



21 February 2022

Jeremy Richardson  
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Reserve Bank of New Zealand – Te Pūtea Matua (**RBNZ**)

By email: [jeremy.richardson@rbnz.govt.nz](mailto:jeremy.richardson@rbnz.govt.nz)

Dear Jeremy

### **Consultation on Bank Disclosure Assurance Requirements – 18 January 2022**

Thank you for the opportunity to submit feedback in response to the proposed changes to the assurance reports required on registered banks' public disclosure statements.

ANZ Bank New Zealand Limited and Australia and New Zealand Banking Group Limited have considered the proposed changes and have the following comments in response to the specific questions, and other feedback.

Our feedback applies to the proposed amendments to each of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (the **local OIC**) and the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014, (the **branch OIC**, together, the **Orders**).

#### Question 1:

Do you agree that the changes will make assurance reports on disclosure statements easier to navigate and more readable? What type of reader do you expect to consider these reports?

- We do not consider that the changes proposed by the RBNZ will have a significant impact on assurance reports themselves, rather that the changes will simplify the requirements and bring terminology up to date.
- We suggest further changes to simplify the requirements to allow users to more clearly distinguish between assurance reports on:
  - financial statements, which users of financial statements of other non-bank and overseas entities will be familiar with; and
  - the additional disclosures required by the Orders, which are peculiar to banks registered in New Zealand.

#### Question 2:

Do you agree that the changes will reduce the cost of complying with the assurance requirements, for banks and their auditors?

- We do not expect any cost reductions from the proposed changes.

Question 3:

Do you agree that any transitional costs will be outweighed by the ongoing benefits thereafter?

- We do not expect any transitional costs.

Other feedback:

We have the following suggestions for further simplification of the requirements and flexibility of their application.

**1. References to conditions of registration:**

- Paragraph 4.2.4 and 4.2.5 of the consultation document refer to a statement required by subclause 2(1)(g) in both Schedules 1. There appears to be some confusion in the consultation document that the assurance report is/was providing assurance over compliance with conditions of registration and notices issued under section 78(3) of the Reserve Bank of New Zealand Act 1989 (the **Act**).
- Subclause 2(1)(g) refers to whether the information has been *prepared in accordance with* any guidelines issued under section 78(3) of the Act (if any) or any conditions of registration. It does not ask for an opinion about whether the bank has complied with those requirements.
- The relevant schedules of the Orders specify where requirements are contained in conditions of registration, so compliance with the relevant disclosure requirements of the Order includes compliance with any associated disclosure requirements and/or definitions arising from the bank's conditions of registration. Similarly, references to where section 78(3) notices could affect disclosure requirements could be incorporated into the relevant schedule(s) of the Orders.
- This would allow the wording of the non-capital adequacy disclosure opinions to be aligned with the wording of the opinions on financial statements and capital adequacy. Using the full year audit opinion as an example, the requirement would read:

An auditor's report including additional reasonable assurance opinions, prepared in accordance with applicable auditing and assurance standards, which states whether or not, in the auditor's opinion, the information that is required to be disclosed under Schedules 4, 7, 13, 14, 15 and 17, in all material respects—

- presents fairly the matters to which it relates; and
- is disclosed in accordance with those schedules.

**2. Presentation of assurance reports:**

- Paragraphs 2.1.6 and 2.1.8 of the consultation document summarise the three separate opinions required for inclusion in the Disclosure Statements.
- We recommend that these opinions be allowed to be presented as one or more documents. We expect this is likely to be two reports: one for the financial statements and one for the disclosures required by the Orders. This would:
  - be more consistent with the RBNZ's objective to separate the requirements of audit reports required by the Financial Markets Conduct Act 2013 on financial statements from assurance reports over disclosures required by the Orders;

- ii. be more consistent with the requirements of Part 2 of the Orders which state that a "...disclosure statement of a registered bank must *contain or be accompanied by* the financial statements..."; and
- iii. allow flexibility for a bank and its auditor to align with a bank's presentation of its disclosure statement, for example where the financial statements are presented separately to the disclosures required by the Orders.

We have attached a mark-up of the draft amendment order for the local OIC, as an example, showing the impact of our suggestions.

If you have any comments or would like to discuss the matter further, please contact s9(2)(a) - protect individual privacy

Yours sincerely,

s9(2)(a) - protect individual privacy

**ANZ Bank New Zealand Limited**

**Registered Bank Disclosure Statements (New Zealand  
Incorporated Registered Banks) Order 2014 Amendment Order  
2022**

Governor-General

**Order in Council**

At Wellington this     day of     2022

Present:

in Council

Pursuant to section 81 of the Reserve Bank of New Zealand Act 1989, Her 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 Statements (New Zealand Incorporated Registered Banks) Order 2014 Amendment Order 2022.
- 2 Commencement**  
This order comes into force on 30 June 2022.
- 3 Principal order amended**  
This order amends the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014.

#### **4 Interpretation**

- (1) This clause amends subclause 4(1).
- (2) In the definition of “**equity**”, insert “for” between the words “...Framework” and “Reporting” to read “...Framework for Reporting”.
- (3) In the definition of “**LGD**”, replace “BPR 133: IRB Credit Risk RWA” with “BPR 133: IRB Credit Risk RWAs”
- (4) In the definition of “**PD**”:
  - (a) replace “BPR 133: IRB Credit Risk RWA” with “BPR 133: IRB Credit Risk RWAs”; and
  - (b) insert “of” between the words “purpose” and “calculating” to read “...for the purpose of calculating the risk-weight...”.

#### **5 Clause 7 amended**

- (1) In subclause 7(1) delete “audited” and replace with “subject to a reasonable assurance engagement”.
- (2) In subclause 7(2) delete “reviewed by an auditor if it is not audited” and replace with “subject to a limited assurance engagement if it is not subject to a reasonable assurance engagement”.
- (3) Replace subclause 7(3) with “The assurance report or reports on a full or half year disclosure statement must be of the form specified in the applicable clause of Schedule 1.”.

#### **6 Clause 20 repealed**

Repeal clause 20.

#### **7 New clauses 25A and 25B inserted**

Insert the following clauses in Subpart 2 after clause 25:

##### **“25A Assurance reports for full year disclosure statement**

A full year disclosure statement of a registered bank must be accompanied by assurance reports that—

- (a) are of the form prescribed in clause 1 of Schedule 1; and
- (b) are signed by the auditor, either in the auditor’s own name or the name of the auditor’s firm.

##### **“25B Assurance reports for half year disclosure statement**

- (1) Unless subclause (2) applies, the half year disclosure statement must be accompanied by a limited assurance report that—
  - (a) is of the form prescribed in clause 3 of Schedule 1; and
  - (b) is signed by the auditor, either in the auditor’s own name or the name of the auditor’s firm.
- (2) The registered bank may opt to have a reasonable assurance report prepared on the interim financial statements that are published in accordance with clause 25.
- (3) If subclause (2) applies, the half-year disclosure statement must be accompanied by assurance reports that—
  - (a) are of the form prescribed in clause 2 of Schedule 1; and

- (b) are signed by the auditor, either in the auditor’s own name or the name of the auditor’s firm.”

**8 Schedule 1 amended**

Replace Schedule 1 with the following:

**“Schedule 1—Full year and half year**

**“Information in assurance reports**

**“1 Assurance reports required for full year disclosure statement**

- ~~(1) The auditor’s report, as required under the Financial Markets Conduct Act 2013, on the financial statements of the registered bank’s banking group required under clause 24 of Subpart 2;~~
- ~~(1) An auditor’s report including additional reasonable assurance opinions, prepared in accordance with applicable auditing and assurance standards, which —~~
  - ~~(a) includes the auditor’s report, as required under the Financial Markets Conduct Act 2013, on the financial statements of the registered bank’s banking group required under clause 24 of Subpart 2; and~~
  - ~~(b) states whether or not, in the auditor’s opinion (where applicable), the information that is required to be disclosed in the full year disclosure statement under Schedules 4, 7, 13, 14, 15 and 17 has been prepared in accordance with guidelines issued under section 78(3) of the Act (if any) or any conditions of registration; and~~
- ~~(2) states whether or not, in the auditor’s opinion, the information that is required to be disclosed under Schedules 4, 7, 13, 14, 15 and 17, in all material respects —~~
  - ~~(a) presents fairly states the matters to which it relates; and~~
  - ~~(b) is disclosed in accordance with those schedules, and, if it does not, the respects in which it fails to fairly state those matters~~
  - ~~(c) —.~~
- ~~(3) A limited assurance report prepared in accordance with applicable auditing and assurance standards which,—~~
  - ~~(a) if the registered bank has been accredited by the Reserve Bank to use the internal models based approach to capital adequacy, for the information relating to capital adequacy and regulatory liquidity requirements that is required to be disclosed under Schedule 11, states—~~
    - ~~(i) that the auditor’s responsibility is to express a limited assurance conclusion;~~
    - ~~(ii) whether or not anything has come to the auditor’s attention which would cause the auditor to believe that the information is not in all material respects disclosed in accordance with Schedule 11; or~~
  - ~~(b) otherwise, for the information relating to capital adequacy and regulatory liquidity requirements that is required to be disclosed under Schedule 9, states—~~
    - ~~(i) that the auditor’s responsibility is to express a limited assurance conclusion; and~~

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- (ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information is not in all material respects disclosed in accordance with Schedule 9.

~~(4)~~ The reports in subclauses (1), (2) and (3) may be presented either individually or combined in one or two reports.

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## "2 Optional assurance reports for half year disclosure statement

~~(1)~~ An auditor's report including additional reasonable assurance opinions, prepared in accordance with applicable auditing and assurance standards on the interim financial statements of the registered bank's banking group which states whether or not, in the auditor's opinion, the interim financial statements are prepared, in all material respects, in accordance with NZ IAS 34;

~~(1)~~ An auditor's report including additional reasonable assurance opinions, prepared in accordance with applicable auditing and assurance standards, which—

~~(a)~~ includes an auditor's report on the interim financial statements of the registered bank's banking group which states whether or not, in the auditor's opinion, the interim financial statements are prepared, in all material respects, in accordance with NZ IAS 34;

~~(b)~~ states whether or not, in the auditor's opinion (where applicable), the information that is required to be disclosed under Schedules 5, 7, 13, 16 and 18 has been prepared in accordance with guidelines issued under section 78(3) of the Act (if any) or any conditions of registration;

~~(2)~~ states whether or not, in the auditor's opinion, the information that is required to be disclosed under Schedules 5, 7, 13, 16 and 18, in all material respects—

~~(a)~~ presents fairly, states the matters to which it relates; and

~~(b)~~ is disclosed in accordance with those schedules, and, if it does not, the respects in which it fails to fairly state those matters.

~~(3)~~ A limited assurance report prepared in accordance with applicable auditing and assurance standards which,—

(a) if the registered bank has been accredited by the Reserve Bank to use the internal models based approach to capital adequacy, for the information relating to capital adequacy and regulatory liquidity requirements that is required to be disclosed under Schedule 11, states—

(i) that the auditor's responsibility is to express a limited assurance conclusion;

(ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe that the information is not in all material respects disclosed in accordance with Schedule 11.

(b) otherwise, for the information relating to capital adequacy and regulatory liquidity requirements that is required to be disclosed under Schedule 9, states—

(i) that the auditor's responsibility is to express a limited assurance conclusion;

(ii) whether or not anything has come to the auditor's attention which would cause the auditor to believe

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that the information is not in all material respects disclosed in accordance with Schedule 9.

(4) The reports in subclauses (1), (2) and (3) may be presented either individually or combined in one or two reports.

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### **“3 Limited assurance reports for half year disclosure statement**

(1) A limited assurance report prepared in accordance with applicable auditing and assurance standards, in relation to the interim financial statements of the registered bank’s banking group prepared in accordance with clause 25 of Part 2, which states—

- (a) that the auditor’s responsibility is to express a limited assurance conclusion; and
- (b) whether or not anything has come to the auditor’s attention which would cause the auditor to believe that the interim financial statements have not been prepared, in all material respects, in accordance with NZ IAS 34;

(2) A limited assurance report prepared in accordance with applicable auditing and assurance standards, in relation to the information specified in subclause (23), which states—

- (a) that the auditor’s responsibility is to express a limited assurance conclusion;
- ~~(b)(a) whether or not anything has come to the auditor’s attention which would cause the auditor to believe that the interim financial statements have not been prepared, in all material respects, in accordance with NZ IAS 34;~~
- (b) whether or not anything has come to the auditor’s attention which would cause the auditor to believe that the information that is required to be disclosed under Schedules 5, 7, 13, 16 and 18, in all material respects—

- (i) does not fairly state the matters to which it relates; and
- ~~(ii) is not disclosed~~ in accordance with those schedules;

- ~~(c) whether or not anything has come to the auditor’s attention which would cause the auditor to believe that the information relating to capital adequacy and regulatory liquidity requirements that is required to be disclosed under Schedule 9 or Schedule 11, as applicable, is not in all material respects disclosed in accordance with the applicable Schedule.~~

(3) The information referred to in subclause (2) is the following—

- ~~(a) the interim financial statements of the registered bank’s banking group prepared in accordance with clause 25 of Part 2;~~
- ~~(a) the information that is required to be disclosed under Schedules 5, 7, 13, 16 and 18; and~~
- ~~(b) the information relating to capital adequacy and regulatory liquidity requirements which is required to be disclosed under—~~
  - (i) Schedule 11, if the registered bank has been accredited by the Reserve Bank to use the internal models based approach to capital adequacy; or

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(ii) Schedule 9 otherwise.”

~~(4) The reports in subclauses (1) and (2) may be presented either individually or in a single report.~~

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**9 Clause 11 of Schedule 2 amended**

Replace clause 11 of Schedule 2 with “The name and address of any auditor whose assurance report or reports are referred to in the disclosure statement.”.

**10 Clause 18 of Schedule 2 repealed**

Repeal clause 18 of Schedule 2.

- 11 Clause 1 of Schedule 3 amended**  
In subclauses 1(1)(a), 1(1)(b) and 1(1)(c) of Schedule 3, change the first letter in each subclause from upper case to lower case.
- 12 Clause 7 of Schedule 3 amended**  
Replace clause 7 of Schedule 3 with “The name and address of any auditor whose assurance report or reports are referred to in the disclosure statement.”.
- 13 Clause 13 of Schedule 3 repealed**  
Repeal clause 13 of Schedule 3.
- 14 Clause 2 of Schedule 7 amended**  
In subclause 2(a)(ii) of Schedule 7 insert the word “sheet” between the words “balance” and “corporate”.
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Clerk of Executive Council

### **Explanatory note**

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

This order comes into force on 30 June 2022. It amends the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014, published in a Supplement to the New Zealand Gazette, 21 February 2014, No. 21, at page 452. The purpose of this order is to simplify the content of the auditor’s assurance reports that are required to accompany disclosure statements. The order also fixes minor typographical errors.

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This order is administered by the Reserve Bank of New Zealand