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## **Deposit Takers (Disclosure Statements) Standard 2027**

This standard is issued under section 72 of the Deposit Takers Act 2023 by the Reserve Bank of New Zealand after—

- complying with section 75(1) of that Act; and
- being satisfied of the matter set out in section 72(1) of that Act; and
- the board of the Reserve Bank of New Zealand having regard to the matter set out in section 49(1) of the Reserve Bank of New Zealand Act 2021.

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**Transitional, savings, and related provisions**

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**Standard**

**1 Title**

This is the Deposit Takers (Disclosure Statements) Standard 2027.

**2 Commencement**

This standard comes into force on 1 December 2028.

**3 Interpretation**

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

**accounting period** has the meaning given in section 5(1) of the Financial Reporting Act 2013

**Act** means the Deposit Takers Act 2023

**address for service** means,—

- (a) for an overseas deposit taker that does not have an office in New Zealand, an address for service outside New Zealand; or
- (b) for any other deposit taker, an address for service in New Zealand

**applicable auditing and assurance standard** has the same meaning as in section 5(1) of the Financial Reporting Act 2013

**average risk weight** means the exposure-weighted average of the risk weights of individual exposures determined according to Part 5 of the capital standard

**board** has the same meaning as in clause 5(1) of the capital standard

**capital standard** means the Deposit Takers (Capital) Standard 2027

**credit equivalent amount** means an amount calculated in accordance with subpart 6 of Part 5 of the capital standard

**credit valuation adjustment capital charge** or **CVA capital charge** means the capital charge calculated in accordance with subpart 8 of Part 5 of the capital standard

**disclosure statement** means a year-end disclosure statement, mid-year disclosure statement, or initial disclosure statement, as the case may be

**financial reporting standard**, has the same meaning as in section 5(1) of the Financial Reporting Act 2013

**financial statements** have the same meaning as in section 6 of the Financial Reporting Act 2013

**full-year disclosure period**, in relation to a deposit taker, means—

- (a) the period between the previous balance date and the balance date for the year-end disclosure statement (if any); or
- (b) if a deposit taker does not have a previous balance date, the period between the date of incorporation and the balance date for the year-end disclosure statement.

**generally accepted accounting practice** has the same meaning as in section 8 of the Financial Reporting Act 2013

**governance standard** means the Deposit Takers (Governance) Standard 2027

**group financial statements** have the same meaning as in section 7 of the Financial Reporting Act 2013

**guarantee** has the same meaning as in regulation 5(1) of the Financial Markets Conducts Regulations 2014

**half-year period** means the first 6-month period of an accounting period

**initial balance date** means the close of the day before the deposit taker commences carrying on business as a deposit taker, which may be later than the date that the deposit taker's licence is issued

**initial disclosure period**, in relation to a deposit taker, means—

- (c) a period determined by the Bank and notified to the deposit taker at least 1 month before the initial balance; or
- (d) if no period is determined under paragraph (a), a deposit taker's most recent accounting period under the Financial Reporting Act 2013

**initial disclosure statement** has the meaning set out in clause 6(4)

**interim financial statements** mean financial statements required under clause 11

**internal models deposit taker** has the same meaning as in clause 5 of the capital standard

**internal models standard** means the Deposit Takers (Internal Models) Standard 2027

**lending standard** means the Deposit Takers (Lending) Standard 2027

**liquidity standard** means the Deposit Takers (Liquidity) Standard 2027

**made available by the Bank** has the same meaning as in clause 3 of the Deposit Takers (Depositor Compensation Scheme) Standard 2027

**material**, in relation to information (including a change in information) required to be disclosed by a deposit taker under this standard, means,—

- (a) information that is material in accordance with generally accepted accounting practice, if the information is also required to be disclosed in financial statements prepared by the deposit taker under the FMCA; and
- (b) in any other case, information that, if it were disclosed, might reasonably be expected to assist a prudent but non-expert person to make decisions relating to debt securities issued by the deposit taker

**mid-year balance date** means the close of the last day of the half-year period

**mid-year disclosure statement**, in relation to a deposit taker and a mid-year balance date, means a disclosure statement that includes information required in respect of the deposit taker under this standard—

- (a) as at the mid-year balance date:
- (b) in relation to the half-year period

**most recent disclosure statement**, in relation to a deposit taker, means the disclosure statement most recently published by the deposit taker, which may be a year-end disclosure statement, mid-year disclosure statement, or initial disclosure statement

**new qualifying credit** means residential mortgage loans that are—

- (a) entered into during the relevant 6-month period referred to in clause 93(4) or (5), or 94(4) or (5), as the case may be; and
- (b) qualifying credit in respect of an investment property or an owner-occupied property, as the case may be

**New Zealand deposit taker** means a licensed deposit taker incorporated in New Zealand

**NZ IAS 34** has the same meaning as in regulation 5(1) of the Financial Markets Conduct Regulations 2014

**previous disclosure statement**, in respect of a deposit taker, means the disclosure statement most recently prepared by the deposit taker, which may be the year-end, mid-year, or initial disclosure statement

**qualifying central counterparty** or **QCCP** has the same meaning as in clause 180 of the capital standard

**related party exposures standard** means the Deposit Takers (Related Party Exposures) Standard 2027

**remuneration policy** means the remuneration policy required under the governance standard

**risk management standard** means the Deposit Takers (Risk Management) Standard 2027

**RWA equivalents for market risk** means the RWA equivalents defined in section 8(b) of the capital standard

**RWA equivalents for operational risk** means the RWA equivalents defined in section 8(c) of the capital standard

**senior manager**, in relation to an overseas deposit taker, includes a manager—

- (c) who reports directly to the New Zealand chief executive officer; or
- (d) who has duties in respect of the deposit taker's New Zealand business that are equivalent to those of a manager who would report directly to the New Zealand chief executive officer

**tier 1 capital** has the same meaning as in clause 38 of the capital standard

**tier 1 capital ratio** has the same meaning as in clause 13(2) of the capital standard

**tier 2 capital** has the same meaning as in clause 50 of the capital standard

**total capital** has the same meaning as in clause 37 of the capital standard

**year-end balance date** has the meaning given to the term balance date in section 5(1) of the Financial Reporting Act 2013

**year-end disclosure statement**, in relation to a deposit taker and a year-end balance date, means a disclosure statement that includes information required in respect of the deposit taker under this standard—

- (a) as at the year-end balance date:
  - (b) in relation to the accounting period ending at the balance date.
- (2) Any term that is defined in the capital standard, governance standard, internal models standard, lending standard, liquidity standard, related party exposures, or risk management standard and is used, but not defined, in this standard has the same meaning as in the capital standard, governance standard, internal models standard, lending standard, liquidity standard, or risk management standard (as the case may be).

#### **4 Transitional, savings, and related provisions**

The transitional, savings, and related provisions set out in Schedule 1 have effect according to their terms.

## **Part 1**

### **General provisions about disclosure statements**

#### *Disclosure statements and disclosure statement policy*

#### **5 Requirement to publish disclosure statements and have disclosure statement policy**

- (1) This standard applies, according to its terms, to a deposit taker if a condition of its licence states that this standard applies.
- (2) The deposit taker must—
  - (a) publish disclosure statements; and
  - (b) comply with Part 13 (disclosure statement policy).
- (3) The required disclosure statements are—
  - (a) a year-end disclosure statement in respect of each year-end balance date and accounting period; and
  - (b) a mid-year disclosure statement in respect of each mid-year balance date and half-year period; and
  - (c) an initial disclosure statement in respect of the initial balance date and initial period under clause 6(1).
- (4) A deposit taker is not required to publish a mid-year disclosure statement if the accounting period during which that statement would be published is 9 months or less.

#### **6 Initial disclosure statement**

- (1) For a deposit taker's initial disclosure statement,—
  - (a) the initial balance date is the close of the last day of the most recent accounting period for the deposit taker; and
  - (b) the initial period is the 12-month period ending at the initial balance date.
- (2) However, a deposit taker may use a different initial balance date or initial period if the date or period (as the case may be) is approved by the Bank.
- (3) The Bank may approve an initial balance date or initial period if it considers that disclosing information in relation to that date or period would assist depositors to make decisions relating to debt securities issued by the deposit taker, at least as adequately as if the information were disclosed in relation to the date and period referred to in subclause (1).
- (4) In this standard, **initial disclosure statement**, in relation to a deposit taker, means a disclosure statement disclosing information required under this standard for a year-end disclosure statement, except that the information must be disclosed—
  - (a) as at the initial balance date that applies under this clause:
  - (b) in relation to the initial period that applies under this clause.

*Publication*

**7 How deposit taker must publish disclosure statement**

- (1) A deposit taker must publish a disclosure statement by making it available, free of charge, on an Internet site maintained by or on behalf of the deposit taker in a way that ensures that—
  - (a) the disclosure statement, or a link to the disclosure statement, is prominently displayed on the site; and
  - (b) members of the public can easily access the disclosure statement at all reasonable times; and
  - (c) the disclosure statement is accompanied by a statement to the effect that any person has a right, on request, to receive the disclosure statement from the deposit taker, free of charge; and
  - (d) the deposit taker's disclosure statements are available together, accompanied by a link to the page about deposit takers' prudential and financial condition on an Internet site maintained by, or on behalf of, the Bank.
- (2) A deposit taker must publish a disclosure statement by the close of the day that is,—
  - (a) in the case of a year-end disclosure statement, 3 months after the year-end balance date;
  - (b) in the case of a mid-year disclosure statement, 2 months after the mid-year balance date;
  - (c) in the case of an initial disclosure statement, the day that the deposit taker's licence is issued.
- (3) Each disclosure statement must remain available for at least 5 years after the balance date to which it relates.

**8 Deposit taker must notify Bank that disclosure statement is published**

A deposit taker must, within 5 working days after publishing a disclosure statement, provide to the Bank a link to the page on the Internet on which the disclosure statement is published.

**9 Deposit taker must provide copy of disclosure statement on request**

- (1) If a person requests a deposit taker's disclosure statement, the deposit taker must send the statement to the person, free of charge, as soon as practicable after receiving the request.
- (2) The disclosure statement must be sent to the person as a hard copy or an electronic copy, as requested by the person.

*Additional content and accompanying material*

**10 Year-end disclosure statement must be accompanied by financial statements**

A year-end disclosure statement must be accompanied by the deposit taker's most recent financial statements or group financial statements.

**Guidance note**

Sections 460 to 461B of the FMCA set out requirements for the preparation of financial statements and group financial statements under that Act.

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**11 Mid-year disclosure statement must be accompanied by interim financial statements**

- (1) A mid-year disclosure statement must be accompanied by interim financial statements for the half-year period, prepared in accordance with NZ IAS 34 (but the statements do not need to be audited); and
- (2) The interim financial statements must be in respect of the deposit taker and its subsidiaries (if any).
- (3) Interim financial statements are not required if the accounting period is 9 months or less.

**12 Disclosure statement not required to include certain information**

A deposit taker is not required to include information required by a provision in any of Parts 2 to 12 if the information is included in financial statements accompanying the disclosure statement.

**13 Disclosure statement may include additional information**

A deposit taker may include information in a disclosure statement in addition to information required by this standard, if the deposit taker believes that—

- (a) it is necessary to avoid making a false or misleading representation; or
- (b) it is necessary to meet financial reporting requirements under another enactment; or
- (c) it is desirable to support depositors having access to timely, accurate, and understandable information to assist them to make decisions relating to debt securities issued by the deposit taker.

**14 Only applicable information must be included in disclosure statement**

If a matter that is required by this standard to be included in a deposit taker's disclosure statement is not applicable to the deposit taker, the disclosure statement is not required to include information in relation to that matter or state that the matter is not applicable.

*Presentation*

**15 Information must be presented in required manner**

- (1) A deposit taker must ensure that information in its disclosure statement is worded and presented in a clear, concise, and effective manner, including complying with the requirements in this clause.
- (2) The format, font, and font size of the statement must be easily readable.
- (3) The information must be presented—
  - (a) under headings set out in a list made available by the Bank for that purpose, and must follow the order of those headings; and

- (b) so that information in respect of each heading in the list begins on a separate page.
- (4) The disclosure statement must include an index or table of contents to help a reader locate key information in the statement.

#### **16 Availability of information on financial strength dashboard**

A disclosure statement must include a statement in substantially the following form:

“Further information, including historical information, is available on the Financial Strength Dashboard published by the Reserve Bank of New Zealand. The purpose of the dashboard is to help the public access and compare information about the financial and prudential condition of licensed deposit takers. It provides current and historical information (back to 2018) where available.”

#### *Assurance*

#### **17 Year-end disclosure statement must be accompanied by assurance reports**

A deposit taker’s year-end disclosure statement must be accompanied by—

- (a) an auditor’s report on the deposit taker’s financial statements or group financial statements required under the FMCA; and
- (b) a reasonable assurance report in respect of the information disclosed under Parts 7, 10, 11, and 12.

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#### **Guidance note**

Sections 461D to 461G of the FMCA set out requirements relating to the auditing of financial statements and group financial statements under that Act.

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#### **18 Mid-year disclosure statement must be accompanied by assurance reports**

A deposit taker’s mid-year disclosure statement must be accompanied by—

- (a) an auditor’s report or limited assurance report in respect of the deposit taker’s interim financial statements; and
- (b) a reasonable assurance report or limited assurance report in respect of information disclosed under Parts 7, 10, 11, and 12.

#### **19 Additional assurance report required for New Zealand deposit taker**

A disclosure statement for a New Zealand deposit taker must be accompanied by a limited assurance report in respect of the information disclosed under—

- (a) Parts 3, 6, 8, and 9; and
- (b) Part 4 or 5, whichever applies to the deposit taker.

## **20 Statements in assurance reports**

### *Auditor's report*

- (1) An auditor's report referred to in clause 18(a) must state whether anything has come to the auditor's attention that causes the auditor to believe that the statements have not been prepared, in all material respects, in accordance with NZ IAS 34.

### *Reasonable assurance report*

- (2) A reasonable assurance report referred to in clause 17(b) or 18(b) must state whether, in the auditor's opinion, there is reasonable assurance that the information disclosed, in all material respects,—
  - (a) presents fairly the matters to which it relates; and
  - (b) is disclosed in accordance with Parts 7, 10, 11, and 12.

### *Limited assurance report*

- (3) A limited assurance report referred to in clause 18(a) or 19 must state whether anything has come to the auditor's attention that causes the auditor to believe that—
  - (a) the information disclosed does not, in all material respects, present fairly the matters to which it relates; and
  - (b) in the case of a report referred to in clause 18(a), the statements have not been prepared, in all material respects, in accordance with NZ IAS 34; and
  - (c) in the case of a report referred to in clause 19, the information has not been disclosed in accordance with Parts 3, 6, 8 and 9, and whichever of Part 4 or 5 applies to the deposit taker.

## **21 Assurance report must be prepared by qualified FMC auditor**

- (1) An assurance report required under any of clauses 17 to 19 must be prepared by a qualified FMC auditor in accordance with all applicable auditing and assurance standards.
- (2) In this clause, **qualified FMC auditor** has the same meaning as in section 461E of the FMCA.

## **22 Disclosure statement must include auditor's name and address**

A disclosure statement must state the name and address of the auditor whose auditor's report or other assurance report accompanies the disclosure statement.

## **Part 2**

### **General deposit taker information in disclosure statements**

#### Subpart 1—General information

## **23 Contact information**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must specify—
- (a) for a New Zealand deposit taker,—
    - (i) an address for service; and
    - (ii) an email and physical address to which communications to the deposit taker's directors may be sent:
  - (b) for an overseas deposit taker,—
    - (i) an address for service; and
    - (ii) an email and physical address to which communications to the New Zealand chief executive officer may be sent.

*Mid-year disclosure statement*

- (3) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

**24 Details of certain holding entities**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

- (2) A year-end disclosure statement for a deposit taker (**A**) must specify the name and address for service of—
- (a) the body corporate (the **ultimate holding entity**) that—
    - (i) is A's holding entity; and
    - (ii) is not itself a subsidiary of a body corporate; and
  - (b) any other holding entity that is—
    - (i) a deposit taker; or
    - (ii) a bank or other entity licensed, registered, or otherwise authorised to accept deposits under the law of an overseas jurisdiction.
- (3) If there is no entity described in subclause (2)(a) or (b) (as the case may be) the disclosure statement must state that fact.
- (4) The disclosure statement must summarise any legally enforceable restrictions that could be expected to limit the ability of the holding entities referred to in subclause (2) to provide financial support to A to a material extent.

*Mid-year disclosure statement*

- (5) A mid-year disclosure statement for A must—
- (a) include the information specified in this clause in respect of a year-end disclosure statement; and
  - (b) describe any material change in the legally enforceable restrictions referred to in subclause (4) since the previous year-end balance date.

## **25 Interests in voting products of deposit taker**

- (1) This clause applies to New Zealand deposit takers.
- (2) A deposit taker's year-end disclosure statement must—
  - (a) name each person who has the power (whether directly or indirectly) to exercise, or control the exercise of, 5% or more of the voting rights in the deposit taker; and
  - (b) for each named person,—
    - (i) state the percentage of voting rights in respect of which they have the power described in paragraph (a); and
    - (ii) if the person holds the power indirectly, describe the nature of the power.
- (3) However, the information is only required to the extent that it is reasonably practicable for the deposit taker to obtain it.

## **26 Power to appoint directors**

- (1) This clause applies to New Zealand deposit takers.
- (2) A deposit taker's year-end disclosure statement must,—
  - (a) name each person who has the power (whether directly or indirectly) to appoint 25% or more of the directors of the deposit taker; and
  - (b) for each named person, state the percentage of directors that the person has the power to appoint.
- (3) However, the information is only required to the extent that it is reasonably practicable for the deposit taker to obtain it.

### **Subpart 2—Board and committees**

## **27 Information about directors and other persons**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.  
*Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must,—
  - (a) state the name, primary occupation, other occupations (if any), technical or professional qualifications, and country of residence of each director; and
  - (b) in respect of each director, state—
    - (i) the nature and amount of any relevant transactions;
    - (ii) whether the director is an executive director;
    - (iii) whether the director is an independent director;
  - (c) state the names of all companies, other than those that are subsidiaries of the deposit taker, of which each director holds office as a director; and
  - (d) summarise the policy of the board of directors for identifying and managing conflicts of interest in respect of the personal, professional, or business interests of directors.
- (3) An overseas deposit taker's year-end disclosure statement must also state—

- (a) the name, primary occupation, other occupations (if any), technical or professional qualifications, and country of residence of the New Zealand chief executive officer; and
- (b) the nature and amount of any relevant transaction in respect of the New Zealand chief executive officer.

*Mid-year disclosure statement*

- (4) A deposit taker's mid-year disclosure statement must—
  - (a) state whether there have been any changes in the composition of the board of directors since the most recent year-end disclosure statement; and
  - (b) details of any such change including the names of the directors to which the change relates.
- (5) In this clause, **relevant transaction**, in relation to a director or chief executive (as the case may be) means a transaction—
  - (a) that the person or any immediate relative or close business associate of the person has with the deposit taker or any subsidiary of the deposit taker; and
  - (b) that—
    - (i) has been entered into on terms other than those that would be given to any other person of like circumstances or means in the ordinary course of business of the deposit taker or any subsidiary of the deposit taker; or
    - (ii) could otherwise be reasonably likely to materially influence the exercise of the person's duties as a director or chief executive officer (as the case may be).

**28 Audit, risk, and remuneration committees**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.
- (2) A deposit taker's year-end disclosure statement must state whether the deposit taker has, under the governance standard, the following committees:
  - (a) an audit committee:
  - (b) a risk committee:
  - (c) a remuneration committee.
- (3) For each committee, the statement must—
  - (a) state the total number of members and the number of independent members; and
  - (b) describe how the members of the committee are selected; and
  - (c) describe how conflicts of interest in relation to members of the committee are managed (including as part of the selection process for the committee); and
  - (d) state the functions of the committee; and
  - (e) describe how the committee carries out its functions.

### Subpart 3—Remuneration policy

#### **29 Description of remuneration policy**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.
- (2) A New Zealand deposit taker's year-end disclosure statement must, in respect of the deposit taker's remuneration policy,—
  - (a) specify the objectives of the policy; and
  - (b) describe the main features of the policy, for example, the relative weight of variable remuneration to fixed remuneration; and
  - (c) describe how the policy,—
    - (i) is consistent with the deposit taker's strategic direction; and
    - (ii) is consistent with the deposit taker's risk management framework; and
    - (iii) supports the safety and soundness of the deposit taker; and
    - (iv) promotes good performance; and
  - (d) describe how the policy is reviewed; and
  - (e) specify the date of the last review of the policy.
- (3) An overseas deposit taker's year-end disclosure statement must describe the processes and policies relating to remuneration that support prudent management of its New Zealand business.

#### **30 Remuneration for senior managers**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.
- (2) A deposit taker's year-end disclosure statement must describe the connection between the remuneration of senior managers and the deposit taker's performance (without identifying individual outcomes).
- (3) The disclosure statement must also,—
  - (a) specify the number of full-time equivalent senior managers; and
  - (b) for fixed remuneration, specify—
    - (i) the number of full-time equivalent senior managers to whom fixed remuneration was paid or payable during the period; and
    - (ii) the total fixed remuneration paid or payable to senior managers during the period and a breakdown by form of remuneration; and
    - (iii) the average percentage increase in total fixed remuneration paid or payable to full-time equivalent senior managers since the previous year-end balance date; and
  - (c) for variable remuneration, specify—
    - (i) the number of full-time equivalent senior managers eligible for variable remuneration during the period; and

- (ii) the number of full-time equivalent senior managers to whom variable remuneration was paid or payable during the period; and
  - (iii) the total variable remuneration paid or payable to senior managers during the period and a breakdown by form of remuneration; and
  - (iv) the total variable remuneration awarded to senior managers during the period that can become payable only after the year-end balance date, and a breakdown by form of remuneration; and
- (d) describe any adjustment to remuneration that is connected to a performance measure; and
  - (e) the total remuneration paid or payable to senior managers during the period.
- (4) In the case of an overseas deposit taker, the information required under this clause must be disclosed in relation to the New Zealand business of the deposit taker.
- (5) In this clause, a breakdown of an amount **by form of remuneration** means that the amount is broken down by the following categories:
- (a) cash or cash-based payments;
  - (b) shares or share-based instruments;
  - (c) other forms of remuneration.

#### Subpart 4—Credit rating

### 31 Credit rating

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.
- Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must specify—
- (a) the deposit taker's current credit rating at the year-end balance date; and
  - (b) the name of the agency by which the rating was given; and
  - (c) any credit watch warning given since the most recent disclosure statement; and
  - (d) each change (if any) made to the rating in the 2 years immediately before the year-end balance date and the date on which each change occurred; and
  - (e) the rating scale of which the rating forms part.
- Mid-year disclosure statement*
- (3) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement except that, in subclause (2), references to the year-end balance date must be read as references to the mid-year balance date.

#### Subpart 5—Prudential obligations

### 32 Licence conditions

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must—
  - (a) include the licence conditions applying to the deposit taker; and
  - (b) describe any changes to the deposit taker's licence conditions since the deposit taker's most recent disclosure statement and state the date of each change.

*Mid-year disclosure statement*

- (3) A deposit taker's mid-year disclosure statement must include the information specified in this clause for a year-end disclosure statement.

**33 Contraventions of prudential obligations**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

A deposit taker's year-end disclosure statement must summarise the nature and extent of each case (if any) since the most recent disclosure statement in which—

- (a) the deposit taker has reported a matter to the Bank under section 116 of the Act; and
- (b) the Bank has published information in relation to the matter on the Bank's Internet site.

*Mid-year disclosure statement*

- (2) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

**Subpart 6—Legal claims**

**34 Proceedings or arbitrations**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must describe any known current or pending proceeding or arbitration concerning the deposit taker or its subsidiaries (if any) that the deposit taker could reasonably expect to have a material adverse effect on the deposit taker or any of its subsidiaries.
- (3) Subclause (2) applies whether the proceeding or arbitration is in New Zealand or outside New Zealand.

*Mid-year disclosure statement*

- (4) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

**Subpart 7—Crisis management and resolution**

**35 Priority of creditors' claims**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must,—
- (a) for a New Zealand deposit taker, describe the priority of the claims of each class of creditor over the deposit taker's assets in the event that the deposit taker is liquidated, wound up, or dissolved or otherwise ceases to exist;
  - (b) for an overseas deposit taker (A), describe any law or regulatory requirement in A's home jurisdiction that, in the event that A is liquidated, wound up, or dissolved or otherwise ceases to exist, subordinates the claims of any class of A's unsecured creditors in respect of the deposit taker's New Zealand business to those of any other class of A's unsecured creditors.
- (3) The description required by subclause (2)(b) must include—
- (a) the title of the law or regulatory requirement; and
  - (b) a description of the subordination of the rights of creditors of A; and
  - (c) a description of the nature and amount of each class of A's liabilities that are affected.

*Mid-year disclosure statement*

- (4) A deposit taker's mid-year disclosure statement must describe any material change since information was provided under this clause in the deposit taker's most recent disclosure statement.

**36 Guarantees**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must describe all guarantees of obligations by including, for each guarantee,—
- (a) the name and address for service of the guarantor; and
  - (b) a description of the nature and amount of the guarantee; and
  - (c) to the extent that the guarantee is provided by means other than a contract or deed, a description of how to obtain the laws or other documents that set out the terms and conditions of the guarantee; and
  - (d) whether the guarantor is an associated person of the deposit taker; and
  - (e) a statement as to whether the guarantee is subject to limits or conditions other than those that apply by operation of law and, if so, a description of the principal limits or conditions; and
  - (f) a statement as to whether the guarantee is secured by a security interest and, if so, a description of the nature and amount of the security interest; and
  - (g) how to obtain the most recent audited financial statements of the guarantor (for example, via an Internet site maintained by or on behalf of the guarantor); and
  - (h) if the guarantor is—

- (i) a deposit taker, its capital calculated in accordance with the capital standard; or
  - (ii) an entity licensed, registered, or otherwise authorised to accept deposits under the law of an overseas jurisdiction,—
    - (A) the most recent publicly disclosed amount of capital of the guarantor under the laws or regulatory requirements of its home jurisdiction; and
    - (B) the date to which the amount of publicly disclosed capital relates; and
  - (i) if the guarantor is not an entity described in paragraph (h), the amount of net tangible assets shown in the most recent publicly available audited financial statements of the guarantor together with any qualifications in respect of the amount; and
  - (j) if the guarantee has an expiry date,—
    - (i) the date that the guarantee expires; and
    - (ii) a description of any option for the deposit taker to extend or renew the guarantee; and
  - (k) whether the guarantor has a credit rating applicable to its long-term senior unsecured obligations payable in the currency of its home jurisdiction.
- (3) If the guarantor has a credit rating described in subclause (2)(k), the disclosure statement must specify—
- (a) the rating; and
  - (b) the name of the agency by which the rating was given; and
  - (c) any credit watch warning given during the period for which disclosure is required; and
  - (d) each change (if any) made to the rating in the 2 years immediately before the balance date and the date of each change; and
  - (e) the rating scale of which the rating forms part.
- (4) Information referred to in this clause and information referred to in clause 37 is required to be disclosed only in relation to guarantees that are material information.
- Mid-year disclosure statement*
- (5) A deposit taker's mid-year disclosure statement must describe all guarantees of obligations by including, for each guarantee,—
- (a) the details referred to in subclause (2)(a), (d), (j), and (k) and subclause (3); and
  - (b) a summary of the obligations that are guaranteed; and
  - (c) if the deposit taker's most recent year-end disclosure statement includes further information about the guarantee—
    - (i) a statement to that effect; and
    - (ii) if there have been any material changes in the terms of the guarantee since the year-end disclosure statement, a description of those changes.

### **37 Cross-guarantees**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.  
*Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must—
  - (a) state the parties to any cross-guarantee arrangement entered into by a person (P) with the deposit taker;
  - (b) describe the nature of the cross-guarantee arrangement.
- (3) The disclosure statement must also include the information required to be disclosed under clause 35(4)(2) to (4).  
*Mid-year disclosure statement*
- (4) A deposit taker's mid-year disclosure statement must include the information required to be disclosed under clause 36(5).
- (5) References in this clause to information required to be disclosed under clause 35(4) must be treated as if that clause applied to—
  - (a) the guarantees that P has given in respect of the obligations of the deposit taker; and
  - (b) the guarantees that the deposit taker has given in respect of the obligations of P.

### **38 Information about depositor compensation scheme**

- (1) This clause applies to New Zealand deposit takers.
- (2) A deposit taker's disclosure statement must include a statement in substantially the following form:

#### **“Depositor Compensation Scheme**

The Deposit Takers Act 2023 establishes a Depositor Compensation Scheme (DCS) to compensate up to \$100,000 per eligible depositor per deposit taker in the event of deposit taker failure. You can view a list of [*deposit taker's name*] products that are protected deposits on [*deposit taker's*] website at [*website*], in accordance with section 193(1) of that Act. Find out more about the DCS generally on the Reserve Bank of New Zealand's website at [*website*].”

### **39 New Zealand asset requirements for overseas deposit takers**

- (1) This clause applies to overseas deposit takers.  
*Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must—
  - (a) state the title of any law or regulatory requirement in the deposit taker's home jurisdiction that requires the deposit taker to hold, in New Zealand, an excess of assets over deposit liabilities in respect of its New Zealand business; and
  - (b) describe the law or regulatory requirement; and
  - (c) summarise the nature and extent of any non-compliance by the deposit taker with the law or regulatory requirement during the period.

*Mid-year disclosure statement*

- (3) A deposit taker's mid-year disclosure statement must describe any material change, since the deposit taker's most recent disclosure statement, to the information specified in this clause for a year-end disclosure statement.

**40 Home jurisdiction asset requirements for overseas deposit takers**

- (1) This clause applies to overseas deposit takers.

*Year end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must—
- (a) state the title of any law or regulatory requirement in the deposit taker's home jurisdiction that requires the deposit taker to hold, in that jurisdiction, an excess of assets over deposit liabilities; and
  - (b) describe the law or regulatory requirement; and
  - (c) state whether the requirement has the potential to impact on the management of the liquidity of the New Zealand business of the overseas deposit taker.

*Mid-year disclosure statement*

- (3) A deposit taker's mid-year disclosure statement must describe any material change, since the deposit taker's most recent disclosure statement, to the information specified in this clause for a year-end disclosure statement.

**Part 3**

**Information about capital requirements, ratios, and composition of capital**

**41 Information required to be provided under this Part**

Unless otherwise specified, information required to be in a disclosure statement under this Part must be provided in respect of the deposit taker's capital group.

Subpart 1—Total capital requirements

**42 Risk-based capital requirements**

- (1) This clause applies to a New Zealand deposit taker.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must state—
- (a) in respect of a credit risk,—
    - (i) the total exposures after credit risk mitigation; and
    - (ii) the total credit risk RWAs; and
    - (iii) the effective capital requirement for credit risk; and
  - (b) in respect of market risk,—
    - (i) the RWA equivalents for market risk; and

- (ii) the effective capital requirement for market risk; and
- (c) in respect of operational risk,—
  - (i) the RWA equivalents for operational risk; and
  - (ii) the effective capital requirement for operational risk.
- (3) The disclosure statement must describe how the information disclosed under subclause (2) incorporates each capital overlay (if any), that is a condition of the deposit taker's licence.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

*Definitions*

- (5) In this clause,—

**capital overlay** means an overlay specified in a deposit taker's conditions of licence under clause 15, 103, 241, or 295 of the capital standard

**effective capital requirement for credit risk** means the total risk RWAs multiplied by the total capital ratio requirement

**effective capital requirement for market risk** means the RWA equivalents for market risk multiplied by the total capital ratio requirement

**effective capital requirement for operational risk** means the RWA equivalents for operational risk multiplied by the total capital ratio requirement

**total capital ratio requirement** means the ratio requirement set out in clause 14(1)(a) and (b) of the capital standard.

### **43 Capital ratios**

- (1) This clause applies to a New Zealand deposit taker.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must include the following information:
  - (a) the tier 1 capital ratio and the required tier 1 capital ratio;
  - (b) the total capital ratio and the required total capital ratio;
  - (c) the combined buffer ratio and the required combined buffer ratio;
  - (d) the level of combined buffer ratio applying to the deposit taker below which restrictions on distributions apply.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

*Comparison for previous corresponding period*

- (4) The information that is required to be disclosed by this clause must include the information required to be disclosed by this clause for the previous corresponding period in a manner that enables comparison with the current disclosure.
- (5) However, a comparative figure is not required for a previous corresponding period if that figure had not previously been required to be disclosed for the previous corresponding period.

*Definitions*

- (6) In this clause,—  
**combined buffer ratio** has the same meaning as in clause 17(3) of the capital standard  
**required total capital ratio** is the ratio requirement for the combined capital ratio set out in clause 14(1) of the capital standard  
**total capital ratio** means the combined capital ratio as defined in clause 14(2) of the capital standard.

**44 Solo capital ratios**

- (1) This clause applies to a New Zealand deposit taker.
- (2) The information specified in subclause (3) must be provided in respect of a deposit taker on a solo basis.

*Year-end disclosure statement*

- (3) A year-end disclosure statement must include the following information:
  - (a) the tier 1 capital ratio;
  - (b) the total capital ratio.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

*Comparison for previous corresponding period*

- (5) The information that is required to be disclosed by this clause must include comparative figures for the previous corresponding period.
- (6) However, a comparative figure is not required for a previous corresponding period if that figure had not previously been required to be disclosed for the previous corresponding period.

*Definitions*

- (7) In this clause,—  
**solo basis** has the same meaning as in clause 11 of the capital standard  
**total capital ratio** means the combined capital ratio as defined in clause 14(2) of the capital standard.

**45 Capital ratio information about supervised overseas holding entities and their subsidiaries**

- (1) This clause applies to a New Zealand deposit taker that has a supervised overseas holding entity and all overseas deposit takers.
- (2) The information must be provided in respect of a deposit taker and its supervised overseas holding entity group (if any).

*Year-end disclosure statement*

- (3) A year-end disclosure statement must include the most recent publicly available information as follows:
  - (a) the CET1 capital ratio:
  - (b) the tier 1 capital ratio:
  - (c) the total capital ratio:
  - (d) the date to which each ratio disclosed under paragraphs (a) and (c) relates.
- (4) The disclosure statement must also—
  - (a) state whether each of the supervised overseas holding entity and the supervised overseas holding entity group are required by the relevant supervisory authority to hold minimum capital at least equal to that specified under one of the Basel capital frameworks:
  - (b) if minimum capital is required to be held as described in paragraph (a),—
    - (i) specify the Basel capital framework that applies; and
    - (ii) state the calculation approaches used for different categories of risk (for example, the standardised approach or one of the internal ratings-based approaches for credit risk); and
  - (c) if information is publicly available, state whether each of the supervised overseas holding entity and the supervised overseas holding entity group meet the capital requirements imposed on them by the relevant supervisory authority.
- (5) The disclosure statement must also state how to access any published information that the supervised overseas holding entity is required to disclose about itself or the supervised overseas holding entity group to comply with Pillar 3 of Basel III.

*Mid-year disclosure statement*

- (6) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

*Definitions*

- (7) In this clause,—

**Basel II** means—

- (a) the capital adequacy framework set out in the paper “*International Convergence of Capital Measurement and Capital Standards*”, issued by the Basel Committee on Banking Supervision in June 2006; or

- (b) a country's or jurisdiction's implementation of prudential requirements derived from that framework

**Basel III** means—

- (a) Basel II as issued by the Basel Committee on Banking Supervision as supplemented by the Committee's paper "*Basel III: A global regulatory framework for more resilient banks and banking systems*", issued in June 2011; or
- (b) a country's or jurisdiction's implementation of prudential requirements derived from that framework

**Basel capital framework** means either Basel II or Basel III

**CET1 capital ratio** has the same meaning as the CET1 capital ratio under the relevant capital framework in the deposit taker's home jurisdiction

**relevant supervisory authority** means the appropriate banking supervisory authority in the home jurisdiction of the applicable supervised overseas holding entity

**supervised overseas holding entity** means an overseas holding entity that—

- (a) is a bank or other entity licensed, registered, or otherwise authorised to accept deposits under the law of an overseas jurisdiction; and
- (b) is not itself a subsidiary of another bank or other entity licensed, registered or otherwise authorised to accept deposits under the law of an overseas jurisdiction

**supervised overseas holding entity group** means an overseas holding entity and its subsidiaries

**tier 1 capital ratio** has the same meaning as tier 1 capital ratio in the deposit taker's home jurisdiction

**total capital ratio** has the same meaning as total capital ratio in the deposit taker's home jurisdiction.

## Subpart 2—Composition of capital for capital requirements

### 46 Tier 1 capital

- (1) This clause applies to a New Zealand deposit taker.  
*Year-end disclosure statement*
- (2) A year-end disclosure statement must state—
  - (a) the capital for calculating tier 1 capital before any adjustments under clauses 39 to 49 or subpart 3 of Part 3 of the capital standard; and
  - (b) the total of each component of tier 1 capital under clause 38(2) of the capital standard before any adjustments under clauses 39 to 49 or subpart 3 of Part 3 of the capital standard; and
  - (c) the total of adjustments under clause 39 to 49 or subpart 3 of Part 3 of the capital standard; and
  - (d) the total of each adjustment under clauses 39 to 49 or subpart 3 of Part 3 of the capital standard.

- (3) A year-end disclosure statement must identify an item of tier 1 capital as being classified as equity or as a liability under generally accepted accounting practice.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

#### **47 Tier 2 capital**

- (1) This clause applies to a New Zealand deposit taker.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must state—

- (a) the total of fully paid-up tier 2 securities issued by the deposit taker; and
- (b) the total deductions under subpart 3 of Part 3 of the capital standard; and
- (c) the total of each adjustment under subpart 3 of Part 3 of the capital standard.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

#### **48 Total capital**

- (1) This clause applies to a New Zealand deposit taker.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must disclose the deposit taker's total capital.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

#### **49 Further information about capital instruments**

- (1) This clause applies to a New Zealand deposit taker.

*Year-end disclosure statement*

- (2) For each capital instrument that is tier 1 capital or tier 2 capital, a year-end disclosure statement must include the following information:

- (a) the material terms and conditions of the instrument including, where applicable, the following:
  - (i) voting rights:
  - (ii) the issuer:
  - (iii) the issue date:
  - (iv) the maturity or scheduled redemption date:

- (v) options or facilities for early redemption, conversion, write-down, or capital repayment and their relevant terms or conditions:
- (vi) the terms or conditions of any predetermined servicing obligations:
- (vii) provision for variation or suspension of dividend or coupon payments:
- (viii) any related contracts or arrangements:
- (b) the total of interest payments in arrears:
- (c) the ranking of claims of creditors.
- (3) The disclosure statement must identify any options, granted or to be granted under any arrangement, over instruments that are disclosed.
- (4) For each option disclosed under subclause (3), the disclosure statement must include the following information:
  - (a) the consideration given or to be given for the option:
  - (b) the expiry date for the exercise of the option:
  - (c) the total number of securities subject to the option.
- (5) The disclosure statement must also include the nature and amount of retained earnings and each reserve included in capital for the deposit taker and its subsidiaries.

*Mid-year disclosure statement*
- (6) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

## **Part 4**

### **Information relating to credit risk (standardised approach)**

#### **50 Information required to be provided under this Part**

Unless otherwise specified, information required to be in a disclosure statement under this Part must be provided in respect of the deposit taker's capital group.

#### **51 Application of Part 4**

This Part applies to a New Zealand deposit taker that is a standardised deposit taker.

#### **Subpart 1—Risk-weighted amounts for credit risk**

#### **52 Risk-weighted credit exposures**

*Year-end disclosure statement*

- (1) For each credit exposure class set out in in subparts 4 and 5 of Part 5 of the capital standard, a year-end disclosure statement must include, in accordance with clause 110(2) of the capital standard, the following information:
  - (a) the total exposure after credit risk mitigation is recognised; and
  - (b) the risk weight that applies; and

- (c) the risk-weighted credit exposure calculated by multiplying the total exposure after credit risk mitigation and the risk weight.

*Mid-year disclosure statement*

- (2) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

**53 Off-balance-sheet risk-weighted credit exposures**

*Year-end disclosure statement*

- (1) For each type of off-balance-sheet exposure listed in clause 162(2) of the capital standard, a year-end disclosure statement must include the following information:
  - (a) the total exposure; and
  - (b) the credit conversion factor that applies in accordance with clause 162(2) of the capital standard; and
  - (c) the credit equivalent amount calculated by multiplying the total exposure by the credit conversion factor; and
  - (d) the average risk weight; and
  - (e) the risk-weighted exposure calculated by multiplying the credit equivalent amount and the average risk weight.

*Mid-year disclosure statement*

- (2) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

**54 Counterparty credit risk**

*Year-end disclosure statement*

- (1) A year-end disclosure statement must include, for each category of counterparty credit risk exposure in subclause (2), the following information:
  - (a) the total exposures for which the deposit taker calculates a credit equivalent amount, before the credit equivalent amount is calculated;
  - (b) the credit equivalent amount;
  - (c) the average risk-weight;
  - (d) the risk-weighted exposure.
- (2) The categories are as follows:
  - (a) foreign exchange contracts;
  - (b) interest rate contracts;
  - (c) other.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

**55 Credit valuation adjustment (CVA) capital charge**

*Year-end disclosure statement*

- (1) A year-end disclosure statement must include the following information:
- (a) the amount of the CVA capital charge:
  - (b) the RWA equivalent of the CVA capital charge calculated under clause 112 of the capital standard:
  - (c) key judgments and assumptions applied by the deposit taker in calculating the credit valuation adjustment capital charge.

*Mid-year disclosure statement*

- (2) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

**56 Qualifying central counterparty exposures**

*Year-end disclosure statement*

- (1) A year-end disclosure statement must include the information specified in this clause in relation to counterparty credit risk exposures arising from derivative transactions and securities financing transactions that are settled on a qualifying central counterparty (a **QCCP**) for which a deposit taker must calculate RWAs under subpart 9 of Part 5 of the capital standard.
- (2) The disclosure statement must, for the categories of exposures specified in subclause (3), include the following information:
- (a) the total trade exposure or collateral amount (as the case requires):
  - (b) the average risk weight:
  - (c) the risk-weighted exposure.
- (3) The categories are as follows:
- (a) trade exposures to a QCCP that arise where the deposit taker is a clearing member of the QCCP and acts for its own purposes:
  - (b) collateral posted where the deposit taker is a clearing member of the QCCP and acts for its own purposes:
  - (c) trade exposures to a QCCP that arise where the deposit taker is a client of a QCCP member and clears a contract through the member:
  - (d) collateral posted where the deposit taker is a client of a QCCP clearing member and clears a contract through the member.
- (4) Amounts must be excluded from disclosure under this clause as follows:

- (a) any trade exposure that the deposit taker has to a clearing member of a QCCP, as a client of that clearing member, that is required for risk-weight purposes to be treated as a bilateral exposure to that clearing member:
- (b) any collateral posted by the deposit taker as a client of a QCCP member that is required to be risk-weighted in the same way as a direct exposure to the QCCP member:
- (c) any trade exposure that the deposit taker has to a client deposit taker that arises from a situation where the deposit taker, as a member of a QCCP, clears trades for the client deposit taker via the QCCP:
- (d) any exposures arising from trades cleared via a central counterparty that is not a QCCP.

*Mid-year disclosure statement*

- (5) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

## Subpart 2—Credit risk mitigation

### 57 Credit risk mitigation

*Year-end disclosure statement*

- (1) A year-end disclosure statement must, for each exposure class specified in subclause (2), include the following information:
  - (a) the total value of adjusted exposure amounts calculated in accordance with clause 196 of the capital standard:
  - (b) for all portfolios, the total value of exposures covered by guarantees or credit derivatives.
- (2) The classes of exposure are—
  - (a) sovereign and central bank:
  - (b) multilateral development banks and other international organisations:
  - (c) public sector entities:
  - (d) deposit takers and overseas banks:
  - (e) New Zealand Superannuation Fund:
  - (f) corporate:
  - (g) SME retail:
  - (h) SME corporate:
  - (i) farm lending:
  - (j) residential mortgage:
  - (k) loans to community housing providers:
  - (l) loans to community housing providers backed by a Crown guarantee:

(m) other.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

## **Part 5**

### **Information relating to credit risk (internal model)**

#### **58 Information required to be provided under this Part**

Unless otherwise specified, information required to be in a disclosure statement under this Part must be provided in respect of the deposit taker's capital group.

#### **59 Application of Part 5**

This Part applies to an internal models deposit taker.

#### Subpart 1—General provision

#### **60 Scalar**

- (1) In this Part, risk-weighted on-balance- and off-balance-sheet credit exposures and capital requirements must be the amounts of those exposures after being multiplied by the scalar.
- (2) A disclosure statement that includes information under this Part must—
- (a) identify the amounts that have had the scalar applied; and
  - (b) include the value of the scalar.
- (3) In this clause, the scalar is the scalar specified in clause 104(a)(i) of the capital standard.

#### Subpart 2—Risk-weighted assets

#### **61 Exposures assessed using internal models**

*Year-end disclosure statement*

- (1) A year-end disclosure statement must, in relation to each specified exposure class, include the following information for exposures assessed using internal models:
- (a) each exposure-weighted probability of default (**PD**) estimated for the class;
  - (b) the PD applied to the class (expressed as a percentage);
  - (c) the total value of undrawn commitments and other off-balance-sheet contingent liabilities in respect of the class;
  - (d) the total counterparty credit risk on derivatives and securities financing transactions in respect of the class;
  - (e) the exposure at default (**EAD**) of undrawn commitments and other off-balance-sheet contingent liabilities in respect of the class;

- (f) the EAD of counterparty credit risk on derivatives and securities financing transactions in respect of the class.
- (2) For each PD included under subclause (1)(a), the disclosure statement must include the following information:
  - (a) the total value of exposures in respect of the PD:
  - (b) the exposure-weighted loss-given default (**LGD**) value (expressed as a percentage) in respect of the PD:
  - (c) the exposure-weighted risk weight (expressed as a percentage) in respect of the grade:
  - (d) the total value of risk-weighted assets.
- (3) The disclosure statement must include the following information:
  - (a) the total of all the exposure amounts included under subclause (2)(a):
  - (b) an exposure-weighted LGD value aggregated from the values included under subclause (2)(b):
  - (c) an exposure-weighted risk weight aggregated from the risk weights included under subclause (2)(c):
  - (d) the total of the risk-weighted assets included under subclause (2)(d).

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

*Definitions*

- (5) In this clause,—

**exposure at default** or **EAD** means the EAD estimated under clauses 54 to 58 and clauses 83 to 85 of the internal models standard

**loss given default** or **LGD** means the LGD estimated under clauses 46 and 77 of the internal models standard

**probability of default** or **PD** means the PD estimated under clauses 44 and 76 of the internal models standard

**specified exposure class** means each of the following exposure classes assessed using internal models:

- (a) retail exposures that are secured by residential mortgage loans:
- (b) retail exposures that are not secured by residential mortgage loans:
- (c) corporate exposures that are not farm lending:
- (d) farm lending:
- (e) retail exposures to small- or medium-sized enterprises if the deposit taker classifies exposures under this class under clause 34 of the internal models standard.

## 62 Specialised lending subject to supervisory slotting approach

- (1) This clause applies to a deposit taker that uses the supervisory slotting approach in respect of exposures in the specialised lending class.

### *Year-end disclosure statement*

- (2) A year-end disclosure statement for a deposit taker must include—
- (a) for each category of on-balance-sheet exposures that are subject to the supervisory slotting approach,—
- (i) the total of exposures after credit risk mitigation subject to each category (strong, good, satisfactory, weak, or default); and
  - (ii) the applicable unexpected loss risk weight under the internal models standard (70%, 90%, 115%, or 250%); and
  - (iii) the total value of risk-weighted assets in each category.
- (b) for undrawn commitments and other off-balance-sheet exposures that are subject to the supervisory slotting approach,—
- (i) the total of exposures at default;
  - (ii) the average risk weight;
  - (iii) the total risk-weighted assets
- (3) In subclause (2)(b)(ii), **average risk weight** means the EAD-weighted average of the risk weights of individual exposures determined according to the counterparty or type of asset or issuer as appropriate.

### *Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

## 63 Lending subject to standardised approach: certain on-balance-sheet exposures

### *Year-end disclosure statement*

- (1) A year-end disclosure statement must include information required under this clause for each class of on-balance-sheet credit exposure specified in subclause (3) that—
- (a) is not subject to the internal models approach or the slotting approach; and
  - (b) do not arise from equity holdings.
- (2) The disclosure statement must, in respect of each class of on-balance-sheet credit exposure, include the following information:
- (a) total exposure after credit risk mitigation is recognised;
  - (b) the risk weight that applies;
  - (c) the risk-weighted credit exposure calculated by multiplying the total exposure after credit risk mitigation and the risk weight.
- (3) The classes of on-balance-sheet credit exposures are as follows:

- (a) cash and gold bullion:
- (b) sovereigns and central banks
- (c) multilateral development banks and other international organisations:
- (d) public sector entities:
- (e) deposit takers and overseas banks:
- (f) New Zealand Superannuation Fund:
- (g) loans to community housing providers:
- (h) loans to community housing providers backed by a Crown guarantee.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

**64 Lending subject to standardised approach: other on-balance-sheet exposures**

*Year-end disclosure statement*

- (1) A year-end disclosure statement must include information required under this clause for any on-balance-sheet credit exposures that—
  - (a) are not subject to the internal models approach or the slotting approach; and
  - (b) do not arise from equity holdings; and
  - (c) are not disclosed in accordance with clause 63.
- (2) For each type of on-balance-sheet exposure specified in subclause (3), a year-end disclosure statement must include, in accordance with clause 110(2) of the capital standard, the following information:
  - (a) total exposure after credit risk mitigation is recognised:
  - (b) the average risk weight:
  - (c) the total value of risk-weighted assets.
- (3) The types of exposures are—
  - (a) corporate:
  - (b) residential mortgages:
  - (c) past due assets:
  - (d) other assets.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

## **65 Lending subject to standardised approach: off-balance-sheet exposures**

### *Year-end disclosure statement*

- (1) A year-end disclosure statement must include information required under this clause for any off-balance-sheet credit exposures that—
  - (a) are not subject to the internal models approach or the slotting approach; and
  - (b) do not arise from equity holdings.
- (2) The disclosure statement must, in respect of each type of off-balance-sheet exposure referred to in clause 162(2) of the capital standard, include the following information:
  - (a) the total exposure or principal amount:
  - (b) the average credit conversion factor:
  - (c) the credit equivalent amount:
  - (d) the average risk weight:
  - (e) the risk-weighted assets.
- (3) The disclosure statement must include a memo item in respect of any undrawn commitment to the New Zealand Business Growth Fund.

### *Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

## **66 Counterparty credit risk**

### *Year-end disclosure statement*

- (1) A year-end disclosure statement must include information specified in subclause (2) for any credit risk exposures that—
  - (a) are not subject to the internal models approach of the slotting approach; and
  - (b) do not arise from equity holdings.
- (2) The disclosure statement must include, for each category of counterparty credit risk exposure specified in subclause (3), the following information:
  - (a) total exposures for which the deposit taker calculates a credit equivalent amount, before the credit equivalent amount is calculated:
  - (b) the credit equivalent amount:
  - (c) the average risk weight:
  - (d) the risk-weighted exposure.
- (3) The categories are as follows:
  - (a) foreign exchange contracts:
  - (b) interest rate contracts:
  - (c) other.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

**67 Qualifying central counterparty exposures**

*Year-end disclosure statement*

- (1) A year-end disclosure statement must include the information specified in this clause in relation to counterparty credit risk exposures arising from derivative transactions and securities financing transactions that are settled on a qualifying central counterparty (a **QCCP**) for which a deposit taker must calculate RWAs under subpart 9 of Part 5 of the capital standard.
- (2) The disclosure statement must, for the categories of exposures specified in subclause (3), include the following information:
- (a) the total trade exposure or collateral amount (as the case requires):
  - (b) the average risk weight:
  - (c) the risk-weighted exposure.
- (3) The categories are as follows:
- (a) trade exposures to a QCCP that arise where the deposit taker is a clearing member of the QCCP and acts for its own purposes:
  - (b) collateral posted where the deposit taker is a clearing member of the QCCP and acts for its own purposes:
  - (c) trade exposures to a QCCP that arise where the deposit taker is a client of a QCCP member and clears a contract through the member:
  - (d) collateral posted where the deposit taker is a client of a QCCP clearing member and clears a contract through the member:
- (4) Amounts must be excluded from disclosure under this clause as follows:
- (a) any trade exposure that the deposit taker has to a clearing member of a QCCP, as a client of that clearing member, that is required for risk-weight purposes to be treated as a bilateral exposure to that clearing member:
  - (b) any collateral posted by the deposit taker as a client of a QCCP member that is required to be risk-weighted in the same way as a direct exposure to the QCCP member:
  - (c) any trade exposure that the deposit taker has to a client deposit taker that arises from a situation in which the deposit taker, as a member of a QCCP, clears trades for the client deposit taker via the QCCP:
  - (d) any exposures arising from trades cleared via a central counterparty that is not a QCCP.

*Mid-year disclosure statement*

- (5) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

**68 Credit valuation adjustment (CVA) capital charge on counterparty credit risk**

*Year-end disclosure statement*

- (1) A year-end disclosure statement must include the following information:
- (a) the amount of the CVA capital charge;
  - (b) the RWA equivalent of the CVA capital charge calculated under clause 112 of the capital standard.
- (2) If the deposit taker allocates the RWA equivalent for the CVA capital charge across individual risk-weighted assets disclosed under clauses 61 to 66 the disclosure statement must include an explanation that the amounts disclosed under subclause (1) are memo items.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

**69 Equity exposures**

*Year-end disclosure statement*

- (1) A year-end disclosure statement must include the following information:
- (a) for equity holdings in the New Zealand Business Growth Fund that qualify for a 250% risk weight,—
    - (i) the total exposure to the holdings; and
    - (ii) the risk-weighted exposure after applying a risk weight of 250%:
  - (b) for equity holdings that are not deducted from capital and are included in the S&P/NZX 50 Index or an overseas equivalent index—
    - (i) the total exposure to the holdings; and
    - (ii) the risk-weighted exposure after applying a risk weight of 300%:
  - (c) for all other equity holdings that are not deducted from capital—
    - (i) total exposure to the holdings; and
    - (ii) the risk-weighted exposure after applying a risk weight of 400%.

*Mid-year disclosure statement*

- (2) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

### Subpart 3—Credit risk mitigation

#### **70 Credit risk mitigation**

- (1) A year-end disclosure statement must, for each exposure class specified in subclause (2), include the following information:
  - (a) the total value of adjusted exposure amounts calculated in accordance with clause 196 of the capital standard:
  - (b) for all portfolios, the total value of exposures covered by guarantees or credit derivatives.
- (2) The classes of exposure are—
  - (a) sovereign:
  - (b) deposit takers and overseas banks:
  - (c) multilateral development banks and other international organisations:
  - (d) New Zealand Superannuation Fund:
  - (e) corporate (including specialised lending, SME lending, and farm lending):
  - (f) residential mortgage:
  - (g) loans to community housing providers:
  - (h) loans to community housing providers backed by a Crown guarantee:
  - (i) other exposures.

#### **71 Additional information about credit risk**

- (1) For each exposure class specified in subclause (2), a year-end disclosure statement must include information giving a broad view of the model approaches and methods used for—
  - (a) the estimation of PD; and
  - (b) if relevant, LGD and EAD.
- (2) The exposure classes are as follows:
  - (a) any exposure class other than the retail exposure class that includes exposures of a material total value:
  - (b) exposures classified as retail mortgage lending by the deposit taker for the purpose of its internal credit risk modelling:
  - (c) retail exposures other than those referred to in paragraph (b).

#### **72 Calculate credit risk RWAs**

The deposit taker's year-end disclosure statement must include a discussion of the control mechanisms for the rating systems used to calculate credit risk, covering independence, accountability, and rating systems reviews.

## Subpart 4—Standardised floor

### 73 Comparison of figures assessed using internal model against standardised floor

#### *Year-end disclosure statement*

- (1) A year-end disclosure statement must include the following information:
  - (a) the total of exposures subject to the internal models approach and specialised lending subject to the slotting approach—
    - (i) calculated using the internal models approach, including any applicable scalar; and
    - (ii) recalculated using the standardised approach:
  - (b) any credit risk supervisory adjustment on the exposures calculated under paragraph (a)(i), and the total of the exposures after the adjustment is applied:
  - (c) the total credit risk-weighted assets calculated using the standardised floor at 85% of the amount calculated in paragraph (a)(ii):
  - (d) the total internal models and supervisory slotting risk-weighted assets after the standardised floor has been applied:
  - (e) the total risk-weighted amounts for standardised exposures calculated for compliance purposes:
  - (f) the total amounts of credit risk risk-weighted assets calculated for compliance purposes after the standardised floor has been applied.
- (2) A year-end disclosure statement must also include—
  - (a) an explanation of how the standardised floor applies to the calculation of total risk-weighted assets for credit risk; and
  - (b) if a credit risk supervisory adjustment is included under subclause (1)(b), an explanation of the nature and amount of each credit risk supervisory adjustment.
- (3) A credit risk supervisory adjustment described in subclause (2)(b) must be included if the Bank has, by means of a licence conditions, imposed an overlay on a component of credit risk RWA that the deposit taker calculates using 1 or more of its internal models.
- (4) A disclosure statement that includes a credit risk supervisory adjustment must include the aggregate amount of the overlay referred to in subclause (3).
- (5) In this clause,—

**recalculated using the standardised approach** means recalculated in accordance with clause 107 of the capital standard

**risk-weighted amounts for standardised exposures** means the total risk-weighted assets calculated in accordance with clause 107 of the capital standard.

#### *Mid-year disclosure statement*

- (6) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

## 74 Standardised equivalents of internal models risk-weighted assets

### *Year-end disclosure statement*

- (1) A year-end disclosure statement for a deposit taker must, for each exposure class described in subclause (2) and for specialised lending subject to the slotting approach, include the following amounts:
  - (a) total exposure under the internal models approach:
  - (b) internal models risk-weighted assets:
  - (c) equivalent exposure under the standardised approach:
  - (d) standardised equivalents of internal models risk-weighted assets:
  - (e) the totals of amounts disclosed under each of paragraphs (a) to (d).
- (2) The exposure classes for which information must be disclosed are the internal models disclosure classes that the deposit taker uses for the breakdown for risk-weighted assets under clause 61.

### *Mid-year disclosure statement*

- (3) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

### *Definitions*

- (4) In this clause,—

**equivalent exposure under the standardised approach**, for an exposure class or specialised lending subject to the slotting approach, means the aggregate on-balance-sheet exposures and credit equivalent amounts for off-balance-sheet exposures for the class or slotting (as the case requires), calculated in accordance with clause 107 of the capital standard

**exposure under the internal models approach**,—

- (a) for an exposure class, means the aggregate amount of exposure under the internal models approach disclosed under clause 61:
- (b) for specialised lending subject to the slotting approach, means the total of the amounts required to be disclosed under clause 62 for—
  - (i) total on-balance-sheet exposures after credit risk mitigation; and
  - (ii) EAD in respect of off-balance-sheet exposures

**internal models risk-weighted assets**,—

- (a) in relation to an exposure class, means the aggregate amount of internal models risk-weighted assets disclosed under clause 61:
- (b) in relation to specialised lending subject to the slotting approach, means the total of the amounts disclosed under clause 62 for—
  - (i) risk-weighted assets in respect of on-balance-sheet exposures; and
  - (ii) risk-weighted amounts in respect of off-balance-sheet exposures

**standardised equivalents of internal models risk-weighted assets**, for an exposure class or specialised lending subject to the slotting approach, means the aggregate risk-weighted assets for all exposures falling within the exposure class or slotting (as the case may be), calculated in accordance with clause 107 of the capital standard.

## 75 Standardised equivalent capital ratios

### *Year-end disclosure statement*

- (1) A year-end disclosure statement must, in respect of the categories of capital specified in subclause (2), include the following information:
  - (a) the standardised equivalent capital amount:
  - (b) the standardised equivalent total RWAs:
  - (c) the ratio.
- (2) The categories are as follows:
  - (a) tier 1 capital:
  - (b) total capital.
- (3) The disclosure statement must include an explanation of how the amounts disclosed under subclause (1)(a) and (b) relate to the corresponding amounts that the deposit taker calculates using the internal models approach.

### *Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date

### *Definitions*

- (5) In this clause,—
 

**ratio** means, for a category of capital, the amount of the respective category of capital as a percentage of standardised equivalent total credit risk RWAs

**standardised equivalent capital amount** means, for a category of capital, the amount of capital that the deposit taker would be required to include in the category if it were not approved by the Bank to use internal models to calculate credit risk

**standardised equivalent total credit risk RWAs** means, for a category of capital, the total of the following amounts:

  - (a) standardised equivalent credit risk RWAs (as defined in clause 107 of the capital standard):
  - (b) credit risk RWAs for credit risk exposures that are not covered by paragraph (a):
  - (c) RWA equivalents for operational risk:
  - (d) RWA equivalents for market risk.

## **Part 6**

### **Information relating to operational risk, market risk, and other risks**

#### **76 Information required to be provided under this Part**

Unless otherwise specified, information required to be in a disclosure statement under this Part must be provided in respect of the deposit taker's capital group.

#### **77 Operational risk**

- (1) This clause applies to New Zealand deposit takers.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must include the following information:

- (a) the capital requirement for operational risk:
- (b) RWA equivalents for operational risk calculated in accordance with clause 8(c) of the capital standard:
- (c) the amount of each component of its business indicator for each of the preceding 3 financial years.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

*Definitions*

- (4) In this clause,—

**business indicator** has the same meaning as in clause 289 of the capital standard

**capital requirement for operational risk** means the amount calculated under clause 287 of the capital standard.

#### **78 Market risk end-period capital charges**

- (1) This clause applies to all deposit takers.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must include, for the categories of market risk specified in subclause (3), the following information for both the banking book and the trading book (where applicable):

- (a) the end-of-period capital charge:
- (b) the peak-end-of-day capital charge:
- (c) RWA equivalents for the end-of-period capital charge and the peak-end-of-day capital charge.

- (3) The categories are as follows:

- (a) interest rate risk:
- (b) foreign currency risk:

- (c) equity risk:
- (d) commodity risk.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.
- (5) In this clause and clause 79,—

**peak end-of-day capital charge**, in respect of a category of market risk means the maximum end-of-day capital charge over the 6-month period ending on the year-end or mid-year balance date for the year-end and mid-year balance date respectively

**end-of-period capital charge**, means a capital charge as at the deposit taker's year-end balance date determined in accordance with the capital standard

**RWA equivalents** mean the corresponding capital charge multiplied by 12.5.

## 79 Method for deriving peak end-of-day capital charge

- (1) This clause applies to all deposit takers.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must include a statement of the methods for the banking book and the trading book (where applicable) used to derive the peak end-of-day capital charge for each category of market risk.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

## 80 Capital for other material risks

- (1) This clause applies to all deposit takers.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must include—
  - (a) the internal capital allocation for other material risks; and
  - (b) a summary description of the material risks to which the internal capital allocation relates.
- (3) The information that is required to be disclosed by this clause must include the information required to be disclosed by this clause for the previous corresponding period in a manner that enables comparison with the current disclosure.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

- (5) In this clause, **material risk** has the same meaning as in clause 7(3) of the risk management standard.

## **Part 7**

### **Information about insurance, securitisation, or funds management business**

#### **81 Information required to be provided under this Part**

Unless otherwise specified, information required to be in a disclosure statement under this Part must be provided in respect of the deposit taker's capital group.

#### **82 Meanings of funds management or securitisation and insurance business**

In this Part,—

**funds management or securitisation** has the same meaning as in clause 296 of the capital standard

**insurance business** means the marketing and distribution of insurance products

**insurance product** means a contract of insurance (within the meaning of section 7(1) of the Insurance (Prudential Supervision) Act 2010).

#### **83 Involvement in relevant funds management, securitisation, or insurance business**

- (1) This clause applies to a deposit taker.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must describe the involvement in any funds management, securitisation, or insurance business.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must describe any material change since information was provided under this clause in the deposit taker's most recent year-end disclosure statement.

#### **84 Insurance business**

- (1) This clause applies to a deposit taker.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must state whether insurance business is carried on and, if so, include—
- (a) the total liabilities under contracts of insurance at the year-end reporting date; and
  - (b) an explanation of how the insurance business is managed, including information as to whether—
    - (i) any insurance business is carried on in a SPV whose business activities predominantly comprise insurance business and, if so,—
      - (A) the name of the subsidiary; and

- (B) a description of the insurance business carried on by the subsidiary; and
- (ii) in relation to any other subsidiary, any insurance business is accounted for in its statement of financial position, and, if so,—
  - (A) the name of the subsidiary; and
  - (B) whether or not the assets relating to the subsidiary’s insurance business are managed and accounted for as separate funds; and
  - (C) a description of the insurance business carried on by the subsidiary; and
- (c) the information required to be disclosed by this clause for the previous corresponding period in a manner that enables comparison with the current disclosure.

*Mid-year disclosure statement*

- (3) A mid-year disclosure statement must—
  - (a) include the total amount of insurance business at the mid-year balance date; and
  - (b) describe any material change since information was provided under this clause in the deposit taker’s most recent year-end disclosure statement.

**85 Non-consolidated insurance and non-financial business**

- (1) This clause applies to an overseas deposit taker.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must state whether the deposit taker carries on, or has a holding entity that carries on, any insurance business or non-financial business in New Zealand outside its deposit taker group.
- (3) If the deposit taker, or a holding entity of the deposit taker, carries on insurance business or non-financial business in New Zealand outside the deposit taker group, the disclosure statement must include the following information:
  - (a) a brief explanation of the deposit taker’s involvement in the business;
  - (b) the total assets, total equity, and total profits before and after tax of the business on a consolidated basis.
- (4) If the business is carried on by an overseas incorporated company, the information specified in clause 3(b) must be included separately in respect of the deposit taker group and that group’s New Zealand business.
- (5) The information that is required to be disclosed by this clause must include the information required to be disclosed by this clause for the previous corresponding period in a manner that enables comparison with the current disclosure.

*Mid-year disclosure statement*

- (6) A mid-year disclosure statement must describe any material change since information was provided under this clause in the deposit taker’s most recent year-end disclosure statement.

*Definitions*

- (7) In this clause,—

**deposit taker group** means the New Zealand business of the deposit taker for which the deposit taker is required to prepare separate financial statements under section 461B of the FMCA

**non-financial business** means business other than providing a financial service.

**86 Exposure to non-consolidated insurance business**

- (1) This clause applies to an overseas deposit taker.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must include, with respect to the deposit taker, or a holding entity of the deposit taker, carrying on insurance business in New Zealand outside the deposit taker's deposit taker group, in relation to its insurance business—

- (a) the nature and amount of any credit enhancements provided by the deposit taker group; and
- (b) the total amount of funding provided by the deposit taker group; and
- (c) the total amount of any other credit exposures provided by the deposit taker group, broken down according to their ranking on a liquidation of the entity providing insurance business; and
- (d) if the entity heading the insurance group has 1 or more financial strength ratings, claims paying ability ratings, or credit ratings applicable to its long-term senior unsecured obligations payable in New Zealand, in New Zealand dollars, in respect of each such rating—
  - (i) the name of the person who gave the rating; and
  - (ii) the current rating and all qualifications to that rating; and
  - (iii) any changes to the rating in the 2 years immediately before the reporting date and the date on which any such change occurred; and
  - (iv) descriptions or explanations of all the steps in the applicable rating scales.

- (3) The information that is required to be disclosed by this clause must include the information required to be disclosed by this clause for the previous corresponding period in a manner that enables comparison with the current disclosure.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must describe any material change since information was provided under this clause in the deposit taker's most recent year-end disclosure statement.

**87 Amounts in respect of funds management or securitisation**

- (1) This clause applies to a deposit taker.

*Year-end disclosure statement*

- (2) A year-end disclosure statement must include the amount of—

- (a) funds held in trust; and
  - (b) funds under management; and
  - (c) funds under custodial arrangements (to the extent practicable); and
  - (d) other funds held or managed subject to fiduciary responsibilities; and
  - (e) outstanding securitised assets originated by the deposit taker or its subsidiaries.
- (3) The information that is required to be disclosed by this clause must include the information required to be disclosed by this clause for the previous corresponding period in a manner that enables comparison with the current disclosure.

**88 Financial services provided to entity conducting funds management, securitisation, or insurance business**

- (1) This clause applies to a New Zealand deposit taker.
- Year-end disclosure statement*
- (2) A year-end disclosure statement must include a statement as to whether financial services provided to an entity described in subclause (3) have been on arm's length terms and conditions and at fair value.
- (3) Subclause (2) applies to financial services provided to an entity—
- (a) that conducts funds management or securitisation business; or
  - (b) on whose behalf the group conducts insurance business.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must describe any material change since information was provided under this clause in the deposit taker's most recent year-end disclosure statement.

**89 Assets purchased from entities conducting relevant funds management, securitisation, or insurance business**

- (1) This clause applies to a New Zealand deposit taker.
- Year-end disclosure statement*
- (2) A year-end disclosure statement must include a statement as to whether assets purchased by the deposit taker from an entity described in subclause (3) have been purchased on arm's length terms and conditions and at fair value.
- (3) Subclause (2) applies to assets purchased from an entity—
- (a) that conducts funds management or securitisation business; or
  - (b) on whose behalf the deposit taker or its subsidiaries conducts insurance business.

*Mid-year disclosure statement*

- (4) A mid-year disclosure statement must describe any material change since information was provided under this clause in the deposit taker's most recent year-end disclosure statement.

**90 Funding provided to entities in aggregate and individually**

- (1) The clause applies to a New Zealand deposit taker.  
*Year-end disclosure statement*
- (2) A year-end disclosure statement must include the peak end-of-day aggregate amount of funding provided to—
  - (a) all entities described in subclause (3), expressed as an amount and as a percentage of tier 1 capital; and
  - (b) each entity both in aggregate and individually expressed as an amount and as a percentage of the amount of assets of the individual entity.
- (3) Subclause (2) applies in respect of an entity—
  - (a) that conducts funds management or securitisation business; or
  - (b) on whose behalf the deposit taker or its subsidiaries conducts insurance activities.
- (4) The information that is required to be disclosed under this clause must include comparative figures for the previous corresponding period.
- (5) In this clause, **funding**, in relation to an entity, includes funding provided by the purchase of securities issued by the entity.

**91 Meaning of peak end-of-day aggregate amount of funding in aggregate and individually**

- (1) In clause 90, peak end-of-day aggregate amount of funding means the maximum end-of-day aggregate amount of funding, divided by,—
  - (a) in clause 90(3)(a), the tier 1 capital; or
  - (b) in clause 90(3)(b), the total assets of the individual entity that has been provided funding.
- (2) The amounts of tier 1 capital and total assets in subclause (1)(a) and (b) respectively must be as at the year-end reporting date.
- (3) A year-end disclosure statement must include the methods used to derive peak ratio information.

**Part 8  
Information about liquidity**

**92 Mismatch ratio and core funding ratio**

- (1) This clause applies to New Zealand deposit takers.  
*Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must specify, as calculated by the deposit taker under the liquidity standard, the following ratios:
  - (a) the highest and lowest mismatch ratios:
  - (b) the highest and lowest core funding ratios:

- (c) the average of the mismatch ratios:
  - (d) the average of the core funding ratios:
  - (e) the mismatch ratio at the end of the period:
  - (f) the core funding ratio at the end of the period.
- (3) The information must be disclosed for each quarter during the period.
- Mid-year disclosure statement*
- (4) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

## **Part 9**

### **Information about lending**

#### Subpart 1—Loan-to-value ratio

#### **93 New lending qualifying credit**

- (1) This clause applies to New Zealand deposit takers.
- Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must state—
- (a) any restrictions on lending relating to loan-to-value ratios, imposed in licence conditions under the lending standard; and
  - (b) the percentage of new qualifying credit provided by the deposit taker with a loan-to-value ratio in each of the following ranges:
    - (i) less than 60%:
    - (ii) 60% or more but less than 70%:
    - (iii) 70% or more but less than 80%:
    - (iv) 80% or more but less than 90%:
    - (v) 90% or more.
- (3) The information required by subclause (2)(b) must be disclosed separately for new qualifying credit over investment property and owner-occupied property.
- (4) The information must be disclosed for the half-year period and the following 6-month period in the full-year accounting period.
- Mid-year disclosure statement*
- (5) A deposit taker's mid-year disclosure statement must include the information required for a year-end disclosure statement except that the information is required only for the half-year period.

#### **94 Loan-to-value residential mortgage loan**

- (1) This clause applies to a New Zealand deposit taker that is a standardised deposit taker.

- (2) *Year-end disclosure statement*
- (3) The required information for a year-end disclosure statement is the value of credit exposures if the loan-to-valuation ratio—
  - (a) does not exceed 80%; and
  - (b) exceeds 80% but not 90%; and
  - (c) exceeds 90%.
- (4) For the purposes of disclosing the required information, a residential mortgage loan for which no loan-to-valuation ratio is available must be treated as having a loan-to-valuation ratio that exceeds 90%.
- (5) *Mid-year disclosure statement*
- (6) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

**95 Loan-to-value residential mortgage loan: additional mortgage information**

- (1) This clause applies to a New Zealand deposit taker that is approved by the Bank to use internal models to calculate credit risk.
- (2) *Year-end disclosure statement*
- (3) The required information for a year-end disclosure statement must include residential mortgage lending, categorised as follows:
  - (a) lending with a loan-to-value ratio not exceeding 60%:
  - (b) lending with a loan-to-value ratio exceeding 60% but not 70%:
  - (c) lending with a loan-to-value ratio exceeding 70% but not 80%:
  - (d) lending with a loan-to-value ratio exceeding 80% but not 90%:
  - (e) loans with a loan-to-value ratio exceeding 90%.
- (4) For the purposes of disclosing the required information, total loans for which no loan-to-value ratio is available must be included in the category for total loans with a loan-to-valuation ratio exceeding 90%.
- (5) In calculating total residential mortgage loan,—
  - (a) the deposit taker must include the credit equivalent amount of any off-balance-sheet exposures as used in the capital calculation for the purposes of the capital standard (except that, when incorporating any off-balance-sheet exposures in the loan value, the deposit taker may apply a credit conversion factor of 100% rather than using its own EAD estimates calculated under the capital standard); and
  - (b) the valuation used in the calculation of each loan-to-value ratio must be the valuation of the associated residential property at the date of origination of the loan.
- (6) A year-end disclosure statement must also include a description of the main assumptions used in preparing the information required by subclause (4).

*Mid-year disclosure statement*

- (7) A mid-year disclosure statement must include the information required by this clause for a year-end disclosure statement, but the information must be provided as at the mid-year balance date instead of the year-end balance date.

Subpart 2—Debt-to-income ratio

**96 Debt-to-income restrictions**

- (1) This clause applies to New Zealand deposit takers.

*Year-end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must state—
- (a) any restrictions on lending relating to debt-to-income restrictions, imposed in licence conditions under the lending standard; and
  - (b) the percentage of new qualifying credit provided by the deposit taker with a debt-to-income ratio in each of the following ranges:
    - (i) less than 5:
    - (ii) 5 or more but less than 6:
    - (iii) 6 or more but less than 7:
    - (iv) 7 or more but less than 8:
    - (v) 8 or more.
- (3) The information required by subclause (2)(b) must be provided separately for new qualifying credit over investment property and owner-occupied property.
- (4) The information must be provided for the half-year period and the following 6-month period in the full-year accounting period.

*Mid-year disclosure statement*

- (5) A deposit taker's mid-year disclosure statement must include the information required for a year-end disclosure statement except that the information is required only for the half-year period.

**Part 10**

**Information about exposures to counterparties**

**97 Information required to be provided under this Part**

Unless otherwise specified, information required to be in a disclosure statement under this Part must be provided in respect of the deposit taker's capital group.

**98 Application of Part 4**

This Part applies to a New Zealand deposit taker.

## Subpart 1—Credit exposures to related parties

### 99 General requirements for disclosing credit exposures to related parties

In this subpart, credit exposures information must be based on actual credit exposures.

### 100 Total credit exposures to related parties

*Year-end disclosure statement*

- (1) A year-end disclosure statement must include—
  - (a) the total credit exposures to related parties at the year-end reporting date; and
  - (b) peak end-of-day total credit exposures to related parties during the full-year disclosure period.
- (2) The information must be provided in respect of the following categories:
  - (a) all related parties:
  - (b) non-deposit taker related parties.

### 101 Peak ratio information

*Year-end disclosure statement*

- (1) A year-end disclosure statement must include the amount referred to in clause 85(3)(b) (non-consolidated insurance and non-financial activities) as a ratio to tier 1 capital (**peak ratio information**).
- (2) Peak ratio information must be derived by dividing the clause 85(3)(b) amount by the amount of tier 1 capital—
  - (a) at the year-end reporting date; or
  - (b) at the date that the peak end-of-day aggregate credit exposures (as defined in clause 112(4)) to related persons occurred during the disclosure period.
- (3) The disclosure statement must include a statement of the method used to calculate peak ratio information.

### 102 Statement about credit exposures to related parties

- (1) A year-end disclosure statement must state that the information included about total credit exposures to related parties—
  - (a) has been calculated in accordance with the related party exposures standard; and
  - (b) is net of individual credit impairment allowances; and
  - (c) excludes advances to related parties of a capital nature.

### 103 Aggregate exposure limit

*Year-end disclosure statement*

- (1) A year-end disclosure statement must—
  - (a) include the aggregate exposure limit that applies; and

- (b) state whether there have been any changes to the aggregate exposure limit since the last year-end balance date and, if so,—
  - (i) the nature of those changes; and
  - (ii) the dates on which they occurred; and
- (c) state whether, within the aggregate exposure limit, credit exposures to non-deposit taker related parties must not exceed 15% of the deposit taker's capital group tier 1 capital.

#### **104 Additional requirements for total credit exposures to related parties**

##### *Year-end disclosure statement*

- (1) A year-end disclosure statement must include a statement as to whether total credit exposures to related parties have been calculated on a gross or bilateral net basis.
- (2) If any part of the calculation has been undertaken on a bilateral net basis, the disclosure statement must include the information described in subclause (3) in respect of—
  - (a) total credit exposures to related parties; and
  - (b) peak end-of-day total credit exposures to related parties over the period.
- (3) The required information, which must be expressed as a percentage of tier 1 capital, is—
  - (a) the gross amount of total credit exposures to related parties before any netting has taken place; and
  - (b) the amount of total credit exposures to related parties that has been netted off in determining the net exposures.

#### **105 Unfunded contingent credit protection provided by related parties**

##### *Year-end disclosure statement*

- (1) A year-end disclosure statement must include the total amount of contingent exposures that—
  - (a) are to a related party; and
  - (b) arise from an arrangement that is—
    - (i) an unfunded contingent credit protection arrangement; and
    - (ii) provided by a related party; and
    - (iii) provided in respect of credit exposures to counterparties (excluding counterparties that are related parties) as at the year-end reporting date.

#### **106 Loss allowance for credit-impaired exposures to related parties**

##### *Year-end disclosure statement*

- (1) A year-end disclosure statement must include the total amount of the loss allowance for relevant credit exposures.

- (2) In this clause, **relevant credit exposures** mean credit exposures to parties that are classed, in accordance with an applicable financial reporting standard, as credit-impaired at the year-end balance date.

## Subpart 2—Concentration of credit exposures to individual counterparties

### 107 Meaning of credit rating

In this subpart, **credit rating** means a credit rating relating to a counterparty's long-term senior unsecured obligations, as provided by a credit rating agency approved by the Bank under section 61 of the Act.

### 108 Meaning of counterparty

- (1) In this subpart, **counterparty** means—
- (a) in the case of a group of closely related counterparties, the entity heading the group of closely related counterparties; or
  - (b) in the case of an individual counterparty (excluding a member of a group of closely related counterparties), the individual counterparty.

- (2) In this clause,—

**group of closely related counterparties** means a group of legal or natural persons who are related in such a way that one has—

- (e) the financial soundness of any one of them may materially affect the financial soundness of the others; or
- (f) one has the power to control the others; or
- (g) one has the capacity to exercise significant influence over the others.

### 109 General requirements for credit exposures information

- (1) In this subpart, credit exposures information required to be included in a disclosure statement must be calculated on the basis of—
- (a) credit exposures; or
  - (b) internal limits that were not materially exceeded between the reporting date for the previous disclosure statement and the reporting date for the disclosure statement.
- (2) The information disclosed must include a statement of the method used for calculating the credit exposures information required to be disclosed by this subpart.

### 110 Calculation of credit exposures information

The credit exposures information required to be disclosed by this subpart—

- (a) must be calculated as the amount that best represents the deposit taker's capital group's maximum exposures to credit risk in accordance with any applicable financial reporting standard; and
- (b) must exclude credit exposures to any related party; and

- (c) must exclude credit exposures to the central government or central bank of any country with a counterparty credit rating of A<sup>-</sup> or A3 or above, or its equivalent; and
- (d) must exclude credit exposures to any lowest-risk multilateral development bank or supranational with a counterparty credit rating of A<sup>-</sup> or A3 or above, or its equivalent.

## 111 Large exposures

### *Year-end disclosure statement*

- (1) A year-end disclosure statement must include the information required by this clause in successive ranges of 5% of tier 1 capital, commencing at 10% of tier 1 capital.
- (2) The disclosure statement must include the number of—
  - (a) bank counterparties to which the deposit taker’s capital group has total aggregate credit exposure that equals or exceeds 10% of tier 1 capital; and
  - (b) non-bank counterparties to which the deposit taker’s capital group has total aggregate credit exposure that equals or exceeds 10% of tier 1 capital.
- (3) For the purposes of subclause (2), the disclosure statement must show separately—
  - (a) the counterparties that have a long-term credit rating of A<sup>-</sup> or A3 or above, or its equivalent; and
  - (b) the counterparties that have a long-term credit rating of at least BBB<sup>-</sup> or Baa3, or its equivalent, and at most BBB<sup>+</sup> or Baa1 or its equivalent; and
  - (c) if applicable,—
    - (i) the counterparties that have a long-term credit rating lower than BBB<sup>-</sup> or Baa3, or its equivalent; and
    - (ii) the counterparties that do not have a long-term credit rating.
- (4) In this clause,—
 

**bank counterparty** means—

  - (a) a counterparty that is not a member of a group of closely related counterparties and is one of the following:
    - (i) a deposit taker;
    - (ii) a bank or other entity that is licensed, registered, or otherwise authorised to accept deposits under the law of an overseas jurisdiction; or
  - (b) a group of closely related counterparties of which the holding entity is one of the following:
    - (i) a deposit taker;
    - (ii) a bank or other entity that is licensed, registered, or otherwise authorised to accept deposits under the law of an overseas jurisdiction

**non-bank counterparty** means a counterparty that is not a bank counterparty.

## 112 Peak end-of-day total credit exposures

*Year-end disclosure statement*

- (1) A year-end disclosure statement for a deposit taker must include the information required by this clause in successive ranges of 5% of tier 1 capital, commencing at 10% of tier 1 capital.
- (2) A disclosure statement must include the number of—
  - (a) bank counterparties to which the deposit taker’s capital group has peak end-of-day total aggregate credit exposure that equals or exceeds 10% of the tier 1 capital; and
  - (b) non-bank counterparties to which the deposit taker’s capital group has peak end-of-day total aggregate credit exposure that equals or exceeds 10% of the tier 1 capital.
- (3) For the purposes of subclause (2), the disclosure statement must show separately—
  - (a) those counterparties that have a counterparty credit rating of A– or A3 or above, or its equivalent; and
  - (b) those counterparties that have a counterparty credit rating of at least BBB– or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent; and
  - (c) if applicable,—
    - (i) those counterparties that have a counterparty credit rating lower than BBB– or Baa3, or its equivalent; and
    - (ii) those counterparties that do not have a counterparty credit rating.
- (4) In this clause,—
 

**bank counterparty** has the meaning set out in clause 111

**non-bank counterparty** has the meaning set out in clause 111

**peak end-of-day aggregate credit exposures**, in relation to a deposit taker group, means the amount calculated by—

  - (a) determining the maximum end-of-day aggregate amount of credit exposures over the period; and
  - (b) dividing the amount in paragraph (a) by the deposit taker group’s tier 1 capital as at the year-end reporting date.

## Part 11 Information about risk management

### 113 Application of Part 11

Unless otherwise specified, this Part applies to a New Zealand deposit taker.

### 114 Meaning of categories of risk

In this subpart, **categories of risk** means—

- (a) operational risk (including cybersecurity risk):
- (b) credit risk:

- (c) liquidity risk:
- (d) interest rate risk:
- (e) concentration risk:
- (f) market risk:
- (g) model risk:
- (h) any other risk the deposit taker considers a material risk.

#### **115 Information about risk**

A year-end disclosure statement must include a summary of the deposit taker's risk management strategy with reference to how it addresses categories of risk.

#### **116 Capital adequacy**

A year-end disclosure statement must include a summary discussion of—

- (a) the deposit taker's internal capacity adequacy assessment process; and
- (b) the role that directors and senior managers take in the capital management process.

#### **117 Reviews of risk management framework**

(1) A year-end disclosure statement must include a statement of—

- (a) the nature and frequency of any reviews conducted in respect of the deposit taker's risk management framework; and
- (b) whether any reviews described in paragraph (a) were conducted by a party external to the deposit taker, its subsidiaries, or the deposit taker's ultimate holding entity.

(2) If the deposit taker has undertaken a review of its risk management framework, the disclosure statement must include a statement of the results of the review reported to the board.

#### **118 Internal audit function of deposit taker**

A year-end disclosure statement must include a statement describing—

- (a) the nature and scope of the internal audit function (including the type and frequency of audits) and compliance function; and
- (b) the reporting responsibilities of the internal audit function and compliance function; and
- (c) how the deposit taker adequately resources the internal audit function and compliance function, including how the functions are independent.

#### **119 Access to holding entity disclosures**

(1) This clause applies to an overseas deposit taker.

(2) A year-end disclosure statement must include a statement—

- (a) describing how users can access disclosures made by the ultimate holding entity or ultimate non-bank holding entity in relation to capital adequacy requirements or risk

- management processes implemented by the ultimate holding entity or ultimate non-bank holding entity; and
- (b) from any New Zealand subsidiaries explaining how they have relied on the group's risk management strategy that their New Zealand chief executive officer considers applicable to the subsidiaries business in New Zealand.

**120 Mid-year disclosure statement**

A deposit taker's mid-year disclosure statement must describe any material change since information was provided under this Part in the deposit taker's most recent disclosure statement.

**Part 12**  
**Information relating to financial statements**

**121 Comparative information required under this Part**

- (1) Information required to be included under this Part must include comparative figures by restating information for the previous corresponding period so that it corresponds to the information disclosed for the current period.
- (2) If there has been any material change between the comparative figures, the nature and reason for the change must be disclosed.
- (3) This clause does not apply to information required to be disclosed under clause 134 or 137.

**122 Scope of disclosure under this Part**

- (1) Information must be disclosed under this Part in respect of the deposit taker and its subsidiaries (if any).
- (2) However, in the case of an overseas deposit taker, the information must be disclosed in respect of the New Zealand business of the deposit taker and its subsidiaries (if any).
- (3) Information disclosed under subclause (2) must be disclosed as if the New Zealand business of the deposit taker were conducted by a company formed and registered in New Zealand.

**Subpart 1—General financial information**

**123 Statement of financial position**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.
- Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must state—
- (a) the total of interest-earning and discount-bearing assets; and
- (b) the total of discount-bearing liabilities and interest; and
- (c) the amount of any financial assets that are subject to a security interest in respect of liabilities or contingent liabilities; and

- (d) total amounts owing from related parties; and
  - (e) total amounts owing to related parties.
- (3) A year-end disclosure statement for an overseas deposit taker must also state the total liabilities in New Zealand, net of amounts due to related parties.
- (4) Whether a person is a related party must be determined in accordance with a financial reporting standard that would apply to determining that matter for the purposes of the deposit taker's financial statements required to be prepared under the FMCA.

*Mid-year disclosure statement*

- (5) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

**124 Further information from overseas deposit takers about statement of financial position**

- (1) This clause applies to overseas deposit takers.

*Year-end disclosure statement*

- (2) An overseas deposit taker's year-end disclosure statement must state—
- (a) total assets as at the most recent date for which the information is publicly available; and
  - (b) the percentage change in total assets over the period.

*Mid-year disclosure statement*

- (3) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

**125 Statement of financial performance**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must state—
- (a) the total net trading gains or losses; and
  - (b) if applicable, credit risk adjustments on financial assets at fair value; and
  - (c) other fair value adjustments not included in the amounts referred to in paragraph (b); and
  - (d) any other operating income excluding amounts in paragraphs (a) to (c).

*Mid-year disclosure statement*

- (3) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

**126 Further information from overseas deposit takers about profitability**

- (1) This clause applies to overseas deposit takers.

*Year-end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must state—
  - (a) net profit or loss after tax for the most recent period for which information is publicly available; and
  - (b) net profit or loss after tax for the most recent 12-month period for which information is publicly available, as a percentage of the average of total assets for that period.
- (3) The disclosure statement must identify the period to which publicly available information relates.

*Mid-year disclosure statement*

- (4) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

**127 Credit exposure to agricultural sector**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

- (2) A deposit taker's year-end disclosure statement must disclose credit exposure to the agricultural sector if it is material information in relation to the deposit taker or a subsidiary.
- (3) For the purposes of subclause (2), if the deposit taker categorises sector credit risk concentrations using the ANZSIC industrial classification, the amounts disclosed must relate to subdivision A01 Agriculture.
- (4) In this clause, **ANZSIC industrial classification** means the *Australian and New Zealand Standard Industrial Classification 2006* (New Zealand version), published by Statistics New Zealand.

*Mid-year disclosure statement*

- (5) A deposit taker's mid-year disclosure statement must include the information that is specified in this clause in respect of a year-end disclosure statement.

**128 Concentrations of funding**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Mid-year disclosure statement*

- (2) A deposit taker's mid-year disclosure statement must specify concentrations of funding in terms of—
  - (a) customer sector; and
  - (b) industry sector; and
  - (c) geographical area.
- (3) For the purposes of subclause (2), the deposit taker must specify the concentrations in accordance with a financial reporting standard that would apply to the deposit taker's financial statements, for an accounting period, required to be prepared under the FMCA.

## **129 Interest rate sensitivity**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.  
*Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must include an interest rate repricing schedule.
- (3) The schedule must state, for each class of financial assets and each class of financial liabilities, contractual repricing dates or maturity dates, whichever dates are earlier.
- (4) The dates must be grouped into maturity bands, which must state at least the following:
  - (a) the total of each class of financial assets or financial liabilities (as the case may be):
  - (b) the total of each class of financial assets or financial liabilities (as the case may be) with contractual repricing dates or maturity dates (as the case may be)—
    - (i) not exceeding 3 months:
    - (ii) exceeding 3 months and not exceeding 6 months:
    - (iii) exceeding 6 months and not exceeding 1 year:
    - (iv) exceeding 1 year and not exceeding 2 years:
    - (v) exceeding 2 years:
  - (c) the total of each class of financial assets that are not interest-bearing.

### *Mid-year disclosure statement*

- (5) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

## **130 Maturity analysis of financial liabilities for liquidity risk**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.  
*Year-end disclosure statement*
- (2) In addition to the maturity bands required under clause 129, a deposit taker's year-end disclosure statement must include, for financial liabilities, an "on demand" time band if that information is necessary to enable users of the disclosure statement to evaluate the nature and extent of liquidity risk.

### *Mid-year disclosure statement*

- (3) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

## **131 Reconciliation of mortgage-related amounts**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.  
*Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must include a table providing a reconciliation between any amounts disclosed in the disclosure statement that relate to residential mortgage loans, including amounts described by any of the following terms:

- (a) housing loans:
  - (b) residential mortgage loans:
  - (c) retail mortgages.
- (3) The reconciliation table must explain any differences between the amounts, including, if applicable, the following explanations:
- (a) whether an amount includes lending for the purpose of investment in residential property or only covers owner-occupied property:
  - (b) whether or not an amount includes any corporate lending secured on residential mortgage loans:
  - (c) whether an amount only includes drawn-down loan balances or also includes undrawn lending commitments.

*Mid-year disclosure statement*

- (4) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

## Subpart 2—Asset quality

### 132 Asset quality breakdown by type of credit exposure

- (1) The information required to be disclosed by a deposit taker under this subpart must be categorised according to this clause.
- (2) If the deposit taker has been accredited by the Bank to use the internal models-based approach to capital adequacy, the deposit taker must categorise each item of information according to the following categories of credit exposure:
- (a) credit exposures in respect of residential mortgage loans:
  - (b) retail credit exposures excluding residential mortgage loans:
  - (c) corporate credit exposures:
  - (d) total credit exposures described in paragraphs (a) to (c).
- (3) If subclause (2) does not apply to a deposit taker, it must categorise each item of information separately according to the following categories of credit exposure:
- (a) credit exposures in respect of residential mortgage loans:
  - (b) corporate credit exposures:
  - (c) credit exposures excluding—
    - (i) exposures referred to in paragraphs (a) and (b); and
    - (ii) exposures to sovereigns and central banks, multilateral development banks and other international organisations, public sector entities, and banks:
  - (d) total credit exposures described in paragraphs (a) to (c).
- (4) This clause does not apply to clause 138.

### **133 Past due assets**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.  
*Year-end disclosure statement*
- (2) A deposit taker's year-end disclosure statement must specify the amount of financial assets that are past due but are not individually credit-impaired assets.
- (3) The assets must be categorised by the number of days they are past due according to the following categories:
  - (a) less than 30 days past due:
  - (b) at least 30 days but less than 60 days past due:
  - (c) at least 60 days but less than 90 days past due:
  - (d) at least 90 days past due.
- (4) If a deposit taker uses additional categories, the amounts disclosed must be added together to provide the total amounts required to be disclosed by subclause (3).
- (5) The information must be determined and presented in accordance with a financial reporting standard that would apply to including that information in a financial statement required to be prepared under the FMCA.

#### *Mid-year disclosure statement*

- (6) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

### **134 Movements in components of loss allowance**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.  
*Mid-year disclosure statement*
- (2) A deposit taker's mid-year disclosure statement must include a reconciliation between the opening balance of its loss allowance and the closing balance of its loss allowance.
- (3) The reconciliation must be presented in a table, showing the changes during the period required by any financial reporting standard that would apply to the reconciliation if it were to be disclosed in a financial statement, in respect of an accounting period, required to be prepared under the FMCA.
- (4) The deposit taker must ensure that the reconciliation includes, in respect of each item comprising the loss allowance,—
  - (a) the opening balance; and
  - (b) the charge (credit) to the statement of financial performance for an increase or decrease in that item; and
  - (c) the amounts written off net of any recoveries of amounts written off in previous periods; and
  - (d) any other movements, and the nature of those movements; and
  - (e) the closing balance.

- (5) Subclause (6) applies for the purpose of disclosing, under subclause (3), the lifetime expected credit losses for financial instruments that are credit-impaired at the mid-year balance date (but that are not purchased or originated credit-impaired).
- (6) The amount must be broken down to show separate reconciliations for the amounts that have been assessed—
  - (a) on an individual basis; and
  - (b) on a collective basis.

### **135 Calculation of loss allowance**

- (1) This clause applies to a New Zealand deposit taker.
- (2) A year-end disclosure statement for a deposit taker must include a description of approaches followed for loss allowance for impaired assets, and any statistical methods used in assessing asset impairment, including the following information:
  - (a) the circumstances and criteria under which financial assets are assessed on an individual basis;
  - (b) the circumstances and criteria under which financial assets are assessed on a collective basis with other financial assets;
  - (c) the frequency of assessing loss allowance;
  - (d) how recoverable amounts are calculated.

### **136 Breakdown of credit risk exposure**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*
- (2) Subclause (3) applies for the purposes of disclosing the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts in accordance with a financial reporting standard.
- (3) The amount must be broken down to show separately amounts that have been assessed—
  - (a) on an individual basis; and
  - (b) on a collective basis.

#### *Mid-year disclosure statement*

- (4) A deposit taker's mid-year disclosure statement must include the information that would be required if the deposit taker were disclosing the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts in accordance with a financial reporting standard in respect of an accounting period.
- (5) Subclause (3) applies for the purposes of disclosing that information.

### **137 Asset quality of financial assets designated at fair value**

- (1) This clause applies to New Zealand deposit takers and overseas deposit takers.

*Year-end disclosure statement*

- (2) This clause applies if, in respect of a financial asset or group of financial assets designated at fair value through profit and loss, there has been a change in fair value that is attributable to a change in credit risk of the asset or group of assets.
- (3) A deposit taker's year-end disclosure statement must state, separately from the equivalent information for credit-impaired assets, the following information:
  - (a) the opening and closing balance and a reconciliation between the 2 fair value amounts; and
  - (b) an analysis of credit risk adjustments on financial assets designated at fair value, following the same breakdown as required for movements in the items comprising the loss allowance under clause 134.
- (4) The information must be determined and presented in accordance with any financial reporting standard that would apply to disclosure of that information for financial statements required under the FMCA.

*Mid-year disclosure statement*

- (5) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

**138 Further information from overseas deposit takers about asset quality**

- (1) This clause applies to overseas deposit takers.

*Year-end*

- (2) A deposit taker's year-end disclosure statement must include, as at the most recent date that the information is publicly available,—
  - (a) total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense); and
  - (b) total individually impaired assets expressed as a percentage of total assets; and
  - (c) the total individual credit impairment allowance; and
  - (d) the total collective credit impairment allowance.
- (3) If any item of the required information is not defined in the financial reporting standards that apply to the deposit taker in its home jurisdiction, the deposit taker must disclose information that corresponds as closely as possible to that item, provided that information is publicly available.

*Mid-year*

- (4) A deposit taker's mid-year disclosure statement must include the information specified in this clause in respect of a year-end disclosure statement.

## **Part 13**

### **Disclosure statement policy**

#### **139 Deposit taker must have disclosure statement policy**

- (1) A deposit taker that has disclosure statement requirements under this standard must establish, implement, maintain, and comply with a disclosure statement policy for the purpose of ensuring that it publishes disclosure statements that—
  - (a) comply with this standard; and
  - (b) do not contain information that is false or misleading.
- (2) The policy must be approved by a relevant person or body.
- (3) The policy must be in respect of,—
  - (a) in the case of a New Zealand deposit taker, the deposit taker and its subsidiaries (if any); or
  - (b) in the case of an overseas deposit taker, the New Zealand business of the deposit taker and its subsidiaries (if any).
- (4) However, an overseas deposit taker may rely on a disclosure statement policy that—
  - (a) applies to the deposit taker and its subsidiaries (if any); and
  - (b) meets the requirements in clause 140.
- (5) In this clause and clause 140, **relevant person or body** means,—
  - (a) in the case of an overseas deposit taker, the New Zealand chief executive officer;
  - (b) in any other case, the board of directors of the deposit taker.

#### **140 Content of disclosure statement policy**

A disclosure statement policy must describe—

- (a) the deposit taker's internal controls and procedures for preparing and publishing disclosure statements; and
- (b) the deposit taker's internal controls and procedures for reviewing, verifying, and approving disclosure statements; and
- (c) the deposit taker's criteria for selecting the responsible person in respect of the disclosure statement policy under clause 142; and
- (d) steps that the deposit taker will take when deciding whether to include information in a disclosure statement under clause 139.

#### **141 Review of disclosure statement policy**

- (1) A deposit taker must review its disclosure statement policy at least once in every 3-year period occurring after the original approval of, or latest review of, the policy.
- (2) A report on the findings of each review must be provided to the relevant person or body as soon as reasonably practicable after the review is completed.

**142 Responsible person in respect of disclosure statement policy**

A deposit taker must appoint a person to be responsible for ensuring that disclosure statements for the deposit taker are prepared and published in accordance with its disclosure statement policy.

**Part 14  
Credit rating requirement**

**143 Credit rating requirement**

- (1) This clause applies to the requirement for a deposit taker to have a current credit rating given by an approved agency under section 59 of the Act.
- (2) The credit rating must be applicable to the deposit taker's long-term senior unsecured obligations payable in New Zealand, in New Zealand dollars.

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## **Schedule 1**

### **Transitional, savings, and related provisions**

#### **Part 1**

#### **Provisions relating to this standard as made**

##### **1 Existing deposit taker not required to publish initial disclosure statement**

- (1) An existing deposit taker is not required to publish an initial disclosure statement.
- (2) This clause applies despite clause 5(3)(c).
- (3) In this clause, **existing deposit taker** means a person that, immediately before section 10 of the Act comes into force, is—
  - (a) a registered bank under the Banking (Prudential Supervision) Act 1989; or
  - (b) a licensed NBDT under the Non-bank Deposit Takers Act 2013.

##### **2 Disclosure of securities counting towards tier 1 capital under capital standard**

- (1) This clause applies to disclosure of securities under clause 46 (Tier 1 capital).
- (2) If a deposit taker has securities outstanding that count towards tier 1 capital under clause 2 of Schedule 1 of the capital standard (Additional tier 1 capital may be included when calculating capital base), the deposit taker must disclose—
  - (a) the total principal amount of those instruments; and
  - (b) the total deductions under that schedule; and
  - (c) a breakdown of those deductions; and
  - (d) the total amount that is included in the deposit taker’s tier 1 capital ratio under that schedule.

##### **3 Disclosure of securities counting towards tier 2 capital under capital standard**

- (1) This clause applies to disclosure of securities under clause 47 (Tier 2 capital).
- (2) If a deposit taker has securities outstanding that count towards tier 2 capital under clause 6 of Schedule 1 (Group 1 deposit taker may use existing tier 2 capital as if it were tier 2 capital) of the capital standard, the deposit taker must disclose—
  - (a) the total principal amount of those securities; and
  - (b) the total deductions under that schedule; and
  - (c) a breakdown of those deductions; and
  - (d) the total amount that is included in the deposit taker’s tier 2 capital ratio under that schedule.

##### **4 Disclosure of information about capital instruments counting towards tier 1 capital under capital standard**

- (1) This clause applies to disclosure of securities under clause 49 (Further information about capital instruments).
- (2) If a deposit taker has securities outstanding that count towards tier 1 capital under clause 2 of Schedule 1 of the capital standard (Additional tier 1 capital may be included when calculating capital base), the deposit taker must disclose—
  - (a) the material terms and conditions of the instrument including, where applicable, the following:
    - (i) the issuer:
    - (ii) the issue date:
    - (iii) options or facilities for early redemption, conversion, write-down, or capital repayment and their relevant terms or conditions:
    - (iv) the terms or conditions of any predetermined servicing obligations:
    - (v) provision for variation or suspension of dividend or coupon payments:
    - (vi) any related contracts or arrangements; and
  - (b) the ranking of claims of creditors.

Made at Wellington on [day month year].

Reserve Bank of New Zealand

### **Explanatory note**

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

This standard, which comes into force on 1 December 2028, prescribes matters contemplated by sections 78, 86, and 88 of the Deposit Takers Act 2023 (the **Act**) relating to the publication of disclosure statements by deposit takers.

## **Part 1**

### **General provisions about disclosure statements**

*Part 1* sets out general provisions.

The standard applies to a deposit taker if the deposit taker's licence under the Act specifies that disclosure statement standards apply to the deposit taker.

If a deposit taker's licence specifies that disclosure statement standards apply to the deposit taker, the deposit taker must—

- publish year-end disclosure statements, mid-year disclosure statements, and an initial disclosure statement in accordance with the standard; and
- have a disclosure statement policy and comply with obligations in the standard in relation to that policy.

A deposit taker is not required to publish a mid-year disclosure statement if the deposit taker's accounting period during which the statement is required is less than 9 months. The term accounting period has the same meaning as in the Financial Markets Conduct Act 2013 (the **FMCA**).

An initial disclosure statement must include the same information as is required for a year-end disclosure statement, except in respect of the initial balance date and initial period. That date and period may be agreed by the deposit taker and the Reserve Bank of New Zealand (the **Bank**) but is subject to the Bank's approval.

The standard sets out how a deposit taker must publish a disclosure statement. The key requirements are that the disclosure statement must be made available online and free of charge and must be accompanied by information about a person's right to receive a copy of the standard, which must be provided free of charge.

A disclosure statement must be published within the period specified for that type of disclosure statement in the standard and must remain available for at least 5 years after the balance date. The deposit taker must notify the Bank that any disclosure statement has been published by providing a link to the disclosure statement to the Bank.

The standard specifies other material that must accompany a disclosure statement. A year-end disclosure statement must be accompanied by the deposit taker's most recent financial statements or group financial statements prepared under the FMCA. In most cases, a mid-year disclosure statement must be accompanied by interim financial statements.

A disclosure statement is not required to include information that is contained in financial statements accompanying the statement and is only required to refer to information that is applicable to the deposit taker. It may, subject to restrictions in the standard, include additional information.

The standard requires the information in a disclosure statement to be presented in a clear, concise, and effective manner, with an easily readable format, font, and font size, ordered according to a list made available by the Bank for that purpose, and to include an index or table of contents. The statement must also include a statement set out in the standard about the availability of further information on the financial strength dashboard.

The standard requires a disclosure statement to be accompanied by assurance reports. The type of assurance reports required, or in some cases that may be provided, depends on whether the disclosure statement is a year-end, or mid-year disclosure statement. An assurance report must be prepared by a qualified FMC auditor and the disclosure statement must include the name and address of the auditor who provided the report.

## **Part 2**

### **General deposit taker information in disclosure statements**

*Part 2* specifies information about a deposit taker that the deposit taker must include in a disclosure statement.

### Subpart 1—General information

A disclosure statement must include—

- an address for service and an email and physical contact address for communications in respect of the deposit taker; and
- the name of, and address for service for, certain holding entities in respect of the deposit taker.

A disclosure statement for a New Zealand deposit taker must also include certain details about—

- the rights of persons to influence voting rights in relation to the deposit taker; and
- certain rights to appoint directors of the deposit taker.

### Subpart 2—Board and committees

The standard requires a deposit taker's year-end disclosure statement to include details about directors and, in the case of overseas deposit takers, New Zealand chief executive officers. Information about certain transactions entered into by the directors or other persons must be provided.

The standard also requires information about a deposit taker's audit, risk, and remuneration committees.

### Subpart 3—Remuneration policy

The standard requires a deposit taker's year-end disclosure statement to include specified details about a remuneration policy that the deposit taker is required to have under the Deposit Takers (Governance) Standard 2027 including about the governance of the policy and its content. A year-end disclosure statement must also include details of the remuneration of the deposit taker's senior managers.

### Subpart 4—Credit rating

A deposit taker's disclosure statement must include specified information about the deposit taker's credit rating.

### Subpart 5—Prudential obligations

The standard requires a disclosure statement to include information about the deposit taker's licence conditions and any changes to the conditions over the period to which the disclosure statement relates. A disclosure statement must also summarise the nature and extent of any contraventions of prudential obligations that the deposit taker has reported to the Bank and the Bank has published information in relation to on its Internet site.

### Subpart 6—Legal claims

A disclosure statement must describe any known current or pending proceeding or arbitration concerning the deposit taker or its subsidiaries that the deposit taker could reasonably expect to have a material adverse effect on the deposit taker or a subsidiary.

### Subpart 7—Crisis management and resolution

The standard requires a disclosure statement to include specified information about the priority of creditor's claims if the deposit taker is liquidated, wound up, or dissolved or otherwise ceases to exist.

In terms of guarantees, a deposit taker must provide details of the guarantee and the guarantor, including how to obtain the most recent audited financial statements of the guarantor. The same sort of information must be provided separately in respect of cross-guarantees.

The disclosure statement must include a statement set out in the standard providing general information to readers about the depositor compensation scheme.

The standard has some additional requirements for overseas deposit takers. Those deposit takers must provide specified details about any law or regulatory requirement in their home jurisdiction that requires the deposit taker to hold, in either New Zealand or that home jurisdiction, an excess of assets over deposit liabilities.

## Part 3

### Information about capital requirements, ratios, and composition of capital

*Part 3* specifies information about capital requirements, ratios, and composition of capital that a New Zealand deposit taker must include in its disclosure statements in respect of its capital group (unless otherwise specified). It also specifies information relating to capital ratio that a New Zealand deposit taker that has a supervised overseas holding entity and overseas deposit takers must include in their disclosure statements.

#### Subpart 1—Total capital requirements

The standard requires a disclosure statement to include information about the deposit taker's total capital requirements. The disclosure statement must include information relating to its risk-based capital with respect to its credit risks, market risks, and operational risks. It must also include information on the deposit taker's capital ratios and solo capital ratios (which must be provided in respect of a deposit taker on a solo basis). A New Zealand deposit taker that has a supervised overseas holding entity and all overseas deposit takers must include certain capital ratio information in respect of the deposit taker and its overseas holding entity group (if any).

#### Subpart 2—Composition of qualifying capital for capital requirements

The standard requires a disclosure statement to include information about the deposit taker's tier 1, tier 2, and total capital. Further information is also required for each capital instrument that is a component of tier 1 and tier 2 capital. A disclosure statement must include material terms and conditions of the instrument (which are listed in the standard), the total of interest payments in arrears, and the ranking of claims of creditors. Any options granted or to be granted under any arrangement must be identified in the disclosure statement. The nature and amount of retained earnings and each reserve included in capital for the deposit taker and its subsidiaries must also be included.

## Part 4

### Information relating to credit risk (standardised approach)

*Part 4* specifies information about credit risk that a New Zealand deposit taker that is a standardised deposit taker must include in its disclosure statements in respect of its capital group.

#### Subpart 1—Risk-weighted amounts for credit risk

The standard requires a disclosure statement to include information about the deposit taker's following risk-weighted amounts: credit exposures, counterparty credit risk, and qualifying central counterparty exposures. The disclosure statements must also include information relating to the credit value adjustment capital charge.

#### Subpart 2—Credit risk mitigation

The standard requires a disclosure statement to include certain information relating to the application of credit risk mitigation to a deposit taker's credit exposures. The categories of exposure are listed in the standard.

## Part 5

### Information relating to credit risk (internal model)

*Part 5* specifies information that is required to be included in a disclosure statement in respect of a deposit taker's capital group. The Part applies to a New Zealand deposit taker approved by the Bank to use internal models to calculate risk (an **internal models deposit taker**).

#### Subpart 1—General provision

In *Part 5*, risk-weighted on-balance- and off-balance-sheet credit exposures and capital requirements are the amounts of those exposures after being multiplied by the scalar. A disclosure statement must include information identifying the amounts that have had the scalar applied (which is specified in the Deposit Takers (Capital) Standard 2027 (the **capital standard**)) and include the value of the scalar.

#### Subpart 2—Risk-weighted assets

The standard requires a disclosure statement to include certain information in relation to specified exposure classes (which are defined) assessed using internal models. A deposit taker using the supervisory slotting approach must provide certain information in respect of exposures in the specialised lending class.

A disclosure statement must include information on lending subject to the standardised approach (including both on-balance- and off-balance-sheet exposures) and on counterparty credit risk for any credit risk exposures that—

- are not subject to the internal models approach or the slotting approach; and
- do not arise from equity holdings.

In relation to lending subject to the standardised approach for off-balance-sheet exposures, a disclosure statement must also include a memo item in respect of any undrawn commitment to the New Zealand Business Growth Fund.

For qualifying central counterparty exposures for an internal models deposit taker, a disclosure statement must include the same information that is required to be included in relation to a standardised deposit taker under *Part 4*.

A disclosure statement must also include the amount of the credit valuation adjustment (the CVA) capital charge on counterparty credit risk and the RWA equivalent of the CVA capital charge calculated under the capital standard. If a deposit taker allocates RWA equivalents for the CVA capital charge across individual risk-weighted assets, a disclosure statement must include an explanation that the amounts disclosed are memo items.

A disclosure statement must include specified information in relation to the following equity exposures:

- equity holdings in the New Zealand Business Growth Fund;
- equity holdings that are not deducted from capital and are included in the S&P/NZX 50 Index for an overseas equivalent index
- all other equity holdings that are not deducted from capital.

#### Subpart 3—Credit risk mitigation

The standard requires a year-end disclosure statement to include information relating to credit risk mitigation for specified types of exposure classes.

Additional information about credit risk is required to be provided by an internal models deposit taker with respect to certain exposure classes. That additional information is information that gives a broad overview of the model approaches and methods used for the estimation of probability of default and, if relevant, loss given default and exposure at default.

A year-end disclosure statement must also include a discussion of the control mechanisms for the rating systems to calculate credit risk, covering independence, accountability, and rating systems reviews.

#### Subpart 4—Standardised floor

*Subpart 4* requires a disclosure statement to include certain information to enable a comparison of figures assessed using internal models against the standardised floor. The information required includes an explanation of how the standardised floor applies to the calculation of total-risk weighted assets for credit risk and, if a credit risk supervisory adjustment is included, an explanation of the nature and amount of each credit risk supervisory adjustment.

The standard also requires information relating to both standardised equivalents of internal models risk-weighted assets and capital ratios to be included in a disclosure statement.

### Part 6

#### Information relating to operational risk, market risk, and other risks

Information under *Part 6* is required to be provided in respect of the deposit taker's capital group.

For operational risk a New Zealand deposit taker's year-end disclosure statement must include the following information calculated in accordance with the capital standard:

- the total capital requirement for operational risk; and
- RWA equivalents for operational risk; and
- the amount of each component of its business indicator (defined in the capital standard) for each of the preceding 3 financial years.

For market risk, a year-end disclosure statement for all deposit takers must include, for specified categories of market risk, the following information for both the banking book and the trading book (where applicable) used to derive the peak end-of-day capital charge:

- the end-of-period capital charge:
- the peak-end-of-day capital charge:
- RWA equivalents for the end-of-period capital charge and the peak-end-of-day capital charge.

Other information required to be included in all deposit takers year-end disclosure statement is as follows:

- a statement of the methods for the banking book and trading book (where applicable) used to derive the peak end-of-day aggregate capital charge for each category of market risk:
- internal capital allocation for other material risks (which are defined in the Deposit Takers (Risk Management) Standard 2027) and a summary description of those risks to which the internal capital allocation relates.

## **Part 7**

### **Information about insurance, securitisation, or funds management business**

The information required to be included in a disclosure statement under *Part 7* must be provided in respect of a deposit taker's capital group.

All deposit takers must include the following information in their disclosure statement:

- a description of the involvement in any funds management, securitisation, or insurance business:
- whether it carries on insurance business and, if it does, certain specified information, including an explanation of how that business is managed.

An overseas deposit taker must include the following information in its disclosure statement:

- whether it or its holding entity carries on any insurance business or non-financial business in New Zealand outside its deposit taker group, including brief explanations of its involvement in the business:
- if it or its holding entity carries on insurance business in New Zealand outside the deposit taker's group, specified information with respect to the deposit taker's exposures to that non-consolidated insurance business.

A year-end disclosure statement for all deposit takers must include amounts in respect of funds management or securitisation.

A New Zealand deposit taker must include the following information in its disclosure statement:

- a statement as to whether financial services provided to specified entities have been on arm's length conditions and at a fair value:
- a statement as to whether assets purchased by the deposit taker from certain types of entities have been purchased on arm's length conditions and at a fair value:
- funding provided to certain types of entities, in aggregate and individually, including funding provided by the purchase of securities issued by the entity.

## **Part 8**

### **Information about liquidity**

*Part 8* requires a New Zealand deposit taker to provide specified details about mismatch ratios and core funding ratios in respect of the deposit taker over the period. Those ratios are calculated according to the Deposit Takers (Liquidity) Standard 2027.

## **Part 9**

### **Information about lending**

*Part 9* requires a New Zealand deposit taker to provide specified details about the percentage of new residential mortgage loans with loan-to-value ratios and debt-to-income ratios in particular ranges. Those ratios are calculated according to the Deposit Takers (Lending) Standard 2027.

## **Part 10**

### **Information about exposures to counterparties**

#### **Subpart 1—Credit exposures to related parties**

*Subpart 1 of Part 10* specifies information about credit exposures to related parties that a New Zealand deposit taker must include in its disclosure statements in respect of its capital group. Credit exposures information must be based on actual credit exposures.

A deposit taker must include the following information in its disclosure statement:

- total credit exposures to related parties:
- peak ratio information (which is the amount referred to in clause 85(3)(b)) as a ratio to tier 1 capital:
- a statement that the information included about its total credit exposures to related parties has been calculated in accordance with the Deposit Takers (Related Party Exposures) Standard 2027), is net of individual credit impairment allowances, and excludes advances to related parties of a capital nature:
- information relating to the aggregate exposure limit, including the aggregate exposure limit that applies and, if there have been any changes since the last year-end balance date, the nature of those changes and the dates on which they occurred:

- a statement as to whether total credit exposures to related parties have been calculated on a gross or bilateral net basis and, if any part of the calculation has been undertaken on a bilateral net basis, further specified information:
- the total amount of contingent exposures that are to a related party and arise from specified types of arrangements:
- the total amount of the loss allowance for relevant credit exposures (which are defined).

#### Subpart 2—Concentration of credit exposures to individual counterparties

*Subpart 2 of Part 10* defines credit rating and counterparty and provides for how credit exposure information required to be disclosed is to be calculated. A disclosure statement must include a statement on the method used for calculating the credit exposures information.

The standard requires specified information to be included in a disclosure statement relating to large exposures and peak end-of-day total credit exposures. Information required for those exposures must be provided in successive ranges of 5% of tier 1 capital, commencing at 10% of tier 1 capital.

## Part 11

### Information about risk management

The standard lists the categories of risk that *Part 11* applies to. A New Zealand deposit taker's year-end disclosure statement must include a summary of its risk management strategy with reference to how it addresses the specified categories of risk.

A New Zealand deposit taker's year-end disclosure statement must include the following information about risk management:

- a summary discussion of the deposit taker's internal capital adequacy assessment process and the role that directors and senior managers take in the process:
- a statement of the nature and frequency of review of its risk management framework and whether the reviews were conducted by a party external to the deposit taker, its subsidiaries, or its ultimate holding entity:
- a statement describing specified information relating to its internal audit and compliance functions, reporting responsibilities, and how those functions are resourced, including how the functions are independent.

An overseas deposit taker's year-end disclosure statement must include—

- a statement describing how users can access disclosures made by its ultimate holding entity or ultimate non-bank holding entity in relation to capital adequacy requirements or risk management processes; and
- a statement from any New Zealand subsidiaries explaining how they have relied on the group's risk management strategy that their New Zealand chief executive officer considers applicable to the subsidiaries' business in New Zealand.

A deposit taker's mid-year disclosure statement must describe any material change since the information provided in its most recent disclosure statement.

## Part 12

### Information relating to financial statements

*Part 12* specifies financial-statement related information that a deposit taker must include in its disclosure statements. The information must be disclosed,—

- by a New Zealand deposit taker, in respect of the deposit taker and its subsidiaries (if any);
- by an overseas deposit taker, in respect of the New Zealand business of the deposit taker and its subsidiaries (if any).

#### Subpart 1—General financial information

A disclosure statement must include specified information relating to the deposit taker's financial position, including—

- totals relating to particular types of assets and liabilities that are pertinent to deposit takers; and
- total amounts owing to or from related parties.

An overseas deposit taker must include further specified information about total assets.

In respect of a deposit taker's statement of financial performance, the deposit taker must include specified information in its disclosure statement that is relevant to deposit takers.

Overseas deposit takers must include additional information relating to their profitability.

The disclosure statements for deposit takers who have credit exposure to the agricultural sector must provide further specific information about that exposure if the information is material. All disclosure statements must include concentrations of funding in terms of specified sectors according to financial reporting requirements.

A disclosure statement must include an interest rate repricing schedule grouped into maturity bands, including a maturity band that is additional to the bands required under financial reporting requirements.

A disclosure standard must include a table providing a reconciliation between amounts disclosed in relation to residential mortgage loans.

#### Subpart 2—Asset quality

The standard requires a disclosure standard to disclose information about asset quality in respect of different categories of credit exposure. Specified information must be included in respect of,—

- assets that are past their due date for payment but that are not individually impaired assets; and
- movements in the components of the deposit taker's loss allowance; and
- calculation of loss allowance; and
- credit risk exposure, broken down in accordance with a relevant financial reporting standard and on an individual and collective basis; and
- asset quality of financial assets designated at fair value; and

- in respect of overseas deposit takers, individually impaired assets and credit impairment allowances.

### Part 13

#### Disclosure statement policy

*Part 13* requires a deposit taker whose licence conditions specify that it is subject to disclosure requirements to also have a disclosure statement policy that provides internal controls and procedures in relation to preparing and implementing its disclosure statements. The Part also sets out requirements for the content of the disclosure policy.

A deposit taker must review its disclosure statement policy at least once in every 3-year period, or earlier if there has been a change in circumstances. A deposit taker must also appoint a person to be responsible for ensuring that disclosure statements are prepared and published in accordance with its disclosure statement policy.

### Part 14

#### Credit rating requirement

*Part 14* provides that the current credit rating required to be obtained under section 59 of the Act must be applicable to the deposit taker's long-term senior unsecured obligations payable in New Zealand, in New Zealand dollars.

### Schedule

#### Transitional, savings, and related provisions

A person that is a registered bank or non-bank deposit taker immediately before the commencement of section 10 of the Act is not required to publish an initial disclosure statement.

A deposit taker need only disclose certain specified information if it has securities outstanding that count towards tier 1 capital or tier 2 capital under Schedule 1 of the capital standard (which relates to transitional, savings, and related provisions).

This is secondary legislation issued under the authority of the <a href="#">Legislation Act 2019</a> .	
Title	Deposit Takers (Disclosure Statements) Standard 2027
Principal or amendment	Principal
Consolidated version	No
Empowering Act and provisions	Deposit Takers Act 2023 section 72
Replacement empowering Act and provisions	Not applicable
Maker name	Reserve Bank of New Zealand
Administering agency	Reserve Bank of New Zealand
Date made	[day month year]

Deposit Takers (Disclosure Statements) Standard 2027

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Publication date	Click or tap to enter a date
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