



Reserve Bank  
of New Zealand  
**Te Pūtea Matua**

# **Disclosure Statements Standard**

# **Guidance Note**

**GN XX.1**

## Guidance Note version history

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## Use and status of the Guidance

The purpose of this Guidance is to assist licensed deposit takers (or **deposit takers**) to interpret and comply with the Disclosure Statements Standard. This recognises that the Disclosure Statements Standard deals with technical subject matter and there may be no case law or other external reference points to assist with its interpretation. Guidance will assist individual deposit takers with their own compliance and support a more consistent approach across the industry.

The Guidance assists by:

- Outlining the context and purpose of the Disclosure Statements Standard. Technical content is better understood with awareness of the policy intent at the time it was drafted.
- Outlining our preferred interpretation in relation to some clauses, where we have been made aware of differing interpretations by deposit takers.
- Providing examples of good practice in complying with the Disclosure Statements Standard.

To assist in using the Guidance:

- Terms that are defined in the Disclosure Statements Standard or the Deposit Takers Act 2023 (the **DTA**) are italicised in this Guidance and have the same meaning.
- The Guidance is designed to be read alongside the Disclosure Statements Standard. Sections of this Guidance have the same headings as sections of the Disclosure Statements Standard. Clause numbers are those from the Disclosure Statements Standard.
- In event of any conflict between the text of the Standard and this Guidance, the Disclosure Statements Standard prevails. The Disclosure Statements Standard is secondary legislation made under the DTA, while the Guidance does not have formal status. The Guidance represents our view and is therefore an authoritative indicator of that view. However, ultimately, it is for a court to determine the correct interpretation of the Disclosure Statements Standard.
- The Reserve Bank will keep under constant review and update the Guidance. We may change our Guidance or our interpretation of the Disclosure Statements Standard if we consider this appropriate. We do not do this lightly and will endeavour to notify deposit takers in advance if we are considering amending the content of the Guidance.
- This Guidance is not legal advice. We encourage deposit takers to seek their own professional advice, as it is their responsibility to determine their obligations and ensure that they comply with the requirements of the Disclosure Statements Standard.
- The Guidance relates to the version of the Disclosure Statements Standard as at [day month year].
- We welcome feedback on the Guidance at any time.
- Please note that references to accounting and auditing standards throughout this document relate to the versions of the standards at the time this Guidance was published. We will endeavour to update the Guidance for changes in these standards over time, and welcome feedback if any references are (or are at risk of becoming) out of date.

## Part A: About this Standard

### Overview

The Disclosure Statements Standard contains requirements for publishing year-end, mid-year and initial disclosure statements and for having a disclosure statement policy.

The kinds of information contained in a disclosure statement are described below:

- Parts 1 and 2 covers general information. This includes accompanying financial statements and assurance reports, details of matters such as guarantee arrangements, directors and auditors, licence conditions, pending proceedings and arbitration, credit rating and members of the deposit taker group.
- Parts 3-11 cover prudential information. This includes information relating to capital adequacy, concentration of credit exposures, credit exposures to related parties (where applicable), securitisation, funds management and other fiduciary activities, liquidity, macroprudential lending information and risk management policies, among others.
- Part 12 covers financial statement-related information. This includes information about the licensed deposit taker and its group that are incremental to the information contained within financial statements prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013 (the **FMCA**).

Year-end disclosure statements contain relevant information from all three of these categories. Mid-year disclosure statements contain interim financial statements, as well as abbreviated versions of the general disclosures and prudential information. Initial disclosure statements are the same as year-end disclosure statements but with a bespoke initial balance date and period.

Part 13 covers the requirements for a deposit taker's disclosure statement policy including the contents of the policy, its review cycle and appointing a responsible person in respect of the disclosure statement policy.

Disclosure statements are one key part of our prudential disclosure regime alongside the quarterly Financial Strength Dashboard (the **Dashboard**). This document does not provide guidance on the Dashboard, which we publish on our website using data submitted by deposit takers in standardised returns. The information for these standardised returns is collected under the Deposit Takers (Reporting) Standard 2027 (the **Reporting Standard**).

Note that we do not intend to apply the Disclosure Statements Standard to Group 3 deposit takers. Instead, we will disclose prudential information of Group 3 deposit takers through the Dashboard.

### Context and purpose of the Disclosure Statements Standard

Disclosure has long been a key pillar of the Reserve Bank's prudential regulatory regime, with the introduction in 1996 of requirements for registered banks to publish disclosure statements. The latest iteration of these disclosure statement requirements was outlined in two Orders in Council made under the Banking (Prudential Supervision) Act 1989,<sup>1</sup> which were replaced by the Disclosure Statements Standard under the DTA.

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<sup>1</sup> See [https://www.dia.govt.nz/pubforms.nsf/NZGZT/Supplement\\_RegBnk21Feb14.pdf/\\$file/Supplement\\_RegBnk21Feb14.pdf](https://www.dia.govt.nz/pubforms.nsf/NZGZT/Supplement_RegBnk21Feb14.pdf/$file/Supplement_RegBnk21Feb14.pdf)

Disclosure requirements are our main regulatory tool to make private information about a deposit taker publicly available. Prudential disclosures contribute to financial stability by addressing information imbalances between deposit takers and their stakeholders (including depositors). When stakeholders are well informed, they can exert a degree of influence on deposit takers (that is, market discipline) and help incentivise prudent risk management and business practices.

The internationally recognised Basel Core Principles state that one of the preconditions for effective banking supervision is effective market discipline which depends on timely, accurate and understandable information for market participants, including depositors.<sup>2</sup> This information allows market participants to make informed decisions in relation to deposit takers, and effectively influence deposit takers' behaviour.

Without regulatory intervention, it would be more difficult for market participants to assess the risks of different deposit takers. Deposit takers may not be incentivised to disclose information to market participants, particularly if disclosing the information could be detrimental to their business.

This disparity in information between deposit takers and market participants is an example of 'information asymmetry'. Information asymmetries are not just potentially damaging to individual consumers but could lead to inefficient allocation of an economy's resources, excessive risk taking, or even entity failures and more severe financial downturns. These outcomes are contrary to protecting and promoting the stability of the financial system, the safety and soundness of each deposit taker and public confidence in the financial system.

The purpose of the Disclosure Statements Standard is to address these information asymmetries and help protect and promote financial stability by enhancing market discipline.

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<sup>2</sup> Bank for International Settlements. (2020, 30 July). *Basel Core Principles*. <https://www.bis.org/fsi/fsisummaries/bcps.htm>

## Part B: Guidance on the Disclosure Statements Standard

### Interpretation (Clause 3)

1. Consistent with section 20 of the Legislation Act 2019, words or expressions used in the Disclosure Statements Standard have the same meaning as in the Deposit Takers Act 2023 (DTA). For example, the definition of 'debt security' can be found in section 6 of the DTA (which in turn refers to section 8(1) of the Financial Markets Conduct Act 2013).

## Part 1: General provisions about disclosure statements

### Requirement to publish disclosure statements and have disclosure statement policy (Clause 5)

2. Clause 5 sets out the key requirements that are covered by the standard. This includes publication of disclosure statements and compliance with Part 13 (disclosure statement policy). The disclosure statements covered are a *year-end disclosure statement*, *mid-year disclosure statement* and *initial disclosure statement*.
3. As per clause 5(1) this standard applies to a deposit taker if the deposit taker's licence specifies that disclosure statement requirements apply. We intend to apply these requirements to all deposit takers other than Group 3 deposit takers as defined in the Proportionality Framework.<sup>3</sup>
4. The clause 5(3)(c) *initial disclosure statement* requirement is not applicable where the transitional provisions in Schedule 1 apply.
5. Our intent for *initial disclosure statements* is for newly licensed deposit takers to provide market participants (including depositors) with information to analyse the new deposit taker and compare it with other deposit takers and therefore exercise market discipline more effectively.

### Initial disclosure statements (Clause 6)

6. Clause 6 covers the initial balance date and initial period for an applicant's *initial disclosure statement*. It also allows for the Reserve Bank's approval for an alternative date or period.
7. Our intent is to take into account an applicant's circumstances when approving an alternative initial balance date and initial period for an *initial disclosure statement* as this information could influence the extent that a bespoke date or period could assist depositors to make decisions as per clause 6(3). For example, we expect to consider the applicant's usual accounting period and the expected date on which the applicant would be licensed as a deposit taker.

### How deposit taker must publish disclosure statement (Clause 7)

8. Clause 7 relates to the availability of disclosure statements on a deposit taker's website. It covers making the statements prominently displayed and easily accessible, available free of charge and accompanied by a link to the Dashboard webpage, among other requirements.
9. Regarding clause 7(1)(d), we consider that many of those who are interested in an individual deposit taker's disclosure statements would also benefit from visiting the Dashboard. It provides quarterly financial and prudential information on New Zealand licensed deposit takers. In complying with clause 7, we expect deposit takers to provide the following link to the

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<sup>3</sup> See <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/regulation-and-supervision/dta-and-dcs/the-proportionality-framework-under-the-dta.pdf>

Dashboard webpage (<https://bankdashboard.rbnz.govt.nz/summary>), on the webpage where they publish their disclosure statements.

10. To improve understandability of the link to the Dashboard, we encourage deposit takers to include the text outlined in clause 16 on the webpage where they publish their disclosure statements.

### **Deposit taker must notify Bank that disclosure statement is published (Clause 8)**

11. In general, we expect deposit takers to send the URL via email to the Reserve Bank unless the Reserve Bank specifies another method to provide this URL to the Bank. The link should be sent within 5 working days after the publication of the disclosure statement.
12. The definition of working day is the same as section 13 of the Legislation Act 2019.

### **Deposit taker must provide copy of disclosure statement on request (Clause 9)**

13. Clause 9 relates to when a person makes a request to the deposit taker for any copies of its disclosure statements.
14. In complying with this requirement, we do not expect deposit takers to keep stocks of printed copies of disclosure statements on hand as users of disclosure statements will commonly access them electronically.
15. A deposit taker may in all cases refer a person who requests copies of its disclosure statements to its website. However, if a person does request that the deposit taker provides them with copies of disclosure statements other than by download from its website, whether as a hard copy or electronic copy, we expect the deposit taker to do so as soon as practicable and free of charge (as per clause 9(1)).
16. If a person requests a copy of a deposit taker's most recent disclosure statement, we expect the deposit taker would offer that person a copy of its most recent *year-end disclosure statement* and any subsequent *mid-year disclosure statement*. This is to ensure that a person will be given all the background information on the deposit taker, together with the most up-to-date published picture of the deposit taker's financial situation.

### **Year-end (mid-year) disclosure statement must be accompanied by (interim) financial statements (Clause 10 (and 11))**

17. Clauses 10 and 11 relate to accompanying *year-end* and *mid-year disclosure statements* with the relevant financial statements. Deposit takers may either have *financial statements* contained within the disclosure statement or published alongside it. Publication can include a link to the most recent publicly available *financial statements* for an overseas licensed deposit taker and its deposit taking group. We expect that, where financial statement disclosures under Part 12 are incorporated within *financial statements*, the *financial statements* are contained within the disclosure statement.
18. For an overseas licensed deposit taker under Part 12, these *year-end* and *mid-year disclosure statements* cover the New Zealand business of the overseas licensed deposit taker, and of its New Zealand financial reporting group (see clause 45 for more). However, clause 10 requires overseas licensed deposit takers to also publish a disclosure statement that makes readily available the most recent published *financial statements* of the overseas licensed deposit taker and the overseas group. This requirement provides a mechanism to ensure that interested parties in New Zealand have timely and easy access to the *financial statements* of the wider deposit taker and group of which the New Zealand business is a part.

### Disclosure statement may include additional information (Clause 13)

19. Clause 13 relates to information that deposit takers may include in a disclosure statement in addition to information required by the Disclosure Statements Standard, if it meets at least one of the three categories listed.
20. As per Part 13, we expect deposit takers to follow the relevant steps in their disclosure statement policy to determine whether additional information is needed under clause 13.

### Information must be presented in required manner (Clause 15)

21. Our intent is that a standardised structure for presenting information in disclosure statements improves access to understandable and comparable prudential information. This increases the effectiveness of market discipline.

22. We expect disclosure statements to be in English and New Zealand dollars where appropriate.

22-23. [We encourage deposit takers to use visual aids such as diagrams and tables where they think it would enhance comprehension of the information. For example, it might assist a reader's comprehension to include a diagram showing the nature of a person's indirectly held power under clause 25\(2\)\(b\)\(ii\) \(Interests in voting products of deposit taker\). We also provide table templates for some clauses in this Guidance for this purpose.](#)

23-24. For clause 15(3)(a), please see Appendix A ~~[to come]~~ for the relevant list of headings under which information must be presented.<sup>4</sup>

24-25. In complying with clause 15(3)(b), we expect disclosure statements to clearly delineate between ~~Parts and Subparts~~ [the section headings](#) using page breaks ('white space'). This is intended to make comparison between disclosure statements (both between deposit takers and, in future, from year to year for a deposit taker) more accessible. For example, we would expect to see information for ~~Part 2, Subpart 2—Board and committees~~ [the 'General information on creditworthiness' section](#) on a new page following the information from ~~the 'Ownership and governance' section~~ [Subpart 1—General information](#).

25-26. In complying with clause 15(4), we expect that a deposit taker would use the headings list in Appendix A ~~[to come]~~ as the main components in an index [or table of contents](#). We expect that deposit takers will apply their own judgement as to whether an index [or table of contents](#) would be improved with increased detail (such as clause titles). [A deposit taker may choose to have both an index and a table of contents.](#)

26-27. We expect disclosure statements to not contain any offer of financial products but it could be used alongside such offers if helpful.

### Availability of information on financial strength dashboard (Clause 16)

27-28. Our intention is for deposit takers to emphasise the connection between the Dashboard and disclosure statements as a single coherent disclosure regime that improves accessibility and comparability of prudential information. This increases the visibility of both forms of disclosure to users and increases the effectiveness of market discipline.

28-29. Note that the Reporting Standard includes related requirements to link to the Dashboard on their website.

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<sup>4</sup> This Appendix A will be released as part of exposure draft consultation in Tranche 3.

## Disclosure statements must be accompanied by assurance reports (Clause 17 to 22)

29-30. Clauses 17 to 22 cover the assurance reports that disclosure statements must be accompanied by. This includes, as applicable, auditor's reports, reasonable assurance reports or limited assurance reports completed by a *qualified FMC auditor*. Table 1 below summarises how these reports relate to different types of disclosure information.

30-31. Having these assurance settings helps ensure the reliability and comparability of disclosure statements which ultimately is expected to promote market discipline and financial stability.

31-32. The appropriate standards and guidance for auditors are contained in the auditing standards and guidelines issued by the External Reporting Board. Note that Section 107 of the DTA imposes obligations on auditors to, in certain circumstances, provide the Reserve Bank information about a deposit taker obtained in the course of holding office as its auditor.

Table 1: Assurance reports applicable by types of disclosure statements and information

Information	Year-end disclosure statement	Mid-year disclosure statement
(Interim) Financial statements	Auditor's report	Auditor's report or limited assurance report
Information under Parts 7, 10, 11 and 12	Reasonable assurance report	Reasonable assurance report or limited assurance report
Parts 3, 6, 8 and 4 or 5 (as applicable)	Limited assurance report	Limited assurance report

## Part 2: General deposit taker information in disclosure statements

32-33. Parts 2-12 of the standard cover the information that deposit takers must include in their disclosure statements. The following sections provide guidance by exception, as we consider the requirements in the standard to be largely self-explanatory.

### Details of certain holding entities (Clause 24)

33-34. Note that 'holding entity' is defined in section 7 of the DTA.

### Interests in voting products of deposit taker (Clause 25)

34-35. With regards to clause 25(2)(b)(ii), indirectly held power could, for example, arise in the case of shareholders of a deposit taker's non-operating holding company that do not directly own a licensed deposit taker.

### Information about directors and other persons and Audit, risk, and remuneration committees (Clause 27 and 28)

35-36. Terms used in clauses 27 and 28 have the same meaning as under the *governance standard*.

### Description of remuneration policy (Clause 29) and Remuneration for senior managers (Clause 30)

36-37. Clause 29 relates to the disclosure of information regarding the deposit taker's *remuneration policy*.

[37-38.](#) Clause 30 covers the connection between the remuneration of *senior managers* and the deposit taker's performance (without identifying individual outcomes). It also covers an aggregated quantitative breakdown of fixed remuneration and variable remuneration for *senior managers*.

[38-39.](#) We consider that remuneration practices are a vector for excessive risk taking by deposit takers. The related requirements in the *governance standard* help address this by establishing requirements around remuneration practices. Our intent is for remuneration disclosures to further address the potential for excessive risk-taking by providing consistent and comparable information about the connection between a deposit taker's risk management and its remuneration of *senior managers*. This allows market participants to better judge and exert influence over remuneration practices including how it is governed (in other words, market discipline).

[39-40.](#) Terms used in clauses 29-30 have the same meaning as under the *risk management standard* and the *governance standard*. One exception is "*senior managers*" which is discussed in Box 1 below.

#### **Box 1: Meaning of senior manager for overseas licensed deposit takers**

[40-41.](#) For overseas deposit takers, *senior manager* is defined in the interpretation section under clause 3. Note this definition does not align with the definition provided in the DTA nor the fit and proper requirements in the *governance standard*.

[41-42.](#) Our intention is to capture those key senior personnel that, alongside the New Zealand chief executive officer (**NZ CEO**), ultimately ensure the soundness of the New Zealand business of the overseas licensed deposit taker. This could include personnel that work exclusively on the New Zealand business, or divide their time between the New Zealand business and the wider overseas licensed deposit taker and may or may not be directly line managed by the NZ CEO.

#### **Credit rating (Clause 31)**

[42-43.](#) Clause 31 relates to disclosure of a deposit taker's credit rating information. It supplements the DTA requirements that a deposit taker must have a current credit rating that is given by an approved rating agency pursuant to section 59 of the DTA and disclose it on their website pursuant to section 66 of the DTA.<sup>5</sup>

[43-44.](#) Disclosure of credit ratings enhances a deposit taker's incentives to operate prudently to avoid a rating downgrade. Credit ratings give market participants an indication of a deposit taker's relative strength and the likelihood that it will default. Credit ratings can help, for example, depositors assess whether the risk of depositing is balanced by the return offered by a deposit taker. Including a deposit taker's credit rating information in disclosure statements as well as on the deposit taker's website is intended to make the information more easily accessible.

#### **Credit ratings and qualifications**

[44-45.](#) In complying with clause 31(2)(a), we expect deposit takers will always need to disclose the general rating category and any associated modifier that applies to its credit rating. We expect

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<sup>5</sup> The current list of approved ratings agencies is available at: <https://www.rbnz.govt.nz/regulation-and-supervision/cross-sector-oversight/registers-of-entities-we-regulate/registered-banks-in-new-zealand>

a deposit taker's disclosure to use the standard systems of symbols and short-hand expression used by the rating agencies to express their rating opinions, for example, AA- or Aa3.

45-46. We expect that any rating agency qualifiers, rating outlooks, watches or other qualifications that apply to a deposit taker's credit rating are also disclosed as a matter of course. A deposit taker's disclosure may use the short-hand expressions of these qualifications commonly used by rating agencies. However, where symbols may not be widely understood or self-explanatory, we expect the deposit taker to include appropriate explanations. For example, an outlook expressed as "positive", "negative" or "stable" would be considered self-explanatory, but the symbols "POS", "NEG", or "STA" would require a brief explanation.

### **Credit rating scales**

46-47. In complying with clause 31(2)(e), we expect that a deposit taker discloses the descriptions or explanations of all the rating steps in a rating agency's rating scale (that is, from the highest to the lowest rating step in all bands), regardless of what a deposit taker's particular rating is. We expect the rating step descriptions to follow as closely as possible the descriptions given by the rating agency in question.

### **Alternative credit rating disclosures**

47-48. Some deposit takers may have credit ratings as well as the required ratings under section 59 of the DTA. For example, this could include ratings provided by an agency that is not an approved credit rating agency under section 61 of the DTA, or ratings that relate to securities other than senior unsecured liabilities payable in New Zealand dollars in New Zealand. If such other ratings exist, a deposit taker may disclose them in the disclosure statement.

### **Contraventions of prudential obligations (Clause 33)**

48-49. Clause 33 relates to what a deposit taker's disclosure statement must include where the deposit taker has given the Reserve Bank a report under section 116 of the DTA.

49-50. With regards to clause 33(1)(b), we will typically publish information about non-compliance on our Material Breaches Register webpage.<sup>6</sup> Our breach reporting guidance sets out more detail on deposit takers' obligation to report breaches to us. This includes guidance on the threshold for breaches to be considered material for that purpose.<sup>7</sup>

## **Part 3: Information about capital requirements, ratios, and composition of capital**

51. Throughout this Part the terms used have the same meaning as under the *capital standard* unless otherwise indicated (for example, 'capital group' is defined in the *capital standard*).

### **Risk based capital requirements (Clause 42)**

52. For clause 42, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.

<sup>6</sup> See <https://www.rbnz.govt.nz/regulation-and-supervision/oversight-of-banks/how-we-regulate-and-supervise-banks/material-breaches-of-key-bank-prudential-requirements>

<sup>7</sup> As at the time of writing the relevant guidance was the Bank breach reporting guidance 2021. See <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/regulation-and-supervision/banks/guidance/bank-breach-reporting-guidance-jan-2021.pdf>

	<a href="#">Total exposures after credit risk mitigation</a>	<a href="#">Total RWAs (or RWA equivalents)</a>	<a href="#">Effective capital requirement</a>
<a href="#">Credit risk</a>			
<a href="#">Market risk</a>	<a href="#">N/A</a>		
<a href="#">Operational risk</a>	<a href="#">N/A</a>		
<a href="#">TOTAL</a>	<a href="#">N/A</a>		

### **[Capital ratios \(Clause 43\)](#)**

53. For clause 43, we expect the information in subclause 2 (excluding 2(d)) to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.

	<a href="#">Ratio</a>	<a href="#">Minimum ratio requirement</a>
<a href="#">Tier 1 capital ratio</a>		
<a href="#">Total capital ratio</a>		
<a href="#">Combined buffer ratio</a>		

54. We expect deposit takers to describe clause 43(2)(d), regarding the level of capital buffer ratio below which restriction on distributions would apply, separately to the table. We also encourage deposit takers that are subject to a capital overlay and/or additional loss absorbing capacity requirement to note the requirements that apply.

### **[Tier 1 capital, Tier 2 capital and Total capital \(Clauses 46, 47 and 48\)](#)**

55. For clause 46-48, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose. Note that the transitional arrangements in clause 2-4 of schedule 1 are relevant to the disclosure required under these clauses. These clauses relate to the disclosure of 'legacy' capital instruments that impact the calculation of capital ratios under the transitional arrangements in Schedule 1 of the capital standard.

<b><a href="#">Tier 1 capital</a></b>	
<a href="#">Paid-up ordinary shares issued by [the licensed deposit taker] plus related share premium</a>	<a href="#">[amount]</a>
<a href="#">Retained earnings (net of appropriations)</a>	<a href="#">[amount]</a>
<a href="#">Mutual capital instruments issued by [the licensed deposit taker] [itemise separate instruments if more than one issued]</a>	<a href="#">[amount]</a>
<a href="#">Accumulated other comprehensive income and other disclosed reserves</a>	<a href="#">[amount]</a>

<a href="#">[itemise the interests arising from ordinary shares issued by a subsidiary that is a member of the capital group and held by third parties, adding rows as needed, for example, for each instrument to show ordinary shares, as well as any associated retained earnings or other reserves]</a>	<a href="#">[amount]</a>
<a href="#">Less deductions from Tier 1 capital [if there are no deductions, this line and its associated itemisation may be omitted]</a>	
<a href="#">[itemise each deduction from Tier 1 capital, adding rows as needed]</a>	<a href="#">[deduction amount]</a>
<b>Subtotal: Tier 1 capital [(excl. AT1 [if applicable])]</b>	<b><a href="#">[amount]</a></b>
<b><a href="#">Legacy additional Tier 1 (AT1) capital [if applicable]</a></b>	
<a href="#">Total principal amount of AT1 capital on issue</a>	<a href="#">[amount]</a>
<a href="#">Total amount of AT1 capital used as Tier 1 capital</a>	<a href="#">[amount]</a>
<b>Subtotal: Tier 1 capital (incl. <a href="#">legacy AT1 capital</a>)</b>	<b><a href="#">[amount]</a></b>
<b><a href="#">Tier 2 capital</a></b>	
<a href="#">[itemise any Tier 2 capital instruments, adding rows as needed]</a>	<a href="#">[amount for each instrument including any related share premium]</a>
<a href="#">[itemise any Tier 2 capital instruments issued by fully consolidated subsidiaries and held by third parties, adding rows as needed]</a>	<a href="#">[amount]</a>
<a href="#">Revaluation reserves</a>	<a href="#">[amount]</a>
<a href="#">Less deductions from Tier 2 capital [if there are no deductions, this line and its associated itemisation may be omitted]</a>	
<a href="#">[itemise each deduction from Tier 2 capital, adding rows as needed]</a>	<a href="#">[deduction amount]</a>
<b>Subtotal: Tier 2 capital</b>	<b><a href="#">[amount]</a></b>
<b><a href="#">TOTAL CAPITAL</a></b>	<b><a href="#">[amount]</a></b>

#### **Part 4: Information relating to credit risk (standardised approach)**

56. Part 4 sets our disclosure requirements related to credit risk RWAs for standardised deposit takers. Throughout this Part the terms used have the same meaning as under the *capital standard* unless otherwise indicated (for example, 'capital group' is defined in the *capital standard*).

#### **Risk-weighted credit exposures (Clause 52)**

57. For clause 52, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.

**Calculation of on-balance sheet exposures**

	<u>Total exposure after credit risk mitigation</u>	<u>Risk weight</u>	<u>Risk weighted exposure</u>
<u>Cash and gold bullion</u>		0%	
<u>Sovereigns and central banks</u>		0%	
		20%	
		50%	
		100%	
		150%	
<u>Multilateral development banks and other international organisations</u>		0%	
		20%	
		50%	
		100%	
		150%	
<u>Public sector entities</u>		20%	
		50%	
		100%	
		150%	
<u>Deposit takers and overseas banks</u>		20%	
		30%	
		50%	
		100%	
		150%	
<u>New Zealand Superannuation Fund</u>		20%	
<u>Corporate</u>		20%	
		50%	
		100%	
		150%	

<a href="#">SME retail</a>		<a href="#">75%</a>	
<a href="#">Other SME</a>		<a href="#">85%</a>	
<a href="#">Farm lending</a>		<a href="#">50%</a>	
		<a href="#">75%</a>	
		<a href="#">100%</a>	
<a href="#">Residential mortgage loans not past due</a>		<a href="#">20%</a>	
		<a href="#">25%</a>	
		<a href="#">30%</a>	
		<a href="#">35%</a>	
		<a href="#">40%</a>	
		<a href="#">50%</a>	
		<a href="#">70%</a>	
		<a href="#">75%</a>	
		<a href="#">80%</a>	
		<a href="#">90%</a>	
	<a href="#">100%</a>		
<a href="#">Loans to community housing providers</a>		<a href="#">20%</a>	
		<a href="#">25%</a>	
		<a href="#">30%</a>	
		<a href="#">35%</a>	
		<a href="#">50%</a>	
		<a href="#">75%</a>	
		<a href="#">100%</a>	
<a href="#">Loans to community housing providers backed by a Crown guarantee</a>		<a href="#">Determined by the deposit taker</a>	
<a href="#">Past due residential mortgage loans</a>		<a href="#">35%</a>	
		<a href="#">40%</a>	
		<a href="#">50%</a>	

		<a href="#">75%</a>	
		<a href="#">80%</a>	
		<a href="#">95%</a>	
		<a href="#">100%</a>	
		<a href="#">120%</a>	
<a href="#">Other past due assets</a>		<a href="#">100%</a>	
		<a href="#">150%</a>	
<a href="#">Equity holdings in the Business Growth Fund that qualify for 250% risk weight</a>		<a href="#">250%</a>	
<a href="#">Equity holdings (not deducted from capital) included in the NZX 50 or overseas equivalent index</a>		<a href="#">300%</a>	
<a href="#">All other equity holdings (not deducted from capital)</a>		<a href="#">400%</a>	
<a href="#">Other assets</a>		<a href="#">20%</a>	
		<a href="#">100%</a>	

### **[Off-balance sheet risk-weighted credit exposures \(Clause 53\)](#)**

58. [For clause 53, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.](#)

#### **[Calculation of off-balance sheet exposures](#)**

	<a href="#">Total exposure</a>	<a href="#">Credit conversion factor</a>	<a href="#">Credit-equivalent amount</a>	<a href="#">Average risk weight</a>	<a href="#">Risk weighted exposure</a>
<a href="#">Direct credit substitute</a>		<a href="#">100%</a>			
<a href="#">Asset sale with recourse</a>		<a href="#">100%</a>			
<a href="#">Forward asset purchase</a>		<a href="#">100%</a>			

<a href="#">Commitment with certain drawdown</a>		<a href="#">100%</a>			
<a href="#">Note issuance facility</a>		<a href="#">50%</a>			
<a href="#">Revolving underwriting facility</a>		<a href="#">50%</a>			
<a href="#">Performance-related contingency</a>		<a href="#">50%</a>			
<a href="#">Trade-related contingency</a>		<a href="#">20%</a>			
<a href="#">Placements of forward deposits</a>		<a href="#">100%</a>			
<a href="#">Undrawn commitment to the Business Growth Fund</a>		<a href="#">20%</a>			
<a href="#">Other commitments where original maturity is more than one year</a>		<a href="#">50%</a>			
<a href="#">Other commitments where original maturity is less than or equal to one year</a>		<a href="#">20%</a>			
<a href="#">Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled</a>		<a href="#">0%</a>			

<a href="#">unconditionally at any time without prior notice</a>					
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### **Counterparty credit risk (Clause 54)**

59. For clause 54, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.

#### **Counterparty credit risk**

	<a href="#">Total exposure</a>	<a href="#">Credit-equivalent amount</a>	<a href="#">Average risk weight</a>	<a href="#">Risk-weighted exposure</a>
<a href="#">Foreign exchange contracts</a>				
<a href="#">Interest rate contracts</a>				
<a href="#">Other</a>				

### **Qualifying central counterparty exposures (Clause 56)**

60. For clause 56, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.

#### **Exposures arising from trades settled on Qualifying Central Counterparties (QCCPs)**

	<a href="#">Trade exposure or collateral amount</a>	<a href="#">Average risk weight</a>	<a href="#">Risk weighted exposures</a>
<a href="#">Deposit taker as QCCP clearing member, clearing own trades</a>			
<a href="#">Collateral posted for clearing own trades</a>			
<a href="#">Deposit taker as client of QCCP member, clearing trades through that member</a>			
<a href="#">Collateral posted for clearing via member deposit taker</a>			

### **Credit risk mitigation (Clause 57)**

61. For clause 57(1)(a) and (b), we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.

#### **Credit risk mitigation**

<u>Exposure category</u>	<u>Total value of on- and off-balance sheet exposures covered by eligible collateral (after applying any haircut)</u>	<u>Total value of on- and off-balance sheet exposures covered by guarantees or credit derivatives</u>
<u>Sovereign or central bank</u>		
<u>Multilateral development bank</u>		
<u>Public sector entities</u>		
<u>Deposit takers and overseas banks</u>		
<u>New Zealand Superannuation Fund</u>		
<u>Corporate</u>		
<u>SME retail</u>		
<u>Other SME</u>		
<u>Farm lending</u>		
<u>Residential mortgage loans</u>		
<u>Loans to community housing providers</u>		
<u>Loans to community housing providers backed by a Crown guarantee</u>		
<u>Other</u>		

### **Part 5: Information relating to credit risk (internal model)**

62. Part 5 sets our disclosure requirements related to credit risk RWAs for internal models deposit takers. Throughout this Part the terms used have the same meaning as under the *capital standard* and *internal models standard* unless otherwise indicated (for example, 'capital group' is defined in the *capital standard*).

#### **Exposures assessed using internal models (Clause 61)**

63. For clause 61, we expect this information to be presented using tables and provide the below templates for deposit takers to follow as applicable, if they so choose.

<a href="#">[Name of exposure class]</a>				
<a href="#">Exposure-weighted PD grade</a>	<a href="#">Exposure amounts</a>	<a href="#">Exposure-weighted LGD (%) used for capital calculation</a>	<a href="#">Exposure-weighted risk weight (%)</a>	<a href="#">Risk-weighted assets</a>
<a href="#">Exposure-weighted PD grade 1 (%)</a>				
<a href="#">Exposure-weighted PD grade 2 (%)</a>				
...				
...				
<a href="#">Default PD grade</a>				
<a href="#">AGGREGATE EXPOSURE-WEIGHTED PD GRADE</a>	<a href="#">TOTAL EXPOSURES</a>	<a href="#">AGGREGATE EXPOSURE-WEIGHTED LGD GRADE (%)</a>	<a href="#">AGGREGATE EXPOSURE-WEIGHTED RISK WEIGHT (%)</a>	<a href="#">TOTAL RISK-WEIGHTED ASSETS</a>

	<a href="#">Total value</a>	<a href="#">Exposure at default</a>
<a href="#">Undrawn commitments and other off-balance sheet contingent liabilities</a>		
<a href="#">[name of exposure class...]</a>		
<a href="#">[name of exposure class...]</a>		
<a href="#">Counterparty credit risk on derivatives and securities financing transactions</a>		
<a href="#">[name of exposure class...]</a>		
<a href="#">[name of exposure class...]</a>		
<a href="#">Total</a>		

### **[Specialised lending subject to supervisory slotting approach \(Clause 62\)](#)**

64. For clause 62, we expect this information to be presented using tables and provide the below templates for deposit takers to follow as applicable, if they so choose.

**On-balance sheet exposures subject to supervisory slotting approach**

<u>Total exposures after credit risk mitigation</u>	<u>Risk weight</u>	<u>Risk-weighted assets</u>
	<u>70%</u>	
	<u>90%</u>	
	<u>115%</u>	
	<u>250%</u>	

**Off-balance sheet exposures subject to supervisory slotting approach**

	<u>EAD</u>	<u>Average risk weight</u>	<u>Risk-weighted assets</u>
<u>Undrawn commitments and other off-balance sheet exposures</u>			

**Lending subject to standardised approach (Clause 63-66)**

65. For clause 63-66, we expect this information to be presented using tables and provide the below templates for deposit takers to follow as applicable, if they so choose.

**On-balance sheet exposures by separate risk weight**

	<u>Total exposure after credit risk mitigation</u>	<u>Risk weight</u>	<u>Risk-weighted exposure</u>
<u>Cash and gold bullion</u>		<u>0%</u>	
<u>Sovereigns and central banks</u>		<u>0%</u>	
		<u>20%</u>	
		<u>50%</u>	
		<u>100%</u>	
		<u>150%</u>	
<u>Multilateral development banks and other international organisations</u>		<u>0%</u>	
		<u>20%</u>	
		<u>50%</u>	
		<u>100%</u>	
		<u>150%</u>	

<a href="#">Public sector entities</a>		<a href="#">20%</a>	
		<a href="#">50%</a>	
		<a href="#">100%</a>	
		<a href="#">150%</a>	
<a href="#">Deposit takers and overseas banks</a>		<a href="#">20%</a>	
		<a href="#">30%</a>	
		<a href="#">50%</a>	
		<a href="#">100%</a>	
		<a href="#">150%</a>	
<a href="#">New Zealand Superannuation Fund</a>		<a href="#">20%</a>	
<a href="#">Loans to community housing providers</a>		<a href="#">20%</a>	
		<a href="#">25%</a>	
		<a href="#">30%</a>	
		<a href="#">35%</a>	
		<a href="#">50%</a>	
		<a href="#">75%</a>	
		<a href="#">100%</a>	
<a href="#">Loans to community housing providers backed by a Crown guarantee</a>		<a href="#">Determined by the deposit taker</a>	

***[Other on-balance sheet exposures by average risk weight](#)***

	<a href="#">Total exposure after credit risk mitigation</a>	<a href="#">Average risk weight</a>	<a href="#">Risk-weighted assets</a>
<a href="#">Corporate</a>			
<a href="#">Residential mortgages</a>			
<a href="#">Past due assets</a>			
<a href="#">Other assets</a>			

### Off-balance sheet exposures

	<u>Total exposure or principal amount</u>	<u>Average credit conversion factor</u>	<u>Credit equivalent amount</u>	<u>Average risk weight</u>	<u>Risk-weighted assets</u>
<u>Total off-balance sheet exposures subject to the standardised approach</u>					
<u>Memo item: Undrawn commitment to the Business Growth Fund</u>					

### Counterparty credit risk for counterparties subject to the standardised approach

	<u>Total exposure or principal amount</u>	<u>Credit equivalent amount</u>	<u>Average risk weight</u>	<u>Risk-weighted assets</u>
<u>Foreign exchange contracts</u>				
<u>Interest rate contracts</u>				
<u>Other</u>				

### Qualifying central counterparty exposures for internal models deposit taker (Clause 67)

66. For clause 67, we expect this information to be presented using a table, see guidance on [clause 56](#) for a template table.

### Equity exposures (Clause 69)

67. For clause 69, we expect this information to be presented using tables and provide the below templates for deposit takers to follow as applicable, if they so choose.

### Equity exposures

	<u>Total exposure</u>	<u>Risk weight</u>	<u>Risk-weighted exposure</u>
<u>Equity holdings in the Business Growth Fund that qualify for 250% risk weight</u>		<u>250%</u>	
<u>Equity holdings (not deducted from capital) included in the NZX 50 or overseas equivalent index</u>		<u>300%</u>	

<a href="#">All other equity holdings (not deducted from capital)</a>		<a href="#">400%</a>	
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### **Credit risk mitigation (Clause 70)**

68. [For clause 70\(2\)\(a\) and \(b\), we expect this information to be presented using tables and provide the below templates for deposit takers to follow as applicable, if they so choose.](#)

#### **Credit risk mitigation**

<a href="#">Exposure class</a>	<a href="#">For portfolios subject to the standardised approach: total value of exposures covered by eligible financial collateral (after haircutting)</a>	<a href="#">For all portfolios: total value of exposures covered by guarantees or credit derivatives</a>
<a href="#">Sovereign</a>		
<a href="#">Deposit takers and overseas banks</a>		
<a href="#">New Zealand Superannuation Fund</a>		
<a href="#">Corporate (including specialised lending, SME lending and farm lending)</a>		
<a href="#">Residential mortgage loans</a>		
<a href="#">Loans to community housing providers</a>		
<a href="#">Loans to community housing providers backed by a Crown guarantee</a>		
<a href="#">Other</a>		

### **Comparison of figures assessed using internal model against standardised floor (Clause 73)**

69. [For clause 73, we expect this information to be presented using tables and provide the below templates for deposit takers to follow as applicable, if they so choose.](#)

**Impact of the standardised floor on total credit risk RWAs**

	<u>Risk weighted assets</u>	
	<u>Calculated for compliance purposes</u>	<u>Recalculated using the standardised approach</u>
<u>Total internal models and supervisory slotting exposures</u>		
<u>Credit risk supervisory adjustment [if applicable]</u>		<u>n/a</u>
<u>Subtotal [if applicable]</u>		<u>n/a</u>
<u>Standardised floor at 85% of standardised equivalents</u>	<u>n/a</u>	
<u>Internal models and slotting RWAs with floor applied</u>		<u>n/a</u>
<u>RWAs for standardised exposures</u>		<u>n/a</u>
<u>Total credit risk RWAs</u>		<u>n/a</u>

**Standardised equivalents of IRB risk-weighted assets (Clause 74)**

70. For clause 74, we expect this information to be presented using tables and provide the below templates for deposit takers to follow as applicable, if they so choose.

**Credit risk: standardised equivalents of IRB risk weighted assets**

<u>Internal models exposure class</u>	<u>Exposure under the internal models approach</u>	<u>Internal models risk-weighted assets</u>	<u>Equivalent exposure under the standardised approach</u>	<u>Standardised equivalents of internal models risk-weighted assets</u>
<u>First internal models exposure class</u>				
<u>Second internal models exposure class</u>				
<u>...</u>				
<u>Specialised lending subject to the slotting approach</u>				
<u>TOTAL</u>				

### Standardised equivalent capital ratios (Clause 75)

71. For clause 75, we expect this information to be presented using tables and provide the below templates for deposit takers to follow as applicable, if they so choose.

#### Standardised equivalent capital ratios

	<u>Tier 1 capital</u>	<u>Total capital</u>
<u>Standardised equivalent capital amount</u>		
<u>Standardised equivalent total RWAs</u>		
<u>Ratio</u>		

### **Part 6: Information relating to operational risk, market risk, and other risks**

72. Throughout this Part the terms used have the same meaning as under the *capital standard* unless otherwise indicated (for example, 'trading book' is defined in the *capital standard*).

#### Operational risk (standardised model) (Clause 77)

73. For clause 77, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.

#### Operational risk capital requirement

	<u>Capital requirement for operational risk</u>	<u>Total RWA equivalents</u>
<u>Operational risk</u>		

#### Market risk end-period capital charges (Clause 78)

74. For clause 78, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.

#### Market risk end-period capital charge

	<u>Aggregate capital charge</u>	<u>RWA equivalents</u>
<u>Banking book</u>		
<u>Interest rate risk</u>		
<u>Foreign currency risk</u>		
<u>Equity risk</u>		
<u>Trading book</u>		
<u>Interest rate risk</u>		
<u>Foreign currency risk</u>		
<u>Equity risk</u>		

## Part 7: Information insurance, securitisation or funds management business

[75.](#) Throughout this Part the terms used have the same meaning as under the *restricted activities standard* and *capital standard* unless otherwise indicated.

[76.](#) Per Section 6 of the DTA, the definition of financial service can be found in section 5 of the [Financial Service Providers \(Registration and Dispute Resolution\) Act 2008](#).

## Part 8: Information about liquidity

### Mismatch ratio and core funding ratio (Clause [4193](#))

[50-77.](#) Clause [41-93](#) covers the disclosure of a deposit taker’s regulatory liquidity ratios.

[51-78.](#) The terms used in [these](#) requirements (such as ‘mismatch ratio’) are as defined under the *liquidity standard*.

[52-79.](#) Note that the *liquidity standard* does not require calculations of the ratios at specific points in time (such as at the end of each business day) nor a minimum number of calculations during each period. For disclosure purposes, we expect deposit takers to calculate the required quarterly figures based on their calculations produced during the respective period. We expect that these figures would reconcile with any figures reported under the Reporting Standard.

## Part 9: Information about lending

### ~~Loan-to-value ratio~~ [New lending qualifying credit](#) and debt-to-income restrictions (Clauses [42-94](#) and [4397](#))

[53-80.](#) Clause [4294](#) and [4397](#) covers disclosure of various loan-to-value and debt-to-income restrictions information [on a ‘flow’ basis rather than the ‘stock’ view found in clauses 95 and 96](#).

[54-81.](#) Our intent in requiring both Group 1 and Group 2 deposit takers to provide information on a 6-month period is to improve comparability and enhance market discipline. This does not align with the 3-month rolling measurement period that we intend to apply to Group 1 deposit takers under the *lending standard*. Otherwise, the terms used in these requirements (such as ‘qualifying credit’) have the same meaning as under the *lending standard*.

[82.](#) [For clause 94, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose. To comply with clause 94\(4\), we expect a deposit taker’s full-year disclosure statement to present the data in two half-year portions. In effect this means a deposit taker will also include the second half of a full-year accounting period alongside their table from the most recent mid-year disclosure statement.](#)

<a href="#">Loan-to-value ratio</a>	<a href="#">Less than 60%</a>	<a href="#">60% or more but less than 70%</a>	<a href="#">70% or more but less than 80%</a>	<a href="#">80% or more but less than 90%</a>	<a href="#">90% or more</a>
<a href="#">Percentage of new</a>					

<a href="#">qualifying credit over investment property</a>					
<a href="#">Percentage of new qualifying credit over owner-occupied property</a>					

83. [For clause 97, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose. To comply with clause 97\(4\), we expect a deposit taker’s year-end disclosure statement to present the data in two half-year portions. In effect this means a deposit taker will also include the second half of a full-year accounting period alongside their table from the most recent mid-year disclosure statement.](#)

<a href="#">Debt-to income ratio</a>	<a href="#">Less than 5</a>	<a href="#">5 or more but less than 6</a>	<a href="#">6 or more but less than 7</a>	<a href="#">7 or more but less than 8</a>	<a href="#">8 or more</a>
<a href="#">Percentage of new qualifying credit over investment property</a>					
<a href="#">Percentage of new qualifying credit over owner-occupied property</a>					

**[Loan-to-value residential mortgage loan and additional mortgage information \(Clauses 94 and 95\)](#)**

84. [Clauses 94 and 95 covers disclosure of various loan-to-value restrictions information based on whether the deposit taker is standardised or approved to use internal models. Furthermore, the information is on a “stock” basis rather than the “flow” view found in clause 94.](#)

85. [For clause 954, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.](#)

<a href="#">Loan-to-value ratio</a>	<a href="#">Does not exceed 80%</a>	<a href="#">Exceeds 80% but not 90%</a>	<a href="#">Exceeds 90%</a>
<a href="#">Value of exposures</a>			

86. For clause 95, we expect this information to be presented using a table and provide the below template for deposit takers to follow as applicable, if they so choose.

<a href="#">Loan-to-value ratio</a>	<a href="#">Does not exceed 60%</a>	<a href="#">Exceeds 60% but not 70%</a>	<a href="#">Exceeds 70% but not 80%</a>	<a href="#">Exceeds 80% but not 90%</a>	<a href="#">Exceeds 90%</a>
<a href="#">Value of exposures</a>					

## Part 10: Information about exposures to counterparties

### Subpart 1—Credit exposures to related parties

87. Throughout this subpart the terms used have the same meaning as under the *related party exposures standard* and the *capital standard* unless otherwise indicated.

#### General requirements for disclosing credit exposures to related parties (Clause 99)

88. Clause 99 clarifies our intent for deposit takers to use 'actual credit exposures' for the disclosures in subpart 1 in contrast to subpart 2 which allows for disclosures on the basis of a deposit taker's internal limits (see clause 88).

#### Total credit exposures to related parties and peak ratio information (Clauses 100 and 101)

89. Clause 100 covers disclosure of a deposit taker's exposures to related parties at the year-end reporting date and peak end-of-day total credit exposures during the full-year disclosure period. Clause 101 covers how the peak end-of-day total credit exposures is expressed as a percentage of Tier 1 capital and requires statement of the method used to calculate it.

90. Under clause 101, our intent in allowing the use of either Tier 1 capital as at the reporting date or the day the peak occurred is to account for the likelihood that a deposit taker may not calculate their Tier 1 capital total on the same day that a peak occurred.

91. We encourage deposit takers that when the Tier 1 capital data is available on the day a peak occurs that it is used in calculations when complying with clause 101.

#### Aggregate exposure limit (Clause 103)

92. Clause 103 covers the disclosure of a deposit taker's rating-contingent limit as required under clause 8(2) of the *related party exposures standard*.

#### Loss allowance for credit-impaired exposures to related parties (Clause 106)

93. When complying with clause 106, we expect deposit takers to refer to section 5.5 of the New Zealand equivalent to International Financial Reporting Standard (NZ IFRS) 9.

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

### **General requirements for credit exposures information (Clause 109)**

94. Clause 109 allows for disclosure under this subpart using either internal limits (that were not materially exceeded) or actual credit exposures, but a deposit taker must disclose which of the two bases for measurement is used. Where a deposit taker’s actual credit exposures to a counterparty materially exceeds the internal limit applicable to that counterparty over the reporting period in question, then clause 109 requires a deposit taker to disclose the actual credit exposures.

### **Calculation of credit exposures information (Clause 110)**

95. When complying with clause 110(a), we expect deposit takers to refer to paragraphs B9 and B10 of NZ IFRS 7.

96. The term ‘lowest-risk multilateral development bank or supranational’ is as defined in the *capital standard*.

## **Part 11: Information about risk management**

~~55-97.~~ Throughout this subpart the terms used have the same meaning as under the *risk management standard* and the *capital standard* unless otherwise indicated.

### **Meaning of categories of risk (Clause 114)**

98. Clause 114 covers the categories of risk as described in section 85(a) of the DTA and the description of material risk in clause 7 and 8 of the *risk management standard* and its related guidance.

99. In complying with Part 11, we expect deposit takers to consider the same material risks they identify in the risk management framework they must establish and maintain under clause 7(1) of the *risk management standard*.

### **Information about risk (Clause 115)**

100. Clause 93 covers disclosure of a summary of the deposit taker’s risk management strategy as required under clause 12 of the *risk management standard*. In deciding what to disclose under this clause, deposit takers are encouraged to refer to the section on the risk management strategy in the guidance note for the *risk management standard*.

~~56.~~ Our intent is to enable users of disclosure statements to gain a clear understanding of the deposit taker’s risk tolerance and appetite in relation to its main activities and the material risks it faces. However, our intent is not for deposit takers to disclose the version of their risk management strategy that they maintain to comply with the *risk management standard*, noting that this could contain some commercially sensitive information.

101.

102. In complying with clause 115, a deposit taker may cross reference information disclosed in accordance with paragraph 33 (if applicable) of NZ IFRS 7.

### **Reviews of risk management framework (Clause 117)**

103. Clause 117 covers disclosure of reviews of a deposit taker’s risk management framework, the results of those reviews reported to the board as required under clause 22 and 24 of the *risk management standard*.

## **Internal audit function of deposit taker (Clause 118)**

104.104. Clause 118 covers disclosure of matters relating to a deposit taker's internal audit and compliance functions. Our intent is for deposit takers to make disclosures about the internal audit and compliance functions that are established in compliance with clause 32 and 33 of the *risk management standard*.

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

### **Scope of disclosure under this Part (Clause 45122)**

57.105. For clause 45122, see clause 10 and 11 for relevant guidance.

### **Concentrations of funding (Clause 5128)**

58.106. When complying with clause 5128, we expect deposit takers to refer to paragraphs 34(c) and B8 of NZ IFRS 7.

### **Maturity analysis of financial liabilities for liquidity risk (Clause 53130)**

59.107. When complying with clause 53130, we expect deposit takers to refer to paragraphs 39 and B11A-D of NZ IFRS 7.

### **Asset quality breakdown by type of credit exposure (Clause 55132)**

60.108. Our intent is to capture both on- and off-balance sheet credit exposures. Off-balance sheet exposures can relate to, for example:

60.1.108.1. undrawn lending commitments and financial guarantees

60.2.108.2. credit substitutes such as acceptances and letters of credit

60.3.108.3. securitisation and other asset-backed financing activities

60.4.108.4. derivatives transactions.

### **Past due assets (Clause 56133)**

61.109. Clause 56-133 covers disclosure of a deposit taker's amount of financial assets that are past due but are not individually credit-impaired assets and categorising them by the number of days past due according to 4 categories.

62.110. Our intent is to continue to report our definition of 'non-performing loans' which is the sum of loans that are individually assessed as impaired and loans that are 90 days past due (but not individually impaired). Disclosing this information in disclosure statements aligns with information available on the Dashboard, in our Financial Stability Report and supports market discipline.

63.111. We expect deposit takers to use the definitions of the individual and collective basis of assessment given in paragraphs B5.5.1 to B5.5.6 of NZ IFRS 9.

### **Movements in components of loss allowance (Clause 57134)**

64.112. Clause 57-134 covers a reconciliation from the opening balance of its loss allowance to the closing balance in a deposit taker's *mid-year disclosure statement*.

65.113. When complying with clause 57134, we expect deposit takers to refer to paragraph 35H of NZ IFRS 7.

~~66.114.~~ We expect deposit takers to use the definitions of the individual and collective basis of assessment given in paragraphs B5.5.1 to B5.5.6 of NZ IFRS 9.

### **Measurement of loss allowance (Clause 132)**

~~115.~~ [In complying with clause 132, a deposit taker may cross reference information disclosed in accordance with paragraph 21, and paragraphs 35F and 35G \(if applicable\), of NZ IFRS 7.](#)

### **Breakdown of credit risk exposure (Clause ~~58~~133)**

~~67.116.~~ Clause ~~58-133~~ covers a deposit taker's disclosure of the amounts of its financial assets, loan commitments and financial guarantee contracts that have been assessed on an individual and/or collective basis.

~~68.117.~~ When complying with clause ~~58~~13, we expect deposit takers to refer to paragraph 35M of NZ IFRS 7.

~~69.118.~~ We expect deposit takers to use the definitions of the individual and collective basis of assessment given in paragraphs B5.5.1 to B5.5.6 of NZ IFRS 9.

### **Asset quality of financial assets designated at fair value (Clause ~~59~~134)**

~~70.119.~~ Clause ~~59-134~~ covers a deposit taker's disclosure of movements in credit risk for financial assets designated at fair value through profit or loss, following the same breakdown as required for movements in the items comprising the loss allowance under clause ~~57~~131.

~~71.120.~~ Our intent is to provide market participants with a comprehensive view of a deposit taker's exposure to credit risk. For assets held at fair value, credit risk can be captured through the market price of the asset (or other credit risk adjustment) rather than loss allowances captured by clause ~~57~~131. We intend for clause ~~59-134~~ to ensure that changes in credit risk for fair value assets are also disclosed.

~~72.121.~~ When complying with clause ~~59~~134, we expect deposit takers to refer to paragraph 9(c) of NZ IFRS 7.

~~73.122.~~ We expect deposit takers to use the definitions of the individual and collective basis of assessment given in paragraphs B5.5.1 to B5.5.6 of NZ IFRS 9.

## **Part 13: Disclosure statement policy**

~~74.123.~~ Our intent is to help ensure the reliability of disclosed information which in turn improves market participant's access to understandable information.

~~75.124.~~ The *risk management standard* promotes effective risk management practices to promote the soundness and safety of deposit takers, and sets out requirements to support both the development and maintenance of adequate risk management processes and procedures. Part 13 of the Disclosure Statements Standard aligns with this approach by requiring a disclosure statement policy to address the risk of disclosure statements containing misleading or false information (see section 175 of the DTA). The requirements of the *risk management standard* regarding a deposit taker's risk management framework (and its components) are, where relevant, applicable to a deposit taker's disclosure statement policy. This includes, for example, the regular monitoring and reporting on the effectiveness of the disclosure statement policy as part of a deposit taker reviewing its risk management framework.

~~76.125.~~ The requirement is designed to allow a deposit taker's *board* focus on strategic issues and the oversight of management, rather than detailed process matters, which supports sound governance of the deposit taker.

### **Deposit taker must have disclosure statement policy (Clause ~~61~~139)**

~~77.126.~~ Clause ~~61~~139 covers how a deposit taker establishes, implements, maintains and complies with its disclosure statement policy.

~~78.127.~~ In general, overseas licensed deposit takers are permitted to leverage the disclosure statement policy of their group so long as it meets the requirements of the Disclosure Statements Standard and the NZ CEO approves its use for the New Zealand business.

### **Content of disclosure statement policy (Clause ~~62~~140)**

~~79.128.~~ Clause ~~62~~140 covers the content of a disclosure statement policy including the deposit taker's internal controls and procedures for preparing, publishing, reviewing, verifying and approving disclosure statements. It also includes a deposit taker's criteria for selecting the responsible person and steps it will take when deciding whether to include information in a disclosure statement under clause 13.

~~80.129.~~ The content requirement is largely principles-based to provide flexibility in implementation. That being said, we expect a deposit taker's disclosure statement policy to:

~~80.1.129.1.~~ apply to the preparation of disclosure statements and not the provision of reporting to us under the Reporting Standard

~~80.2.129.2.~~ focus on internal controls and procedures for the governance, production, review and publication of the disclosure statements themselves, rather than explaining in detail how the underlying information is produced

~~80.3.129.3.~~ set out the approach for exercising discretion to include additional information in disclosure statements (as per clause 13).

~~81.130.~~ Deposit takers may describe process steps at a high level and refer to other documentation detailing the deposit taker's internal controls and procedures. However, in complying with clause ~~62~~140, we expect deposit takers to include sufficient detail in their disclosure statements policy to assure their *board* that the disclosure statements meet the requirements of this standard and are not false or misleading in any *material* particular.

### **Review of disclosure statement policy (Clause ~~63~~141)**

~~82.131.~~ The intent of clause ~~63~~141 is to ensure that a deposit taker's disclosure statement policy does not become out of date, thereby compromising the reliability of disclosure statements. It covers reviewing a disclosure statement policy at least once in every 3-year period. It also covers reporting the findings of each review to the *relevant person or body* as soon as reasonably practicable after each review is completed.

~~83.132.~~ A change in circumstances that could necessitate an event-based review could for example include a breach of the Disclosure Statements Standard, or a significant change to a deposit taker's governance structures or data systems.

~~84.133.~~ We consider a deposit taker's disclosure statement policy part of the deposit taker's risk management framework and expect deposit takers to review their policies in accordance with clause 22 of the *risk management standard*.

## Responsible person in respect of disclosure statement policy (Clause [64142](#))

[85.134.](#) Clause [64142](#) covers the deposit taker's appointment of a person to be responsible for ensuring that disclosure statements are prepared and published in accordance with its disclosure statement policy.

[86.135.](#) Our intent is for clause [64142](#) to help clarify the respective roles of the *board* or NZ CEO and management in the preparation and publication of disclosure statements.<sup>8</sup>

[87.136.](#) Our intent is not to require published attestations from senior responsible persons, given we have external assurance of disclosure statements (as covered by clauses [4817-24-22](#) of the Disclosure Statements Standard).

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<sup>8</sup> Noting the provisions of section 96 of the DTA regarding the use of information and advice.

## Appendix A: List of headings for disclosure statement presentation under clause 15

<u>Heading</u>	<u>Relevant clauses</u>	
<u>TABLE OF CONTENTS</u>		
	<u>15(4) [optional]</u>	<u>Information must be presented in required manner: ‘...must include an index or table of contents...’</u>
<u>GENERAL INFORMATION</u>		
<u>Ownership and governance</u>	<u>23</u>	<u>Contact information</u>
	<u>24</u>	<u>Details of certain holding entities</u>
	<u>25</u>	<u>Interests in voting products of deposit taker</u>
	<u>26</u>	<u>Power to appoint directors</u>
	<u>27</u>	<u>Information about directors and other persons</u>
	<u>28</u>	<u>Audit, risk, and remuneration committees</u>
	<u>34</u>	<u>Proceedings or arbitrations</u>
	<u>35</u>	<u>Priority of creditors' claims</u>
<u>General information on creditworthiness</u>	<u>31</u>	<u>Credit rating</u>
	<u>38</u>	<u>Information about depositor compensation scheme</u>
	<u>36</u>	<u>Guarantees</u>
	<u>37</u>	<u>Cross-guarantees</u>
	<u>39</u>	<u>New Zealand asset requirements for overseas deposit takers</u>
	<u>40</u>	<u>Home jurisdiction asset requirements for overseas deposit takers</u>

<u>Heading</u>	<u>Relevant clauses</u>	
	<a href="#">16</a>	<a href="#">Availability of information on financial strength dashboard</a>
<b><u>PRUDENTIAL INFORMATION</u></b>		
<a href="#">Remuneration</a>	<a href="#">29</a>	<a href="#">Description of remuneration policy</a>
	<a href="#">30</a>	<a href="#">Remuneration for senior managers</a>
<a href="#">Risk management</a>	<a href="#">Part 11</a>	<a href="#">Information about risk management</a>
<a href="#">Insurance, securitisation, funds management, and other fiduciary activities</a>	<a href="#">Part 7</a>	<a href="#">Information about insurance business, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products</a>
<a href="#">Capital adequacy</a>	<a href="#">Parts 3-6</a>	<a href="#">Information relating to capital</a>
<a href="#">Liquidity</a>	<a href="#">Part 8</a>	<a href="#">Information about liquidity</a>
<a href="#">Loan-to-Value Ratio and Debt-to-Income restrictions</a>	<a href="#">Part 9</a>	<a href="#">Information about lending</a>
<a href="#">Exposures to counterparties</a>	<a href="#">Part 10</a>	<a href="#">Information about exposures to counterparties [incl. related party exposures]</a>
<b><u>FINANCIAL INFORMATION</u></b>		
<a href="#">Financial statements</a>	<a href="#">10 or 11 [as applicable]</a>	<a href="#">Year-end or mid-year disclosure statement must be accompanied by financial statements or interim financial statements [as applicable]</a>
	<a href="#">Part 12 (cl. 44-60)</a>	<a href="#">Information relating to financial statements</a>
<b><u>OTHER DISCLOSURES</u></b>		
<a href="#">Contraventions of prudential obligations</a>	<a href="#">33</a>	<a href="#">Contraventions of prudential obligations</a>
<a href="#">Licence conditions</a>	<a href="#">32</a>	<a href="#">Licence conditions</a>
<a href="#">Assurance reports</a>	<a href="#">22</a>	<a href="#">Disclosure statement must include auditor's name and address</a>

Heading	Relevant clauses
	<a href="#">17 or 18</a> <a href="#">Year-end or mid-year disclosure statement must be accompanied by assurance reports [as applicable]</a>
	<a href="#">19</a> <a href="#">Additional assurance report required for New Zealand deposit taker</a>
<a href="#">INDEX</a>	
	<a href="#">15(4)</a> <a href="#">Information must be presented in required manner: ‘...must include an index or table of contents...’</a>