



Registered bank disclosure requirements

Proposed revisions arising from changes to financial asset impairment in NZ IFRS 9

The Reserve Bank invites submissions on this consultation paper by 16 January 2015.

Submissions and enquiries about the consultation should be addressed to:

Ashley Tomlinson
Prudential Supervision Department
PO Box 2498
Wellington 6140

Email: ashley.tomlinson@rbnz.govt.nz

Please note that a summary of submissions may be published. If you think any part of your submission should properly be withheld on the grounds of commercial sensitivity, or for any other reason, you should indicate this clearly.

8 December 2014

Executive summary

1. The XRB recently issued the new version of NZ IFRS 9 *Financial Instruments* which includes substantial changes in the way that financial asset impairment must be accounted for. (The current impairment approach is set out in NZ IAS 39 *Financial Instruments: Recognition and Measurement*.) The mandatory application date for the new NZ IFRS 9 is for annual accounting periods beginning on or after 1 January 2018, but early adoption is permitted.
2. The Reserve Bank's disclosure Orders in Council (OICs) include some required disclosure on asset quality which links to NZ IAS 39, and is incompatible with the NZ IFRS 9 approach to asset impairment. At least one bank is planning to adopt NZ IFRS 9 early, and the Reserve Bank does not want the OICs to present a legal obstacle to the bank in question being able to apply available financial reporting standards. To avoid this happening, the OICs need to be revised by 31 March 2015 to allow alternative disclosure related to impairment for any bank that is applying NZ IFRS 9. Proposed amendments to the OICs to achieve this are set out in the attached Appendix.
3. The aim of the amendments is to ensure that, where there are measurement concepts that are broadly the same between NZ IAS 39 and NZ IFRS 9, equivalent disclosure is retained as far as possible, and where NZ IFRS 9 introduces new concepts, to require disclosure with a level of detail broadly equivalent to the current disclosure. The approach taken in drafting these amendments is discussed in more detail in the body of the paper.
4. **The deadline for comments on the proposed changes is 16 January 2015.**
5. The Reserve Bank does not intend that the changes to the OICs will have any material impact on a bank until it adopts NZ IFRS 9. Also, we are prepared to review at a later date any changes that are implemented for 31 March 2015, to refine them if need be. This could be done either as a separate exercise, or alongside other disclosure changes that may be considered as part of the Regulatory Stocktake.
6. **Therefore, for any bank that is not planning to adopt NZ IFRS 9 in the short term, the main question to consider before the comments deadline is whether the proposed changes do indeed make no difference to them.** For additional clarity, new clauses that only apply to banks that have adopted NZ IFRS 9 include "(NZ IFRS 9)" in the title of the clause.
7. **Additionally, overseas incorporated registered banks should be aware of one proposed change that is specific to the branch OIC, and which applies whether or not a bank has adopted NZ IFRS 9.** This is in the disclosure of certain key items on the overseas banking group's asset quality – see the final page of the Appendix. This change is needed to handle the issue that the overseas bank will invariably be preparing the items in question in line with home country financial reporting standards, rather than New Zealand GAAP. As the change is intended to add flexibility to this disclosure requirement, we believe it will make no difference to what branches are currently disclosing, but we welcome any comments on this.
8. The Reserve Bank acknowledges that the comments deadline is short for what is a relatively complex issue. However, the timing is driven by the needs of the particular registered bank noted above, and we have attempted to minimise the impact on banks that are not adopting NZ IFRS 9 imminently.

NZ IFRS 9 financial asset impairment update

9. The International Accounting Standards Board (IASB) issued an updated and expanded version of International Financial Reporting Standard 9 *Financial Instruments* (IFRS 9) on 24 July 2014. The New Zealand External Reporting Board (XRB) has now implemented the equivalent standard in New Zealand, issuing NZ IFRS 9 on 4 September.
10. The IASB has been planning that IFRS 9 will eventually replace International Accounting Standard 39 *Financial Instruments: Recognition and Measurement* (IAS 39) in its entirety, but this has been achieved in stages. The first parts of IFRS 9, dealing with the classification and measurement of financial instruments, were issued in 2009. This new release of IFRS 9 includes the new approach to accounting for impairment of financial assets, which is significantly different from that in IAS 39.
11. The mandatory application date for this release of NZ IFRS 9 is for annual accounting periods beginning on or after 1 January 2018. The long lead time reflects the scale of the changes that banks are expected to have to make to their systems for credit monitoring, to enable them to measure expected credit losses under the new approach. However, banks are permitted to start applying NZ IFRS 9 for any earlier annual accounting period.
12. The Reserve Bank had previously identified its bank disclosure regime in particular, and potentially other Handbook documents, as needing to be updated once NZ IFRS 9 was finalised. Given other priorities and the expected long transition period, we have waited until NZ IFRS 9 was finalised before starting work on the detailed changes needed to our policy documents. However, we now know of at least one New Zealand-incorporated registered bank that has decided to adopt NZ IFRS 9 at the earliest possible date, namely for its financial year 2014/15. This bank has told the Reserve Bank that they have been carrying out pre-positioning work for the switch to NZ IFRS 9 for the past two years, using earlier exposure drafts of IFRS 9.
13. The disclosure requirements for locally-incorporated banks are set out in the Order in Council “Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014” (“local OIC”), and those for branches of overseas-incorporated banks are set out in “Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014” (“branch OIC”).
14. Both OICs require disclosure of a number of items that involve concepts and defined terms derived from NZ IAS 39, which have no exact equivalent, or in some cases no equivalent at all, under NZ IFRS 9. We need to update the local OIC to reflect NZ IFRS 9, as the bank in question would otherwise be prevented from adopting NZ IFRS 9. And although we are not yet aware of any overseas branch that plans to adopt NZ IFRS 9 imminently, we think it will be more efficient to update the branch OIC at the same time, as the changes are very similar to those for the local OIC, and this will mean that the disclosure requirements are ready for any branch that switches to NZ IFRS 9.
15. We believe that a bank that has adopted NZ IFRS 9 will continue to be able to meet other regulatory requirements set out in other Handbook documents without the need for any amendments: there are a few minor changes that may be desirable to help clarity, but we do not propose to make these urgently.

Changes needed in the disclosure Orders in Council

16. The attached Appendix shows (track-changed) the proposed drafting changes to both OICs. For additional clarity, new clauses that only apply to banks that have adopted NZ IFRS 9 include “(NZ IFRS 9)” in the title of the clause.
17. The changes in the branch Order are mostly the same as the changes in the local Order, expect for differences in the numbering of the affected clauses: but there are two clauses to be updated in the local Order which have no equivalent in the branch Order, and vice versa.
18. Both OICs currently prescribe a significant amount of additional disclosure on asset quality, on top of what a bank would have to disclose in its financial statements under NZ IFRSs. There are two reasons for that: first, NZ IFRS 7 (*Financial Instruments: Disclosures*) is very non-specific about the information to be disclosed on impaired assets and credit impairment allowances, so the OICs require additional detail to ensure that the information is sufficiently comprehensive, and comparable across banks; and second, NZ IFRS 7 only applies to full year financial statements in any case, and we believe that asset quality is sufficiently important that half year disclosure statements should contain the same level of detail on asset quality as the full year.
19. Most of the proposed changes to the OICs are in this required additional disclosure on asset quality, driven by the new impairment methodology in NZ IFRS 9.
20. As can be seen from the drafting, some existing clauses need to be adapted so that they only apply to banks still assessing asset impairment under NZ IAS 39, and other new clauses are added that only apply to banks that have adopted NZ IFRS 9. This distinction will be needed until all banks have adopted NZ IFRS 9, which could in theory mean for all reporting dates up to and including 30 September 2018.

Commentary on proposed changes

21. The “Comments” column in the Appendix explains the rationale for each change, where needed. We note a few more general points here.
22. The OICs currently include a defined term for “allowance for credit impairment loss” as follows:

allowance for credit impairment loss means an amount which has been created against identified credit losses or in respect of an identified deterioration in the value of any asset or class of asset attributable to an increase in credit risk as set out in NZ IAS 39 paragraphs 58 to 62
23. The OICs then split this definition into definitions for “individual” and “collective” credit impairment allowances. The reason for adding these definitions is that none of these terms are defined explicitly in NZ IAS 39: paragraphs 58 to 62 describe the process by which an allowance is created against a financial asset or group of financial assets, but do not define the terms. By contrast, NZ IFRS 9 does define the term “loss allowance”. However, it is important to note that a “loss allowance” under NZ IFRS 9 is different from an individual or collective allowance under NZ IAS 39, and indeed the difference reflects the fundamental difference between the two approaches to loss impairment: the IFRS 9 forward-looking allowance for expected losses (applied to all assets on initial recognition), versus the “incurred loss” concept under IAS 39.

24. Disclosure of these allowances will therefore be separate for banks under NZ IAS 39 and those under NZ IFRS 9. We propose also to add a defined term for “loss allowance” by cross-referring to the defined term in NZ IFRS 9. This is not strictly necessary, since a term used in one of the OICs that is not defined in either the OIC, the Reserve Bank Act or the registered bank’s conditions of registration defaults to the meaning it has in generally accepted accounting practice anyway. But we think it is helpful to add this definition to underline the difference of approach, as well as for clarification.
25. On the other hand, it appears that the concept of a “credit-impaired financial asset” under NZ IFRS 9 is close to that of an “individually impaired asset” as currently defined in the OICs by reference to NZ IAS 39. Hence we propose to expand the current definition of “individually impaired asset” to include “credit-impaired financial asset” for a bank that applies NZ IFRS 9.
26. Once an entity has adopted the new IFRS 9, there are also major revisions to IFRS 7 that apply. The general, high-level disclosure requirements for impaired assets and allowances in the old IFRS 7 are replaced by much more comprehensive and prescriptive disclosure requirements. The way we propose to reflect this in the revised disclosure is to tie in the required disclosure to the new paragraphs of NZ IFRS 7, but also to still add some specific items, to allow as much comparability as possible with banks still using NZ IAS 39 during the changeover period. (See the new clauses 6A and 6B in Schedule 7 of the local OIC in the Appendix.)
27. For overseas branches, there is one proposed change in the branch OIC that will apply to all registered banks, both before and after they adopt NZ IFRS 9 in respect of their New Zealand branch. This is in the disclosure of asset quality for the registered bank’s overseas banking group. The items required to be disclosed here will all be extracted from the group’s published accounts, prepared in accordance with home country GAAP. However these items are all defined in the branch OIC, and these definitions are based specifically on NZ IFRSs. Home country GAAP clearly does not include NZ IFRSs, and in some cases the home country has not even adopted IFRSs.
28. The proposed new wording is intended to make these requirements more flexible, so that they work whether the banking group handles asset impairment under the home country equivalent of IAS 39, or under the home country equivalent of IFRS 9, or under another non-IFRS accounting standard. (The new wording is in both Schedule 7 for full- and half-year disclosure, and Schedule 8 for off-quarter disclosure.)

Process and timing

29. We propose to put these changes into effect by having two short amending Orders made, one for each principal Order.
30. To meet the timing needs of the affected bank, the amendments to the Orders to refer to the new legislation need to be made by 31 March 2015. Given the 28 day notice period for Gazetting, and the time needed to go through the Cabinet committee processes, this means that interested parties have to be consulted, their views taken on board, and the drafting of the amending Orders and related papers finalised by late January. **Hence we are setting a consultation deadline of 16 January.**
31. Given the Christmas period, we recognise that this is effectively quite a short consultation period for a moderately complex issue. However, the timing of the changes and the consultation period is driven entirely by the needs of the one bank that we know of that is adopting IFRS 9 in the short term.

32. For banks that are not intending to adopt NZ IFRS 9 in the short term, we do not believe the proposed changes will make any difference to the substance of what they have to disclose. As already noted, there is one material change in the wording of the requirements for overseas branches, but that is intended only to increase the flexibility of the required disclosure.
33. Anyone wishing to provide comments over a longer timescale is welcome to do so: we will not be able to take such comments on board for the updates to be made by 31 March 2015, but we will take them into account as part of the broader review of disclosure requirements in the Regulatory Stocktake.
34. Accordingly we particularly ask banks to consider whether the proposed changes create any problems for them in the short term, on the basis that they will be able to consider the changes further when they are ready to start applying NZ IFRS 9.

Stocktake considerations

35. Some of these changes may conceivably turn out to be redundant, or may need to be updated further, in light of changes arising from the Regulatory Stocktake. However we cannot defer this work to see what those changes might be. This issue also raises a possible question for the Stocktake to consider, namely whether the Orders in Council can reduce their dependence on other standards.
36. The increased disclosure required by the revised NZ IFRS 7 might in due course make it possible to cut back some of the additional asset quality disclosure prescribed in the OICs.

APPENDIX: Proposed changes and additions to disclosure Orders in Council

Reference	Current text, with proposed revisions tracked	Comments
	<p>Changes to the Order in Council for NZ-incorporated banks.</p> <p>[Where there is an equivalent change to the Order for overseas-incorporated banks, the reference is shown in square brackets.]</p>	Most changes to the Order for branches are identical apart from the numbering of clauses. A few changes that are specific to branches are set out separately below.
Clause 4 , Interpretation – [Branch OIC: the same changes]		
“individually impaired asset”	individually impaired asset means a financial asset that is individually determined to be impaired in accordance with NZ IAS 39 paragraphs 58 to 62 <u>or meets the definition of a “credit-impaired financial asset” in accordance with NZ IFRS 9, consistent with the impairment methodology the registered bank applies in preparing its financial statements</u>	The two concepts are closely comparable between NZ IAS 39 and NZ IFRS 9, so we propose to include them in the one definition to allow them to be referred to by a single term in the disclosure requirements. It seems unnecessary to refer to specific paragraphs of NZ IAS 39, so we propose to remove that reference.
Insert new definition for “loss allowance”	<u>loss allowance has the same meaning as in NZ IFRS 9</u>	See discussion in the body of the paper.
Insert new definition, for “NZ IFRS 9”	<u>NZ IFRS 9 means New Zealand Equivalent to International Financial Reporting Standard 9 (Financial Instruments), approved under the Financial Reporting Act 2013</u>	Other standards defined in the OIC are “as approved under the Financial Reporting Act 1993 and continuing under the FR Act 2013”, but the new NZ IFRS 9 is a standard re-issued in its

Reference	Current text, with proposed revisions tracked	Comments
		entirety under the new FR Act 2013.
Schedule 7, clause 3(1) [Branch OIC: see Schedule 7, clause 2(1)]	3 Past due assets (1) The amount of assets that are, as at the reporting date, past due and <u>are not individually</u> impaired <u>assets</u> , classified according to the following ageing categories: (2)	Schedule 7 deals with asset quality for the full year and half year. With the definition of “individually impaired asset” updated, this concept is the same under NZ IFRS 9 as under NZ IAS 39. For banks still on NZ IAS 39, adding “individually” should make no difference, since any asset that can be identified as impaired is “individually impaired”.
Schedule 7, clause 4 [Branch OIC: see Schedule 7, clause 3]	4 Movements in individually impaired assets <u>If the registered bank assesses credit impairment allowances in accordance with NZ IAS 39,</u> information on movements in the pre-allowance balance of individually impaired assets over the full year or half year accounting period as applicable, separately disclosing—	For banks under NZ IFRS 9, new clause 6B provides the equivalent disclosure, linking to the much more specific disclosure detailed in the revised NZ IFRS 7.
Schedule 7, clause 5(1) [Branch OIC: see Schedule 7, clause 4(1)]	5 Movements in balances of total individual credit impairment allowances (1) <u>If the registered bank assesses credit impairment allowances in accordance with NZ IAS 39,</u> information on movements in the balances of total individual credit impairment allowances over the full year or half year accounting period as applicable, separately disclosing— ...	For banks under NZ IFRS 9, new clause 6A provides the equivalent disclosure, also linking to the much more specific disclosure detailed in the revised NZ IFRS 7.
Schedule 7, clause 6(1) [Branch OIC: see Schedule 7, clause	6 Movements in balance of collective credit impairment allowance (1) <u>If the registered bank assesses credit impairment allowances in accordance with NZ IAS 39,</u> information on movements in the balance of the collective credit impairment allowance over the full year or half year accounting period as applicable, separately disclosing—	This has no equivalent under NZ IFRS 9.

Reference	Current text, with proposed revisions tracked	Comments
5(1)]	(2) ...	
Schedule 7, insert new clause 6A [Branch OIC: Schedule 7, insert new clause 5A]	<p><u>6A Movements in components of loss allowance (NZ IFRS 9)</u></p> <p><u>(1) In the half year disclosure statement, if the registered bank measures loss allowances for financial instruments in accordance with NZ IFRS 9, a reconciliation from the opening balance to the closing balance of the loss allowance as if paragraph 35H of NZ IFRS 7 applied.</u></p> <p><u>(2) When disclosing the information specified in subclause (1), and when disclosing the information required by paragraph 35H of NZ IFRS 7 for the full year disclosure statement, the registered bank must include the items in subclause (3) in respect of the loss allowance, to the extent not otherwise disclosed to comply with NZ IFRS 7.</u></p> <p><u>(3) The items referred to in subclause (2) are:</u></p> <ul style="list-style-type: none"> <u>(a) the opening balance;</u> <u>(b) the charge (credit) to the statement of financial performance for an increase or decrease in individual loss allowances;</u> <u>(c) amounts written off;</u> <u>(d) recoveries of amounts written off in previous periods;</u> <u>(e) reversals of previously recognised impairment losses;</u> <u>(f) other movements, and the nature of those other movements; and</u> <u>(g) the closing balance.</u> 	The aim of this clause is to base it on the detailed disclosure required by the revised NZ IFRS 7, and to make the required disclosure the same at the half year as at the full year: under NZ GAAP, NZ IFRS 7 only applies to full year financial statements.
Schedule 7, insert new clause 6B [Branch OIC: Schedule 7, insert new clause 5B]	<p><u>6B Impacts of changes in gross financial assets on loss allowances (NZ IFRS 9)</u></p> <p><u>(1) In the half year disclosure statement, if the registered bank measures loss allowances for financial instruments in accordance with NZ IFRS 9, an explanation of how changes in the gross carrying amounts of financial instruments contributed to changes in loss allowances, as if paragraph 35I of NZ IFRS 7 applied.</u></p> <p><u>(2) When disclosing the information specified in subclause (1), and when disclosing the information required by paragraph 35I of NZ IFRS 7 for the full year disclosure statement, the registered bank must include the items in subclause (3) in respect of gross asset balances, to the</u></p>	Same comment as previous.

Reference	Current text, with proposed revisions tracked	Comments
	<p><u>extent not otherwise disclosed to comply with NZ IFRS 7.</u></p> <p><u>(3) The items referred to in subclause (2) are:</u></p> <p><u>(a) the pre-allowance opening balance;</u></p> <p><u>(b) additions;</u></p> <p><u>(c) amount written off;</u></p> <p><u>(d) deletions;</u></p> <p><u>(e) the pre-allowance closing balance; and</u></p> <p><u>(f) the loss allowance at the reporting date.</u></p>	
<p>Schedule 8, clause 2(1)</p> <p>[Branch OIC: see Schedule 8, clause 1(1)]</p>	<p>2 End-period balances</p> <p>(1) <u>If the registered bank assesses credit impairment allowances in accordance with NZ IAS 39, the information in subclause (2) in respect of the registered bank’s banking group.</u></p> <p>(2) ...</p>	<p>Schedule 8 deals with asset quality disclosure in the off-quarters.</p>
<p>Schedule 8, insert new clause 2A</p> <p>[Branch OIC: Schedule 8, insert new clause 1A]</p>	<p>2A End-period balances (NZ IFRS 9)</p> <p><u>(1) If the registered bank measures loss allowances for financial instruments in accordance with NZ IFRS 9, the information in subclause (2) in respect of the registered bank’s banking group.</u></p> <p><u>(2) The following information as at the reporting date:</u></p> <p><u>(a) the aggregate amount of individually impaired assets that has been recognised, before deducting loss allowances;</u></p> <p><u>(b) the amount of loss allowances that are:</u></p> <p><u>(i) measured at 12-month expected credit losses;</u></p> <p><u>(ii) measured at lifetime expected credit losses, showing separately allowances associated with:</u></p> <p><u>(A) financial instruments that are not credit-impaired financial assets;</u></p> <p><u>(B) financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired);</u></p>	<p>This provides the NZ IFRS 9 equivalent to clause 2, but as discussed in the paper, the term “loss allowance” is much broader than “credit impairment allowance”, and only a subset of the “loss allowance” corresponds to the “individual credit impairment allowance”.</p>

Reference	Current text, with proposed revisions tracked	Comments
	<p><u>(C) trade receivables, contract assets or lease receivables for which the loss allowances are measured under NZ IFRS 9;</u></p> <p><u>(iii) associated with financial assets that are purchased or originated credit-impaired.</u></p> <p><u>(c) the aggregate amount of assets that are at least 90 days past due but are not individually impaired assets.</u></p>	
<p>Schedule 8, clause 3(1)</p> <p>[Branch OIC: see Schedule 8, clause 2(1)]</p>	<p>3 Charges to the statement of financial performance</p> <p>(1) <u>If the registered bank assesses credit impairment allowances in accordance with NZ IAS 39, t</u>The information in subclause (2) in respect of the registered bank’s banking group.</p> <p>(2) ...</p>	
<p>Schedule 8, insert new clause 3A</p> <p>[Branch OIC: insert new clause 2A]</p>	<p><u>3A Charges to the statement of financial performance (NZ IFRS 9)</u></p> <p><u>(1) If the registered bank measures loss allowances for financial instruments in accordance with NZ IFRS 9, the information in subclause (2) in respect of the registered bank’s banking group.</u></p> <p><u>(2) The following information for the off quarter reporting period:</u></p> <p><u>(a) the charge (credit) to the statement of financial performance associated with an increase or decrease in loss allowances measured at 12-month expected credit losses;</u></p> <p><u>(b) the charge (credit) to the statement of financial performance associated with an increase or decrease in loss allowances measured at lifetime expected credit losses, showing separately the charge (credit) associated with:</u></p> <p><u>(i) financial instruments that are not credit-impaired financial assets;</u></p> <p><u>(ii) financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired);</u></p>	<p>As above, this provides the NZ IFRS 9 equivalent to clause 3, but using the term “loss allowances”.</p>

Reference	Current text, with proposed revisions tracked	Comments
	<p style="text-align: center;"><u>(iii) trade receivables, contract assets or lease receivables for which the loss allowances are measured under NZ IFRS 9;</u></p> <p><u>(c) the charge (credit) to the statement of financial performance associated with financial assets that are purchased or originated credit-impaired.</u></p>	
Schedule 14, clause 8 [Branch OIC: no equivalent]	<p>8 Aggregate amount of individual credit impairment allowances against credit exposures to connected persons</p> <p><u>If the registered bank assesses credit impairment allowances in accordance with NZ IAS 39, a</u> statement of the aggregate amount of the registered bank’s banking group’s individual credit impairment allowances provided against credit exposures to connected persons as at the reporting balance-date.</p>	(Schedule 14 deals with connected exposures.) The change from “balance date” to “reporting date” is a minor tidy-up to refer to the correct defined term.
Schedule 14, insert new clause 8A [Branch OIC: no equivalent]	<p><u>8A Loss allowance for credit-impaired credit exposures to connected persons (NZ IFRS 9)</u></p> <p><u>If the registered bank measures loss allowances for financial instruments in accordance with NZ IFRS 9, a statement of the aggregate amount of the registered bank’s banking group’s loss allowance for credit exposures to connected persons that are credit-impaired at the reporting date.</u></p>	New clause 8A aims to require the equivalent disclosure to that in clause 8 for banks subject to NZ IFRS 9, ie the loss allowance on credit-impaired connected exposures.
Schedule 17, clause 6(1) [Branch OIC: no equivalent]	<p>6 Measurement of impaired assets</p> <p>(1) The information in subclause (2), to the extent not otherwise disclosed to comply with paragraph 21, <u>and paragraphs 35F and 35G (if applicable)</u> of NZ IFRS 7.</p> <p>(2) ...</p>	Schedule 17 deals with risk management policies (full year disclosure). For banks subject to NZ IFRS 9, NZ IFRS 7 requires much more extensive disclosure on credit risk management in any case.
Additional changes to the Order in Council for overseas-incorporated banks		
Changes to	<p>8 Registered bank asset quality</p> <p><u>(1)</u> In respect of the registered bank’s overseas banking group, as at the</p>	The items required to be disclosed here are all as defined in the branch OIC,

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Schedule 7, clause 8	<p>most recent date for which the information is publicly available:</p> <ul style="list-style-type: none"> (a) total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense); (b) total individually impaired assets expressed as a percentage of total assets; (c) the total individual credit impairment allowance; (d) the total individual credit impairment allowance expressed as a percentage of total individually impaired assets; and (e) the total collective credit impairment allowance. <p><u>(2) If any item required to be disclosed by subclause (1) is not defined in the financial reporting standards that apply to the registered bank in its country of domicile, the registered bank must disclose information that corresponds as closely as possible to that item, provided such information is publicly available.</u></p>	<p>and these definitions are based specifically on NZ IFRSs. Overseas banking group accounts will be prepared in accordance with home country GAAP, which obviously do not include NZ IFRSs, and in some cases do not have equivalents to IFRSs. This new wording aims to provide more general coverage, to allow for the banking group being subject to the local equivalent of IAS 39, the local equivalent of IFRS 9, or another non-IFRS accounting standard covering asset impairment.</p>
Changes to Schedule 8, clause 4	<p>4 Registered bank asset quality</p> <p><u>(1)</u> In respect of the registered bank's overseas banking group as at the most recent date for which the information is publicly available:</p> <ul style="list-style-type: none"> (a) total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense); (b) total individually impaired assets expressed as a percentage of total assets; (c) the total individual credit impairment allowance; (d) the total individual credit impairment allowance expressed as a percentage of total individually impaired assets; and (e) the total collective credit impairment allowance. <p><u>(2) If any item required to be disclosed by subclause (1) is not defined in the financial reporting standards that apply to the registered bank in its country of domicile, the registered bank must disclose information that corresponds as closely as possible to that item, provided such information is publicly available.</u></p>	<p>See previous – this is the equivalent for off-quarter disclosure.</p>