

# Submission

to the

## Reserve Bank of New Zealand

on the

### Follow-up consultation: Updates to registered bank disclosure statements arising from Stocktake

11 January 2018

## About NZBA

1. NZBA works on behalf of the New Zealand banking industry in conjunction with its member banks. NZBA develops and promotes policy outcomes that contribute to a strong and stable banking system that benefits New Zealanders and the New Zealand economy.
2. The following seventeen registered banks in New Zealand are members of NZBA:
  - ANZ Bank New Zealand Limited
  - ASB Bank Limited
  - Bank of China (NZ) Limited
  - Bank of New Zealand
  - Bank of Tokyo-Mitsubishi, UFJ
  - China Construction Bank
  - Citibank, N.A.
  - The Co-operative Bank Limited
  - Heartland Bank Limited
  - The Hongkong and Shanghai Banking Corporation Limited
  - Industrial and Commercial Bank of China (New Zealand) Limited
  - JPMorgan Chase Bank, N.A.
  - Kiwibank Limited
  - Rabobank New Zealand Limited
  - SBS Bank
  - TSB Bank Limited
  - Westpac New Zealand Limited

## Background

3. NZBA welcomes the opportunity to provide feedback to the Reserve Bank of New Zealand (**RBNZ**) on the follow-up consultation: Updates to registered bank disclosure statements arising from Stocktake (**Consultation Paper**) and commends the work that has gone into developing the Consultation Paper.
4. If you would like to discuss any aspect of the submission further, please contact:

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## NZBA comments on Orders in Council

5. NZBA has suggested some minor drafting amendments to the local and branch Orders in Council (**OIC**) in the **enclosed** mark-ups.
6. In addition to those amendments, NZBA has the following comments:

- (a) As part of the amendments to the local OIC RBNZ has proposed to update the metrics in the half year and full year disclosure statements for concentrated credit exposures. NZBA supports RBNZ's intention to align the metrics for concentrated credit exposures with the metrics used in the disclosure statement, and notes that the final Dashboard calculation is yet to be finalised. In this respect, NZBA would appreciate clarification on the format of reporting of the top five exposures in the Dashboard. Under the current approach, credit exposures are reported in successive ranges of 5% commencing at 10% of shareholders equity (under the new OIC requirements, Common Equity Tier 1 capital) in a table format in the disclosure statement, and excludes counterparty details.
- (b) NZBA members remain concerned about the proposed publication of liquidity ratios, both in the disclosure statement and the Dashboard. As previously submitted, in the absence of prescriptive guidelines, consistent methodologies and/or RBNZ accreditation on the calculation of core funding and mismatch ratios, this data has the potential to be misleading.

In our view, there is a significant risk that uninformed users could make inaccurate assessments of such ratios and thus their inclusion outweighs any perceived benefits. If, however, the publication of liquidity ratios in the disclosure statement and the Dashboard is to remain, we recommend that standardised calculations for such ratios are published by the RBNZ after appropriate consultation to ensure consistency between banks.

Under the current proposals, the inclusion of regulatory liquidity ratios and concentrated credit exposures would be subject to an audit by a bank's external auditor. Our view is that this is not appropriate given that these measures are regulatory in nature and are not defined in New Zealand GAAP. We would consider it more appropriate if these metrics were subject to review by the auditor, consistent with the treatment of the capital adequacy disclosures in Schedule 11. The mark-up currently has these items in schedules 4 and 5 "additional financial disclosures" – where the auditors are required to state whether the information disclosed is "fairly stated" (audit test). To avoid this issue it is suggested that the liquidity ratios could be moved to schedules 9 and 11 "capital adequacy" – where the auditors have to provide negative assurance only.

- (c) The enclosed mark-ups include proposed changes to the sections of the OICs addressing additional mortgage information (Schedule 11, s 4 of the local OIC; Schedule 9, s 1 of the branch OIC). Those changes are intended to align the definitions of loan value in the OICs with BS19 *Framework for Restrictions on High-LVR Residential Mortgage Lending*, thereby ensuring consistency between the disclosure statement and the Dashboard LVR disclosures.
- (d) Finally, with respect to the list of Supranationals at the Annex to the Consultation Paper, NZBA notes that the International Finance Corporation is also a World Bank entity (as is noted with respect to the International Bank for Reconstruction and Development).

**Registered Bank Disclosure Statements (New Zealand  
Incorporated Registered Banks) Order 2014  
(as amended)**

*Red-lined to show proposed amendments for removal of off-  
quarter disclosure statements (along with some other changes  
previously agreed, or Dashboard-related)*

**Note: This is a Reserve Bank working copy. The official version of the Principal Order is published in a supplement dated 21 February 2014 to the New Zealand Gazette of 20 February 2014.**

**This working copy consolidates the following Amendment Orders to the Principal Order:**

**(1) Title:** Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 Amendment Order 2014

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**Date:** published in the New Zealand Gazette, 6 August 2015, No. 87, page 44

# Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014

JERRY MATEPARAE, Governor-General

## Order in Council

At Wellington this 17th day of February 2014

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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reporting date for the half year disclosure statement.; and

~~(e) an off quarter disclosure statement within 2 months of the reporting date for the off quarter disclosure statement.~~

- (2) A first disclosure statement must be published by a registered bank on the day of the registered bank's registration.

#### **10 Delivery to Reserve Bank**

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

#### **11 Requests for copies**

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

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

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

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

**16 Comparative information**

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

**17 Disclosure statement not to contain offer of securities** A disclosure statement—

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

**[Drafting Note: Update to refer to FMCA?]**

**18 Information about shareholders**

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

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

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

- (1) An auditor's report on the full year disclosure statement of a registered bank must—
  - (a) include the information prescribed in clause 2 of Schedule 1; and
  - (b) be signed by the auditor, either in the auditor's own name or the name of the auditor's firm.
- (2) An auditor's report or review statement on the half year disclosure statement of a registered bank must—

the directors that each of those persons has the ability to appoint.

### 3 Priority of creditors' claims

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

### 4 Guarantees

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

### 5 Details of guarantor

- (1) The name and address for service of the guarantor.
- (2) A statement on whether or not the guarantor is a member of the registered bank's banking group.
- (3) Either—
  - (a) the amount of the net tangible assets of the guarantor as shown in the most recent publicly available audited financial statements, together with any qualifications in the auditor's report on those financial statements that reflect on the statement of those assets in the financial statements; or
  - (b) if the guarantor is a bank, the most recent publicly disclosed capital of the guarantor's group expressed as an amount and as a percentage of risk weighted exposures, and the date to which that measure of capital relates.
- (4) A statement on whether or not the guarantor has any credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation, and if so, in respect to each rating—
  - (a) the name of the person who gave the credit rating;
  - (b) the ~~current~~ rating in effect on the date on which the disclosure statement is signed and all qualifications to that rating;
  - (c) each change made to the rating in the 2 years immediately before the balance-signing date and the date on which that change occurred; and  
**[Drafting note: These changes reflect the wording on page 26, cl 14.]**
  - (d) descriptions or explanations of all steps in the applicable rating scales.

## 6 Details of guaranteed obligations

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

## 7 Details of government guarantors

- (1) The name and address for service of the guarantor.
- (2) A statement on how to obtain information about the government guarantee, for example, via an Internet site maintained by or on behalf of the government guarantor.
- (3) To the extent the government guarantee is provided by means other than a contract, a statement of how to obtain the legislation, regulations or other documents that set out the terms and conditions of the government guarantee.
- (4) A statement on how to obtain the most recent audited financial statements of the government guarantor, for example, via an Internet site maintained by or on behalf of the government guarantor.
- (5) The government guarantor's issuer credit ratings in respect of its long term obligations payable in the currency of its jurisdiction and for each rating—
  - (a) the name of the person who gave the credit rating;
  - (b) the ~~current~~ rating in effect on the date on which the disclosure statement is signed and all qualifications to that rating;
  - (c) each change made to the rating in the 2 years immediately before the ~~balance~~ signing date and the date on which that change occurred; and  
**[Drafting Note: These changes reflect the wording on p26, cl 14.]**
  - (d) descriptions or explanations of all steps in the applicable rating scales.

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

- (1) The name and address for service of the guarantor.
- (2) A statement on whether or not the guarantor is a member of the registered bank's banking group.
- (3) A statement on whether or not the guarantor has any credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation, and if so, in respect to each rating—
  - (a) the name of the person who gave the credit rating; and
  - (b) the ~~current~~-rating in effect on the date on which the disclosure statement is signed and all qualifications to that rating.

**[Drafting Note: This change reflects the wording on p32, cl 10.]**
- (4) A summary description of the obligations that are guaranteed.
- (5) If the guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.
- (6) If the registered bank's most recent full year disclosure statement contains further information about the guarantee:
  - (a) a statement to that effect;
  - (b) information on how to obtain a copy of that disclosure statement; and
  - (c) if there have been any material changes in the terms of the guarantee since the date on which the signing of that disclosure statement was completed, a description of those changes.

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

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

### **5 Material cross guarantees**

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

- (2) For each instrument included in total capital disclosed under clause 1—
- (a) whether the instrument is included in Common Equity Tier 1 capital, Additional Tier 1 capital or Tier 2 capital;
  - (b) [whether the instrument is subject to phase-out from eligibility as capital under the Reserve Bank of New Zealand's Basel III transitional arrangements, and if so the schedule on which it is being phased out;]  
**[Drafting note: Is this still relevant given complete phase out of transitional arrangements by 01/01/18?]**
  - (c) the material terms and conditions of the instrument, including where applicable, but not limited to—
    - (i) voting rights;
    - (ii) issuer of the instrument;
    - (iii) issue date;
    - (iv) any maturity or scheduled redemption date;
    - (v) any options or facilities for early redemption, conversion, write-down or capital repayment and their relevant terms or conditions;
    - (vi) terms or conditions of any predetermined servicing obligations; and
    - (vii) provision for any variation or suspension of dividend or coupon payments;
  - (d) the total of cumulative preferred dividends or interest payments in arrears;
  - (e) the priority or ranking in point of security, payment or claims of the instrument; and
  - (f) a brief description of any other material terms and conditions of issue of the securities, including any related contracts or arrangements.
- (3) Any options granted or to be granted pursuant to any arrangement, over any equity share capital disclosed under clause 1, and in respect of any such option—
- (a) the consideration given or to be given;
  - (b) the expiry date for the exercise of the option; and
  - (c) the total number of shares subject to the option.
- (4) The nature and amount of each reserve included in capital for the banking group.

### **3 Credit risk**

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

- (4) Subclause (3)(a) does not apply to deductions from Additional Tier 1 capital.

## **2 Capital structure**

- (1) The information in subclauses (2) to (4) in respect of the registered bank's banking group.
- (2) For each instrument included in total capital disclosed under clause 1—
- (a) whether the instrument is included in Common Equity Tier 1 capital, Additional Tier 1 capital or Tier 2 capital;
  - (b) [whether the instrument is subject to phase-out from eligibility as capital under the Reserve Bank of New Zealand's Basel III transitional arrangements, and if so the schedule on which it is being phased out;]  
**[Drafting note: Is this still relevant given complete phase out of transitional arrangements by 01/01/2018?]**
  - (c) the material terms and conditions of the instrument, including where applicable, but not limited to—
    - (i) voting rights;
    - (ii) issuer of the instrument;
    - (iii) issue date;
    - (iv) any maturity or scheduled redemption date;
    - (v) any options or facilities for early redemption, conversion, write-down or capital repayment and their relevant terms or conditions;
    - (vi) terms or conditions of any predetermined servicing obligations; and
    - (vii) provision for any variation or suspension of dividend or coupon payments;
  - (d) the total of cumulative preferred dividends or interest payments in arrears;
  - (e) the priority or ranking in point of security, payment or claims of the instrument; and
  - (f) a brief description of any other material terms and conditions of issue of the securities, including any related contracts or arrangements.
- (3) Any options granted or to be granted pursuant to any arrangement, over any equity share capital disclosed in clause 1, and in respect of any such option—
- (a) the consideration given or to be given;
  - (b) the expiry date for the exercise of the option; and
  - (c) the total number of shares subject to the option.
- (4) The nature and amount of each reserve included in capital for the banking group.

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

- (1) The information in subclauses (2) and (4)—
- (a) in respect of the capital of the registered bank's banking group; and
  - (b) derived in accordance with the conditions of registration relating to capital adequacy.
- (2) For each exposure class where the IRB approach is applied, the following information as at the reporting date:

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

#### 4 Additional mortgage information

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

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

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

- (3) For the purpose of the disclosure required by subclause (2)—
  - (a) exposure amounts for which no loan-to-valuation ratio is available must be included in the category for loan-to-valuation ratios that exceed 90%;
  - (b) in calculating the total exposure amount in relation to any residential mortgage loan, the registered bank must include the credit equivalent amount of any off-balance sheet exposures as used in the capital calculation [\(except that, when incorporating any off-balance sheet exposures in the loan value, the registered bank may apply a credit conversion factor of 100% rather than using its own EAD estimates\)](#); and
  - (c) the valuation used in the calculation of each loan-to-valuation ratio must be the valuation of the associated residential property at the date of origination of the loan.
- (4) A description of the main assumptions used in preparing the information required by subclause (2).

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(as amended)**

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# I

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JERRY MATEPARAE, Governor-General

### Order in Council

At Wellington this 17th day of February 2014

Present:

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

## **13 First disclosure statement**

- (1) Subject to subclauses (2) to (4), a registered bank's first disclosure statement must meet the requirements that apply to a full year disclosure statement.

- (3) A registered bank need not disclose comparative information that is not readily available in the time since the last day of the previous corresponding accounting period.

**18 Disclosure statement not to contain offer of securities** A disclosure statement—

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

**[Drafting note: Update to refer to FMCA?]**

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

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

Subpart 2—Content of disclosure statement

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

- (1) A full year disclosure statement of a registered bank must include, in respect of the most recent full year accounting period—
  - (a) all of the information prescribed in Schedule 2; and
  - (b) the information prescribed in Schedules 4, 7, 9 to 11 and 13.
- (2) Subclause (1)(b) does not apply to the extent that the information prescribed by that subclause is included in the financial statements prepared in accordance with clause 25.

financial statements, together with any qualifications in the auditor's report on those financial statements that reflect on the statement of those assets in the financial statements; or

- (b) if the guarantor is a bank, the most recent publicly disclosed capital of the guarantor's group expressed as an amount and as a percentage of risk weighted exposures, and the date to which that measure of capital relates.
- (4) A statement on whether or not the guarantor has any credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation, and if so, in respect to each such rating—
- (a) the name of the person who gave the credit rating;
  - (b) the ~~current~~ rating in effect on the date on which the disclosure statement is signed and all qualifications to that rating;
  - (c) each change made to the rating in the 2 years immediately before the ~~balance-signing~~ date and the date on which that change occurred; and  
**[Drafting note: These changes reflect the wording on p24, cl 16.]**
  - (d) descriptions or explanations of all steps in the applicable rating scales.

## **8 Details of guaranteed obligations**

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

## **9 Details of government guarantors**

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

- (3) To the extent the government guarantee is provided by means other than a contract, a statement of how to obtain the legislation, regulations or other documents that set out the terms and conditions of the government guarantee.
- (4) A statement on how to obtain the most recent audited financial statements of the government guarantor, for example, via an Internet site maintained by or on behalf of the government guarantor.
- (5) The government guarantor's issuer credit ratings in respect of its long term obligations payable in the currency of its jurisdiction and for each rating—
  - (a) the name of the person who gave the credit rating;
  - (b) the ~~current~~ rating in effect on the date on which the disclosure statement is signed and all qualifications to that rating;
  - (c) each change made to the rating in the 2 years immediately before the ~~balance-signing~~ date and the date on which that change occurred; and  
**[Drafting note: These changes reflect the wording on p24, cl 16.]**
  - (d) descriptions or explanations of all steps in the applicable rating scales.

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

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

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

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

#### **12 Directors**

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

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

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

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

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

## **5 Guarantees**

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

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

- (1) The name and address for service of the guarantor.
- (2) A statement on whether or not the guarantor is a member of the registered bank's banking group or its overseas banking group.
- (3) A statement on whether or not the guarantor has any credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation, and if so, in respect to each such rating—
  - (a) the name of the person who gave the credit rating; and
  - (b) the ~~current~~ rating [in effect on the date on which the disclosure statement is signed](#) and all qualifications to that rating.

**[Drafting note: This change reflects the wording on p30, cl 12.]**
- (4) A summary description of the obligations that are guaranteed.
- (5) If the guarantee has an expiry date,—
  - (a) a statement of the date the guarantee expires; and
  - (b) if the registered bank has an option to roll over or renew the guarantee, a statement explaining that option.
- (6) If the registered bank's most recent full year disclosure statement contains further information about the guarantee:

## Schedule 9—All periods

### Credit and market risk exposures and capital adequacy

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#### 1 Additional mortgage information

- (1) If the condition in subclause (7) is not met, the information in subclause (2)—
- in respect of the registered bank's 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 (Standardised Approach) (BS2A).
- (2) The following information as at the reporting date:

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

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

- (3) For the purpose of the disclosure required by subclause (2), any residential mortgage loan for which no loan-to-valuation ratio is available must be included in the category for loan-to-valuation ratios that exceed 90%.
- (4) If the condition in subclause (7) is met, the information in subclause (5)—
- in respect of the registered bank's banking group; and
  - in respect of total exposures secured by residential mortgages, categorised by the loan-to-valuation ratio for each exposure calculated in accordance with Capital Adequacy Framework (Internal Models Based Approach) (BS2B) (except that, when incorporating any off-balance sheet exposures in the loan value, the registered bank may apply a credit conversion factor of 100% rather than using its own EAD estimates).
- (5) The following information as at the reporting date:

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

- (6) For the purpose of the disclosure required by subclause (5)—
- exposure amounts for which no loan-to-valuation ratio is available must be included in the category for loan-to-valuation ratios that exceed 90%;