Bank Disclosure Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 2008, a short form disclosure statement for an off-quarter balance date that occurs during the period that order is in force must be completed, and published, in accordance with that order.
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Schedule 1

Information to be included in key information summary

Contents

		Page
1	Introductory statement for customers of registered bank.....	17
2	Corporate information.....	17
3	Credit rating	17
3A	Government guarantees	18
3B	No New Zealand government deposit guarantee	18
4	Profitability	18
5	Size	19
6	Capital adequacy.....	19
7	Asset quality	19
8	Peak credit exposure concentrations	19
9	Credit exposure to connected persons.....	20
10	Statement about availability of general short form disclosure statement and supplemental disclosure statement	20
11	Auditor's report.....	21

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

5 Size

The following information:

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

6 Capital adequacy

The following information:

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

7 Asset quality

The following information:

- (a) total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense):
- (b) total individually impaired assets expressed as a percentage of total assets:
- (c) total individual credit impairment allowance:
- (d) total individual credit impairment allowance expressed as a percentage of total impaired assets:
- (e) total collective credit impairment allowance:
- (f) non-financial assets acquired through the enforcement of security.

8 Peak credit exposure concentrations

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

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

- (2) The information disclosed under subclause (1) must be calculated using the methodology set out in Schedule 5.

- (3) A statement that the information disclosed under subclause (1) excludes exposures to connected persons and to the central

government of any country with a long-term credit rating of A- or A3 or above, or its equivalent.

9 Credit exposure to connected persons

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

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

A statement—

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

11 Auditor's report

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

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

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

Contents

		Page
1	Name and address for service of registered bank.....	22
2	Details of ultimate parent bank and ultimate holding company.....	22
3	Interests in 5% or more of voting securities of registered bank.....	22
4	Directors.....	23
5	Guarantees	23
6	Details of guarantor.....	23
7	Details of guaranteed obligations.....	24
7A	Details of government guarantees.....	24
7B	Details of obligations guaranteed by government guarantors	25
8	Availability of guarantee contracts	25
9	Material cross guarantees.....	25
10	Absence of supplemental disclosure statement.....	26
11	Conditions of registration.....	26
12	Credit rating	26
13	Insurance business	27
14	Directors' statements	27
15	Auditor's report.....	27

-
- 1 Name and address for service of registered bank**
The name and address for service of the registered bank.
- 2 Details of ultimate parent bank and ultimate holding company**
If applicable,—
- (a) the name and address for service of the ultimate parent bank of the registered bank; and
 - (b) the name and address for service of the ultimate holding company of the registered bank; and
 - (c) a summary of any regulations, legislation, or other restrictions of a legally enforceable nature that may materially inhibit the legal ability of the bodies corporate referred to in paragraphs (a) and (b) to provide material financial support to the registered bank.
- 3 Interests in 5% or more of voting securities of registered bank**
To the extent that it is reasonably practicable for the registered bank to obtain the following information:
- (a) the name of each person who has a direct or indirect qualifying interest in 5% or more of the voting securities of the registered bank, and the percentage of the interest that each of those persons holds; and
 - (b) the nature of each interest identified in paragraph (a) if the person holding it is not a registered and beneficial holder of the securities; and

- (c) the name of each person who has the ability to directly or indirectly appoint 25% or more of the board of directors (or other persons exercising powers of management, however described), and the percentage of the directors that each of those persons has the ability to appoint.

4 Directors

- (1) A statement whether there have been any changes in the composition of the registered bank's board of directors since the date on which the signing of its previous disclosure statement is completed, and if so, the changes involved, and the name of each director affected by the changes.
- (2) If applicable, the name of each director on whose behalf each responsible person has signed the short form disclosure statement.

5 Guarantees

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

6 Details of guarantor

- (1) The name and address for service of the guarantor.
- (2) A statement whether the guarantor is a member of the banking group.
- (3) Either—
 - (a) the amount of the net tangible assets of the guarantor as shown in the most recent publicly available audited financial statements, together with any qualifications in the auditor's report on those financial statements that reflect on the statement of those assets in the financial statements; or
 - (b) if the guarantor is a bank, the most recent publicly disclosed capital of the guarantor and the guarantor group expressed as an amount and as a percentage of risk weighted exposures, and the date to which that measure of capital relates.
- (4) A statement whether the guarantor has any credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation, and if so, in respect to each rating—
 - (a) the name of the person who gave the credit rating; and

- (b) the current rating and all qualifications to that rating; and
- (c) each change made to the rating in the 2 years immediately before the off-quarter balance date and the date on which that change occurred; and
- (d) descriptions or explanations of all steps in the applicable rating scales.

7 Details of guaranteed obligations

- (1) A description of the obligations that are guaranteed.
- (2) A statement whether there are any limits on the amount of the obligations guaranteed and, if so, a brief summary of the nature of those limits.
- (3) A statement whether there are any material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a brief summary of those conditions.
- (4) A statement whether there are any material legislative or regulatory restrictions in the guarantor's country of incorporation which would have the effect of subordinating the claims under the guarantee of any of the creditors of the registered bank on the assets of the guarantor, to other claims on the guarantor, in a liquidation of that guarantor.
- (5) If there are any such material legislative or regulatory restrictions,—
 - (a) the title of the legislation or regulatory restrictions involved; and
 - (b) the nature of the subordination of the rights of the creditors; and
 - (c) the amount of the liabilities that are affected.
- (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.

7A 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.

7B 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.

8 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.

9 Material cross guarantees

- (1) If a person has entered into a material cross guaranteeing arrangement with the registered bank, the matters set out in subclauses (2) to (4).
- (2) A description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under clause 7(2) to (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 if the request is made at the registered bank's head office; and
 - (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (5) Subclause (4) does not apply if the content of the supplemental disclosure statement is contained in the general short form disclosure statement.

10 Absence of supplemental disclosure statement

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

11 Conditions of registration

- (1) A copy of the conditions of registration that applied at the date on which the signing of the short form disclosure statement is completed.
- (2) If applicable, a description of any changes to the conditions of registration that have occurred since the signing of the previous disclosure statement is completed, including the dates on which the changes occurred.
- (3) A statement of the date on which the conditions of registration of the registered bank came into effect.
- (4) If the registered bank has not complied with all conditions of registration over the first quarter accounting period or the third quarter accounting period (as applicable), a description of the nature and extent of each case of non-compliance.

12 Credit rating

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

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

- (d) any change made to the rating in the 2 years immediately before the off-quarter balance date and the date on which the change occurred:
- (e) descriptions or explanations of all steps in the applicable rating scales.

13 Insurance business

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

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

14 Directors' statements

- (1) A statement by the directors as to whether each director believes, after due enquiry, that, as at the date on which the short form disclosure statement is signed,—

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

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

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

15 Auditor's report

If the general short form disclosure statement has been audited or reviewed by an external auditor, the following:

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

Schedule 3

Short form financial statements and asset quality

Contents

Page

Short form financial statements

1	Currency must be New Zealand dollars	28
2	Comparative information	28
3	Changes in accounting policies	28
4	Financial information	28

Asset quality

5	Classes of assets to which this Part applies.....	30
6	Aggregate amounts	30
7	Movements in balances of total individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets.....	31
8	Movements in balance of collective credit impairment allowance	31
9	Credit risk on loans and receivables at fair value.....	32
10	Asset quality breakdown by major type of credit exposure	32

Short form financial statements

- 1 Currency must be New Zealand dollars**
 Any monetary amount that is required to be disclosed under clause 4 must be New Zealand dollars.
- 2 Comparative information**
 The information that is required to be disclosed under clause 4 must include comparative figures for the previous corresponding period.
- 3 Changes in accounting policies**
 - (1) A statement whether there have been any changes in accounting policies since the date on which the signing of the previous disclosure statement is completed.
 - (2) A summary of those changes.
- 4 Financial information**
 - (1) The financial information that is required to be disclosed under this clause—
 - (a) must be in the format determined by the registered bank; and
 - (b) is for the banking group; and
 - (c) is for the first quarter accounting period or third quarter accounting period (as applicable), or is as at the off-quarter balance date, as the case may require.

- (2) The following information, to the extent that it is additional to the information that NZ IAS 34 requires the banking group to disclose when publishing interim financial statements:

Income Statement

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

Balance Sheet

Assets

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

Liabilities and shareholders' funds

- 8 Issued and paid-up share capital
- 9 Balances of reserve accounts
 - (a) Revaluation reserves
 - (b) Fair value reserves
 - (c) Other capital reserves
 - (d) Other revenue reserves
- 10 Balance of retained earnings
- 11 Minority interest

- 12 Total shareholders' funds
- 13 Term and/or perpetual subordinated debt
- 14 The categories of financial liability listed in paragraph E3 of NZ IFRS 7
- 15 Derivative financial instruments
- 16 Deferred tax liability
- 17 Other liabilities
- 18 Total liabilities and shareholders' funds**
- 19 Total interest earning and discount bearing assets
- 20 Total interest and discount bearing liabilities
- 21 Total amounts due to related parties
- 22 If assets presented in the statement of financial position have been used to secure any obligations, the nature and amount of those assets
- 23 The nature and amount of any assets not legally owned but presented in the statement of financial position.

Asset quality

5 Classes of assets to which this Part applies

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

6 Aggregate amounts

- (1) The information in subclause (2) in respect of the banking group for each of the classes of assets set out in clause 5.
- (2) The following information as at the off-quarter balance date:
 - (a) the aggregate amount that has been recognised, before deducting allowances for credit impairment loss or allowances for impairment loss created in respect of non-financial assets where applicable; and
 - (b) the aggregate amount of individual credit impairment allowances or allowances for impairment loss created in respect of non-financial assets.
- (3) The information in subclause (4) in respect of the registered bank and banking group for each of the classes of assets set out in paragraphs (a), (b), (f) and (g) of clause 5(1).
- (4) The aggregate amount as at the balance date of any undrawn balances on lending commitments to counterparties for whom

drawn balances fall within that class of assets, before deducting allowances for credit impairment loss where applicable.

- (5) The information that is required to be disclosed under subclauses (2) and (4) must include comparative figures for the previous corresponding period.

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

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

8 Movements in balance of collective credit impairment allowance

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

9 Credit risk on loans and receivables at fair value

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

10 Asset quality breakdown by major type of credit exposure

- (1) The information in subclause (2) in respect of the banking group.
 - (2) The information that is required to be disclosed under clauses 6, 7 and 8 in respect of the classes of asset specified in subclauses 5(a) and 5(b) in relation to the following types of credit exposure:
 - (a) if the registered bank has not been accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A), the following:
 - (i) residential mortgage loans;
 - (ii) on balance sheet corporate exposures; and
 - (iii) on balance sheet exposures excluding those referred to by subclauses (a)(i) and (a)(ii) and excluding exposures to sovereigns and central banks, multilateral development banks and other international organisations, public sector entities, and banks;
 - (b) if the registered bank has been fully accredited by the Reserve Bank to use the internal models based approach to capital adequacy and is subject to a condition of registration requiring capital adequacy to be measured primarily in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B), the following:
 - (i) exposures secured by residential mortgages; and
 - (ii) retail exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B), excluding those referred to by subclause (b)(i); and
 - (iii) corporate exposures as defined in Capital Adequacy Framework (Internal Models Based Approach) (BS2B);
 - (c) in any other case, residential mortgage loans as defined in the conditions of registration.
-

Schedule 4

Risk weighted exposures and capital adequacy under the Basel I approach

Contents

		Page
1	Capital.....	33
2	Risk weighted exposures.....	33
3	Capital ratios	34

1 Capital

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

Capital

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

2 Risk weighted exposures

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

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

Risk weighted exposures

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		N/A			
Total off-balance sheet exposures					
Risk weighted exposures					

3 Capital ratios

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

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

- (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.
-

Schedule 4A

Capital adequacy under the standardised approach

Contents

		Page
1	Capital	36
2	Credit risk	37
3	Additional mortgage information.....	38
4	Credit risk mitigation	38
5	Operational risk.....	39
6	Market risk end-period capital charges	39
7	Market risk peak end-of-day capital charges	40
8	Method for deriving peak end-of-day aggregate capital charge.....	40
9	Total capital requirements.....	41
10	Capital ratios	41
11	Solo capital adequacy	41
12	Pillar 2 capital for other material risks.....	41

1 Capital

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

Capital

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

2 Credit risk

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

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.

3 Additional mortgage information

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

Residential mortgages by loan-to-valuation ratio

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

4 Credit risk mitigation

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

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

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

Credit risk mitigation

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

5 Operational risk

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

Operational risk capital requirement

	Implied risk weighted exposure	Total operational risk capital requirement
Operational risk		

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

6 Market risk end-period capital charges

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

Market risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
Interest rate risk			
Foreign currency risk			
Equity risk			

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

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

7 Market risk peak end-of-day capital charges

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

Market risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
Interest rate risk			
Foreign currency risk			
Equity risk			

- (3) For the purpose of the disclosure required by subclause (2) implied risk weighted exposure must be calculated as 12.5 x aggregate capital charge.
- (4) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

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

- (1) For the purpose of the disclosure required by clause 7, peak end-of-day aggregate capital charge for each category of market risk is derived by determining the maximum over the relevant period of the aggregate capital charge at the close of each business day derived in accordance with—
- (a) Capital Adequacy Framework (Standardised Approach) (BS2A); or
 - (b) any other method, but only if the aggregate market risk capital charge derived in accordance with that method is not, in the opinion of the registered bank (such opinion to be based on reasonable grounds), materially lower than the amount derived under paragraph (a).
- (2) For the purpose of the disclosure required by clause 7, peak end-of-day aggregate capital charge as a percentage of the banking group's equity is derived by dividing peak end-of-day aggregate capital charge by—
- (a) the banking group's equity as at the end of the quarter; or
 - (b) the banking group's equity at the date to which the maximum end-of-day aggregate capital charge applied.
- (3) A statement of the method used to derive peak end-of-day aggregate capital charge, and peak end-of-day aggregate capital charge as a percentage of the banking group's equity, for each category of market risk.

9 Total capital requirements

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

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

10 Capital ratios

- (1) The information in subclause (2)—
 - (a) in respect of the banking group; and
 - (b) derived in accordance with either the conditions of registration relating to capital adequacy or Capital Adequacy Framework (Standardised Approach) (BS2A) (as applicable).
- (2) The following information at the off-quarter balance date:
 - (a) tier one capital ratio; and
 - (b) total capital ratio.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

11 Solo capital adequacy

- (1) The information in subclause (2)—
 - (a) in respect of the registered bank; and
 - (b) derived in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A).
- (2) The following information at the off-quarter balance date:
 - (a) total capital requirement; and
 - (b) tier one capital ratio; and
 - (c) total capital ratio.
- (3) The information that is required to be disclosed under subclause (2) must include comparative figures for the previous corresponding period.

12 Pillar 2 capital for other material risks

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

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

Schedule 4B

Capital adequacy under the internal models based approach

Contents

		Page
1	Capital.....	43
2	Credit risk subject to the IRB approach	44
3	Additional mortgage information.....	45
4	Specialised lending subject to the slotting approach.....	45
5	Credit risk exposures subject to the standardised approach	46
6	Credit risk mitigation	47
7	Equity exposures	47
8	Operational risk.....	48
9	Market risk end-period capital charges	48
10	Market risk peak end-of-day capital charges	49
11	Method for deriving peak end-of-day aggregate capital charge.....	49
12	Total capital requirements.....	50
13	Basel II capital ratios	50
14	Comparison information on Basel I capital adequacy and on solo capital adequacy	50
15	Pillar 2 capital for other material risks	51

1 Capital

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

Capital

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

2 Credit risk subject to the IRB approach

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

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

- (3) For the purpose of the disclosure required by subclause (2):
- (a) the exposure-weighted value of an item in any box of the table is calculated as the sum, across each exposure falling within that box, of the following amount:

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

and

- (b) the PD grades must either be those used internally for rating exposures in that exposure class or aggregated from those used internally, provided that where PD grades are aggregated:
 - (i) the disclosure must be based on a minimum of five non-default aggregated PD grades and one default aggregated PD grade: and
 - (ii) the aggregated PD grades should be reasonably evenly distributed across the range of PD grades used in the internal rating system: and
 - (iii) the PD disclosed for each aggregated grade must be the exposure-weighted average of the PDs included in the aggregation; and
- (c) the exposures disclosed must comprise outstanding loans, and EAD on undrawn commitments and other off-balance sheet exposures that are used in the calculation of regulatory capital; and
- (d) risk-weighted assets and minimum capital requirements must be the amounts after multiplying by the scalar (if

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

3 Additional mortgage information

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

Residential mortgages by loan-to-valuation ratio

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

4 Specialised lending subject to the slotting approach

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

On balance sheet exposures

Total Exposures after credit risk mitigation	Risk weight	Risk weighted assets	Minimum pillar one capital requirement
	70%		
	90%		
	115%		
	250%		

Off balance sheet exposures

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

- (3) For the purpose of the disclosure required by subclause (2) —
- (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.

5 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 at the off-quarter balance date:

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

	Total exposure after credit risk mitigation	Average risk weight	Risk weighted exposure	Minimum pillar one capital requirement
Cash and gold bullion				
Sovereigns and Central Banks				
Multilateral Development Banks and other international organisations				
Public Sector Entities				
Banks				
Corporate				
Residential mortgages				
Past due assets				
Other assets				

Off-balance sheet exposures

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

- (3) For the purpose of the disclosure required by subclause (2) —,
- (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.

6 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 at the off-quarter balance date:

Credit risk mitigation

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

7 Equity exposures

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

Equity exposures

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

8 Operational risk

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

Operational risk capital requirement

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

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

9 Market risk end-period capital charges

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

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.

10 Market risk peak end-of-day capital charges

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

Market Risk	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the banking group's equity
Interest rate risk			
Foreign currency risk			
Equity risk			

- (3) For the purpose of the disclosure required by subclause (2) implied risk weighted exposure must be calculated as 12.5 x aggregate capital charge.
- (4) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.

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

- (1) For the purpose of the disclosure required by clause 10, peak end-of-day aggregate capital charge for each category of market risk is derived by determining the maximum over the relevant period of the aggregate capital charge at the close of each business day derived in accordance with—
- (a) Capital Adequacy Framework (Internal Models Based Approach) (BS2B); or
 - (b) any other method, but only if the aggregate market risk capital charge derived in accordance with that method is not, in the opinion of the registered bank (such opinion to be based on reasonable grounds), materially lower than the amount derived under paragraph (a).
- (2) For the purpose of the disclosure required by clause 10, peak end-of-day aggregate capital charge as a percentage of the banking group's equity is derived by dividing peak end-of-day aggregate capital charge by—
- (a) the banking group's equity as at the end of the quarter;
or
 - (b) the banking group's equity at the date to which the maximum end-of-day aggregate capital charge applied.
- (3) A statement of the method used to derive peak end-of-day aggregate capital charge, and peak end-of-day aggregate capital charge as a percentage of the banking group's equity, for each category of market risk.

12 Total capital requirements

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

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

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

13 Basel II capital ratios

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

14 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 at the off-quarter 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.

15 Pillar 2 capital for other material risks

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

Schedule 5

Concentration of credit exposures to individual counterparties

Contents

		Page
1	Credit exposure information: general requirements	52
2	Calculation of credit exposure information.....	52
3	Comparative figures.....	52
4	Large bank exposures	52
5	Large non-bank exposures	53
6	Peak end-of-day aggregate credit exposure	53
7	Aggregate credit exposure	53
8	Meaning of credit rating.....	54
9	Meaning of investment grade credit rating	54

1 Credit exposure information: general requirements

- (1) In this schedule, credit exposure information must be disclosed on the basis of—
- (a) actual credit exposures; or
 - (b) internal limits that were not materially exceeded during the first quarter accounting period or the third quarter accounting period (as applicable).
- (2) A statement of the method used for disclosing the credit exposure information required by this schedule.

2 Calculation of credit exposure information

The credit exposure information required by this schedule must—

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

3 Comparative figures

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

4 Large bank exposures

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

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

5 Large non-bank exposures

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

6 Peak end-of-day aggregate credit exposure

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

7 Aggregate credit exposure

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

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

8 Meaning of credit rating

- (1) For the purposes of clauses 2 and 7, **credit rating** means a credit rating that meets the criteria in subclause (2) and that,—
- (a) in the case of a group of closely related counterparties, applies to the entity heading the group of closely related counterparties; or
 - (b) in the case of an individual counterparty (excluding a member of a group of closely related counterparties), applies to the individual counterparty.
- (2) The following criteria:
- (a) a credit rating that applies to—
 - (i) the relevant entity's long term senior unsecured obligations payable in New Zealand, in New Zealand dollars; or
 - (ii) the relevant entity's long term senior unsecured foreign currency obligations:
 - (b) a credit rating given by a rating agency that has been approved by the Reserve Bank of New Zealand under section 80 of the Act.
- (3) If an entity has 2 or more credit ratings that meet the criteria in subclauses (1) and (2) and those credit ratings are not the same, then the lowest credit rating applies.

9 Meaning of investment grade credit rating

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

Schedule 6

Credit exposures to connected persons

Contents

		Page
1	Credit exposure information: general requirements	55
2	Aggregate credit exposure	55
3	Credit exposure to connected persons.....	55
4	Peak end-of-day aggregate exposure	56
5	Rating-contingent limit	56
6	Additional requirements for aggregate credit exposure to connect persons	56
7	Aggregate amount of contingent exposures arising from risk lay-off arrangements	57
8	Aggregate amount of individual credit impairment allowances against credit exposures to connected persons	57

1 Credit exposure information: general requirements

- (1) In this Schedule, credit exposure information must be disclosed on the basis of actual credit exposures.
- (2) The information that is required to be disclosed under this Schedule—
 - (a) must be derived in accordance with the registered bank's conditions of registration relating to credit exposures to connected persons or Connected Exposures Policy (BS8) (whichever is applicable); and
 - (b) must include comparative figures for the previous corresponding period.

2 Aggregate credit exposure

- (1) The information in subclause (2)—
 - (a) as at the off-quarter balance date; and
 - (b) in respect of peak credit exposures for the first quarter accounting period or the most recent quarter of the third quarter accounting period (as applicable).
- (2) The aggregate credit exposure (of a non-capital nature and net of individual credit impairment allowances) of the banking group to—
 - (a) connected persons expressed both as an amount and as a percentage of tier one capital; and
 - (b) non-bank connected persons expressed both as an amount and as a percentage of tier one capital.

3 Credit exposure to connected persons

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

4 Peak end-of-day aggregate exposure

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

5 Rating-contingent limit

The following information:

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

6 Additional requirements for aggregate credit exposure to connected persons

- (1) A statement whether aggregate credit exposure to connected persons has been calculated on a gross or a bilateral net basis.
- (2) If any part of the calculation has been undertaken on a bilateral net basis, then the following additional information:
 - (a) in respect of aggregate credit exposure to connected persons as at the off-quarter balance date, and in respect of peak end-of-day aggregate credit exposure to connected persons over the most recent quarter—
 - (i) the gross amount, as a percentage of tier one capital, before any netting has taken place; and
 - (ii) the amount, as a percentage of tier one capital, that has been netted off in determining the net exposure:
 - (b) a statement that there is a limit of 125% of banking group tier one capital in respect of the gross amount of aggregate credit exposure to connected persons that can be netted off in determining the net exposure:
 - (c) a statement that the registered bank's most recent supplemental disclosure statement contains—
 - (i) a copy of the bilateral netting agreement; and
 - (ii) if an industry standard agreement is not used, a copy of the advice from an independent third

party expert validating the robustness of the agreement:

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

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

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

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

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

Schedule 7

Securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

Contents

		Page
1	Insurance products	58
2	Banking group's involvement in securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products	58
3	Aggregate funding provided to entities	58
4	Method for deriving peak end-of-day aggregate amount of funding in clause 3	59
5	Peak end-of-day aggregate amount of funding provided to individual entity	59
6	Method for deriving peak end-of-day aggregate amount of funding in clause 5	59

1 Insurance products

- (1) In this schedule, insurance products relate to insurance contracts that constitute insurance business.
- (2) Information disclosed under clauses 3 to 6 relating to entities on whose behalf the banking group markets or distributes insurance products is required only in respect of affiliated insurance entities or affiliated insurance groups.

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

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

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

3 Aggregate funding provided to entities

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

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

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

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

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

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

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

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

- (ii) the amount of the entity's assets as at the date the maximum end-of-day aggregate amount of funding occurred.
 - (2) A statement of the method used to derive peak ratio information.
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Schedule 8

Risk management policies

Contents

		Page
1	Categories of risk	61
2	Information about risks	61

1 Categories of risk

Clause 2 applies if, since the date on which the signing of the previous disclosure statement is completed, there has been a material change in the banking group's policies for managing any of the following risks:

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

2 Information about risks

(1) A statement of the nature of the changes in the banking group's policies for managing the risks specified in clause 1.

(2) If, since the date on which the signing of the previous disclosure statement is completed, the banking group has become exposed to a new category of risk specified in clause 1 to which the banking group was not previously exposed, the following information:

- (a) the nature of that risk and the activities of the banking group that caused the risk:
- (b) the methods used to identify and monitor exposure to that risk, including the frequency with which exposures are monitored:
- (c) the systems and procedures for controlling that risk, including (if applicable)—
 - (i) whether exposure limits are employed; and
 - (ii) any policies with respect to collateral or other security; and
 - (iii) any policies on the use of financial instruments to mitigate or hedge risks.

REBECCA KITTERIDGE, 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 (Off-Quarter—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.