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Ashley Tomlinson, Jeremy Richardson and Tobias Irrcher
Prudential Supervision Department
Reserve Bank of New Zealand
P O Box 2498
Wellington 6140
By email: stocktake@rbnz.govt.nz

Dear Sirs

ANZ submission on the Consultation Paper: The Dashboard Approach to Quarterly Disclosure

Thank you for the opportunity to respond to the Reserve Bank of New Zealand (**RBNZ**) on its proposals in the Consultation Paper: dashboard approach to quarterly disclosure (**Consultation Paper**).

ANZ Bank New Zealand Limited (**ANZ**) fully supports improving the efficiency, clarity and consistency of prudential requirements and financial reporting for banks and non-bank deposit takers. However, ANZ considers the only way to meaningfully achieve this (so that both overall compliance burden is reduced and funding windows are lengthened) is complete removal of off-quarter disclosure statements for locally incorporated banks (noting this option was confirmed for branches). This has already been rejected by RBNZ¹.

ANZ has several key messages which we would like to specifically draw to the RBNZ's attention and these are summarised in the table that follows.

Key messages

- 1. ANZ's primary submission is to retain the existing off-quarter Disclosure Statement regime. This is ANZ's preferred option for financial and prudential disclosure by banks. ANZ does not support Option A (RBNZ Dashboard)**
- 2. If our primary submission in Key Message 1 is not accepted, under the Options presented in the Consultation Paper, ANZ's preferred option for off quarter disclosure is Option B (Bank Dashboard). This option also provides an appropriate location for director attestation and breach of conditions of registration disclosure to be made**
- 3. ANZ supports public disclosure of information that is most useful to key users of those disclosures – rating agencies, key investors/analysts**
- 4. ANZ does not support publication of short-term liquidity ratios. In ANZ's view that disclosure could in itself precipitate the risk that RBNZ seek to mitigate**
- 5. ANZ encourages RBNZ to recognise NZX and FMA disclosure requirements and facilities for disclosures that are already made by banks, particularly in relation to capital issues to retail investors**

¹ See RBNZ Regulatory Stocktake of the Prudential Requirements Applying to Registered Banks *Summary of Submissions and Policy Decisions* decision on Options 4 (page 3)

More detail on these points is provided in Appendix I, followed by responses to the specific questions from the Consultation Paper in Appendix II.

Request for further consultation

Following this consultation, if either Option A or Option B is selected by RBNZ as the appropriate option for bank disclosure, ANZ considers it is imperative that a further round of consultation about that Option is undertaken. This is necessary to work out the detail of the disclosures required, in particular to ensure that the disclosures are comparable between banks with different structures, and to iron out any other issues that may arise. ANZ also suggests that, in line with the regulatory stocktake process in 2014/2015, an industry workshop is held to discuss the finer details of the proposed disclosures.

About ANZ

ANZ is the largest financial institution in New Zealand. The ANZ group comprises brands such as ANZ, UDC Finance, OnePath Life, ANZ Investments New Zealand, ANZ New Zealand Securities and Bonus Bonds.

ANZ offers a full range of financial products and services including a significant range of financial advisory services, personal banking, institutional banking and wealth management products and services.

Publication of submission

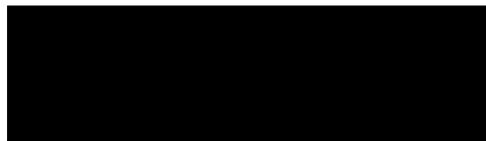
ANZ consents to the publication of this submission, with certain aspects withheld to protect the privacy of natural persons or on the grounds of commercial sensitivity, under the RBNZ's publication of submissions policy.

Contact for submission

ANZ is keen to discuss this submission directly with RBNZ officials. Please contact Annis O'Brien, Head of External Reporting on [REDACTED] to arrange, or email [REDACTED]

Once again, we thank RBNZ for the opportunity to have input into this important consultation.

Yours sincerely



Antonia Watson
Chief Financial Officer

Appendix I – Key messages

ANZ addresses each of the key messages in turn.

- 1. ANZ's primary submission is to retain the existing off-quarter Disclosure Statement regime. This is ANZ's preferred option for financial and prudential disclosure by banks. ANZ does not support Option A (RBNZ Dashboard)**

ANZ appreciates and recognises the time and thought by RBNZ that has gone into the consideration of Option A's Dashboard as set out in Consultation Paper. ANZ understands that RBNZ's main drivers when considering a change to the disclosure regime for banks are:

- Reduction/re-balancing of compliance costs
- Promoting market discipline
- Timeliness of information to market.

The publication of the Consultation Paper has also presented ANZ with the opportunity to more fully review the detail of the proposed design and operation of Option A (**RBNZ Dashboard**) and have the benefit of discussing Option A with parties who currently receive and rely on disclosure statements published by ANZ under the existing disclosure regime.

In light of this wider and more informed view, ANZ does not consider that the RBNZ Dashboard would effectively improve the efficiency, clarity and consistency of the production and disclosure of financial information about banks without introducing irresolvable new and complex issues. On this basis, ANZ favours retaining the status quo in the form of the current disclosure statements. However, it is unclear whether this remains an available option².

The four main reasons ANZ does not support the RBNZ Dashboard are:

- *Lack of comparability between banks under RBNZ Dashboard approach*

ANZ is concerned that the RBNZ Dashboard is unlikely to achieve one of the key aims of RBNZ i.e. promoting the ability to compare financial information published by banks and therefore the relative positions of the banks. This is because the proposed RBNZ Dashboard only includes prudential information about the financial stability (for example capital ratios) of the locally incorporated bank's banking group together with financial performance and position information.

While ANZ agrees that prudential information about the locally incorporated bank is most relevant to retail investors, for banks that have branches, ANZ considers that NZ geographic results are the best way to compare banks. ANZ is of the view that few retail investors will understand and appreciate the differences between the structures of the various locally incorporated banks in New Zealand and will therefore be unlikely to properly interpret the information in the RBNZ Dashboard in light of the wider context.

When making market announcements in the NZ market, ANZ presents its NZ geographic results to give investors and the public a complete picture of the financial performance and position of ANZ's operations in NZ. ANZ's efforts here would be undermined by the RBNZ Dashboard, and ultimately, this is not likely to lead to enhanced financial literacy for retail investors.

² See RBNZ Regulatory Stocktake of the Prudential Requirements Applying to Registered Banks *Summary of Submissions and Policy Decisions* decision on Option 1 (page 3)

- *Issues stemming from RBNZ population and publication of the RBNZ Dashboard*

Following a discussion with RBNZ officials and the New Zealand Banker's Association with Bank of New Zealand and ANZ as industry representatives, on 1 December 2016, and notwithstanding paragraphs 82 – 87 of the Consultation Paper, ANZ understands that RBNZ's proposal is that RBNZ would compile Option A by transferring relevant information received as part of private reporting from banks to populate the relevant elements of the "Dashboard" on RBNZ's website. Essentially this means RBNZ would publish information on behalf of the bank.

ANZ does not consider this is appropriate. ANZ understands from investors and other parties that the statement of compliance with IAS 34 contained in the interim financial statements and the director attestations that accompany disclosure statements provide those parties with a certain level of comfort as to the accuracy and credibility of the numbers published that would likely not be derived from a third party publishing the information. It would likely raise challenges for those parties to attribute the preparation and accuracy of the information to the individual bank itself. ANZ also struggles to see a valid way around various issues relating to providing the necessary context for the figures in the RBNZ Dashboard (e.g. explaining the basis of preparation, variances in figures between periods or any of the information otherwise contained in accounting notes), or corrections to information that may occur from time to time.

ANZ also wishes to comment on the effect of the RBNZ Dashboard on market discipline generally. ANZ considers this a moot point. [REDACTED]

[REDACTED] does not consider that a disclosure regime in and of itself promotes or encourages enhanced market discipline.

Finally, ANZ wishes to note that the RBNZ Dashboard would rely heavily on the balance sheet reporting redevelopment project, which has not yet been fully embedded. ANZ also believes it will take several cycles of reporting under this new framework for all issues with accuracy and comparability of information submitted under this to be ironed out and that this should be allowed to cycle through so the full effects can be understood before further decisions as to bank disclosure redesign are made.

- *No reduction of compliance costs*

In ANZ's view, based on all the information it has now had the opportunity to assess, ANZ believes it is unlikely that the RBNZ Dashboard would effectively result in any overall reduction in compliance costs for the preparation of financial and prudential disclosures by banks. The predominant reason for this is that for banks that seek offshore funding, investors, analysts and ratings agencies will require additional financial information to be prepared, rather than relying solely on the RBNZ Dashboard. In part this will be to provide context and explanation for the information in a dashboard, but also to incorporate other information important to those parties that will not be included in the Dashboard. This will effectively result in banks needing to continue to undertake a process similar to the current disclosure statement regime to prepare and provide the relevant information to these parties, as well as embedding a governance framework to provide comfort/assurance over the information to be published in the RBNZ Dashboard.

- *Issues stemming from timing of RBNZ Dashboard release*

As noted by the banks during the industry workshops on the Regulatory Stocktake, a key issue with the proposed RBNZ Dashboard is the timing of its release. The key issue with the timing is some, or all, of the information contained in the RBNZ Dashboard could be considered 'price sensitive' under registered exchange continuous disclosure requirements (for listed banks). The proposed timing for release of this information by the RBNZ is ahead of results announcements by banks. For ANZ, which is material to its parent ANZBGL's overall financial performance, this could cause ANZBGL to breach its continuous disclosure requirements unless it simultaneously releases an announcement on the exchanges to refer to the third party released information about its subsidiary and explains what that information means (which would likely require additional context than simply referring to the RBNZ website). ANZ is particularly concerned that the release of the information about the New Zealand subsidiary ahead of the release of complete information about the overall group's performance would compromise the overall group's position and make little contextual sense. ANZ considers this issue is irresolvable as the Consultation Paper does not propose a solution, and ANZ has not been able to identify an appropriate one.

Alternative suggestion for resolving timeliness of information issue

ANZ understands that a key issue the RBNZ Dashboard seeks to resolve is to enhance the timeliness and accessibility of the disclosure of financial information to market. To this end, ANZ notes the RBNZ's comments about the existing G1 tables being hard to access on the RBNZ website. However, ANZ suggests that simple enhancements to the placement of this information, such as re-labelling and moving the location of the link to G1 tables, could resolve some of these issues and would be a more pragmatic approach than a complete overhaul of existing processes and disclosures in the attempt to deliver the same or similar outcome. ANZ also suggests that the disclosure time lag that results due to the manual extraction by RBNZ of information to populate the G1 tables could be better alleviated by the banks providing the summary data in the G1 format to RBNZ from their own disclosure statements at the same time as the disclosure statements are released. Regardless of which Option is selected by RBNZ, banks will still require at least two months after each year/period end date to prepare, review, validate, approve and provide the relevant information.

Generally, ANZ does not see any increased market discipline benefits from changing the method of publication. For example, we do not believe a marked change in the number and types of users of the information will result.

- 2. If our primary submission in Key Message 1 is not accepted, under the Options presented in the Consultation Paper, ANZ's preferred option for off quarter disclosure is Option B (Bank Dashboard). This option also provides an appropriate location for director attestation and breach of conditions of registration disclosure to be made**

The RBNZ Dashboard takes a very different approach from internationally equivalent jurisdictions, in particular Australia. ANZ submits that it is preferable that the approach to disclosure is generally in alignment with those in Australia and other internationally comparable requirements for banks that need to seek offshore funding. Therefore, ANZ prefers Option B (Bank Dashboard) for off quarter disclosure, which is more akin to the Pillar III disclosures made under the Australian regime. However, ANZ notes that in

order to effectively denote Option B as distinct from, and not a replica of or equivalent to, the Australian regime, it should be referred to as something other than “Pillar III”. Therefore, we refer to it throughout our submission as “Bank Dashboard”.

Reasons for preference

ANZ specifically prefers Option B as it resolves a set of complex, and irresolvable, issues that ANZ considers arise under Option A. For example:

- Disclosures relating to financial stability and financial performance are balanced. Both of these disclosures are relevant to parties who use and interpret the financial information published by banks (e.g. analysts, investors, rating agencies, market commentators, etc). Ultimately, and as the Consultation Paper rightly acknowledges, disclosure of financial stability is very complex. ANZ considers it is neither possible to simplify this into the disclosure proposed under Option A nor appropriate to distil the data required to present this picture into this format.
- The risk of errors arising in figures reported in Option B disclosure is lessened as banks remain ultimately responsible for it. In particular, the information included is not required to pass through multiple systems or be reinterpreted by multiple organisations.
- As it aligns more closely with international equivalents, it is more readily understood by offshore parties, such as investors. Additionally, the director attestation included in disclosure provides certainty to parties like investors who rely on this information around director/management sign-off, responsibility and liability. Currently, banks provide financial information in offering documents for investors through attachment of the current disclosure statements. If the Dashboard option is introduced, banks will still need to supplement the Dashboard information with fuller information and relevant explanations of what that data represents. The net effect of this is that banks will still need to prepare their own disclosure and run a process similar to the current disclosure statements. Therefore, the result that the Dashboard proposal seeks to achieve, of improving the efficiency, clarity and consistency of the information and reducing the compliance burden on banks from the disclosure statement process, will not eventuate as a duplicate process will be required. Additionally, running this process to complement the Dashboard creates room for errors to arise in duplicated information in another format, and leads to the potential for disparity in information available to different types of debt investors (e.g. wholesale v retail). Finally, ANZ also considers that legal issues may arise as to issuer liability under international legislative requirements (e.g. USA or UKLA) from incorporating an external web address (the RBNZ Dashboard website) into offer documents.
- The ability to provide additional information or context about the information included in the disclosure is retained. This ability is critical to explain changes in that data. The Dashboard, in absence of this ability, specifically carries a risk of over-simplification which could be potentially misleading.
- The ability to attest to compliance with Conditions of Registration (and disclose breaches where relevant) is retained without needing to create an additional separate process to do this.
- No conflicts with listing rules – and continuous disclosure - requirements arise. That is, banks will publish the Bank Dashboard and other financial information themselves and therefore can, taking into consideration any rules applicable to the timing of Bank Dashboard disclosure, align publication of that information with

other disclosures it may be required to make under other regimes. Specifically, there is no risk that a third party (RBNZ) releases price sensitive information (such as information relating to results announcements as a result of financial position/performance) into the market ahead of the issuer itself releasing it.

Please see our commentary above at Key Message 1 under the heading *Alternative suggestion for resolving timeliness of information issue* in relation to changes that ANZ considers would assist RBNZ to achieve their goals relating to enhancing the timeliness of provision of information to the public.

3. ANZ supports public disclosure of information that is most useful to key users of those disclosures – rating agencies, key investors/analysts

ANZ considers Option B is the appropriate option. ANZ considers that the Bank Dashboard is more akin to the Australian Pillar III disclosure, while also providing the ability for banks to disclose some financial performance information which is important to ratings agencies, key investors and analysts.

As noted in Key Message 1 above, ANZ does not consider that a change to the format (from either Option A or Option B) will result in a marked increase in the number and types of users of this information. In particular, for the typical 'retail investor', average financial literacy (particularly accounting skills) needs to be significantly lifted for this to eventuate. ANZ does not consider that changing the format of the information presented (particularly to that of Option A – RBNZ dashboard) will of itself encourage retail depositors to view, or understand, the data published by the RBNZ.

However, ANZ's support of Option B is subject to further consultation by RBNZ on the detail of disclosures required under that Option.

4. ANZ does not support publication of short term liquidity ratios. In ANZ's view that disclosure could in itself precipitate the risk that RBNZ seek to mitigate

ANZ's support of Option B is subject to the removal of short term liquidity ratios from that disclosure. These ratios should not be required to be disclosed. Our position on this is consistent if Option A is selected (however, refer our Key Messages 1 and 2 above).

ANZ considers the short term liquidity ratios are too complex to be distilled into a "dashboard" snapshot without explanation. The ratio values can be volatile over relatively short periods of time (compared, say, to the Core Funding Ratio (CFR) or capital ratios). A comparatively low value at a point in time may be interpreted as signalling imminent stress when that is not the case. The ratios model a potential liquidity stress position, not actual stress.

By contrast, the CFR and capital ratios measure the current funding and capital positions and ANZ considers that these ratios are appropriate to disclose

RBNZ suggest in the Consultation Paper (paragraph 45) that because of the publication lag, appropriate remedial action would have been taken with respect to any breach by the time of release. That might be so, but even if there were no breach, a 'low' end-

period ratio could potentially lead to unwarranted disquiet and questioning over a bank's liquidity position.

5. ANZ encourages RBNZ to recognise NZX and FMA disclosure requirements and facilities for disclosures that are already made by banks, particularly in relation to capital issues to retail investors

ANZ notes that the Financial Markets Conduct Act 2013 (FMC Act) requires issuers to make and give disclosure to retail investors about the securities they are issuing (this is a "Regulated Offer"). For banks in particular, for certain issues of debt or convertible securities to retail investors, the bank must prepare a Limited Disclosure Document/Product Disclosure Statements which sets out the key terms of the offer. This will include explaining the terms and conditions of the capital issue in a clear, concise and effective way. This disclosure is coupled with the requirement on the bank to make a register entry on Disclose (the register of offers of securities) on which the financial statements of the bank must be loaded (or their availability noted³) and all other 'material information' must also be loaded (which could potentially include the RBNZ Dashboard if that option is selected). Generally, we see no need to duplicate existing disclosure processes with further special reporting required by RBNZ.

Additionally, ANZ also wishes to note that the potential removal of the disclosure statements will also impact other offers made by banks under the FMC Act which are reliant on the publication of disclosure statements, namely Regulated Offers of derivatives. Currently, the Disclose register entry for Regulated Offers of derivatives requires banks to include a copy of the latest disclosure statement and a link to the page on the bank's website where disclosure statements can be found.

³ Clause 26, Schedule 8, Financial Markets Conduct Regulations 2014

Appendix II – Responses to questions in the Consultation Paper: The Dashboard Approach to Quarterly Disclosure

#	Question	ANZ response
1	<p>Do you have any comments on the proposed content of the Dashboard?</p> <p>Is there any additional information you would like to see in the Dashboard?</p> <p>What would be the benefits of this information?</p>	<p>Yes. ANZ does not support the proposed Option A (RBNZ Dashboard) approach to quarterly disclosure. ANZ is supportive of the sentiments expressed by the RBNZ in developing the RBNZ Dashboard proposal, but we consider that the proposal raises complex issues that cannot be effectively resolved. As such we cannot see any way to make the proposal as outlined in the consultation document work in practice. As one example, the proposed timing of the release of the Dashboard is particularly problematic. The Dashboard takes a very different approach from internationally equivalent jurisdictions, in particular Australia. It is preferable that the approach to disclosure is generally in alignment with those in Australia and other internationally comparable requirements for banks that need to seek offshore funding. It also requires banks to substantively completely rework existing disclosure processes at a time when the balance sheet reporting re-development has not yet been completed or fully embedded. Please see our comments under Key Message 1 above, for a fuller explanation of these issues.</p> <p>Specifically as to the proposed content of the RBNZ Dashboard:</p> <p>a) <u>ANZ does not support publication of short term liquidity ratios</u> ANZ is largely comfortable with the proposed content, except that we do not support publication of the short term liquidity ratios (as advised to the RBNZ when the liquidity ratios were first established), especially in what is essentially real-time. Given the volatility in these ratios, there is potential for a perceived deterioration to cause investors and depositors to withdraw their funds, which would in itself precipitate a crisis. We are comfortable with the Core Funding Ratio (CFR) being published, because this moves relatively slowly. However, short term liquidity ratios should continue to be reported privately to the RBNZ. Please see our comments under Key Message 4 above.</p> <p>b) <u>ANZ suggests additional information is included</u> Notwithstanding ANZ's view that NZ geographic financial performance and position information is most relevant for comparing banks if the RBNZ Dashboard is implemented we see benefits in including:</p>

		<p>i) the following totals from the New Balance Sheet (NBS) return: Under “Financial Position”</p> <ul style="list-style-type: none"> • Major totals from the “Summary (DS) tab” <p><i>Additional items from assets by repricing tab</i></p> <ul style="list-style-type: none"> • Loans fully secured by residential mortgage • Loans not secured by residential property <p>(noting that total Gross lending is already included under the asset quality section)</p> <p><i>Additional items from Counterparty tab</i></p> <ul style="list-style-type: none"> • Transaction balances (line 10.1) • Savings balances (line 10.2) • Other deposit balances (line 10.9 + ML1). <p>ii) the following amounts from the Income Statement Survey (ISS): Under “Profitability/Financial Performance”</p> <ul style="list-style-type: none"> • Other income (line 13) • Operating expenses (line 21) • Impaired asset expenses (lines 23 + 24) <p>Benefits arising from the inclusion of this additional information are:</p> <ul style="list-style-type: none"> • for analysts/rating agencies to get a full picture of the financial position of NZ banks presented on the same basis, and • to give more context around the totals presented. <p>ANZ considers its commentary at both (a) and (b) above is also relevant for Option B, if that is selected.</p>
2	<p>What would be the benefits and costs of including some sort of metric of large exposures in the Dashboard?</p> <p>Do you have any comments regarding the proposed metrics?</p> <p>Can you suggest another metric you think</p>	<p>ANZ has not had any large exposures to report in its Disclosure Statements.</p>

	would better capture this information?	
3	Should LVR data be in the Dashboard?	Yes, on balance sheet information using the same bandings as required in the Disclosure Statements for comparability. Although as noted in Appendix 1 under Key Message 1, this will not provide a complete picture of residential mortgages as it will exclude Branch data. ANZ supports the inclusion of this information in the final form of Option B disclosure. As noted earlier, ANZ does not support Option A.
4	<p>What are the marginal costs to banks associated with providing the information we propose to include in the Dashboard?</p> <p>Please include only the marginal costs, beyond the costs associated with producing the proposed private prudential reports covering these items.</p>	<p>ANZ considers the costs to banks associated with providing the information RBNZ proposes to include in the RBNZ Dashboard are significant. These costs include the introduction of a risk to banks that the information interpreted and reproduced by RBNZ is inaccurate or misleading.</p> <p>Therefore, ANZ considers that the only way to effectively mitigate this risk is either for each bank to compile its own information or, if RBNZ were to compile the RBNZ Dashboard, for RBNZ to make a bank's information for inclusion in the RBNZ Dashboard available to them for review (and amendment if required) before publication, to ensure consistency with disclosure statements and other publicly disclosed information.</p> <p>Either approach would therefore lead to significant additional cost in establishing and maintaining an appropriate controls and governance framework, separate to the existing framework for the approval of Disclosure Statements. In particular, this is because if the RBNZ Dashboard is introduced, banks will still need to supplement the RBNZ Dashboard information with fuller information and relevant explanations for what that data represent. The net effect of this is that banks will still need to prepare their own disclosure and run a process similar to the current disclosure statements. Therefore, the result that the RBNZ Dashboard proposal seeks to achieve, of improving the efficiency, clarity and consistency of the information and reducing the compliance burden on banks from the disclosure statement process, will not eventuate as a duplicate process will be required. Additionally, running this process to complement the RBNZ Dashboard creates room for errors to arise in duplicated information in another format, and leads to the potential for disparity in information available to different types of debt investors (e.g. wholesale v retail). Finally, ANZ also considers that legal issues may arise as to issuer liability under international legislative requirements (e.g. USA or UKLA) from incorporating an external web address (the RBNZ Dashboard website) into</p>

		<p>offer documents. Please also see our comments under Key Message 1 above.</p> <p>Another cost to banks associated with providing the information RBNZ propose to include in the RBNZ Dashboard is a risk that RBNZ may require, from time to time, additional information from banks that cannot be sourced from inputs from private reporting submissions. This might arise in a situation where the information in a private reporting submission needs further explanation in order to explain why it has changed, or where there are differences between the initial private reporting and the final information in the half and full year Disclosure Statements. In such a situation, banks would be required to do additional one-off work, which introduces new costs relative to the work that was required to be completed.</p> <p>In ANZ's view, all of these issues are resolved or do not arise if Option B is selected as the appropriate option to develop further.</p>
5	<p>Should we enable, or even require, qualitative explanations of any of the Dashboard figures, if material changes have taken place?</p>	<p>Yes, although ANZ notes it does not support Option A. If this option is chosen, explanations must be required. Without context, the information could be misinterpreted. However, it is necessary to establish a definition of what is "material". Achieving this clarity, particularly in relation to certain ratios such as liquidity, is difficult and one of the reasons we do not support the RBNZ Dashboard (Option A). We note traditional accounting definitions (e.g. from the old SSAP 6) defined material as being 10%.</p> <p>Additionally, ANZ is unclear how the introduction of qualitative explanations would work in practice in an RBNZ dashboard format. We consider that Option B (Bank Dashboard) disclosure provides more scope for including explanations and therefore prefer it.</p>
6	<p>Do you have any comments on the file types proposed for each type of user?</p> <p>Do you think a "database" approach would enhance accessibility of the information?</p> <p>Is there any other format that might enhance the accessibility of the data (for any profile of users)?</p>	<p>1) A database approach would be most beneficial to users.</p> <p>2) If a simple spreadsheet is to be made available, it would be most useful to users to have it available:</p> <p>a) By quarter for all banks; and</p> <p>b) By bank for all periods.</p>
7	<p>What, beyond publication, should the Bank do to enhance understanding of the data it publishes?</p> <p>How valuable/what are the benefits of this</p>	<p>For sophisticated users, explanation of the definitions and data sources for the contents of the report would need to be published with the RBNZ Dashboard, and included in the RBNZ Dashboard file so that the data is not separated from the definitions and explanation of</p>

	<p>work in terms of market discipline, or in other areas?</p>	<p>context.</p> <p>For the general populous, particularly 'retail' investors, this is a very big question and requires increasing the financial literacy (particularly accounting skills) of the general population. ANZ does not consider that changing the format of the information presented will of itself encourage retail depositors to view data published by the RBNZ.</p> <p>The RBNZ Dashboard would be most useful to rating agencies, analysts and the banks themselves for competitor analysis. If a member of the general public is not looking at their own bank's disclosures on their own bank's website, it would be debatable whether they would seek the RBNZ dashboard out from the RBNZ website.</p> <p>ANZ notes the RBNZ's comments about the existing G1 tables being hard to access on the RBNZ website. However, we suggest that simple enhancements to this process, such as relabeling and moving the location of the link, could resolve some of these issues and would be a more pragmatic approach than a complete overhaul of existing processes and disclosures in the attempt to deliver a same or similar outcome. ANZ also suggests that the disclosure time lag that results due to the manual extraction by RBNZ of information to populate the G1 tables could be better alleviated by the banks providing the summary data in the G1 format to RBNZ from their own disclosure statements at the same time as the disclosure statements are released.</p> <p>Generally, ANZ does not see any increased market discipline benefits from changing the method of publication. For example, we do not believe banks would take internal reporting or conditions of registration any less seriously. We also do not believe a marked change in the number and types of users of the information will result.</p>
8	<p>How much previous period data would you like to see in the Dashboard?</p>	<p>ANZ does not support Option A. However, if it is selected previous period data should be published to the extent it is available from regulatory submissions and past disclosure statements. Historical data should not be estimated or extrapolated.</p> <p>If Option A is selected, retaining 5 years of data would be appropriate. This is the same length of time that banks are required to keep their Disclosure Statements available on their websites. ANZ considers that this approach should also apply to Option B, if it is selected.</p>

9	Do you agree with our conclusion that all locally incorporated banks should be required to make disclosures on the Dashboard?	ANZ does not support Option A however whichever Option is chosen should apply to all locally incorporated banks. Otherwise there will be inconsistency in information available to the market which completely defeats the aim of this exercise. Please refer to Key Message 1 above for further information about this issue in particular our comments about comparability of banks under RBNZ Dashboard.
10	Do you agree with the Dashboard being implemented through the Bank publishing information that is privately reported to it under sections 36 and 93? Do you consider that this will create adequate incentives to ensure the quality of the data?	As noted above in Question 1, ANZ does not support Option A (RBNZ Dashboard). However, if this is the Option that is selected, then ANZ only supports the information in it being populated by RBNZ from information reported to it privately, if banks are provided the figures for their disclosures in the dashboard at least five working days before publication for review (and amendment if required). ANZ takes disclosure of any financial or prudential information very seriously. We do not believe that the mechanism for producing the final publication adds incentives to ensure the quality of the data. That is, the quality of the data provided under either Option or under the existing Disclosure Statement regime is the same.
11	Do you have any comments on the options of the Reserve Bank transferring uploaded data across to the Dashboard, or the system automatically transferring uploaded data across to the Dashboard?	Any automated option is preferable as it will reduce the risk of error in RBNZ data entry. However, if Option A is selected, as noted under Question 10 RBNZ should provide banks with their individual RBNZ Dashboard information at least five working days before publication for review (and amendment if required).
12	Do you think that data should be posted on the Dashboard as soon as it is uploaded by individual banks, or that data on all banks should become available on the Dashboard at a set date at the end of each quarter?	If Option A (the RBNZ Dashboard) is implemented, the data must be published for all banks on a set date. This is to allow for RBNZ to populate the RBNZ Dashboard from privately reported information but to seek the relevant bank's approval before publication (see Question 10 above). However, given the potentially price sensitive information contained in the RBNZ Dashboard this date should be only after other market announcements have been made. The RBNZ Dashboard must not be published before, for example, banks listed on the NZX/ASX have released their annual or half yearly profit announcements. These announcements, requiring Board (and in the case of overseas owned banks, Group

		<p>Board) approval may not be made by the end of the month following the quarter end.</p> <p>In ANZ's case, this would be at the end of the second month after the end of the quarter – still two months ahead of when the current data series is posted, and consistent with the current deadline for the release of half-year and off-quarter Disclosure Statements.</p>
13	<p>Do you have any comments on the proposed mechanism for banks to correct data on the Dashboard?</p>	<p>ANZ does not support Option A. However, if it is selected, ANZ considers the only realistic way to manage this if the RBNZ Dashboard is published only after half year and full year market announcements have been made. In this way, there is sufficient time to ensure the RBNZ Dashboard data is consistent with other publicly available information.</p>
14	<p>Do you agree with the approach of using the definitions in statistical reporting on the Dashboard?</p> <p>If not, do you have a view on what approach should be taken to designing definitions for this purpose?</p>	<p>Yes, as long as these are clearly articulated on the RBNZ Dashboard and that there is a prominent note that definitions may differ from the accounting definitions used in the Disclosure Statements.</p>
15	<p>What mechanism for ensuring the quality of the data do you prefer, what are the compliance costs associated with each option, and what would be the implications of each option for how long after the end of each quarter the data could be published?</p>	<p>See Question 4 above - <i>Costs associated with Option A (RBNZ Dashboard)</i>.</p> <p>As noted in our Key Messages 1 and 2, the primary cost that arises from the RBNZ Dashboard option is that banks will still need to supplement the RBNZ Dashboard information with fuller information and relevant explanations for what that data represents. Currently, banks provide financial information in offering documents for investors through attachment of the current disclosure statements. The net effect of the need to supplement the RBNZ Dashboard information is that banks will still need to prepare their own disclosure and run a process similar to the current disclosure statements. Therefore, the result that the RBNZ Dashboard proposal seeks to achieve, of improving the efficiency, clarity and consistency of the information and reducing the compliance burden on banks from the disclosure statement process, will not eventuate as a duplicate process will be required. Additionally, running this process to complement the RBNZ Dashboard creates room for errors to arise in duplicated information in another format, and leads to the potential for disparity in information available to different types of debt investors (e.g. wholesale v retail). Finally, ANZ also considers there are legal issues that arise from incorporating an external web address (the RBNZ Dashboard website) into offer documents.</p> <p><i>Costs associated with Option B (Bank Dashboard)</i></p>

		The primary cost associated with the Dashboard option does not arise under Option B (Bank Dashboard). As it aligns more closely with international equivalents, it is more readily understood by offshore parties, such as investors. Additionally, the director attestation included in disclosure provides certainty to parties like investors who rely on this information around director/management sign-off, responsibility and liability.
16	Do you agree with our approach to reconciling disclosure made in the Dashboard with full and half-year disclosure statements? Are there other aspects of this issue we should be considering?	See Question 4 and Question 12 above. In ANZ's case, the key amounts in the ISS and NBS are consistent with the Annual and Half-Year financial statements.
17	Do you agree with the proposed content of the off-quarter DS under Option B?	Yes. In terms of the options put forward under the Consultation Paper, ANZ supports, and only supports, Option B as an alternative to the current off-quarter disclosure statements regime. Please see our response under Key Message 2 above. In addition, ANZ supports harmonisation of bank public disclosure requirements with Australia where appropriate. However, ANZ notes that in order to effectively denote Option B as distinct from, and not a replica of or equivalent to, the Australian regime, it should be referred to as something other than "Pillar III". Therefore, we referred to it throughout our submission as "Bank Dashboard".
18	Please give your views on what is a realistic publication deadline, both under the current proposal, and in the event that the s82 director sign-off requirement is removed at some point.	The APRA requirement is that their Pillar III disclosures be made within 40 business days. ANZ sees no reason for the New Zealand timeline to be different.
19	Please provide any comments on the proposed approach to ensuring timely disclosure of breaches by locally-incorporated banks.	As noted in Question 17, ANZ supports Option B as an approach to quarterly disclosure if there is desire to change from the existing disclosure statement regime. This option does not require additional consideration of how breaches should be disclosed as they could be disclosed as part of the alternate off-quarter disclosure statement proposed. However, if RBNZ pursues Option A (RBNZ Dashboard), this will lead to a need to revise the policies for disclosure of minor and technical breaches. In this circumstance, ANZ's preference is for Condition of Registration breaches to be reported on an ongoing basis (i.e. by the end

		<p>of the month in which the breach was reported to RBNZ). Timing issues arising from RBNZ announcing the breach on their website and banks reporting that breach much later in the relevant half or full year disclosure will need to be worked through.</p> <p>The assessment of whether a breach requires an “ongoing disclosure” could be made by RBNZ at the time the breach is reported by the bank.</p> <p>This breach notice could be a single one-page notice, and could apply to both locally and overseas incorporated banks and be posted on the bank’s website..</p>
20	<p>If the Basel change is confirmed, do you have any concerns about this updating happening only six-monthly?</p> <p>Otherwise, which of the three options for off-quarter updating do you prefer and why?</p> <p>Can you suggest any other mechanism to achieve sufficiently timely publication of terms of new capital issues?</p>	<p>a) If Basel change is confirmed we have no concerns with the move to six monthly updating of the terms and conditions of banks’ capital instruments.</p> <p>b) We do not prefer any of the options for off-quarter updating of terms and conditions. These options are unnecessary. The primary mechanism for providing the terms and conditions of instruments issued to the retail investors already exists. This is the Product Disclosure Statement/ Limited Disclosure Statement in the case of certain debt or convertible securities issued by registered banks which contains all the key terms of the issuance and is required to be prepared and given to all retail investors before they invest. This disclosure is coupled with the requirement on the bank to make a register entry on Disclose (the register of offers of securities) on which the financial statements of the bank must be loaded (or their availability noted) and on which all other ‘material information’ must also be loaded (which may include the RBNZ Dashboard if that option is selected). We see no need to duplicate this existing disclosure process with further special reporting.</p>
21	<p>Please provide any comments on the proposed approach to ensuring timely disclosure of breaches by branches.</p>	<p>Please see our response to Q19.</p>