

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

Note: This is a Reserve Bank working copy. It consolidates the following amendments to the Principal Order:

Registered Bank Disclosure Statement (Full and Half-Year – Overseas Incorporated Registered Banks) Order 2008 Amendment Order 2008 dated 25th August 2008

Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2008 (Government Guarantee) Amendment Order 2008 dated 4th November 2008

The Gazette versions of the Principal and the Amendment Orders are the official versions.

ANAND SATYANAND, Governor-General

Order in Council

At Wellington this 25th day of February 2008

Present:

His Excellency the Governor-General in Council

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

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Order

1 Title

This order is the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 2008.

2 Commencement

This order comes into force on 30 March 2008.

3 Application

This order applies to every registered bank incorporated overseas.

4 Interpretation

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

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

Act means the Reserve Bank of New Zealand Act 1989

address for service, in relation to—

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

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

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

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

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

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

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

bank means a registered bank or an overseas bank

banking group, in relation to a registered bank,—

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

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

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

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

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

company—

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

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

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

credit risk has the same meaning as in NZ IFRS 7

currency risk has the same meaning as in NZ IFRS 7

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

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

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

equity exposure, in relation to a banking group, means the amount of the change in the economic value of equity instruments that are financial assets and financial liabilities of

the banking group in a single currency, which would occur as a result of a change in the price of equity instruments in that currency

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

fair value has the same meaning as in NZ IAS 32

financial asset has the same meaning as in NZ IAS 32

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

financial instrument has the same meaning as in NZ IAS 32

financial liability has the same meaning as in NZ IAS 32

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

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

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 an overseas bank, means a director who is not—

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

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

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

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

interest rate repricing date, in relation to the whole or part of a financial instrument, means the earlier of the date on which, in accordance with the terms of the financial instrument,—

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

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

interim accounting period means—

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

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

material,—

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

New Zealand business means all business, operations, or undertakings conducted in or from New Zealand

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

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—

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

NZ IAS 32—

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

NZ IAS 39—

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

NZ IFRS 7—

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

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

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

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

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

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

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

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

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

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

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

rate insensitive assets means that amount of the financial assets held by the banking group that the registered bank

reasonably believes is unlikely to be diminished or increased as a result of a material change in market interest rates if the interest rate applicable to that financial asset (which may be zero) does not change or does not change materially

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

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

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

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

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

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

restructured asset has the same meaning as in NZ IFRS 7

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

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

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

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

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

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

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

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

(2) A term or expression that is used in this order, but not defined in it,—

- (a) has, in relation to a registered bank whose conditions of registration define the term or expression, the same meaning as in those conditions of registration, as amended from time to time; or

- (b) has, if paragraph (a) does not apply and the term or expression is defined in the Act, the same meaning as in the Act; or
- (c) must, if neither paragraph (a) nor paragraph (b) applies, be interpreted in a way that complies with generally accepted accounting practice, where applicable.

Part 1

Form, frequency, publication, and auditing of disclosure statements

5 Disclosure statement

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

6 First disclosure statement

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

7 Timing of first publication of first and subsequent disclosure statements

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

disclosure statement (if any), that are part of each of its subsequent disclosure statements required by this order—

- (a) in the manner specified in clause 8; and
- (b) on the same date, which must be no later than 3 months after each balance date.

8 First publication of first and subsequent disclosure statements

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

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

9 Ongoing publication of first and subsequent disclosure statements

(1) During the publication period, a registered bank must publish its first disclosure statement or subsequent disclosure statement, as the case may require, by—

- (a) providing to any person who requests it a copy of its most recent key information summary that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, immediately on request and at no charge; and
- (b) providing to any person who requests it a copy of its most recent general disclosure statement that is part of its first disclosure statement or its subsequent disclosure statement, as the case may require, at no charge and—
 - (i) immediately on request if the request is made at the registered bank's head office; or
 - (ii) within 5 working days if the request is made at a branch of the registered bank, any other premises of the registered bank, or any premises of an agency of the registered bank primarily engaged in the business of the registered bank; and
- (c) providing to any person who requests it a copy of its most recent supplemental disclosure statement, or such part of it as is requested, that is part of its first

disclosure statement or its subsequent disclosure statement, as the case may require, at no charge and—

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

10 Disclosure statement to be audited

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

Part 2

Content of disclosure statements

Subpart 1—General requirements

11 Information must be in English

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

12 Disclosure statement not to be false or misleading

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

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

13 Requirements when registered bank is unable to disclose information

Subject to clause 15(3), if a registered bank is unable because of systems limitations or because of circumstances beyond its control to disclose information under this order, the disclosure statement must—

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

14 Information covering period less than stated period

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

15 Comparative information

- (1) Any comparative information that is required to be disclosed under this order for the previous corresponding period must be restated so that it corresponds to the information disclosed for the current period.
- (2) If there has been a material restatement of prior period amounts, the nature of, and the reason for, the restatement must be disclosed.

- (3) A registered bank need not disclose comparative information that is not readily available in the 12 months after the date on which that information was first required to be published.

16 Disclosure statement not to contain offer of securities

A disclosure statement—

- (a) must not contain any offer (within the meaning of section 2 of the Securities Act 1978) of securities; but
- (b) may contain information required for the purposes of regulation 21(2) and regulation 22(d) of the Securities Regulations 1983.

17 Information about shareholders

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

18 Disclosure of currency that is not New Zealand dollars

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

19 Auditor's reports

- (1) The auditor's report on the key information summary of a registered bank must—
 - (a) include the information prescribed in clause 1 of Schedule 1; and
 - (b) be signed by the auditor, either in the auditor's own name or the name of the auditor's firm.
- (2) The auditor's report on the general disclosure statement of a registered bank must—
 - (a) include the information prescribed in either clause 2 or clause 3 (as applicable) of Schedule 1; and
 - (b) be signed by the auditor, either in the auditor's own name or the name of the auditor's firm.

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

Key information summary

20 Information to be included in key information summary

- (1) The key information summary of a registered bank must include the information prescribed in Schedule 2—
 - (a) in respect of the most recent accounting period or interim accounting period (as applicable); and
 - (b) in the same order and under the same headings set out in that schedule.
- (2) If a key information summary would be false or misleading as a result of stating the information required to be disclosed under

this order, the key information summary must, under the relevant heading, include information and explanations that will make the key information summary not false or misleading.

- (3) If applicable, the information contained in the key information summary must be taken from the information contained in the general disclosure statement.
- (4) The key information summary may contain additional information, to which the information required in Schedule 2 may refer by way of note, but only if that information is set out after the information required to be disclosed under that schedule.
- (5) The information that is required to be disclosed under clauses 4 to 8 of Schedule 2 must include comparative figures for the previous corresponding period.

General disclosure statement

21 Information to be included in general disclosure statement

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

22 Financial statements for accounting period

- (1) The general disclosure statement for the accounting period must contain or be accompanied by financial statements of—
 - (a) the registered bank; and
 - (b) the banking group.
- (2) The financial statements referred to in subclause (1) must be prepared in accordance with the requirements of the Financial Reporting Act 1993 as if—
 - (a) every reference in that Act to a group were a reference to the banking group; and
 - (b) the registered bank and the banking group do not qualify for any exemptions under any differential reporting framework that applies to them; and
 - (c) the registered bank and the banking group do not qualify for the reporting exemption provided by paragraph (a) of the definition of “financial institution” in paragraph E23 of NZ IFRS 7.
- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.

23 Financial statements for interim accounting period

- (1) Subject to subclause (4), the general disclosure statement for the interim accounting period must include or be accompanied by financial statements of—
 - (a) the registered bank; and
 - (b) the banking group.

- (2) The financial statements referred to in subclause (1) must be prepared in accordance with the requirements of the Financial Reporting Act 1993 as if—
- (a) the interim accounting period were an accounting period; and
 - (b) every reference in that Act to a group were a reference to the banking group; and
 - (c) the registered bank and the banking group do not qualify for any exemptions under any differential reporting framework that applies to them; and
 - (d) the registered bank and the banking group do not qualify for the reporting exemption provided in paragraph (a) of the definition of “financial institution” in paragraph E23 of NZ IFRS 7.
- (3) The financial statements referred to in subclause (1) must be presented in New Zealand dollars.
- (4) Nothing in this clause requires an auditor to state whether, in the auditor’s opinion, the financial statements give a true and fair view of the matters to which they relate.

Supplemental disclosure statement

24 Information to be included in supplemental disclosure statement

- (1) The supplemental disclosure statement must include only the following information (if it applies):
- (a) if the general disclosure statement states that a person other than a government guarantees any material obligations of the overseas bank,—
 - (i) a copy of the full guarantee contract; and
 - (ii) a copy of the most recent financial statements and group financial statements of the guarantor; and
 - (iii) a copy of the auditor’s report (if any) for those statements:
 - (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 disclosure statement states that a person has entered into any material cross guaranteeing arrangements with the overseas bank a copy of the full guarantee contract if—
 - (i) there is a single contract that sets out the rights and obligations of all the cross guarantors; or
 - (ii) there is a standard contract that is representative of the rights and obligations of each of the cross guarantors:
 - (c) a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group:
 - (d) if the overseas bank carries on in New Zealand any insurance business that is outside the banking group, a copy of the most recent publicly available financial

statements and group financial statements of that insurance business:

- (e) if the overseas bank carries on in New Zealand any non-financial activities that are outside the banking group, a copy of the most recent publicly available financial statements and group financial statements of those non-financial activities:
 - (f) any additional information or explanations required to ensure the supplemental disclosure statement is not false or misleading.
- (2) Subclause (1) does not apply to the extent that the matters required under that subclause are included in the general disclosure statement.

Part 3 **Miscellaneous provisions**

Length of interim accounting period

25 Length of interim accounting period

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

Revocation

26 Revocation

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

Schedule 1

Information to be included in auditor's report

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1 Auditor's report in respect of key information summary

The auditor's report must state—

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

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

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

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

- is in accordance with the books and records of the registered bank and the banking group; and
- (h) whether, in the auditor's opinion, and having regard to any information or explanations that may have been added by the registered bank under sections 11(2) and 14(2) of the Financial Reporting Act 1993, the financial statements of the registered bank and the banking group give a true and fair view of the matters to which they relate and, if they do not, the respects in which they fail to give such a view; and
 - (i) whether, in the auditor's opinion, the supplementary information that is required to be disclosed under Schedules 4 and 6 to 8 and clauses 19 and 20 of Schedule 3 (as applicable) fairly states the matters to which it relates in accordance with those schedules and, if it does not, the respects in which it fails to fairly state those matters; and
 - (j) whether, in the auditor's opinion, the supplementary information relating to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 5 is in all material respects prepared in accordance with Capital Adequacy Framework (Basel I Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 5.

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

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

- (a) for financial statements prepared in accordance with clause 23 of this order, state—
 - (i) that the financial statements have been examined by the auditor; and
 - (ii) whether anything has come to the auditor's attention which would cause the auditor to believe that the financial statements do not present a true and fair view of the matters to which they relate; and
- (b) for supplementary information that is required to be disclosed under Schedules 4 and 6 to 8 and clauses 19 and 20 of Schedule 3 (as applicable), state—
 - (i) that the supplementary information has been examined by the auditor; and
 - (ii) whether anything has come to the auditor's attention which would cause the auditor to believe that the supplementary information does not fairly state the matters to which it relates in accordance with those Schedules; and
- (c) for supplementary information relating to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 5, state—

- (i) that the supplementary information has been examined by the auditor; and
- (ii) whether anything has come to the auditor's attention which would cause the auditor to believe that the supplementary information is not in all material respects prepared in accordance with Capital Adequacy Framework (Basel I Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 5.

Schedule 2

Information to be included in key information summary

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

The following statements:

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

The information contained in the key information summary is explained in the Reserve Bank publication *Your bank's disclosure statement: what's in it for you?* This publication can be obtained from the *[Reserve Bank] [Reserve Bank and the [name of registered bank]].”

*Delete if not applicable

2 **Corporate information**

The following information:

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

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

3 Credit rating

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

- (a) the name of the person who gave the rating:
- (b) the type of rating:
- (c) the current rating and all qualifications to that rating:
- (d) any change made to the rating in the 2 years immediately before the balance date and the date on which the change occurred.

3A Government guarantees

- (1) This clause applies if the registered bank has 1 or more government guarantees on the day its directors and New Zealand chief executive officer sign its disclosure statement.
- (2) A registered bank must make the statements in this clause for each such guarantee.
- (3) The following statement:

“[Name of registered bank] has a guarantee under [description of the guarantee – for example, ‘the New Zealand deposit guarantee scheme’].”

- (4) Statements:
 - (a) on how to obtain information about the government guarantee, for example, via an Internet site maintained by or on behalf of a government guarantor; and
 - (b) to direct the reader to more information on the registered bank’s government guarantee in the registered bank’s general disclosure statement and, if applicable, its supplemental disclosure statement.

3B No New Zealand government deposit guarantee

- (1) This clause applies if the registered bank does not have a guarantee under the New Zealand deposit guarantee scheme on the day its directors and New Zealand chief executive officer sign its disclosure statement.
- (2) The following statement:

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

4 Profitability

The following information:

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

5 Size

The following information:

- (a) total assets of the overseas banking group as at the most recent date for which the information is publicly available and the percentage change in total assets over the 12 months ending on that date:
- (b) total assets of the banking group and the percentage change in total assets over the 12 months ending on the current balance date.

6 Capital adequacy

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

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

7 Asset quality

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

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

(2) The following information:

- (a) total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense):
- (b) total individually impaired assets expressed as a percentage of total assets:

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

8 Peak credit exposure concentrations

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

9 Ranking of local creditors in liquidation

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

country to cover an ongoing obligation to pay deposit liabilities in that country:

- (i) the title of the legislation or regulations that impose the requirement; and
- (ii) a description of the requirement; and
- (iii) a statement that the requirement has the potential to impact on the management of the liquidity of the New Zealand operations of the overseas bank.

10 Non-consolidated activities

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

will be provided at no charge to any person requesting a copy in the manner described in clause 12.

11 Financial statements of overseas bank and overseas banking group

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

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

A statement—

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

13 Auditor's report

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

Schedule 3

Information to be included in general disclosure statement

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1 Name and address for service of registered bank

The name and address for service of the registered bank.

2 Details of overseas bank

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

3 Details of ultimate parent bank and ultimate holding company

If applicable,—

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

4 Subordination of claims of creditors

- (1) A statement whether there are any material legislative or regulatory restrictions in the overseas bank's country of incorporation that, in a liquidation of the overseas bank, subordinate the claims of any class of unsecured creditors of the registered bank on the assets of the overseas bank to those of any other class of unsecured creditors of the overseas bank.

(2) If subclause (1) applies,—

- (a) the title of the legislation or regulations involved; and
- (b) the nature of the subordination of the rights of creditors of the registered bank; and
- (c) the nature and amount of each class of the registered bank's liabilities that are affected.

5 Requirement to hold excess assets over deposit liabilities

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

- (a) the title of the statute; and
- (b) a description of the requirement; and

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

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

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

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

7 Guarantees

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

8 Details of guarantor

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

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

9 Details of guaranteed obligations

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

9A 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.

9B 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.

10 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.

11 Material cross guarantees

- (1) If a person has entered into a material cross guaranteeing arrangement with the overseas bank, the matters set out in subclauses (2) to (4).
- (2) A description of the guaranteeing group and the nature of the cross guaranteeing arrangement.
- (3) The matters required to be disclosed under clause 9(2) to (6) as if those provisions applied to the guarantees of the obligations of the overseas bank, as well as to the guarantees the overseas bank has given in respect of the first-mentioned person's obligations.
- (4) If there is a single contract that sets out the rights and obligations of all the cross guarantors, or if there is a standard contract which is representative of the rights and obligations of each of the cross guarantors, a statement—

- (a) that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided immediately at no charge to any person requesting a copy where the request is made at the registered bank's head office; and
 - (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the full guarantee contract, will be provided at no charge to any person within 5 working days of a request for a copy having been made.
- (5) Subclause (4) does not apply if the content of the supplemental disclosure statement is contained in the general disclosure statement.

12 Directors

- (1) An address to which communications to the directors, the New Zealand chief executive officer, and responsible persons (if any), may be sent.
- (2) The name, occupations (separately identifying which is the primary occupation), technical or professional qualifications, and country of residence of each director, the New Zealand chief executive officer, and each responsible person.
- (3) If applicable, the name of each director, and the New Zealand chief executive officer, on whose behalf each responsible person has signed the disclosure statement.
- (4) In relation to each director and, if applicable, the New Zealand chief executive officer,—
 - (a) the nature and amount of any transaction that the director or the New Zealand chief executive officer or any immediate relative or close business associate of the director or the New Zealand chief executive officer has with the registered bank or any member of the banking group that either—
 - (i) has been entered into on terms other than those that would, in the ordinary course of business of the registered bank or any member of the banking group, be given to any other person of like circumstances or means; or
 - (ii) could otherwise be reasonably likely to influence materially the exercise of the director's or New Zealand chief executive officer's duties; and
 - (b) whether the director is an executive director; and
 - (c) whether the director is an independent director; and
 - (d) the names of all companies, other than those that are members of the banking group of which the director or the New Zealand chief executive officer holds office as a director.
- (5) A statement whether there is a board audit committee, and if so, the total number of persons who comprise the audit committee, and of these, the number who are—
 - (a) directors (other than independent directors); and

- (b) independent directors.
- (6) The policy of the board of directors for avoiding or dealing with conflicts of interest which may arise from the personal, professional, or business interests of the directors or any of them.

13 Auditors

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

14 Conditions of registration

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

15 Pending proceedings or arbitration

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

16 Credit rating

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

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

17 Historical summary of financial statements

- (1) A historical summary of financial statements for the banking group—
 - (a) in the case of an accounting period, for each of the 5 most recent consecutive accounting periods; or

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

18 Members of banking group

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

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

19 Insurance business

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

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

- (A) the name of that member; and
 - (B) whether the assets relating to that member's insurance business are managed and accounted for as separate funds; and
 - (C) a description of the insurance business carried on by that member:
- (c) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraph (a).

20 Non-consolidated activities

- (1) A statement whether the overseas bank carries on any insurance business or non-financial activities in New Zealand that are outside the banking group, and if does, the following information:
- (a) a brief explanation of the overseas bank's involvement in that insurance business or those non-financial activities:
 - (b) the total assets, total equity, and total profits before and after tax of that insurance business on a consolidated basis, and if that insurance business is carried on by an overseas incorporated company, separately in respect of the overseas company's group and that group's New Zealand business:
 - (c) the total assets, total equity, and total profits before and after tax of those non-financial activities on a consolidated basis, and if those non-financial activities are carried on by an overseas incorporated company, separately in respect of the overseas company's group and that group's New Zealand business:
 - (d) comparative figures for the previous corresponding period for the information that is required to be disclosed under paragraphs (a) to (c).
- (2) If the content of the supplemental disclosure statement is not included in the general disclosure statement, a statement—
- (a) that a copy of the registered bank's most recent supplemental disclosure statement (or that part of which, as applicable), which contains the most recent publicly available financial statements and group financial statements for insurance business carried on in New Zealand that is outside the banking group or for non-financial activities carried on in New Zealand that are outside the banking group, will be provided immediately and at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
 - (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement (or that part of which, as applicable), which contains the most recent publicly available financial statements and group financial statements for insurance business carried on in New Zealand that is outside the banking group or for non-financial activities carried on

in New Zealand that are outside the banking group, will be provided at no charge and within 5 working days of a request for a copy having been made if the request is not made at the registered bank's head office.

21 Other material matters

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

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

22 Directors' and New Zealand chief executive officer's statements

- (1) A statement by the directors and the New Zealand chief executive officer as to whether each director and the New Zealand chief executive officer believes, after due enquiry, that, as at the date on which the disclosure statement is signed,—

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

- (2) A statement by the directors and the New Zealand chief executive officer as to whether each director and the New Zealand chief executive officer believes, after due enquiry, that, over the accounting period or interim accounting period (as applicable),—

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

23 Financial statements of overseas bank and overseas banking group

- (1) A statement—

- (a) that a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group, will be provided immediately and at no charge to any person requesting a copy if the request is made at the registered bank's head office; and
- (b) specifying the categories of places where a copy of the registered bank's most recent supplemental disclosure statement, which contains a copy of the most recent publicly available financial statements of the overseas bank and overseas banking group, will be provided at no charge to any person within 5 working days of a

- request for a copy having been made if the request is not made at the registered bank's head office.
- (2) Subclause (1) does not apply if the content of the supplemental disclosure statement is included in the general disclosure statement.
- 24 Absence of supplemental disclosure statement**
If the content of the supplemental disclosure statement is contained in the general disclosure statement, a statement that the registered bank has not published a supplemental disclosure statement, giving the reason.
- 25 Auditor's report**
A copy of the auditor's report referred to in clause 19(2) of this order.

Schedule 4

Supplementary financial disclosures and asset quality

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Supplementary financial disclosures

- 1 Supplementary information on statement of financial position**
- (1) The following information, in respect of the registered bank and the banking group, for the accounting period or the interim accounting period (as applicable), or as at the balance date, as the case may be:
- (a) total interest earning and discount bearing assets:
 - (b) total interest and discount bearing liabilities:
 - (c) if assets presented in the statement of financial position have been used to secure any obligations, the nature and amount of the assets:

- (d) the nature and amount of any assets not legally owned but presented in the statement of financial position:
 - (e) the total liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank):
 - (f) if applicable, the total retail deposits of the registered bank in New Zealand, as defined in the registered bank's conditions of registration; and
 - (g) with respect to the insurance group for which group financial statements must be made available in accordance with clause 20 of Schedule 3, and with respect to any affiliated insurance group outside the overseas banking group—
 - (i) the nature and amount of any credit enhancements provided by the banking group; and
 - (ii) the total amount of funding provided by the banking group; and
 - (iii) the total amount of any other credit exposures provided by the banking group, broken down according to their ranking on a liquidation of the insurance group; and
 - (iv) if the entity heading the insurance group has 1 or more financial strength ratings, claims paying ability ratings, or credit ratings applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars, in respect of each such rating—
 - (A) the name of the person who gave the rating; and
 - (B) the current rating and all qualifications to that rating; and
 - (C) any changes to the rating in the 2 years immediately before the balance date and the date on which any such change occurred; and
 - (D) descriptions or explanations of all the steps in the applicable rating scales.
- (2) For the purpose of this subclause (1), **credit enhancement**, **affiliated insurance group**, and **funding** must be interpreted in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A).
- (3) The information that is required to be disclosed under subclause (1) must include comparative figures for the previous corresponding period.
- (4) If risk attaches to financial assets and financial liabilities set off in accordance with NZ IAS 32, the following information in respect of the registered bank and banking group —
- (a) the gross amount of financial assets and financial liabilities set off; and
 - (b) the nature of the risk attaching to the assets and liabilities set off; and

- (c) the revenues and expenses relating to the assets and liabilities set off.
- (5) The disclosure required by subclause (4) is subject to a materiality criterion.
- (6) For the purpose of subclause (4), risk attaches to any financial assets and liabilities set off if the financial instruments comprising the set-off have differing interest bases or currencies.

2 Supplementary information on related party transactions

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

3 Supplementary information on income statement

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

4 Accounting policies

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

- (a) the basis for classifying, and for recognising and measuring, each of the following classes of assets—
 - (i) 90 day past due assets; and
 - (ii) other assets under administration; and

- (b) accounting for sale and repurchase agreements, reverse sale and repurchase agreements or their option derivatives; and
- (c) whether securities are accounted for on a trade or settlement date basis; and
- (d) accounting for financial instruments which are used for hedging purposes; and
- (e) accounting for leases; and
- (f) accounting for foreign exchange contracts, interest rate contracts, and derivative instruments such as options, futures, and swaps; and
- (g) accounting for acceptances and endorsements of bills of exchange; and
- (h) accounting for loan transfers and the securitisation of financial assets.

Asset quality

5 Classes of assets to which clauses 6 to 10 apply

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

6 Aggregate amounts

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

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

7 Amount of interest revenue foregone

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

8 Movements in pre-allowance balances

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

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

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

- (f) other movements, and the nature of those other movements; and
 - (g) closing balance.
- (3) Movements must be reconciled to the charges allocated to the statement of financial performance.

10 Movements in balance of collective credit impairment allowance

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

Schedule 5
Credit and market risk exposures and capital adequacy

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1 Risk-weighted credit risk exposures

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

Risk weighted exposures

(1) Calculation of balance sheet exposures

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

(2) Calculation of off-balance sheet exposures

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

2 Additional mortgage information

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

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

Residential mortgages by loan-to-valuation ratio

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

3 Market risk end-period notional capital charges

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

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

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

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

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

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

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

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

- (1) For the purpose of the disclosure required by clause 4, peak end-of-day notional capital charge for each category of market risk is derived by determining the maximum over the relevant period of the aggregate capital charge for that category at the close of each business day derived in accordance with—
 - (a) Capital Adequacy Framework (Standardised Approach) (BS2A); or
 - (b) any other method, but only if the aggregate capital charge derived in accordance with that method is not, in the opinion of the registered bank (such opinion to be based on reasonable grounds), materially lower than the amount derived under paragraph (a).
- (2) For the purpose of the disclosure required by clause 4, peak end-of-day notional capital charge as a percentage of the overseas banking group's equity is derived by dividing peak end-of-day notional capital charge by—
 - (a) the overseas banking group's equity as at the end of the quarter; or
 - (b) the most recently publicly disclosed amount of the overseas banking group's equity; or
 - (c) the overseas banking group's equity at the date to which the maximum end-of-day notional capital charge applied.
- (3) A statement of the method used to derive peak end-of-day notional capital charge, and peak end-of-day notional capital charge as a percentage of the overseas banking group's equity, for each category of market risk.

6 Capital ratios

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

7 Minimum capital requirements

A statement as to—

- (a) whether the overseas bank or overseas banking group is required by the appropriate banking supervisory authority in its country of domicile to hold minimum capital at least equal to that specified under either the Basel I approach, or the Basel II (standardised) approach, or the Basel II (internal models based) approach and if so, which; and
- (b) whether the overseas bank or overseas banking group meets those requirements imposed on it by the

appropriate banking supervisory authority in its country of domicile as at the latest balance date.

Schedule 6

Concentration of credit exposures to individual counterparties

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1 Credit exposure information: general requirements

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

2 Calculation of credit exposure information

The credit exposure information required by this schedule must—

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

3 Comparative figures

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

4 Overseas banking group's equity: general requirements

- (1) For the purposes of this schedule, the overseas banking group's equity must be either—
- (a) determined as at the balance date; or

- (b) the most recently publicly disclosed amount.
- (2) If the overseas banking group's equity is not determined as at the balance date, a statement of the date to which the measure of equity relates.

5 Large bank exposures

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

6 Large non-bank exposures

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

7 Peak end-of-day aggregate credit exposure

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

8 Aggregate credit exposure

- (1) The following information as at the balance date and in respect of the individual bank counterparties, and groups of closely

related counterparties of which a bank is the parent, referred to in clause 5(2):

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

9 Meaning of credit rating

- (1) For the purposes of clauses 2 and 8, **credit rating** means a credit rating that meets the criteria in subclause (2) and that,—
- (a) in the case of a group of closely related counterparties, applies to the entity heading the group of closely related counterparties; or
 - (b) in the case of an individual counterparty (which are not members of a group of closely related counterparties), applies to the individual counterparty.
- (2) The following criteria:
- (a) a credit rating that applies to—
 - (i) the relevant entity's long term senior unsecured obligations payable in New Zealand, in New Zealand dollars; or
 - (ii) the relevant entity's long term senior unsecured foreign currency obligations:
 - (b) a credit rating given by a rating agency that has been approved by the Reserve Bank under section 80 of the Act.
- (3) If an entity has 2 or more credit ratings that meet the criteria in subclauses (1) and (2) and those credit ratings are not the same, then the lower credit rating applies.

10 Meaning of investment grade credit rating

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

Schedule 7
Securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

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1 Insurance products

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

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

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

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

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

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

4 Amounts represented by activities specified in clause 2(a) and (b)

(1) A statement of the amount as at the balance date of—

- (a) funds held in trust by any member of the banking group; and
- (b) funds under management by any member of the banking group; and

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

Schedule 8

Risk management policies

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1 Categories of risk

Clause 2 applies to the following categories of risk:

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

2 Information about risk

The following information in respect of each of the categories of risk set out in clause 1, to the extent not otherwise disclosed to comply with paragraph of NZ IFRS 7:

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

3 Reviews of banking group's risk management systems

A statement as to—

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

4 Internal audit function of banking group

- (1) A statement whether the banking group has an internal audit function.
- (2) If the banking group has an internal audit function, a statement describing—
 - (a) the nature and scope of the internal audit function, including type and frequency of audits; and
 - (b) the reporting responsibilities of internal audit; and
 - (c) whether there is a board audit committee, and if so, the nature and scope of that committee's responsibilities.

5 Access to parental disclosures

A statement as to how users can access disclosures made by the ultimate parent bank or ultimate holding company in relation to capital adequacy requirements or risk management processes implemented by the ultimate parent bank or ultimate holding company.

REBECCA KITTERIDGE, for Clerk of the Executive Council.

Explanatory note

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

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

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

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

Under the disclosure regime, all registered banks are required to issue a public disclosure statement each quarter. The disclosure statement

required to be published under this order comprises a key information summary, a general disclosure statement and, if applicable, a supplemental disclosure statement.

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

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

- (a) general information on the structure of the bank, the members of the banking group and information on guarantee arrangements (where applicable):
- (b) information about credit ratings the bank is required to have, and a disclosure of the current level of each such rating:
- (c) comprehensive financial statements for the bank and banking group, prepared in accordance with generally accepted accounting practice, including asset quality and information:
- (d) information on exposures to credit risk and market risk. A bank is required to disclose measures of exposure to each category of market risk (interest rate risk, currency risk and equity risk) based on a notional capital charge, both as at the end of the half year or full year and peak over the most recent quarter of the accounting period to date:
- (e) information, both as at the end of the half year or full year and in respect of peak for the most recent quarter of the accounting period, on exposure concentrations to individual counterparties and groups of closely related counterparties:
- (f) descriptions of the banking group's policies and systems for identifying, monitoring and managing its risks:
- (g) the conditions of registration imposed by the Reserve Bank on the registered bank under section 74 of the Reserve Bank of New Zealand Act 1989:
- (h) statements signed by the directors and the New Zealand chief executive officer of the bank, including an attestation as to

whether the directors and the New Zealand chief executive officer are satisfied that the banking group had systems in place to monitor and control adequately the group's material business risks and whether the controls have been properly applied over the reporting period, and a statement that the disclosure statement is not false or misleading:

- (i) information on the banking group's funds management and securitisation activities, the marketing and distribution of insurance products, to the extent it has any:
- (j) information on the directorate and auditors of the bank.

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

- (a) the contract of guarantee and financial statements of any guarantor, where the material obligations of the overseas bank are guaranteed:
- (b) if the overseas bank has entered into any material cross guaranteeing arrangements, a copy of the full guarantee contract if there is a contract which sets out, or is representative of, the rights and obligations of all the cross guarantors:
- (c) the most recent publicly available financial statements of the overseas bank and overseas banking group of which the registered bank is part:
- (d) if the overseas bank conducts in New Zealand outside the New Zealand banking group any insurance business or non-financial activities, the most recent publicly available financial statements of that business or those activities.

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

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

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