



New Zealand Gazette

OF THURSDAY, 16 NOVEMBER 1995

WELLINGTON: FRIDAY, 17 NOVEMBER 1995 — ISSUE NO. 135

REGISTERED BANK DISCLOSURE STATEMENTS

Reserve Bank

Reserve Bank of New Zealand Act 1989

Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 1995

CATHERINE A. TIZARD, Governor-General
ORDER IN COUNCIL

At Wellington this 14th day of November 1995
Present:

THE HON. DOUG KIDD PRESIDING IN COUNCIL

Pursuant to section 81(1) of the Reserve Bank of New Zealand Act 1989, Her Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, and on the advice of the Minister of Finance given in accordance with a recommendation of the Reserve Bank of New Zealand, hereby makes the following Order.

Analysis

1. Title, Application and Commencement

Part I—Preliminary

2. Interpretation

3. Form, Frequency and Distribution of Disclosure Statement

4. General Provisions Relating to Content of Disclosure Statement

Part II—Key Information Summary

5. Content of Key Information Summary

Part III—General Disclosures to be Contained in General Disclosure Statement

6. General Matters

7. Guarantee Arrangements

8. Registered Bank: Directorate and Auditors

9. Conditions of Registration

10. Pending Proceedings or Arbitration

11. Credit Ratings

Part IV—Financial and Supplementary Disclosures to be Contained in General Disclosure Statement

12. Content of Financial and Supplementary Disclosures

13. Historical Summary of Financial Statements

14. Members of Banking Group

15. Auditor's Report

16. Other Material Matters

17. The Directors' Statement

Part V—Supplemental Disclosure Statement

18. General Matters

19. Guarantors

20. Conditions of Registration

Schedules

1. Supplementary Financial Disclosures, Risk Concentrations and Asset Quality

2. Capital Adequacy of the Registered Bank and the Banking Group

3. Concentration of Credit Exposures to Individual Counterparties

4. Credit Exposures to Connected Persons

5. Securitisation, Funds Management and Other Fiduciary Activities

6. Risk Management Policies

Order

1. Title, Application and Commencement—(1) This Order may be cited as the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 1995.

(2) This Order applies to every Registered Bank incorporated in New Zealand.

(3) This Order shall come into force on the 1st day of January 1996.

(4) The first Disclosure Statement required by this Order in respect of a Registered Bank shall be in respect of the first Balance Date which occurs after 1 January 1996.

Part I

Preliminary

2. Interpretation—(1) Any term or expression used in this Order that is not defined in this Order:

(a) which is defined in the Act shall, unless the context otherwise requires, have the meaning given to it by the Act;

(b) which is not defined in the Act and which is defined in the Conditions of Registration shall, unless the context otherwise requires, have the meaning given to it by the Conditions of Registration; and

(c) which is not defined in the Act or in the Conditions of Registration shall, unless the context otherwise requires, be interpreted in compliance with generally accepted accounting practice (as that term is defined in section 3 of the Financial Reporting Act 1993).

(2) References in this Order to the singular include the plural and vice versa.

(3) In this Order a reference to an 'FRS' is a reference to a Financial Reporting Standard approved or given authoritative support from time to time by the Accounting Standards Review Board pursuant to sections 24 and 27 of the Financial Reporting Act 1993.

(4) In this Order, unless the context otherwise requires:

'Accounting Period' has the meaning set out in the Companies Act 1993.

'Act' means the Reserve Bank of New Zealand Act 1989.

'Address for Service' in relation to:

(a) an individual, means the address of their usual place of business in New Zealand or, if no such address exists, the address of their usual place of business outside New Zealand;

(b) a company within the meaning of section 2(1) of the Companies Act 1993, means the address for service adopted by the company under section 192 of that Act;

(c) a company registered under the Companies Act 1955, means the address of its registered office;

(d) any other entity, means the address of its principal office or principal place of business in New Zealand or, if no such address exists, its principal office or principal place of business outside New Zealand.

'Asset Acquired Through the Enforcement of Security' means any asset which is legally owned as the result of enforcing security, other than a building occupied by the Registered Bank or a member of the Banking Group.

- 'Balance Date' means the last day of an Accounting Period or Interim Accounting Period.
- 'Bank' means a Registered Bank or an Overseas Bank.
- 'Banking Group' means the Financial Reporting Group but where the Reserve Bank has, by notice in writing to the Registered Bank, after consultation with the Registered Bank, agreed to or required the inclusion or exclusion of any entity or any part of any entity, means the Financial Reporting Group including or excluding that entity or that part of that entity, as the case may be.
- 'Capital' in relation to:
- an Overseas Bank or Overseas Banking Group, means the amount of capital held by the Overseas Bank or Overseas Banking Group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that Overseas Bank or Overseas Banking Group in its country of domicile;
 - a Banking Group, means the amount of capital held by the Banking Group, determined in accordance with the Conditions of Registration.
- 'Class' means a category of assets or liabilities which have a similar nature or function in the operations of the Registered Bank or Banking Group.
- 'Commodity Instrument' means any contract that provides for settlement only by receipt or delivery of a physical asset.
- 'Company' has the same meaning as in section 2 of the Companies Act 1955 or section 2 of the Companies Act 1993 as appropriate, and includes an overseas company within the meaning of section 2 of the Companies Act 1993.
- 'Conditions of Registration' in relation to a Registered Bank means the conditions of registration imposed on that Registered Bank by the Reserve Bank pursuant to section 74 of the Act.
- 'Connected Person' has the same meaning as in the Conditions of Registration.
- 'Counterparty' means any other party to a contract with the Registered Bank or a member of the Banking Group.
- 'Credit Exposure' means the amount of the maximum loss that a party to a contract could incur as a result of the Counterparty to that contract failing to discharge its obligations, without taking into account the value of collateral, guarantees, indemnities, other support arrangements, and any potential recoveries, where the maximum loss in relation to:
- a market related contract means the credit equivalent amount of the contract determined in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time;
 - any other contract means the full value of the contract;
- provided that, for the purposes of this definition, a Financial Liability may be offset against any such loss if to do so would accord with generally accepted accounting practice as defined in the Financial Reporting Act 1993.
- 'Credit Risk' means the risk of loss arising from one party to a contract failing to discharge its obligations under that contract.
- 'Currency Risk' means the risk arising from changes in exchange rates or in the prices of foreign currency.
- 'Debt Security', in relation to a Registered Bank, means any interest in or right to be paid money that is, or is to be, deposited with, lent to, or otherwise owing by, that Registered Bank (whether or not the interest or right is secured by a charge over any property).
- 'Director' means a person holding office as a director of the Registered Bank.
- 'Disclosure Statement', in relation to a Registered Bank, means a document Published by that Registered Bank under sections 81 or 83 of the Act which shall comprise a General Disclosure Statement, Key Information Summary and Supplemental Disclosure Statement.
- 'Equity' has the same meaning as in the New Zealand Society of Accountants Statement of Concepts for General Purpose Financial Reporting.
- 'Equity Risk' means the risk arising from changes in the prices of equity instruments.
- 'Fair Value' has the same meaning as in FRS-31.
- 'Financial Asset' has the same meaning as in FRS-31.
- 'Financial Instrument' has the same meaning as in FRS-31.
- 'Financial Liability' has the same meaning as in FRS-31.
- 'Financial Reporting Group' means a Registered Bank (as reporting entity) and all other entities included in the group as that term is defined in section 2 (1) of the Financial Reporting Act 1993.
- 'First Quarter Accounting Period' means the first three month period of an Accounting Period.
- 'General Disclosure Statement' means that part of a Disclosure Statement which contains the information prescribed in Part III and Part IV of this Order.
- 'General Provision' means an amount that has been created to meet unidentified credit losses.
- 'Group of Closely Related Counterparties' means a group of legal or natural persons one or more of which is a Counterparty that are related in such a way that:
- the financial soundness of any one of them may materially affect the financial soundness of the other;
 - one has the power to control the other; or
 - one has the capacity to exercise significant influence over the other.
- 'Immediate Relative', in relation to any person, means their spouse or any person who lives with that person as their spouse, whether or not married, and any parent, brother, sister or child, in each case whether or not adoptive, of that person or of their spouse or person who lives with that person as their spouse.
- 'Impaired Asset' means a Non-Accrual Asset, a Restructured Asset, or an Asset Acquired Through the Enforcement of Security.
- 'Interest Rate Risk' means the risk arising from changes in interest rates.
- 'Interim Accounting Period' means the first six month period of an Accounting Period.
- 'Investment Security' means a security which is intended to be held for the long term or to maturity.
- 'Issuer' has the same meaning as in the Financial Reporting Act 1993.
- 'Key Information Summary' means that part of a Disclosure Statement which contains the information prescribed in Part II of this Order.
- 'Material' has the meaning given to it by generally

accepted accounting practice, or, where generally accepted accounting practice does not apply, means a statement, fact, or item which is of such a nature or amount that its inclusion or omission, or the method of treating its disclosure, would be likely to influence a reasonable user of the Disclosure Statement.

'Non-Accrual Asset' means any Credit Exposure for which it is probable that the Registered Bank or a member of the Banking Group will not be able to collect all amounts owing in accordance with the terms of the contract with the Counterparty.

'Non-Bank Connected Person' has the same meaning as in the Conditions of Registration.

'OECD Government' means the central government of any of the countries specified in the list of OECD countries contained in Appendix One to the Reserve Bank document entitled "'Capital Adequacy Framework'" (BS2), as amended from time to time.

'Off Quarter Balance Date' means the last day of a First Quarter Accounting Period or Third Quarter Accounting Period.

'Other Asset Acquired Through the Enforcement of Security' means any Asset Acquired Through the Enforcement of Security, other than a Real Estate Asset Acquired Through the Enforcement of Security.

'Other Security' means a security which is not intended to be held for the long term or to maturity.

'Overseas Bank' means a financial institution incorporated outside New Zealand which has been authorised, registered, or licensed as a bank in its country of domicile by the appropriate banking supervisory authority.

'Overseas Banking Group' means an Overseas Bank and all other entities included in the group for the purposes of public reporting of group financial statements in the country of domicile of the Overseas Bank.

'Past Due Asset' means any Credit Exposure which has not been operated by the Counterparty within its key terms for at least 90 days and which is not a Non-Accrual Asset or a Restructured Asset.

'Publication Date', in respect of a Disclosure Statement, means the date the Disclosure Statement is Published in accordance with clause 3 of this Order.

'Publish' includes distribute, make available and disseminate.

'Real Estate Asset Acquired Through the Enforcement of Security' means a land or building Asset Acquired Through the Enforcement of Security.

'Register' means the register of Registered Banks maintained pursuant to section 69 of the Act.

'Registered Bank' means an entity which is entered on the Register.

'Relevant Interest' has the same meaning as in sections 5 and 6 of the Securities Amendment Act 1988.

'Responsible Person' means a person authorised in writing by a Director to sign the Disclosure Statement in accordance with section 82 of the Act.

'Restructured Asset' means any Credit Exposure which is not a Non-Accrual Asset and for which:

- (a) the original terms have been changed to grant the Counterparty a concession that would not otherwise have been available, due to the Counterparty's difficulties in complying with the original terms;
- (b) the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and

(c) the yield on the asset following restructuring is equal to, or greater than, the average cost of funds of the Registered Bank or a member of the Banking Group, or that a loss is not otherwise expected to be incurred.

'Specific Provision' means an amount which has been created against identified credit losses or in respect of an identified deterioration in the value of any asset or Class of asset attributable to an increase in Credit Risk.

'Subsidiary' means a subsidiary within the meaning of section 158 of the Companies Act 1955 or sections 5 to 8 of the Companies Act 1993 as appropriate.

'Substantial Security Holder' means a person who has a Relevant Interest in 5 percent or more of the Voting Securities of which the Registered Bank is the issuer.

'Supplemental Disclosure Statement' means that part of a Disclosure Statement which contains the information prescribed in Part V of this Order.

'Third Quarter Accounting Period' means:

- (a) the first nine month period of an Accounting Period; and
- (b) where an Accounting Period will be 15 months, the first 12 month period of an Accounting Period.

'Tier One Capital' in relation to:

- (a) an Overseas Bank or Overseas Banking Group, means the amount of tier one capital held by the Overseas Bank or Overseas Banking Group determined in accordance with the requirements of the authority having the power to impose minimum Capital requirements on that Overseas Bank or Overseas Banking Group in its country of domicile;
- (b) a Banking Group, means the amount of tier one capital held by the Banking Group, determined in accordance with the Conditions of Registration.

'Ultimate Holding Company' means the body corporate which is the Registered Bank's holding company (as that term is defined in section 5 of the Companies Act 1993) and which is not itself a Subsidiary of another body corporate and which is not a Bank.

'Ultimate Parent Bank' means any Bank which is the Registered Bank's holding company (as that term is defined in section 5 of the Companies Act 1993) and which is not itself a Subsidiary of another Bank.

'Voting Security' has the same meaning as in section 2 of the Securities Amendment Act 1988.

'Working Day' means a day of the week on which the Registered Bank's head office is open for business.

3. Form, Frequency and Distribution of Disclosure Statement—(1) Subject to the Act, every Registered Bank shall Publish, not later than three months after each Balance Date, a Disclosure Statement which shall:

- (a) contain the information that is prescribed in Part II to Part V of this Order; and
- (b) comply with the Act.

(2) Disclosure Statements shall be Published in the following manner:

- (a) every Registered Bank shall prominently display the Registered Bank's most recent Key Information Summary at the Registered Bank's head office and every branch or agency of the Registered Bank;
- (b) every Registered Bank shall provide to any person a copy of its most recent Key Information Summary immediately upon request and at no charge;
- (c) every Registered Bank shall provide a copy of its

most recent General Disclosure Statement at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank;

(d) every Registered Bank shall provide a copy of its most recent Supplemental Disclosure Statement, or such part of it as is requested, at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of a Supplemental Disclosure Statement is included in the General Disclosure Statement; and

(e) every Registered Bank shall deliver a copy of its most recent Disclosure Statement to the Reserve Bank on the Publication Date.

4. General Provisions Relating to Content of Disclosure Statement—(1) (a) In addition to the information which is required by this Order, a Disclosure Statement:

(i) shall contain such other information as in the opinion of the Directors it is necessary or desirable to include so as to ensure that any information contained in the Disclosure Statement is not false or misleading in any Material particular; and

(ii) subject to any express provision to the contrary in this Order, may contain such other information as the Directors consider appropriate.

(b) A Disclosure Statement shall not contain any offer (within the meaning of that term as defined in section 2 of the Securities Act 1978) of any Debt Securities, but may contain information required for the purposes of regulation 21 (2) and regulation 22 (d) of the Securities Regulations 1983.

(2) Subject to the Act and this clause, nothing in this Order shall limit the provisions of any other enactment.

(3) Where this Order requires or permits a Disclosure Statement to incorporate information about any person, business, or group in respect of a stated period, that information need not relate to any part of that period for which the person, business, group or any part thereof did not exist. Where the Disclosure Statement contains information in respect of a period that is less than the stated period, it shall identify the period in respect of which the information is provided.

(4) The Disclosure Statement shall not state or imply that a person is, or intends to become, a shareholder of the Registered Bank, or of a member of the Banking Group, without also stating whether that person guarantees any of the obligations of the Registered Bank or any member of the Banking Group.

(5) Subject to subclause (6) of this clause, where a Registered Bank is unable:

(a) because of systems limitations or because of circumstances beyond its control to disclose information which the Registered Bank would, pursuant to this Order, be required to disclose, the Disclosure Statement shall:

(i) state that fact, and an explanation of the circumstances; and

(ii) contain information which is the closest available alternative to that required to be disclosed pursuant to this Order; or

(b) to disclose peak end-of-day information for that part of an Accounting Period which precedes the date on

which this Order comes into force, the Registered Bank may disclose peak end-of-day information in respect of the period commencing with the date on which this Order comes into force.

(6) A Registered Bank need not disclose comparative information where this information is not readily available, provided that comparative information shall be deemed to be readily available 12 months after the date at which such information was first required to be Published.

Part II

Key Information Summary

5. Content of Key Information Summary—(1) Subject to subclause (2) of this clause, the Key Information Summary shall contain, in the same order and under the same headings, the information required to be disclosed pursuant to subclause (7) of this clause, as at the Registered Bank's Balance Date or for the Accounting Period or Interim Accounting Period, as the case may be, unless otherwise stated.

(2) If a Key Information Summary would be false or misleading as a result of stating the information required to be disclosed pursuant to subclause (7) of this clause, information and explanations that will make the Key Information Summary not false or misleading shall also be stated under the relevant heading.

(3) The information required to be disclosed pursuant to subclause (7) (d) to (i) of this clause shall relate to the Banking Group.

(4) Where applicable, the information contained in the Key Information Summary shall be taken from the information contained in the General Disclosure Statement.

(5) The Key Information Summary may contain additional information, to which the information stated pursuant to subclause (7) of this clause may refer by way of note, provided that such information is set out after the information required to be disclosed pursuant to subclause (7) of this clause.

(6) The information required to be disclosed pursuant to subclause (7) (d) to (i) of this clause shall include comparative figures for the previous corresponding period.

(7) The Key Information Summary shall contain:

(a) Corporate information—

(i) the name of the Registered Bank;

(ii) if applicable, the name of any person that is the Ultimate Parent Bank of the Registered Bank and its country of domicile;

(iii) if applicable, the name of any person that is the Ultimate Holding Company of the Registered Bank and its country of domicile;

(b) Credit rating—

(i) a statement as to whether the Registered Bank has a credit rating applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars; and

(ii) if so, with respect to each such rating:

(A) the name of the person who gave the credit rating;

(B) the current rating and all qualifications to that rating;

(C) any changes made to the rating in the two years preceding the Balance Date and the date on which any such change occurred;

(c) Guarantors—

(i) a statement as to whether the Material obligations

- of the Registered Bank, or of any member of the Banking Group which is an Issuer, are guaranteed;
- (ii) where a person guarantees any Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer:
- (A) the name of the member of the Banking Group whose obligations are guaranteed, and a description of the nature of those obligations;
- (B) the name of the guarantor and whether the guarantor is a member of the Banking Group;
- (C) a statement as to whether there are any limits on the amount of the obligations guaranteed, and, if so, a statement that information on these limits is contained in the General Disclosure Statement;
- (D) a statement as to whether there are any Material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a statement that information on these conditions is contained in the General Disclosure Statement;
- (E) a statement as to whether there are any Material legislative or regulatory provisions which could have the effect of subordinating claims under the guarantee to other claims on the guarantor and, if so, a statement that information on these legislative or regulatory provisions is contained in the General Disclosure Statement;
- (F) a statement that details of the guarantee arrangements are available in the Supplemental Disclosure Statement, or where the content of the Supplemental Disclosure Statement is contained in the General Disclosure Statement, in the General Disclosure Statement;
- (d) Profitability—
- (i) net profit or loss after tax and extraordinary items over the Accounting Period or Interim Accounting Period;
- (ii) net profit or loss after tax and extraordinary items over the Accounting Period or Interim Accounting Period expressed as a percentage (annualised) of the average of total assets;
- (e) Size—
- (i) total assets;
- (ii) the percentage change in total assets from the previous corresponding period to the Balance Date;
- (f) Capital adequacy—
- (i) Tier One Capital expressed as a percentage of risk weighted exposures;
- (ii) Capital expressed as a percentage of risk weighted exposures;
- (g) Asset quality—
- (i) total Impaired Assets;
- (ii) total Impaired Assets expressed as a percentage of total assets;
- (iii) total Specific Provisions;
- (iv) total Specific Provisions expressed as a percentage of total Impaired Assets;
- (h) Peak Credit Exposure concentrations—
- the number of individual Counterparties or Groups of Closely Related Counterparties (excluding any OECD Government and Connected Persons) to which the Banking Group has an aggregate Credit Exposure (net of Specific Provisions) which equals or exceeds 10% of the Banking Group's Equity, separately disclosing the number of:
- (i) Counterparties other than Banks and Groups of Closely Related Counterparties of which a Bank is not the parent;
- (ii) Bank Counterparties and Groups of Closely Related Counterparties of which a Bank is the parent;
- in successive ranges of 10% of the Banking Group's Equity in respect of peak end-of-day Credit Exposures (net of Specific Provisions) since the commencement of the Accounting Period;
- (i) Peak Connected Person Credit Exposures—
- (i) the peak aggregate end-of-day Credit Exposure (net of Specific Provisions and gross of set-offs) to Connected Persons for the Accounting Period or Interim Accounting Period expressed as an amount and as a percentage of Tier One Capital;
- (ii) the peak aggregate end-of-day Credit Exposure (net of Specific Provisions and gross of set-offs) to Non-Bank Connected Persons for the Accounting Period or Interim Accounting Period expressed as an amount and as a percentage of Tier One Capital;
- (j) Reference to Disclosure Statements—
- a statement that copies of the Registered Bank's most recent General Disclosure Statement and Supplemental Disclosure Statement will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank; and
- (k) Auditor's report—
- a copy of a report by an auditor signed by that auditor either in the auditor's own name or the name of that auditor's firm, that states with respect to the information prepared in accordance with this clause:
- (i) that the Key Information Summary has been examined by the auditor; and
- (ii) whether the Key Information Summary has been completed in accordance with this Order and whether the information contained in it has been properly taken, where applicable, from the information contained in the General Disclosure Statement.

Part III

General Disclosures to be Contained in General Disclosure Statement

6. General Matters—(1) In respect of the Registered Bank, the General Disclosure Statement shall state:

- (a) its name and Address for Service;
- (b) the statute or other authority under or pursuant to which it was incorporated or established; and
- (c) the date of its incorporation or establishment.
- (2) Where applicable, the General Disclosure Statement shall state:
- (a) the name and Address for Service of the Ultimate Parent Bank of the Registered Bank;
- (b) the name and Address for Service of the Ultimate Holding Company of the Registered Bank; and
- (c) a summary of any regulations, legislation or other restrictions of a legally enforceable nature which may materially inhibit the legal ability of the bodies corporate referred to in paragraphs (a) and (b) of this subclause, to provide Material financial support to the Registered Bank.
- (3) To the extent that the information is, upon reasonable

investigation, able to be obtained by the Registered Bank, the General Disclosure Statement shall state the name of each person who is a Substantial Security Holder and, where that person is not the registered and the beneficial holder of the Voting Securities, shall state briefly the nature of that person's Relevant Interest in those Voting Securities.

7. Guarantee Arrangements—(1) The General Disclosure Statement shall state whether the Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, are guaranteed.

(2) Where a person guarantees any Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, the General Disclosure Statement shall state:

- (a) the name and Address for Service of the guarantor;
- (b) whether the guarantor is a member of the Banking Group;
- (c) the nature of the obligations which are guaranteed, including a description sufficient to identify them;
- (d) whether there are any limits on the amount of the obligations guaranteed and, if so, a brief summary of the nature of those limits;
- (e) whether there are any Material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a brief summary of those conditions;
- (f) whether there are any Material legislative or regulatory restrictions which would have the effect of subordinating the claims under the guarantee of any of the creditors of the Registered Bank or Banking Group on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor. If so, the General Disclosure Statement shall also state:
 - (i) the legislation or regulations involved and the nature of the impairment of the rights of the creditors which they create;
 - (ii) the amount of the liabilities which are so affected;
- (g) (i) the amount of the net tangible assets of the guarantor as shown in the most recent publicly available audited financial statements, together with any qualifications in the auditor's report on those financial statements that reflect on the statement of those assets in the financial statements; or
 - (ii) where the guarantor is a Bank, the guarantor's most recent publicly disclosed Capital expressed as an amount and as a percentage of risk weighted exposures, and the date to which that measure of Capital relates;
- (h) the information required to be disclosed pursuant to clause 11 of this Order as though the reference to a Registered Bank were a reference to the guarantor, the reference to New Zealand were a reference to the country of incorporation of the guarantor and the reference to New Zealand dollars were a reference to the currency of the country of incorporation of the guarantor; and
- (i) that a copy of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the full guarantee contract, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of the Supplemental Disclosure Statement is contained in the General Disclosure Statement.

8. Registered Bank: Directorate and Auditors—The General Disclosure Statement shall state:

- (a) an address to which communications addressed to the Directors and Responsible Persons (if any), or any of them, may be sent;
- (b) the name, occupation, technical or professional qualifications, and country of residence of each Director and Responsible Person;
- (c) the name and Address for Service of any auditor whose report is referred to in the Disclosure Statement;
- (d) in relation to every Director:
 - (i) the nature and amount of any transaction which any Director or any Immediate Relative or close business associate of any Director has with the Registered Bank or any member of the Banking Group which either has been entered into on terms other than those which would, in the ordinary course of business of the Registered Bank or any member of the Banking Group, be given to any other person of like circumstances or means, or which could otherwise be reasonably likely to influence materially the exercise of that Director's duties; and
 - (ii) whether any Director is an executive Director; and
- (e) the policy of the board of Directors for avoiding or dealing with conflicts of interest which may arise from the personal, professional or business interests of the Directors or any of them.

9. Conditions of Registration—The General Disclosure Statement shall either:

- (a) state that a copy of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the Conditions of Registration applicable as at the date of the Disclosure Statement, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank; or
- (b) contain a copy of the Conditions of Registration applicable as at the date of the Disclosure Statement.

10. Pending Proceedings or Arbitration—The General Disclosure Statement shall contain a description of any pending proceedings or arbitration concerning any member of the Banking Group, whether in New Zealand or elsewhere, that may have a Material adverse effect on the Registered Bank or the Banking Group.

11. Credit Ratings—(1) The General Disclosure Statement shall state whether the Registered Bank has a credit rating applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars.

(2) For each credit rating required to be disclosed pursuant to subclause (1) of this clause the General Disclosure Statement shall state:

- (a) the name of the person who gave the credit rating;
- (b) the current rating and all qualifications to that rating;
- (c) any changes made to the rating in the two years preceding the Balance Date and the date on which any such change occurred; and
- (d) descriptions or explanations of all the steps in the applicable rating scales.

Part IV

Financial and Supplementary Disclosures to be Contained in General Disclosure Statement

12. Content of Financial and Supplementary Disclosures—(1) The General Disclosure Statement shall contain or be accompanied by financial statements of the Registered Bank and the Banking Group for the Accounting Period or the Interim Accounting Period, prepared in accordance with the requirements of the Financial Reporting Act 1993 including, without limitation, section 13 of the Financial Reporting Act 1993, as though the references in the Financial Reporting Act 1993 to a 'group' were to the Banking Group and as though the Registered Bank does not qualify for any exemptions pursuant to the Framework for Differential Reporting issued by the New Zealand Society of Accountants.

(2) The General Disclosure Statement shall contain, where Material, the supplementary information for the Accounting Period or the Interim Accounting Period prescribed by Schedules 1 to 5 of this Order unless this information is included in the financial statements prepared in accordance with clause 12 (1) of this Order.

(3) The General Disclosure Statement shall contain, where Material, the supplementary information for the Accounting Period or the Interim Accounting Period prescribed by Schedule 6 of this Order unless this information is included in the financial statements prepared in accordance with clause 12 (1) of this Order.

13. Historical Summary of Financial Statements—(1) The General Disclosure Statement shall contain a historical summary of financial statements in respect of the Banking Group.

(2) The amounts in the historical summary of financial statements required to be disclosed pursuant to subclause (1) of this clause shall be amounts that appear in financial statements of the Banking Group giving a true and fair view of the results and state of affairs of the Banking Group for the period concerned, or, where no such statements have been prepared, amounts that would have appeared in such statements if they had been prepared.

(3) The amounts that appear in the historical summary of financial statements required to be disclosed pursuant to subclause (1) of this clause shall include the following:

- (a) total interest revenue;
- (b) total interest expense;
- (c) total other revenue;
- (d) total Impaired Asset expense;
- (e) total other expenses;
- (f) net profit or loss before taxation and extraordinary items;
- (g) taxation;
- (h) net profit or loss before extraordinary items;
- (i) extraordinary items;
- (j) net profit or loss after extraordinary items;
- (k) minority interests;
- (l) the amount paid or provided for dividends;
- (m) profit or loss retained;
- (n) total assets;
- (o) total Impaired Assets;
- (p) total liabilities;
- (q) equity;

in the case of a Disclosure Statement prepared in respect of:

- (r) an Accounting Period, for each of the five most recent consecutive Accounting Periods; or
- (s) an Interim Accounting Period, for each of the five most recent consecutive Accounting Periods and the current Interim Accounting Period.

(4) The General Disclosure Statement shall state whether the amounts required to be disclosed pursuant to subclause (3) of this clause have been taken from audited financial statements.

14. Members of Banking Group—The General Disclosure Statement shall state the name and nature of business of each member of the Banking Group other than the Registered Bank.

15. Auditor's Report—(1) A General Disclosure Statement Published in respect of an Accounting Period shall contain a copy of a report by an auditor signed by that auditor, either in the auditor's own name or the name of that auditor's firm, that states, with respect to the financial statements and supplementary information prepared in accordance with clauses 12 (1) and 12 (2) of this Order:

- (a) the work done by the auditor;
- (b) the scope and limitations of the audit;
- (c) the existence of any relationship (other than that of auditor) which the auditor has with, or interest the auditor has in, the Registered Bank and any of its Subsidiaries or in-substance subsidiaries;
- (d) whether the auditor has obtained all the information and explanations that the auditor has required;
- (e) whether, in the auditor's opinion, as far as appears from an examination of them, proper accounting records have been kept by the Registered Bank and the Banking Group;
- (f) whether, in the auditor's opinion, the financial statements of the Registered Bank and the Banking Group comply with generally accepted accounting practice, and if they do not, the respects in which they fail to comply;
- (g) where applicable, whether, in the auditor's opinion, the supplementary information has been prepared in accordance with guidelines issued pursuant to section 78 (3) of the Act (if any) or any Conditions of Registration, and is in accordance with the books and records of the Registered Bank and the Banking Group;
- (h) whether, in the auditor's opinion, and having regard to any information or explanations that may have been added by the Registered Bank pursuant to sections 11 (2) and 14 (2) of the Financial Reporting Act 1993, the financial statements of the Registered Bank and the Banking Group give a true and fair view of the matters to which they relate and, if they do not, the respects in which they fail to give such a view; and
- (i) whether, in the auditor's opinion, the supplementary information of the Registered Bank and the Banking Group gives a true and fair view of the matters to which it relates and, if it does not, the respects in which it fails to give such a view.

(2) A Disclosure Statement Published in respect of an Interim Accounting Period shall contain a copy of a report by an auditor signed by that auditor either in the auditor's own name or the name of that auditor's firm, which either:

- (a) complies with the requirements contained in subclause (1) of this clause; or
- (b) (i) with respect to the financial statements prepared in accordance with clause 12 (1) of this Order, states:
 - (A) that the financial statements have been examined by the auditor; and
 - (B) whether anything has come to the auditor's attention which would cause the auditor to believe that the financial statements do not present a true and fair view of the matters to which they relate;

(ii) with respect to the supplementary information prepared in accordance with clause 12 (2) of this Order, states:

- (A) that the supplementary information has been examined by the auditor; and
- (B) whether anything has come to the auditor's attention which would cause the auditor to believe that the supplementary information does not present a true and fair view of the matters to which it relates.

16. Other Material Matters—The General Disclosure Statement shall state particulars of any matters relating to the business or affairs of the Registered Bank and the Banking Group which are not contained elsewhere in the General Disclosure Statement and which would, if disclosed, materially adversely affect the decision of a person to subscribe for Debt Securities of which the Registered Bank or any member of the Banking Group is the issuer.

17. The Directors' Statement—The General Disclosure Statement shall contain a statement by the Directors as to whether, after due enquiry by them, as at the date of the Disclosure Statement, the Directors believe:

- (a) the Disclosure Statement contains all the information that is required by this Order;
- (b) the Registered Bank complies with the Conditions of Registration;
- (c) Credit Exposures to Connected Persons (if any) are not contrary to the interests of the Banking Group;
- (d) the Registered Bank has systems in place to monitor and control adequately the Banking Group's Material risks, including Credit Risk, concentration of Credit Risk, Interest Rate Risk, Currency Risk, Equity Risk, liquidity risk and other business risks, and whether those systems are being properly applied; and
- (e) the Disclosure Statement is not false or misleading as at the date on which the Disclosure Statement is signed.

Part V

Supplemental Disclosure Statement

18. General Matters—(1) Subject to subclause (2) of this clause, the Supplemental Disclosure Statement shall state only the information specified in clauses 19 and 20 of this Order.

(2) If a Supplemental Disclosure Statement would be false or misleading as a result of stating the information specified in subclause (1) of this clause, information and explanations that will make the Supplemental Disclosure Statement not false or misleading shall also be stated.

19. Guarantors—Where a General Disclosure Statement states that a person guarantees any Material obligations of any member of the Banking Group, the Supplemental Disclosure Statement shall contain a copy of the full guarantee contract and the most recent financial statements and group financial statements of the guarantor, together with a copy of the audit report (if any) relating to those statements, unless this information is already contained within the General Disclosure Statement.

20. Conditions of Registration—The Supplemental Disclosure Statement shall contain a copy of the Conditions of Registration which are applicable as at the date of the Disclosure Statement, unless this information is already contained within the General Disclosure Statement.

DIANE WILDERSPIN, Acting for Clerk of the Executive Council.

First Schedule

Supplementary Financial Disclosures, Risk Concentrations and Asset Quality

Supplementary Financial Disclosures

1. The General Disclosure Statement shall contain, in respect of the Registered Bank and the Banking Group, for the Accounting Period or the Interim Accounting Period, or as at the Balance Date, as the case may be, the information required to be disclosed pursuant to clauses 3 to 7 of this Schedule.

2. The information required to be disclosed pursuant to clauses 3 to 6 of this Schedule shall include comparative figures for the previous corresponding period.

3. Supplementary Information on the Statement of Financial Performance—(1) Interest revenue, separately disclosing interest revenue from:

- (a) lending, other than on Impaired Assets;
- (b) Impaired Assets, showing Material categories separately;
- (c) Investment Securities;
- (d) Other Securities;
- (e) other sources, showing Material categories separately.

(2) Net gains or losses from trading activities, separately disclosing Material categories.

(3) Net gains or losses on the sale of Investment Securities.

(4) Other operating revenue showing separately:

- (a) fee revenues, separately disclosing:
 - (i) lending and credit facility related fee revenue;
 - (ii) other fee revenue;
- (b) dividends;
- (c) other sources, showing Material categories separately.

(5) Interest expense, separately disclosing those expenses relating to the different classifications of funding presented in the statement of financial position.

(6) Impaired Asset expenses, separately disclosing:

- (a) charges for Specific Provisions;
- (b) amounts written off directly to the statement of financial performance;
- (c) write-downs of Real Estate Assets Acquired Through the Enforcement of Security and Other Assets Acquired Through the Enforcement of Security;
- (d) recoveries of provisions and write-offs charged in previous periods.

(7) Current period charge for General Provision.

4. Supplementary Information on the Statement of Financial Position Assets—(1) Material categories of recognised Financial Assets, net of Specific Provisions, in the broad order of their liquidity, including at least the following categories of Financial Assets:

- (a) cash and demand balances with central banks;
- (b) balances with other financial institutions which may be withdrawn without prior notice;
- (c) Other Securities, separately showing securities which are eligible for refinancing by central banks and Other Securities held for liquidity and other purposes;
- (d) Investment Securities;
- (e) acceptances in respect of bills accepted but not held in a portfolio (if recognised);
- (f) loans, advances and lease finance;

(g) other assets, including a description of the nature and characteristics of those assets.

(2) Where within any of the categories of recognised assets disclosed pursuant to clause 4 (1) of this Schedule, assets are held for more than one purpose, such as trading, liquidity, investment, hedging, or lending:

(a) a description of each purpose for which the recognised assets are held, and the amount of recognised assets held for that purpose; and

(b) the method used to value each amount disclosed pursuant to clause 4 (2) (a) of this Schedule.

(3) Whether there have been any reclassifications of securities from a historical cost basis for valuation to a mark to market basis for valuation or vice versa, and if so, the impact that those reclassifications have had on net profit before taxation, and the valuations of those securities, as recorded in the statement of financial position.

(4) Total interest earning and discount bearing assets.

5. Supplementary Information on the Statement of Financial Position Liabilities—(1) Recognised Financial Liabilities, in the broad order of their maturity, distinguishing among liabilities on demand, other short term liabilities and long term liabilities.

(2) Where within any of the categories of recognised liabilities disclosed pursuant to clause 5 (1) of this Schedule, liabilities are held for more than one purpose, such as trading, hedging, or financing:

(a) a description of each purpose for which the recognised liabilities are held, and the amount of recognised liabilities held for that purpose; and

(b) the method used to value each amount disclosed pursuant to clause 5 (2) (a) of this Schedule.

(3) Information on the nature and amount of each Class of Financial Liability, where these classifications are based on the priority of creditors' claims over assets in a winding up.

(4) Liability on acceptances (if recognised).

(5) Total interest and discount bearing liabilities.

6. Supplementary Information on Unrecognised Assets and Liabilities—(1) The nature and face or contract amount of each Class of unrecognised assets or liabilities.

(2) The nature, and where quantifiable, the amount of each Class of unrecognised assets and liabilities arising from contracts for which there is no face or contract amount.

(3) Where within any of the Classes of unrecognised items disclosed pursuant to clauses 6 (1) and 6 (2) of this Schedule, unrecognised assets and liabilities are held for more than one purpose, such as trading, liquidity, investment, hedging, or providing financing, risk management, or other services to customers:

(a) a description of each purpose for which the unrecognised assets or liabilities are held, and the amount of unrecognised assets or liabilities held for that purpose; and

(b) the method used to value each amount disclosed pursuant to clause 6 (3) (a) of this Schedule.

7. Accounting Policies—(1) Accounting policies followed for Financial Instruments with respect to the basis for recognising revenues and expenses (including gains and losses), including:

(a) interest revenue and expense, and policies on inter-period allocations of interest revenue and expense;

(b) fee revenue and expenses, distinguishing between yield related and non yield related items, and policies in relation to inter-period allocations;

(c) recognising gains or losses on Investment Securities and Other Securities.

(2) Accounting policies followed for recognising Financial Instruments in the financial reports or for treating Financial Instruments as unrecognised items, including:

(a) the classification and measurement of Investment Securities and Other Securities;

(b) accounting for Financial Instruments which are used for hedging purposes;

(c) accounting for leases, foreign exchange contracts and derivative instruments such as options, futures, and swaps;

(d) accounting for sale and repurchase agreements, reverse sale and repurchase agreements or their option derivatives;

(e) accounting for acceptances and endorsements of bills of exchange;

(f) accounting for loan transfers and the securitisation of Financial Assets.

(3) Accounting policies followed for Financial Instruments with respect to the basis of valuation.

(4) Accounting policies followed for Commodity Instruments, with respect to:

(a) the basis for recognising revenues and expenses (including gains and losses);

(b) the basis for recognising Commodity Instruments in the financial reports or for treating Commodity Instruments as unrecognised items;

(c) the basis of valuation.

(5) Policies for accounting for Impaired Assets, including criteria used to classify those assets, and policies for recognising and determining their carrying amounts in the statement of financial position.

(6) Accounting policies for determining Specific Provisions and General Provisions for both recognised and unrecognised assets, and the basis on which those provisions are recognised in the financial statements, including whether Specific Provisions are based on an identification on a Counterparty by Counterparty basis, estimation in relation to a Class of assets, or some other basis.

(7) Policies for accounting for the recognition of revenue or principal payments received, and policies for accounting for revenue due but not received, in respect of each Class of Impaired Assets.

(8) Accounting policies for the valuation of investments in Subsidiaries, in-substance subsidiaries and associates.

(9) Accounting policies for funds under management.

Risk Concentrations

8. The General Disclosure Statement shall contain, in respect of the Registered Bank and the Banking Group, as at the Balance Date, the information required to be disclosed pursuant to clauses 11 and 12 of this Schedule.

9. The information required to be disclosed pursuant to clauses 11 and 12 of this Schedule shall include comparative figures for the previous corresponding period.

10. For the purposes of disclosing Credit Exposure information pursuant to clause 11 of this Schedule, where applicable Credit Exposures shall be calculated on the basis of credit equivalent amounts determined in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (BS2), as amended from time to time.

11. **Concentrations of Credit Exposures**—A statement of the amount of any significant concentration of Credit Exposures including:

- (a) customers' industry or economic sectors;
- (b) geographical areas, showing, where applicable, the following categories separately:
 - (i) Credit Exposure concentrations within New Zealand;
 - (ii) Credit Exposure concentrations to other countries separately disclosing the amount of Credit Exposure to each country in respect of which there is a significant concentration of Credit Exposure.

12. **Concentrations of Funding**—A statement of the amount of any significant concentration of funding including:

- (a) sources of funding by category of product;
- (b) sources of funding by category of Counterparty;
- (c) geographical areas, showing, where applicable, the following categories separately:
 - (i) funding concentrations from within New Zealand;
 - (ii) funding concentrations from other countries, separately disclosing the amount of funding from each country in respect of which there is a significant concentration of funding.

Asset Quality

13. The information required to be disclosed pursuant to clauses 14 (a) and 14 (b) of this Schedule shall include comparative figures for the previous corresponding period.

14. The General Disclosure Statement shall contain, in respect of the Banking Group as at the Balance Date, the following information:

- (a) in respect of each of the following Classes of assets:
 - (i) Non-Accrual Assets;
 - (ii) Restructured Assets;
 - (iii) Real Estate Assets Acquired Through the Enforcement of Security;
 - (iv) Other Assets Acquired Through the Enforcement of Security; and
 - (v) Past Due Assets;
 the following information:
 - (vi) the aggregate amount which has been recognised; and
 - (vii) the aggregate amount which has not been recognised; before deducting provisions for expected losses or provisions for diminution in asset value, and
 - (viii) the aggregate amount of Specific Provisions or provisions for diminution in asset value;
 - (ix) the aggregate amount of General Provisions (if any);
- (b) the amount of interest revenue foregone over the Accounting Period or Interim Accounting Period in respect of holdings of Non-Accrual Assets and, where Material, holdings of Restructured Assets and Past Due Assets;
- (c) the basis on which the amounts disclosed pursuant to clause 14 (b) of this Schedule have been calculated;
- (d) information on movements in pre-provision balances over the Accounting Period or Interim Accounting Period for each of the Classes of assets set out in subparagraphs (i) to (v) of clause 14 (a), separately disclosing, where Material:
 - (i) pre-provision opening balance;
 - (ii) additions;

- (iii) amounts written-off;
 - (iv) deletions;
 - (v) pre-provision closing balance;
- (e) information on movements in the balances of total Specific Provisions or provisions for diminution in asset value over the Accounting Period or Interim Accounting Period, for each of the Classes of assets set out in subparagraphs (i) to (v) of clause 14 (a), separately disclosing, where Material:
- (i) opening balance;
 - (ii) charge (credit) to the statement of financial performance for increase/decrease in Specific Provisions or provisions for diminution in asset value;
 - (iii) amounts written off;
 - (iv) write-downs of Assets Acquired Through the Enforcement of Security;
 - (v) recoveries of provisions and write-offs charged in previous periods;
 - (vi) other movements, and the nature thereof;
 - (vii) closing balance;
- with movements reconciled to the charges allocated to the statement of financial performance; and
- (f) information on movements in the balance of the General Provision over the Accounting Period or Interim Accounting Period, separately disclosing, where Material:
- (i) opening balance;
 - (ii) charge (credit) to statement of financial performance for increase/decrease in the General Provision;
 - (iii) other movements, and the nature thereof;
 - (iv) closing balance;
- with movements reconciled to the charges allocated to the statement of financial performance.

Second Schedule

Capital Adequacy of the Registered Bank and the Banking Group

1. The information required to be disclosed pursuant to clauses 5 and 6 of this Schedule shall include comparative figures for the previous corresponding period.

2. The General Disclosure Statement shall contain the information specified below, in such format as the Registered Bank determines, derived in accordance with the Conditions of Registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time, in respect of the Capital of the Registered Bank and the Banking Group, as at the Balance Date.

Capital

Tier One Capital

- (a) Issued and fully paid-up ordinary share capital
- (b) Perpetual fully paid up non-cumulative preference shares
- (c) Revenue and similar reserves
- (d) Current period's audited retained earnings
- (e) Tier one minority interests

Less: Deductions from tier one capital
(Specify each deduction)

Total Tier One Capital**Tier Two Capital****Upper Tier Two Capital**

- (a) Unaudited retained profits
- (b) Revaluation reserves
- (c) General provisions for doubtful debts
- (d) Upper tier two capital instruments (specify)

Lower Tier Two Capital

- (e) Term subordinated debt
- (f) Other capital elements with original maturity of five years or more

Total Tier Two Capital**Tier One Capital plus Tier Two Capital**

Less: Deductions from total capital (specify each deduction)

Capital

3. (1) The General Disclosure Statement shall contain the information specified below in respect of the Registered Bank and the Banking Group.

(2) For each Class of equity share capital:

- (a) whether it is included in Tier One Capital or tier two capital;
- (b) the Material terms and conditions applying to that Class including but not limited to:
 - (i) voting rights;
 - (ii) redemption, conversion or capital repayment options/facilities and their relevant terms or conditions;

(iii) terms or conditions of any predetermined dividend rate;

(iv) provision for any variation or suspension of dividend payments;

(v) any maturity date; and

(vi) any options granted or to be granted pursuant to any arrangement, the consideration given or to be given, the expiry date for the exercise and the total number of shares subject to such option;

(c) the total of cumulative preferred dividends in arrears; and

(d) a brief description of any other Material terms and conditions of issue of the securities including provisions of related contracts or arrangements.

(3) For every other Class of capital instrument included in Capital:

(a) whether the Class constitutes upper or lower tier two capital;

(b) the priority or ranking in point of security, payment or claims of the Class; and

(c) all other Material terms and conditions of issue of the Class, including any related contracts or arrangements.

(4) The nature and amount of each reserve.

4. The General Disclosure Statement shall contain the information specified below, in such format as the Registered Bank determines, derived in accordance with the Conditions of Registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time, in respect of the Registered Bank and the Banking Group, as at the Balance Date.

Risk Weighted Exposures

(1) Calculation of Balance Sheet Exposures

	Principal Amount	Risk Weight	Risk Weighted Exposure
Cash and short term claims on Government		0%	
Long term claims on Government		10%	
Claims on banks		20%	
Claims on public sector entities		20%	
Residential mortgages		50%	
Other		100%	
Total assets			

(2) Calculation of Off-Balance Sheet Exposures

	Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Average Counterparty Risk Weight	Risk Weighted Exposure
Direct credit substitutes		100%			
Asset sales with recourse		100%			
Commitments with certain drawdown		100%			
Underwriting and sub-underwriting facilities		50%			
Transaction related contingent items		50%			
Short term, self liquidating trade related contingencies		20%			
Other commitments to provide financial services which have an original maturity of 1 year or more		50%			
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time		0%			
Market related contracts ¹		NA			
(a) Foreign exchange contracts					
(b) Interest rate contracts					
(c) Other					
Total off-balance sheet exposures					
Risk Weighted Exposures					

¹ Specify whether the current exposure or original exposure method was used to calculate the credit equivalent amount on these contracts.

5. The General Disclosure Statement shall contain the information specified below, derived in accordance with the Conditions of Registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time, in respect of the capital adequacy ratios of the Registered Bank and the Banking Group, as at the Balance Date:

- (a) Tier One Capital expressed as a percentage of risk weighted exposures; and
- (b) Capital expressed as a percentage of risk weighted exposures.

6. Where the Registered Bank is a Subsidiary of an Ultimate Parent Bank:

- (a) the General Disclosure Statement shall contain the most recent publicly available information specified below in respect of the Ultimate Parent Bank and the Ultimate Parent Bank group:
 - (i) Tier One Capital expressed as a percentage of risk weighted exposures;
 - (ii) Capital expressed as a percentage of risk weighted exposures; and
 - (iii) the date to which the measures of Tier One Capital and Capital relate;
- (b) the General Disclosure Statement shall contain a statement as to:
 - (i) whether the Ultimate Parent Bank or Ultimate Parent Bank group is required by the appropriate banking supervisory authority in its country of domicile to hold minimum Capital at least equal to that specified under the Basle framework; and
 - (ii) to the extent that the information is publicly available, whether the Ultimate Parent Bank or Ultimate Parent Bank group meets those requirements imposed on it by the appropriate banking supervisory authority in its country of domicile as at the latest Balance Date.

Third Schedule

Concentration of Credit Exposures to Individual Counterparties

1. For the purposes of this Schedule, Credit Exposure information shall be disclosed either on the basis of:

- (a) actual Credit Exposures; or
- (b) internal limits, provided that those limits were not Materially exceeded during the Accounting Period or the Interim Accounting Period.

The General Disclosure Statement shall state the method used.

2. For the purposes of this Schedule:

- (a) information disclosed shall be in respect of the Banking Group; and
- (b) Credit Exposures shall be calculated net of Specific Provisions.

3. Credit Exposures to any OECD Government and Connected Persons are not to be included in the Credit Exposure information required to be disclosed pursuant to this Schedule.

4. The information required to be disclosed pursuant to clauses 6 and 8 of this Schedule shall include comparative figures for the previous corresponding period.

5. For the purposes of this Schedule, peak end-of-day aggregate Credit Exposures to each individual Counterparty or a Group of Closely Related Counterparties over the

Interim Accounting Period or the Accounting Period shall be measured as follows:

- (a) within each quarter, by determining the maximum end-of-day aggregate Credit Exposures over the quarter, and dividing that amount by the Banking Group's Equity as at the end of the quarter; and
- (b) for the Accounting Period or Interim Accounting Period, by calculating the ratio for each quarter in the Accounting Period or Interim Accounting Period pursuant to clause 5 (a) of this Schedule and then taking the maximum of such ratios.

6. Where aggregate Credit Exposure to any individual Bank Counterparty or a Group of Closely Related Counterparties of which a Bank is the parent equals or exceeds 10% of the Banking Group's Equity over the Interim Accounting Period or Accounting Period, the General Disclosure Statement shall disclose the number of those Counterparties, in successive ranges of 10% of Equity, commencing at 10% of Equity.

7. The information required to be disclosed pursuant to clause 6 of this Schedule shall be made:

- (a) as at the Balance Date; and
- (b) in respect of peak end-of-day aggregate Credit Exposures since the commencement of the Accounting Period.

8. Where aggregate Credit Exposure to any individual non Bank Counterparty or a Group of Closely Related Counterparties of which a Bank is not the parent equals or exceeds 10% of the Banking Group's Equity over the Interim Accounting Period or Accounting Period, the General Disclosure Statement shall disclose the number of those Counterparties, in successive ranges of 10% of Equity, commencing at 10% of Equity.

9. The information required to be disclosed pursuant to clause 8 of this Schedule shall be made:

- (a) as at the Balance Date; and
- (b) in respect of peak end-of-day aggregate Credit Exposures since the commencement of the Accounting Period.

Fourth Schedule

Credit Exposures to Connected Persons

1. For the purposes of this Schedule, Credit Exposure information shall be disclosed either on the basis of:

- (a) actual Credit Exposures; or
- (b) internal limits, provided that those limits were not Materially exceeded during the Accounting Period or the Interim Accounting Period.

The General Disclosure Statement shall state the method used.

2. For the purposes of this Schedule:

- (a) information disclosed shall be in respect of the Banking Group; and
- (b) Credit Exposures to Connected Persons shall be calculated net of Specific Provisions and gross of set-offs.

3. The information required to be disclosed pursuant to clauses 6, 8 and 9 of this Schedule shall include comparative figures for the previous corresponding period.

4. The information required to be disclosed pursuant to clauses 6, 8 and 9 of this Schedule shall be derived in accordance with the Conditions of Registration relating to Connected Persons.

5. For the purposes of this Schedule, peak end-of-day

Credit Exposure over the Accounting Period or Interim Accounting Period shall be measured as follows:

- (a) within each quarter, by determining the maximum aggregate end-of-day Credit Exposure during the quarter, and dividing that amount by the Banking Group's Tier One Capital, as at the end of the quarter; and
 - (b) for the Accounting Period or Interim Accounting Period, by calculating the ratio for each quarter in the Accounting Period or Interim Accounting Period pursuant to clause 5 (a) of this Schedule and then taking the maximum of such ratios.
6. The General Disclosure Statement shall contain:
- (a) a statement of aggregate Credit Exposure to Connected Persons, expressed both as an amount and as a percentage of Tier One Capital; and
 - (b) a statement of aggregate Credit Exposure to Non-Bank Connected Persons, expressed both as an amount and as a percentage of Tier One Capital.
7. The information required to be disclosed pursuant to clause 6 of this Schedule shall be made:
- (a) as at the Balance Date; and
 - (b) in respect of peak end-of-day Credit Exposures for the Accounting Period or Interim Accounting Period.
8. The General Disclosure Statement shall contain a statement of the aggregate amount of contingent exposures of the Banking Group to Connected Persons, arising from risk lay-off arrangements in respect of Credit Exposures to Counterparties (other than Counterparties which are Connected Persons), as at the Balance Date.
9. The General Disclosure Statement shall contain a statement of the aggregate amount of the Banking Group's Specific Provisions provided against Credit Exposures to Connected Persons as at the Balance Date.

Fifth Schedule

Securitisation, Funds Management, and Other Fiduciary Activities

1. The General Disclosure Statement shall contain the information required to be disclosed pursuant to clauses 3 to 10 of this Schedule in respect of the Banking Group as at the Balance Date (unless otherwise stated).
2. The information required to be disclosed pursuant to clauses 5, 7 and 9 of this Schedule shall include comparative figures for the previous corresponding period.
3. A statement of the nature of the Banking Group's involvement in:
 - (a) trust, custodial, funds management, and other fiduciary activities established, marketed, and/or sponsored by a member of the Banking Group; and
 - (b) the origination of securitised assets, and the marketing or servicing of securitisation schemes.
4. Where applicable, a statement as to whether arrangements have been put in place to ensure that difficulties arising from the activities specified in clause 3 of this Schedule would not impact adversely on the Banking Group, and if so, the nature of those arrangements.
5. Where applicable, a statement of the amount represented by the activities specified in clause 3 of this Schedule, disclosed according to the nature of the activity.
6. A statement as to whether:
 - (a) financial services provided by any member of the Banking Group to entities which conduct the activities specified in clause 3 of this Schedule have been provided on arms length terms and conditions and at fair value; and

- (b) assets purchased from entities which conduct the activities specified in clause 3 of this Schedule have been purchased on arms length terms and conditions and at fair value.

7. The peak aggregate amount of funding (including funding provided by the purchase of securities issued by entities which conduct the activities specified in clause 3 of this Schedule) the Banking Group has provided over the Accounting Period or Interim Accounting Period to the entities which conduct the activities specified in clause 3 of this Schedule, expressed as an amount and as a percentage of Tier One Capital.

8. For the purposes of clause 7 of this Schedule, the peak aggregate amount of such funding over the Accounting Period or Interim Accounting Period shall be measured as follows:

- (a) within each quarter, by determining the maximum amount of aggregate end-of-day funding during the quarter, and dividing that amount by the Banking Group's Tier One Capital as at the end of the quarter; and
- (b) for the Accounting Period or Interim Accounting Period, by calculating the ratio for each quarter in the Accounting Period or Interim Accounting Period pursuant to clause 8 (a) of this Schedule and then taking the maximum of such ratios.

9. The peak aggregate amount of funding (including funding provided by the purchase of securities issued by entities which conduct the activities specified in clause 3 of this Schedule) provided by the Banking Group over the Accounting Period or Interim Accounting Period to any individual entity which conducts the activities specified in clause 3 of this Schedule, expressed as an amount and as a percentage of the amount of securities issued by that particular entity.

10. For the purposes of clause 9 of this Schedule, the peak amount of such funding provided to any individual entity over the Accounting Period or Interim Accounting Period shall be measured as follows:

- (a) within each quarter:
 - (i) by determining, for each entity which conducts the activities specified in clause 3 of this Schedule, the maximum amount of aggregate end-of-day funding provided by the Banking Group during the quarter and dividing that amount by that entity's assets as at the end of the quarter;
 - (ii) by taking the maximum of the ratios determined in clause 10 (a) (i) of this Schedule; and
- (b) for the Accounting Period or Interim Accounting Period, by taking the maximum of the ratios determined in clause 10 (a) (ii) of this Schedule for each quarter in the period.

Sixth Schedule

Risk Management Policies

1. In respect of the Banking Group, for each of the following categories of risk:

- (a) Credit Risk, including concentrations of Credit Risk, intra-day Credit Risk, Credit Risk to Bank Counterparties and related party Credit Risk;
- (b) Currency Risk;
- (c) Interest Rate Risk;
- (d) Equity Risk;
- (e) liquidity risk;
- (f) any other Material business risk to which the Banking Group is exposed;

the General Disclosure Statement shall contain the information set out in clause 2 of this Schedule.

2. In relation to each risk identified in clause 1 of this Schedule, the General Disclosure Statement shall contain:

- (a) an explanation of the nature of the risk and the activities of the Banking Group which give rise to that risk;
- (b) a general description of the methods used to identify and monitor exposure to the risk, including the frequency with which exposures are monitored; and
- (c) a general description of the systems and procedures for controlling the risk, including, where applicable, whether exposure limits are employed, any policies with respect to collateral or other security, and any policies on the use of Financial Instruments to mitigate or hedge risks.

3. The General Disclosure Statement shall contain a statement as to the nature and frequency of any reviews conducted in respect of the Banking Group's risk management systems, including a statement as to whether any such reviews were conducted by a party external to the Banking Group, Ultimate Parent Bank or Ultimate Holding Company.

4. The General Disclosure Statement shall contain a statement as to whether the Banking Group has an internal audit function and, if so, its nature, including:

- (a) organisational status, including formal and administrative reporting procedures;
- (b) reference to the existence of an audit committee and, if applicable, the nature and scope of that committee; and
- (c) scope of the internal audit function, including type and frequency of audits.

Explanatory Note

This note is not part of the Order in Council, but is intended to indicate its general effect.

This Order in Council is one of four Orders in Council promulgated pursuant to section 81 (1) of the Reserve Bank of New Zealand Act 1989. The Orders in Council provide for a new public disclosure regime for registered banks, replacing existing prospectus requirements imposed under the Securities Act 1978 on registered banks in respect of their offers of debt securities to the public. All four Orders in Council come into force on 1 January 1996.

The disclosure regime is part of a new set of arrangements being implemented by the Reserve Bank of New Zealand to supervise registered banks.

This Order in Council applies to a registered bank which is incorporated in New Zealand, in respect of each such bank's end of financial year and half year.

All registered banks will be required to issue a public disclosure statement each quarter. The disclosure statement required to be published pursuant to this Order in Council comprises a Key Information Summary, a General Disclosure Statement and, if applicable, a Supplemental Disclosure Statement.

The Key Information Summary must be displayed prominently in each bank branch and must be available free of charge immediately upon request. The Key Information Summary provides a brief summary of key financial information on the registered bank and its banking group.

The General Disclosure Statement is required to contain a comprehensive range of financial and corporate information on the bank and its banking group. The General Disclosure Statement need not be displayed in each

bank branch, but must be made available free of charge within five working days of a request having been made for it from a bank branch or agency, or immediately from a bank's head office. The information required to be included in a General Disclosure Statement includes:

- a general information on the structure of the bank, the members of the banking group and information on guarantee arrangements (where applicable);
- b a statement as to whether the bank has a credit rating, and if so, a disclosure of that rating;
- c comprehensive financial statements for the bank and banking group, prepared in accordance with generally accepted accounting practice, including asset quality and risk concentration information;
- d information on capital adequacy (using the Reserve Bank of New Zealand's capital adequacy framework);
- e information, both as at the end of the half year or full year and peak over the accounting period to date, on the banking group's exposure concentration to individual counterparties and groups of closely related counterparties and to connected persons;
- f descriptions of the banking group's policies and systems for identifying, monitoring and managing its risks;
- g statements signed by the directors of the bank, including an attestation as to whether the directors are satisfied that the banking group's internal controls are adequate for managing the group's material business risks and whether the controls are being properly applied, and a statement that the disclosure statement is not false or misleading;
- h information on the banking group's funds management and securitisation activities, to the extent it has any;
- i information on the directorate and auditors of the bank.

Each bank must publish a Supplemental Disclosure Statement, unless the information it would include is contained in the General Disclosure Statement. The Supplemental Disclosure Statement must be made available free of charge within five working days of a request being made for it at a bank branch or agency, or immediately from a bank's head office. This Order in Council requires the following information to be contained in a Supplemental Disclosure Statement:

- a the conditions of registration imposed by the Reserve Bank on the registered bank pursuant to section 74 of the Reserve Bank of New Zealand Act;
- b the contract of guarantee and financial statements of any guarantor, where the material obligations of the registered bank or of a public issuer within the banking group are guaranteed.

A bank has three months after its balance date or interim balance date in which to publish the disclosure statements required by this Order in Council.

The disclosure statement in respect of the end of a financial year is subject to full external audit. The disclosure statement prepared as at the half year is subject to a limited review by an external auditor, although a registered bank may elect to obtain a full external audit.

The disclosure statements required by this Order in Council must be signed by all the directors of the bank. A director may authorise in writing another person to sign on his or her behalf.

The Reserve Bank of New Zealand Act provides for criminal and civil penalties where a bank's disclosure statement is found to be false or misleading.

This Order in Council is administered in the Reserve Bank of New Zealand.

au7554

Registered Bank Disclosure Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 1995

CATHERINE A. TIZARD, Governor-General

ORDER IN COUNCIL

At Wellington this 14th day of November 1995

Present:

THE HON. DOUG KIDD PRESIDING IN COUNCIL

Pursuant to section 81(1) of the Reserve Bank of New Zealand Act 1989, Her Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, and on the advice of the Minister of Finance given in accordance with a recommendation of the Reserve Bank of New Zealand, hereby makes the following Order.

A n a l y s i s

1. Title, Application and Commencement

Part I—Preliminary

2. Interpretation

3. Form, Frequency and Distribution of Short Form Disclosure Statement

4. General Provisions Relating to Content of Short Form Disclosure Statement

Part II—Key Information Summary

5. Content of Key Information Summary

Part III—General Disclosures to be Contained in General Short Form Disclosure Statement

6. General Matters

7. Credit Ratings

8. Guarantee Arrangements

9. Conditions of Registration

Part IV—Financial and Supplementary Disclosures to be Contained in General Short Form Disclosure Statement

10. Content of Financial and Supplementary Disclosures

11. The Directors' Statement

12. Auditor's Report

Part V—Supplemental Disclosure Statement

13. General Matters

14. Guarantors

15. Conditions of Registration

Schedules

1. Short Form Financial Statements

2. Capital Adequacy of the Banking Group

3. Asset Quality

4. Concentration of Credit Exposures to Individual Counterparties

5. Credit Exposures to Connected Persons

6. Risk Management Policies

O r d e r

1. **Title, Application and Commencement**—(1) This Order may be cited as the Registered Bank Disclosure Statement (Off-Quarter—New Zealand Incorporated Registered Banks) Order 1995.

(2) This Order applies to every Registered Bank incorporated in New Zealand.

(3) This Order shall come into force on the 1st day of January 1996.

(4) The first Short Form Disclosure Statement required by this Order in respect of a Registered Bank shall be in respect of the first Off Quarter Balance Date which occurs after 1 January 1996.

Part I

Preliminary

2. **Interpretation**—(1) Any term or expression used in this Order that is not defined in this Order:

(a) which is defined in the Act shall, unless the context otherwise requires, have the meaning given to it by the Act;

(b) which is not defined in the Act and which is defined in the Conditions of Registration shall, unless the context otherwise requires, have the meaning given to it by the Conditions of Registration; and

(c) which is not defined in the Act or in the Conditions of Registration shall, unless the context otherwise requires, be interpreted in compliance with generally accepted accounting practice (as that term is defined in section 3 of the Financial Reporting Act 1993).

(2) References in this Order to the singular include the plural and vice versa.

(3) In this Order a reference to an 'FRS' is a reference to a Financial Reporting Standard approved or given authoritative support from time to time by the Accounting Standards Review Board pursuant to sections 24 and 27 of the Financial Reporting Act 1993.

(4) In this Order, unless the context otherwise requires:

'Accounting Period' has the meaning set out in the Companies Act 1993.

'Act' means the Reserve Bank of New Zealand Act 1989.

'Address for Service' in relation to:

(a) an individual, means the address of their usual place of business in New Zealand or, if no such address exists, the address of their usual place of business outside New Zealand;

(b) a company within the meaning of section 2(1) of the Companies Act 1993, means the address for service adopted by the company under section 192 of that Act;

(c) a company registered under the Companies Act 1955, means the address of its registered office;

(d) any other entity, means the address of its principal office or principal place of business in New Zealand or, if no such address exists, its principal office or principal place of business outside New Zealand.

'Asset Acquired Through the Enforcement of Security' means any asset which is legally owned as the result of enforcing security, other than a building occupied by the Registered Bank or a member of the Banking Group.

'Balance Date' means the last day of an Accounting Period or Interim Accounting Period.

'Bank' means a Registered Bank or an Overseas Bank.

'Banking Group' means the Financial Reporting Group but where the Reserve Bank has, by notice in writing to the Registered Bank, after consultation with the Registered Bank, agreed to or required the inclusion or exclusion of any entity or any part of any entity, means the Financial Reporting Group including or

- excluding that entity or that part of that entity, as the case may be.
- 'Capital' in relation to:
- (a) an Overseas Bank or Overseas Banking Group, means the amount of capital held by the Overseas Bank or Overseas Banking Group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that Overseas Bank or Overseas Banking Group in its country of domicile;
- (b) a Banking Group, means the amount of capital held by the Banking Group, determined in accordance with the Conditions of Registration.
- 'Class' means a category of assets or liabilities which have a similar nature or function in the operations of the Registered Bank or Banking Group.
- 'Commodity Instrument' means any contract that provides for settlement only by receipt or delivery of a physical asset.
- 'Company' has the same meaning as in section 2 of the Companies Act 1955 or section 2 of the Companies Act 1993 as appropriate, and includes an overseas company within the meaning of section 2 of the Companies Act 1993.
- 'Conditions of Registration' in relation to a Registered Bank means the conditions of registration imposed on that Registered Bank by the Reserve Bank pursuant to section 74 of the Act.
- 'Connected Person' has the same meaning as in the Conditions of Registration.
- 'Counterparty' means any other party to a contract with the Registered Bank or a member of the Banking Group.
- 'Credit Exposure' means the amount of the maximum loss that a party to a contract could incur as a result of the Counterparty to that contract failing to discharge its obligations, without taking into account the value of collateral, guarantees, indemnities, other support arrangements, and any potential recoveries, where the maximum loss in relation to:
- (a) a market related contract means the credit equivalent amount of the contract determined in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time;
- (b) any other contract means the full value of the contract;
- provided that, for the purposes of this definition, a Financial Liability may be offset against any such loss if to do so would accord with generally accepted accounting practice as defined in the Financial Reporting Act 1993.
- 'Credit Risk' means the risk of loss arising from one party to a contract failing to discharge its obligations under that contract.
- 'Currency Risk' means the risk arising from changes in exchange rates or in the prices of foreign currency.
- 'Debt Security', in relation to a Registered Bank, means any interest in or right to be paid money that is, or is to be, deposited with, lent to, or otherwise owing by, that Registered Bank (whether or not the interest or right is secured by a charge over any property).
- 'Director' means a person holding office as a director of the Registered Bank.
- 'Disclosure Statement', in relation to a Registered Bank, means a document Published by that Registered Bank in terms of the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 1995.
- 'Equity' has the same meaning as in the New Zealand Society of Accountants Statement of Concepts for General Purpose Financial Reporting.
- 'Equity Risk' means the risk arising from changes in the prices of equity instruments.
- 'Fair Value' has the same meaning as in FRS-31.
- 'Financial Asset' has the same meaning as in FRS-31.
- 'Financial Instrument' has the same meaning as in FRS-31.
- 'Financial Liability' has the same meaning as in FRS-31.
- 'Financial Reporting Group' means a Registered Bank (as reporting entity) and all other entities included in the group as that term is defined in section 2(1) of the Financial Reporting Act 1993.
- 'First Quarter Accounting Period' means the first three month period of an Accounting Period.
- 'General Provision' means an amount that has been created to meet unidentified credit losses.
- 'General Short Form Disclosure Statement' means that part of a Short Form Disclosure Statement which contains the information prescribed in Part III and Part IV of this Order.
- 'Group of Closely Related Counterparties' means a group of legal or natural persons one or more of which is a Counterparty that are related in such a way that:
- (a) the financial soundness of any one of them may materially affect the financial soundness of the other;
- (b) one has the power to control the other; or
- (c) one has the capacity to exercise significant influence over the other.
- 'Immediate Relative', in relation to any person, means their spouse or any person who lives with that person as their spouse, whether or not married, and any parent, brother, sister or child, in each case whether or not adoptive, of that person or of their spouse or person who lives with that person as their spouse.
- 'Impaired Asset' means a Non-Accrual Asset, a Restructured Asset, or an Asset Acquired Through the Enforcement of Security.
- 'Interest Rate Risk' means the risk arising from changes in interest rates.
- 'Interim Accounting Period' means the first six month period of an Accounting Period.
- 'Investment Security' means a security which is intended to be held for the long term or to maturity.
- 'Issuer' has the same meaning as in the Financial Reporting Act 1993.
- 'Key Information Summary' means that part of a Short Form Disclosure Statement which contains the information prescribed in Part II of this Order.
- 'Material' has the meaning given to it by generally accepted accounting practice, or, where generally accepted accounting practice does not apply, means a statement, fact, or item which is of such a nature or amount that its inclusion or omission, or the method of treating its disclosure, would be likely to influence a reasonable user of the Short Form Disclosure Statement.
- 'Non-Accrual Asset' means any Credit Exposure for which it is probable that the Registered Bank or a member of the Banking Group will not be able to

- collect all amounts owing in accordance with the terms of the contract with the Counterparty.
- 'Non-Bank Connected Person' has the same meaning as in the Conditions of Registration.
- 'OECD Government' means the central government of any of the countries specified in the list of OECD countries contained in Appendix One to the Reserve Bank document entitled "Capital Adequacy Framework" (BS2), as amended from time to time.
- 'Off Quarter Balance Date' means the last day of a First Quarter Accounting Period or Third Quarter Accounting Period.
- 'Other Asset Acquired Through the Enforcement of Security' means any Asset Acquired Through the Enforcement of Security, other than a Real Estate Asset Acquired Through the Enforcement of Security.
- 'Other Security' means a security which is not intended to be held for the long term or to maturity.
- 'Overseas Bank' means a financial institution incorporated outside New Zealand which has been authorised, registered, or licensed as a bank in its country of domicile by the appropriate banking supervisory authority.
- 'Overseas Banking Group' means an Overseas Bank and all other entities included in the group for the purposes of public reporting of group financial statements in the country of domicile of the Overseas Bank.
- 'Past Due Asset' means any Credit Exposure which has not been operated by the Counterparty within its key terms for at least 90 days and which is not a Non-Accrual Asset or a Restructured Asset.
- 'Publication Date', in respect of a Short Form Disclosure Statement, means the date the Short Form Disclosure Statement is Published in accordance with clause 3 of this Order.
- 'Publish' includes distribute, make available and disseminate.
- 'Real Estate Asset Acquired Through the Enforcement of Security' means a land or building Asset Acquired Through the Enforcement of Security.
- 'Register' means the register of Registered Banks maintained pursuant to section 69 of the Act.
- 'Registered Bank' means an entity which is entered on the Register.
- 'Relevant Interest' has the same meaning as in sections 5 and 6 of the Securities Amendment Act 1988.
- 'Responsible Person' means a person authorised in writing by a Director to sign the Short Form Disclosure Statement in accordance with section 82 of the Act.
- 'Restructured Asset' means any Credit Exposure which is not a Non-Accrual Asset and for which:
- the original terms have been changed to grant the Counterparty a concession that would not otherwise have been available, due to the Counterparty's difficulties in complying with the original terms;
 - the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and
 - the yield on the asset following restructuring is equal to, or greater than, the average cost of funds of the Registered Bank or a member of the Banking Group, or that a loss is not otherwise expected to be incurred.
- 'Short Form Disclosure Statement', in relation to a Registered Bank, means a document Published by that Registered Bank under sections 81 or 83 of the Act which shall comprise a General Short Form Disclosure Statement, Key Information Summary and Supplemental Disclosure Statement.
- 'Specific Provision' means an amount which has been created against identified credit losses or in respect of an identified deterioration in the value of any asset or Class of asset attributable to an increase in Credit Risk.
- 'Subsidiary' means a subsidiary within the meaning of section 158 of the Companies Act 1955 or sections 5 to 8 of the Companies Act 1993 as appropriate.
- 'Substantial Security Holder' means a person who has a Relevant Interest in 5 percent or more of the Voting Securities of which the Registered Bank is the issuer.
- 'Supplemental Disclosure Statement' means that part of a Short Form Disclosure Statement which contains the information prescribed in Part V of this Order.
- 'Third Quarter Accounting Period' means:
- the first nine month period of an Accounting Period; and
 - where an Accounting Period will be 15 months, the first 12 month period of an Accounting Period.
- 'Tier One Capital' in relation to:
- an Overseas Bank or Overseas Banking Group, means the amount of tier one capital held by the Overseas Bank or Overseas Banking Group determined in accordance with the requirements of the authority having the power to impose minimum Capital requirements on that Overseas Bank or Overseas Banking Group in its country of domicile;
 - a Banking Group, means the amount of tier one capital held by the Banking Group, determined in accordance with the Conditions of Registration.
- 'Ultimate Holding Company' means the body corporate which is the Registered Bank's holding company (as that term is defined in section 5 of the Companies Act 1993) and which is not itself a Subsidiary of another body corporate and which is not a Bank.
- 'Ultimate Parent Bank' means any Bank which is the Registered Bank's holding company (as that term is defined in section 5 of the Companies Act 1993) and which is not itself a Subsidiary of another Bank.
- 'Voting Security' has the same meaning as in section 2 of the Securities Amendment Act 1988.
- 'Working Day' means a day of the week on which the Registered Bank's head office is open for business.

3. Form, Frequency and Distribution of Short Form Disclosure Statement—(1) Subject to the Act, every Registered Bank shall Publish, after each Off Quarter Balance Date, a Short Form Disclosure Statement which shall:

- contain the information that is prescribed in Part II to Part V of this Order; and
 - comply with the Act.
- (2) The Short Form Disclosure Statement shall be Published:
- not later than two months after each Off Quarter Balance Date;
 - where the Registered Bank has not previously Published a Disclosure Statement in terms of the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 1995, not later than three months after each Off Quarter Balance Date; or

(c) where a General Short Form Disclosure Statement is subject to review or audit by an external auditor, and provided that the extent of review or audit is not less than that which is required in respect of a Disclosure Statement in terms of the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 1995, not later than three months after each Off Quarter Balance Date.

(3) Short Form Disclosure Statements shall be Published in the following manner:

- (a) every Registered Bank shall prominently display the Registered Bank's most recent Key Information Summary at the Registered Bank's head office and every branch or agency of the Registered Bank;
- (b) every Registered Bank shall provide to any person a copy of its most recent Key Information Summary immediately upon request and at no charge;
- (c) every Registered Bank shall provide a copy of its most recent General Short Form Disclosure Statement at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank;
- (d) every Registered Bank shall provide a copy of its most recent Supplemental Disclosure Statement, or such part of it as is requested, at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of a Supplemental Disclosure Statement is included in the General Short Form Disclosure Statement; and
- (e) every Registered Bank shall deliver a copy of its most recent Short Form Disclosure Statement to the Reserve Bank on the Publication Date.

4. General Provisions Relating to Content of Short Form Disclosure Statement—(1) (a) In addition to the information which is required by this Order, a Short Form Disclosure Statement:

- (i) shall contain such other information as in the opinion of the Directors it is necessary or desirable to include so as to ensure that any information contained in the Short Form Disclosure Statement is not false or misleading in any Material particular; and
- (ii) subject to any express provision to the contrary in this Order, may contain such other information as the Directors consider appropriate.

(b) A Short Form Disclosure Statement shall not contain any offer (within the meaning of that term as defined in section 2 of the Securities Act 1978) of any Debt Securities, but may contain information required for the purposes of regulation 21(2) and regulation 22(d) of the Securities Regulations 1983.

(2) Subject to the Act and this clause, nothing in this Order shall limit the provisions of any other enactment.

(3) Where this Order requires or permits a Short Form Disclosure Statement to incorporate information about any person, business or group in respect of a stated period, that information need not relate to any part of that period for which the person, business, group or any part thereof did not exist. Where the Short Form Disclosure Statement contains information in respect of a period that is less than the stated period, it shall identify the period in respect of which the information is provided.

(4) The Short Form Disclosure Statement shall not state or

imply that a person is, or intends to become, a shareholder of the Registered Bank, or of a member of the Banking Group, without also stating whether that person guarantees any of the obligations of the Registered Bank or any member of the Banking Group.

(5) Subject to subclause (6) of this clause, where a Registered Bank is unable:

(a) because of systems limitations or because of circumstances beyond its control to disclose information which the Registered Bank would, pursuant to this Order, be required to disclose, the Short Form Disclosure Statement shall:

- (i) state that fact, and an explanation of the circumstances; and
- (ii) contain information which is the closest available alternative to that required to be disclosed pursuant to this Order; or

(b) to disclose peak end-of-day information for that part of an Accounting Period which precedes the date on which this Order comes into force, the Registered Bank may disclose peak end-of-day information in respect of the period commencing with the date on which this Order comes into force.

(6) A Registered Bank need not disclose comparative information where this information is not readily available, provided that comparative information shall be deemed to be readily available 12 months after the date at which such information was first required to be Published.

Part II

Key Information Summary

5. Content of Key Information Summary—(1) Subject to subclause (2) of this clause, the Key Information Summary shall contain, in the same order and under the same headings, the information required to be disclosed pursuant to subclause (7) of this clause, as at the Registered Bank's Off Quarter Balance Date or for the First Quarter Accounting Period or Third Quarter Accounting Period, as the case may be, unless otherwise stated.

(2) If a Key Information Summary would be false or misleading as a result of stating the information required to be disclosed pursuant to subclause (7) of this clause, information and explanations that will make the Key Information Summary not false or misleading shall also be stated under the relevant heading.

(3) The information required to be disclosed pursuant to subclause (7)(d) to (i) of this clause shall relate to the Banking Group.

(4) Where applicable, the information contained in the Key Information Summary shall be taken from the information contained in the General Short Form Disclosure Statement.

(5) The Key Information Summary may contain additional information, to which the information stated pursuant to subclause (7) of this clause may refer by way of note, provided that such information is set out after the information required to be disclosed pursuant to subclause (7) of this clause.

(6) The information required to be disclosed pursuant to subclause (7)(d) to (i) of this clause shall include comparative figures for the previous corresponding period.

(7) The Key Information Summary shall contain:

(a) Corporate information—

- (i) the name of the Registered Bank;
- (ii) if applicable, the name of any person that is the Ultimate Parent Bank of the Registered Bank and its country of domicile;

- (iii) if applicable, the name of any person that is the Ultimate Holding Company of the Registered Bank and its country of domicile;
- (b) Credit rating—
- (i) a statement as to whether the Registered Bank has a credit rating applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars; and
- (ii) if so, with respect to each such rating:
- (A) the name of the person who gave the credit rating;
- (B) the current rating and all qualifications to that rating;
- (C) any changes made to the rating in the two years preceding the Off Quarter Balance Date and the date on which any such change occurred;
- (c) Guarantors—
- (i) a statement as to whether the Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, are guaranteed;
- (ii) where a person guarantees any Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer:
- (A) the name of the member of the Banking Group whose obligations are guaranteed, and a description of the nature of those obligations;
- (B) the name of the guarantor and whether the guarantor is a member of the Banking Group;
- (C) a statement as to whether there are any limits on the amount of the obligations guaranteed, and, if so, a statement that information on these limits is contained in the General Short Form Disclosure Statement;
- (D) a statement as to whether there are any Material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a statement that information on these conditions is contained in the General Short Form Disclosure Statement;
- (E) a statement as to whether there are any Material legislative or regulatory provisions which could have the effect of subordinating claims under the guarantee to other claims on the guarantor and, if so, a statement that information on these legislative or regulatory provisions is contained in the General Short Form Disclosure Statement;
- (F) a statement that details of the guarantee arrangements are available in the Supplemental Disclosure Statement, or where the content of the Supplemental Disclosure Statement is contained in the General Short Form Disclosure Statement, in the General Short Form Disclosure Statement;
- (d) Profitability—
- (i) net profit or loss after tax and extraordinary items over the First Quarter Accounting Period or Third Quarter Accounting Period;
- (ii) net profit or loss after tax and extraordinary items over the First Quarter Accounting Period or Third Quarter Accounting Period expressed as a percentage (annualised) of the average of total assets;
- (e) Size—
- (i) total assets;
- (ii) the percentage change in total assets from the previous corresponding period to the Off Quarter Balance Date;
- (f) Capital adequacy—
- (i) Tier One Capital expressed as a percentage of risk weighted exposures;
- (ii) Capital expressed as a percentage of risk weighted exposures;
- (g) Asset quality—
- (i) total Impaired Assets;
- (ii) total Impaired Assets expressed as a percentage of total assets;
- (iii) total Specific Provisions;
- (iv) total Specific Provisions expressed as a percentage of total Impaired Assets;
- (h) Peak Credit Exposure concentrations—
- the number of individual Counterparties or Groups of Closely Related Counterparties (excluding any OECD Government and Connected Persons) to which the Banking Group has an aggregate Credit Exposure (net of Specific Provisions) which equals or exceeds 10% of the Banking Group's Equity, separately disclosing the number of:
- (i) Counterparties other than Banks and Groups of Closely Related Counterparties of which a Bank is not the parent;
- (ii) Bank Counterparties and Groups of Closely Related Counterparties of which a Bank is the parent;
- in successive ranges of 10% of the Banking Group's Equity in respect of peak end-of-day Credit Exposures (net of Specific Provisions) since the commencement of the Accounting Period;
- (i) Peak Connected Person Credit Exposures—
- (i) the peak aggregate end-of-day Credit Exposure (net of Specific Provisions and gross of set-offs) to Connected Persons for the First Quarter Accounting Period or Third Quarter Accounting Period expressed as an amount and as a percentage of Tier One Capital;
- (ii) the peak aggregate end-of-day Credit Exposure (net of Specific Provisions and gross of set-offs) to Non-Bank Connected Persons for the First Quarter Accounting Period or Third Quarter Accounting Period expressed as an amount and as a percentage of Tier One Capital; and
- (j) Reference to Disclosure Statements—
- a statement that copies of the Registered Bank's most recent General Short Form Disclosure Statement and Supplemental Disclosure Statement will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank.
- Part III**
- General Disclosures to be Contained in General Short Form Disclosure Statement**
- 6. General Matters—**(1) In respect of the Registered Bank, the General Short Form Disclosure Statement shall state:
- (a) its name and Address for Service;
- (b) the statute or other authority under or pursuant to which it was incorporated or established; and
- (c) the date of its incorporation or establishment.
- (2) Where applicable, the General Short Form Disclosure Statement shall state:
- (a) the name and Address for Service of the Ultimate Parent Bank of the Registered Bank;
- (b) the name and Address for Service of the Ultimate Holding Company of the Registered Bank; and

- (c) a summary of any regulations, legislation or other restrictions of a legally enforceable nature which may materially inhibit the legal ability of the bodies corporate referred to in paragraphs (a) and (b) of this subclause, to provide Material financial support to the Registered Bank.

7. Credit Ratings—(1) The General Short Form Disclosure Statement shall state whether the Registered Bank has a credit rating applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars.

(2) For each credit rating required to be disclosed pursuant to subclause (1) of this clause the General Short Form Disclosure Statement shall state:

- (a) the name of the person who gave the credit rating;
- (b) the current rating and all qualifications to that rating;
- (c) any changes made to the rating in the two years preceding the Off Quarter Balance Date and the date on which any such change occurred; and
- (d) descriptions or explanations of all the steps in the applicable rating scales.

8. Guarantee Arrangements—(1) The General Short Form Disclosure Statement shall state whether the Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, are guaranteed.

(2) Where a person guarantees any Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, the General Short Form Disclosure Statement shall state:

- (a) the name and Address for Service of the guarantor;
- (b) whether the guarantor is a member of the Banking Group;
- (c) the nature of the obligations which are guaranteed, including a description sufficient to identify them;
- (d) whether there are any limits on the amount of the obligations guaranteed and, if so, a brief summary of the nature of those limits;
- (e) whether there are any Material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a brief summary of those conditions;
- (f) whether there are any Material legislative or regulatory restrictions which would have the effect of subordinating the claims under the guarantee of any of the creditors of the Registered Bank or Banking Group on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor. If so, the General Short Form Disclosure Statement shall also state:
 - (i) the legislation or regulations involved and the nature of the impairment of the rights of the creditors which they create;
 - (ii) the amount of the liabilities which are so affected;
- (g) (i) the amount of the net tangible assets of the guarantor as shown in the most recent publicly available audited financial statements, together with any qualifications in the auditor's report on those financial statements that reflect on the statement of those assets in the financial statements; or
 - (ii) where the guarantor is a Bank, the guarantor's most recent publicly disclosed Capital expressed as an amount and as a percentage of risk weighted exposures, and the date to which that measure of Capital relates;
- (h) the information required to be disclosed pursuant to clause 7 of this Order as though the reference to a

Registered Bank were a reference to the guarantor, the reference to New Zealand were a reference to the country of incorporation of the guarantor and the reference to New Zealand dollars were a reference to the currency of the country of incorporation of the guarantor; and

- (i) that a copy of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the full guarantee contract, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of the Supplemental Disclosure Statement is contained in the General Short Form Disclosure Statement.

9. Conditions of Registration—The General Short Form Disclosure Statement shall either:

- (a) state that a copy of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the Conditions of Registration applicable as at the date of the Short Form Disclosure Statement, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank; or
- (b) contain a copy of the Conditions of Registration applicable as at the date of the Short Form Disclosure Statement.

Part IV

Financial and Supplementary Disclosures to be Contained in General Short Form Disclosure Statement

10. Content of Financial and Supplementary Disclosures—The General Short Form Disclosure Statement shall contain short form financial statements and supplementary information for the Banking Group which include, where Material, the information prescribed by the Schedules to this Order.

11. The Directors' Statement—The General Short Form Disclosure Statement shall contain a statement by the Directors as to whether, after due enquiry by them, as at the date of the Short Form Disclosure Statement, the Directors believe:

- (a) the Short Form Disclosure Statement contains all the information that is required by this Order;
- (b) the Registered Bank complies with the Conditions of Registration;
- (c) Credit Exposures to Connected Persons (if any) are not contrary to the interests of the Banking Group;
- (d) the Registered Bank has systems in place to monitor and control adequately the Banking Group's Material risks, including Credit Risk, concentration of Credit Risk, Interest Rate Risk, Currency Risk, Equity Risk, liquidity risk and other business risks, and whether those systems are being properly applied; and
- (e) the Short Form Disclosure Statement is not false or misleading as at the date on which the Short Form Disclosure Statement is signed.

12. Auditor's Report—Where the General Short Form Disclosure Statement has been subject to audit or review by an external auditor, the General Short Form Disclosure Statement shall state the nature and scope of that audit or review and contain a copy of the auditor's report.

Part V**Supplemental Disclosure Statement**

13. General Matters—(1) Subject to subclause (2) of this clause, the Supplemental Disclosure Statement shall state only the information specified in clauses 14 and 15 of this Order.

(2) If a Supplemental Disclosure Statement would be false or misleading as a result of stating the information specified in subclause (1) of this clause, information and explanations that will make the Supplemental Disclosure Statement not false or misleading shall also be stated.

14. Guarantors—Where a General Short Form Disclosure Statement states that a person guarantees any Material obligations of any member of the Banking Group, the Supplemental Disclosure Statement shall contain a copy of the full guarantee contract and the most recent financial statements and group financial statements of the guarantor, together with a copy of the audit report (if any) relating to those statements, unless this information is already contained within the General Short Form Disclosure Statement.

15. Conditions of Registration—The Supplemental Disclosure Statement shall contain a copy of the Conditions of Registration which are applicable as at the date of the Short Form Disclosure Statement, unless this information is already contained within the General Short Form Disclosure Statement.

DIANE WILDERSPIN, Acting for Clerk of the Executive Council.

First Schedule**Short Form Financial Statements**

1. The information required to be disclosed pursuant to clause 3 of this Schedule shall include comparative figures for the previous corresponding period.

2. The General Short Form Disclosure Statement shall contain a statement as to whether there have been any changes in accounting policies in the three months prior to the Off Quarter Balance Date, and, if so, a summary of those changes.

3. The General Short Form Disclosure Statement shall contain the following financial information for the Banking Group, in such format as the Registered Bank determines, for the First Quarter Accounting Period or Third Quarter Accounting Period, or as at the Off Quarter Balance Date, as the case may be.

Financial Performance

1. Interest revenue
2. Interest expense
3. Net interest income
4. Net trading gains/losses
5. Other operating revenue
6. Other operating expenses
7. Impaired asset expense
8. Operating profit/(loss) before tax
9. Taxation expense/(credit)
10. Operating profit/(loss) after tax
11. Income from associates accounted for on the basis of the equity method (net of tax)
12. Minority interests
13. Net profit/(loss) after tax
14. Extraordinary items (and nature thereof)
15. Net profit/(loss) after tax and extraordinary items

16. Dividend expense for each category of ordinary capital
17. Other adjustments to current period's net profit/(loss)
18. Retained profit/(loss)

Financial Position**Assets**

1. Cash and demand balances with central banks
 2. Balances with other financial institutions which may be withdrawn without prior notice
 3. Other securities eligible for refinancing by central banks
 4. Other securities held for liquidity and other purposes
 5. Equity investment securities
 6. Other investment securities
 7. Bills accepted but not held in a portfolio (if recognised)
 8. Loans, advances and lease finance
- (Note: Each of the above categories of assets shall be shown net of specific provisions)
9. Deferred tax asset
 10. Intangible assets
 11. Fixed assets
 12. Other assets
 13. Total assets

Liabilities and Shareholders' Funds

14. Issued and paid-up share capital
15. Balances of reserve accounts
 - (a) Revaluation reserves
 - (b) Other capital reserves
 - (c) Other revenue reserves
- Sub-total
16. Balance of retained earnings
17. Minority interest
18. Total shareholders' funds
19. Term and/or perpetual subordinated debt
20. Deposits and other borrowings
21. Deferred tax liability
22. Other liabilities
23. Total liabilities and shareholders' funds
24. General provision
25. Total interest earning and discount bearing assets
26. Total interest and discount bearing liabilities

Second Schedule**Capital Adequacy of the Banking Group**

1. The information required to be disclosed pursuant to clause 4 of this Schedule shall include comparative figures for the previous corresponding period.

2. The General Short Form Disclosure Statement shall contain the information specified below, in such format as the Registered Bank determines, derived in accordance with the Conditions of Registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time, in respect of the Banking Group as at the Off Quarter Balance Date.

Capital

- Tier One Capital (before deductions)
 Less: deductions from Tier One capital
 Total Tier One Capital
 Upper Tier Two Capital

Lower Tier Two Capital
 Total Tier Two Capital
 Total of Tier One and Tier Two Capital
 Less: deductions from total capital
 Capital
 3. The General Short Form Disclosure Statement shall

contain the information specified below, in such format as the Registered Bank determines, derived in accordance with the Conditions of Registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time, in respect of the Banking Group as at the Off Quarter Balance Date.

Risk Weighted Exposures

(1) Calculation of Balance Sheet Exposures

	Principal Amount	Risk Weight	Risk Weighted Exposure
Cash and short term claims on Government		0%	
Long term claims on Government		10%	
Claims on banks		20%	
Claims on public sector entities		20%	
Residential mortgages		50%	
Other		100%	
Total Assets			

(2) Calculation of Off-Balance Sheet Exposures

	Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Average Counterparty Risk Weight	Risk Weighted Exposure
Direct credit substitutes		100%			
Asset sales with recourse		100%			
Commitments with certain drawdown		100%			
Underwriting and sub-underwriting facilities		50%			
Transaction related contingent items		50%			
Short term, self liquidating trade related contingencies		20%			
Other commitments to provide financial services which have an original maturity of 1 year or more		50%			
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time		0%			
Market related contracts ¹		N/A			
(a) Foreign exchange contracts					
(b) Interest rate contracts					
(c) Other					
Total off-balance sheet exposures					
Risk Weighted Exposures					

¹Specify whether the current exposure or original exposure method was used to calculate the credit equivalent amount on these contracts.

4. The General Short Form Disclosure Statement shall contain the information specified below, derived in accordance with the Conditions of Registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time, in respect of the capital adequacy ratios of the Banking Group as at the Off Quarter Balance Date:

- Tier One Capital expressed as a percentage of risk weighted exposures; and
- Capital expressed as a percentage of risk weighted exposures.

Third Schedule

Asset Quality

1. The information required to be disclosed pursuant to clause 2(a) of this Schedule shall include comparative figures for the previous corresponding period.

2. The General Short Form Disclosure Statement shall contain, in respect of the Banking Group as at the Off Quarter Balance Date, the following information:

- in respect of the following Classes of assets:
 - Non-Accrual Assets;
 - Restructured Assets;

- Real Estate Assets Acquired Through the Enforcement of Security;
 - Other Assets Acquired Through the Enforcement of Security; and
 - Past Due Assets;
- the following information:
- the aggregate amount which has been recognised; and
 - the aggregate amount which has not been recognised; before deducting provisions for expected loss or provisions for diminution in asset value, and
 - the aggregate amount of Specific Provisions or provisions for diminution in asset value;
 - the aggregate amount of General Provisions (if any);
- (b) information on movements in the balances of total Specific Provisions or provisions for diminution in asset value over the First Quarter Accounting Period or Third Quarter Accounting Period, for each of the Classes of assets set out in subparagraphs (i) to (v) of clause 2(a), separately disclosing, where Material:

- (i) opening balance;
 - (ii) charge (credit) to the statement of financial performance for increase/decrease in Specific Provisions or provisions for diminution in asset value;
 - (iii) amounts written-off;
 - (iv) write-downs of Assets Acquired Through the Enforcement of Security;
 - (v) recoveries of provisions and write-offs charged in previous periods;
 - (vi) other movements, and the nature thereof;
 - (vii) closing balance;
- with movements reconciled to the charges allocated to the statement of financial performance; and
- (c) information on movements in the balance of the General Provision over the First Quarter Accounting Period or Third Quarter Accounting Period, separately disclosing, where Material:
 - (i) opening balance;
 - (ii) charge (credit) to the statement of financial performance for increase/decrease in the General Provision;
 - (iii) other movements, and the nature thereof;
 - (iv) closing balance;
 with movements reconciled to the charges allocated to the statement of financial performance.

Fourth Schedule

Concentration of Credit Exposures to Individual Counterparties

1. For the purposes of this Schedule, Credit Exposure information shall be disclosed either on the basis of:

- (a) actual Credit Exposures; or
- (b) internal limits, provided that those limits were not Materially exceeded during the First Quarter Accounting Period or the Third Quarter Accounting Period.

The General Short Form Disclosure Statement shall state the method used.

2. For the purposes of this Schedule:

- (a) information disclosed shall be in respect of the Banking Group; and
- (b) Credit Exposures shall be calculated net of Specific Provisions.

3. Credit Exposures to any OECD Government and Connected Persons are not to be included in the Credit Exposure information required to be disclosed pursuant to this Schedule.

4. The information required to be disclosed pursuant to clauses 6 and 8 of this Schedule shall include comparative figures for the previous corresponding period.

5. For the purposes of this Schedule, peak end-of-day aggregate Credit Exposures to each individual Counterparty or a Group of Closely Related Counterparties over the First Quarter Accounting Period or the Third Quarter Accounting Period shall be measured as follows:

- (a) within each quarter, by determining the maximum end-of-day aggregate Credit Exposures over the quarter, and dividing that amount by the Banking Group's Equity as at the end of the quarter; and
- (b) for the First Quarter Accounting Period or Third Quarter Accounting Period, by calculating the ratio for each quarter in the First Quarter Accounting Period or Third Quarter Accounting Period pursuant to clause

5(a) of this Schedule and then taking the maximum of such ratios.

6. Where aggregate Credit Exposure to any individual Bank Counterparty or a Group of Closely Related Counterparties of which a Bank is the parent equals or exceeds 10% of the Banking Group's Equity over the First Quarter Accounting Period or Third Quarter Accounting Period, the General Short Form Disclosure Statement shall disclose the number of those Counterparties, in successive ranges of 10% of Equity, commencing at 10% of Equity.

7. The information required to be disclosed pursuant to clause 6 of this Schedule shall be made:

- (a) as at the Off Quarter Balance Date; and
- (b) in respect of peak end-of-day aggregate Credit Exposures since the commencement of the Accounting Period.

8. Where aggregate Credit Exposure to any individual non Bank Counterparty or a Group of Closely Related Counterparties of which a Bank is not the parent equals or exceeds 10% of the Banking Group's Equity over the First Quarter Accounting Period or Third Quarter Accounting Period, the General Short Form Disclosure Statement shall disclose the number of those Counterparties, in successive ranges of 10% of Equity, commencing at 10% of Equity.

9. The information required to be disclosed pursuant to clause 8 of this Schedule shall be made:

- (a) as at the Off Quarter Balance Date; and
- (b) in respect of peak end-of-day aggregate Credit Exposures since the commencement of the Accounting Period.

Fifth Schedule

Credit Exposures to Connected Persons

1. For the purposes of this Schedule, Credit Exposure information shall be disclosed either on the basis of:

- (a) actual Credit Exposures; or
- (b) internal limits, provided that those limits were not Materially exceeded during the First Quarter Accounting Period or the Third Quarter Accounting Period.

The General Short Form Disclosure Statement shall state the method used.

2. For the purposes of this Schedule:

- (a) information disclosed shall be in respect of the Banking Group; and
- (b) Credit Exposures to Connected Persons shall be calculated net of Specific Provisions and gross of set-offs.

3. The information required to be disclosed pursuant to clauses 6, 8 and 9 of this Schedule shall include comparative figures for the previous corresponding period.

4. The information required to be disclosed pursuant to clauses 6, 8 and 9 of this Schedule shall be derived in accordance with the Conditions of Registration relating to Connected Persons.

5. For the purposes of this Schedule, peak end-of-day Credit Exposure over the First Quarter Accounting Period or Third Quarter Accounting Period shall be measured as follows:

- (a) within each quarter, by determining the maximum aggregate end-of-day Credit Exposure during the quarter, and dividing that amount by the Banking Group's Tier One Capital, as at the end of the quarter; and
- (b) for the First Quarter Accounting Period or Third

Quarter Accounting Period, by calculating the ratio for each quarter in the First Quarter Accounting Period or Third Quarter Accounting Period pursuant to clause 5(a) of this Schedule and then taking the maximum of such ratios.

6. The General Short Form Disclosure Statement shall contain:

- (a) a statement of aggregate Credit Exposure to Connected Persons, expressed both as an amount and as a percentage of Tier One Capital; and
- (b) a statement of aggregate Credit Exposure to Non-Bank Connected Persons, expressed both as an amount and as a percentage of Tier One Capital.

7. The information required to be disclosed pursuant to clause 6 of this Schedule shall be made:

- (a) as at the Off Quarter Balance Date; and
- (b) in respect of peak end-of-day Credit Exposures for the First Quarter Accounting Period or Third Quarter Accounting Period.

8. The General Short Form Disclosure Statement shall contain a statement of the aggregate amount of contingent exposures of the Banking Group to Connected Persons, arising from risk lay-off arrangements in respect of Credit Exposures to Counterparties (other than Counterparties which are Connected Persons), as at the Off Quarter Balance Date.

9. The General Short Form Disclosure Statement shall contain a statement of the aggregate amount of the Banking Group's Specific Provisions provided against Credit Exposures to Connected Persons as at the Off Quarter Balance Date.

Sixth Schedule

Risk Management Policies

1. Where there has been a Material change in the three months prior to the Off Quarter Balance Date in the Banking Group's policies for managing any of the following risks:

- (a) Credit Risk, including concentrations of Credit Risk, intra-day Credit Risk, Credit Risk to Bank Counterparties and related party Credit Risk;
- (b) Currency Risk;
- (c) Interest Rate Risk;
- (d) Equity Risk;
- (e) liquidity risk;
- (f) any other Material business risk to which the Banking Group is exposed;

the General Short Form Disclosure Statement shall contain a statement of the nature of those changes.

2. If, in the three months prior to the Off Quarter Balance Date, the Banking Group has become exposed to a new category of risk specified in clause 1 of this Schedule to which the Banking Group was not previously exposed, the General Short Form Disclosure Statement shall contain a general description of:

- (a) the nature of that risk and the activities of the Banking Group which give rise to that risk;
- (b) the methods used to identify and monitor exposure to that risk, including the frequency with which exposures are monitored;
- (c) the systems and procedures for controlling that risk, including, where applicable, whether exposure limits are employed, any policies with respect to collateral or other security, and any policies on the use of Financial Instruments to mitigate or hedge risks.

Explanatory Note

This note is not part of the Order in Council, but is intended to indicate its general effect.

This Order in Council is one of four Orders in Council promulgated pursuant to section 81(1) of the Reserve Bank of New Zealand Act 1989. The Orders in Council provide for a new public disclosure regime for registered banks, replacing existing prospectus requirements imposed under the Securities Act 1978 on registered banks in respect of their offers of debt securities to the public. All four Orders in Council come into force on 1 January 1996.

The disclosure regime is part of a new set of arrangements being implemented by the Reserve Bank of New Zealand to supervise registered banks.

This Order in Council applies to a registered bank which is incorporated in New Zealand, in respect of each such bank's "off quarters" (ie the first and third quarters of the bank's financial year).

All registered banks will be required to issue a public disclosure statement each quarter. The disclosure statement required to be published pursuant to this Order in Council comprises a Key Information Summary, a General Short Form Disclosure Statement and, if applicable, a Supplemental Disclosure Statement.

The Key Information Summary must be displayed prominently in each bank branch and must be available free of charge immediately upon request. The Key Information Summary provides a brief summary of key financial information on the registered bank and its banking group.

The General Short Form Disclosure Statement is required to contain a range of financial and corporate information on the bank and its banking group. The General Short Form Disclosure Statement need not be displayed in each bank branch, but must be made available free of charge within five working days of a request having been made for it at a bank branch or agency, or immediately from a bank's head office. The information required to be included in a General Short Form Disclosure Statement includes:

- a a statement as to whether the bank has a credit rating, and if so, a disclosure of that rating;
- b short form financial statements for the banking group, including details on asset quality;
- c information on capital adequacy (using the Reserve Bank of New Zealand's capital adequacy framework);
- d information, both as at the end of the off quarter and peak over the accounting period to date, on the banking group's exposure concentration to individual counterparties and groups of closely related counterparties and to connected persons;
- e descriptions of the banking group's policies and systems for managing risks in respect of a new category of risk not previously incurred by the banking group;
- f statements signed by the directors of the bank, including an attestation as to whether the directors are satisfied that the banking group's internal controls are adequate for managing the group's material business risks and whether the controls are being properly applied, and a statement that the disclosure statement is not false or misleading.

The General Short Form Disclosure Statement required by this Order in Council is an abbreviated version of the General Disclosure Statement required by the Registered Bank Disclosure Statement (Full and Half-Year—New Zealand Incorporated Registered Banks) Order 1995.

Each bank must also publish a Supplemental Disclosure Statement, unless the information it would include is

contained in the General Short Form Disclosure Statement. The Supplemental Disclosure Statement must be made available free of charge within five working days of a request being made for it at a bank branch or agency, or immediately from a bank's head office. This Order in Council requires the following information to be contained in a Supplemental Disclosure Statement:

- a the conditions of registration imposed by the Reserve Bank on the registered bank pursuant to section 74 of the Reserve Bank of New Zealand Act;
- b the contract of guarantee and financial statements of any guarantor, where the material obligations of the registered bank or of a public issuer within the banking group are guaranteed.

A bank has two months from its off-quarter balance date to publish the disclosure statements required by this Order in Council. The exceptions to this are:

- a where a bank elects to have its General Short Form Disclosure Statement audited by an external auditor; or
- b where a bank has not previously published a disclosure statement under the new disclosure arrangements;

in which case the bank has three months to publish its disclosure statement.

The disclosure statements published pursuant to this Order in Council are not required to be audited nor to be subject to a limited review.

The disclosure statements required by this Order in Council must be signed by all the directors of the bank. A director may authorise in writing another person to sign on his or her behalf.

The Reserve Bank of New Zealand Act provides for criminal and civil penalties where a bank's disclosure statement is found to be false or misleading.

This Order in Council is administered in the Reserve Bank of New Zealand.

au7555

Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 1995

CATHERINE A. TIZARD, Governor-General
ORDER IN COUNCIL

At Wellington this 14th day of November 1995
Present:

THE HON. DOUG KIDD PRESIDING IN COUNCIL

Pursuant to section 81(1) of the Reserve Bank of New Zealand Act 1989, Her Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, and on the advice of the Minister of Finance given in accordance with a recommendation of the Reserve Bank of New Zealand, hereby makes the following Order.

Analysis

1. Title, Application and Commencement

Part I—Preliminary

2. Interpretation
3. Form, Frequency and Distribution of Disclosure Statement
4. General Provisions Relating to Content of Disclosure Statement

Part II—Key Information Summary

5. Content of Key Information Summary

Part III—General Disclosures to be Contained in General Disclosure Statement

6. General Matters
7. Guarantee Arrangements
8. Registered Bank: Directorate and Auditors
9. Conditions of Registration
10. Pending Proceedings or Arbitration
11. Credit Ratings

Part IV—Financial and Supplementary Disclosures to be Contained in General Disclosure Statement

12. Content of Financial and Supplementary Disclosures
13. Historical Summary of Financial Statements
14. Members of Banking Group
15. Auditor's Report
16. Other Material Matters
17. The Directors' Statement
18. Financial Statements of the Overseas Bank and Overseas Banking Group

Part V—Supplemental Disclosure Statement

19. General Matters
20. Guarantors
21. Conditions of Registration
22. Financial Statements of the Overseas Bank and Overseas Banking Group

Schedules

1. Supplementary Financial Disclosures, Risk Concentrations and Asset Quality
2. The Size and Nature of Business of the Registered Bank and Banking Group
3. Capital Adequacy of the Overseas Bank and Overseas Banking Group
4. Concentration of Credit Exposures to Individual Counterparties
5. Securitisation, Funds Management and Other Fiduciary Activities
6. Risk Management Policies

Order

1. Title, Application and Commencement—(1) This Order may be cited as the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 1995.

(2) This Order applies to every Registered Bank incorporated overseas.

(3) This Order shall come into force on the 1st day of January 1996.

(4) The first Disclosure Statement required by this Order in respect of a Registered Bank shall be in respect of the first Balance Date which occurs after 1 January 1996.

Part I

Preliminary

2. Interpretation—(1) Any term or expression used in this Order that is not defined in this Order:

- (a) which is defined in the Act shall, unless the context otherwise requires, have the meaning given to it by the Act;
- (b) which is not defined in the Act and which is defined in the Conditions of Registration shall, unless the context otherwise requires, have the meaning given to it by the Conditions of Registration; and

- (c) which is not defined in the Act or in the Conditions of Registration shall, unless the context otherwise requires, be interpreted in compliance with generally accepted accounting practice (as that term is defined in section 3 of the Financial Reporting Act 1993).
- (2) References in this Order to the singular include the plural and vice versa.
- (3) In this Order a reference to an 'FRS' is a reference to a Financial Reporting Standard approved or given authoritative support from time to time by the Accounting Standards Review Board pursuant to sections 24 and 27 of the Financial Reporting Act 1993.
- (4) In this Order, unless the context otherwise requires:
- 'Accounting Period' has the meaning set out in the Companies Act 1993.
- 'Act' means the Reserve Bank of New Zealand Act 1989.
- 'Address for Service' in relation to:
- (a) an individual, means the address of their usual place of business in New Zealand or, if no such address exists, the address of their usual place of business outside New Zealand;
- (b) a company within the meaning of section 2 (1) of the Companies Act 1993, means the address for service adopted by the company under section 192 of that Act;
- (c) a company registered under the Companies Act 1955, means the address of its registered office;
- (d) any other entity, means the address of its principal office or principal place of business in New Zealand or, if no such address exists, its principal office or principal place of business outside New Zealand.
- 'Asset Acquired Through the Enforcement of Security' means any asset which is legally owned as the result of enforcing security, other than a building occupied by the Registered Bank or a member of the Banking Group.
- 'Balance Date' means the last day of an Accounting Period or Interim Accounting Period.
- 'Bank' means a Registered Bank or an Overseas Bank.
- 'Banking Group' means the Financial Reporting Group but where the Reserve Bank has, by notice in writing to the Registered Bank, after consultation with the Registered Bank, agreed to or required the inclusion or exclusion of any entity or any part of any entity, means the Financial Reporting Group including or excluding that entity or that part of that entity, as the case may be.
- 'Capital' in relation to:
- (a) an Overseas Bank or Overseas Banking Group, means the amount of capital held by the Overseas Bank or Overseas Banking Group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that Overseas Bank or Overseas Banking Group in its country of domicile;
- (b) a Banking Group, means the amount of capital held by the Banking Group, determined in accordance with the Conditions of Registration.
- 'Class' means a category of assets or liabilities which have a similar nature or function in the operations of the Registered Bank or Banking Group.
- 'Commodity Instrument' means any contract that provides for settlement only by receipt or delivery of a physical asset.
- 'Company' has the same meaning as in section 2 of the Companies Act 1955 or section 2 of the Companies Act 1993 as appropriate, and includes an overseas company within the meaning of section 2 of the Companies Act 1993.
- 'Conditions of Registration' in relation to a Registered Bank means the conditions of registration imposed on that Registered Bank by the Reserve Bank pursuant to section 74 of the Act.
- 'Connected Person' has the same meaning as in the Conditions of Registration.
- 'Counterparty' means any other party to a contract with the Registered Bank or a member of the Banking Group.
- 'Credit Exposure' means the amount of the maximum loss that a party to a contract could incur as a result of the Counterparty to that contract failing to discharge its obligations, without taking into account the value of collateral, guarantees, indemnities, other support arrangements, and any potential recoveries, where the maximum loss in relation to:
- (a) a market related contract means the credit equivalent amount of the contract determined in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time;
- (b) any other contract means the full value of the contract;
- provided that, for the purposes of this definition, a Financial Liability may be offset against any such loss if to do so would accord with generally accepted accounting practice as defined in the Financial Reporting Act 1993.
- 'Credit Risk' means the risk of loss arising from one party to a contract failing to discharge its obligations under that contract.
- 'Currency Risk' means the risk arising from changes in exchange rates or in the prices of foreign currency.
- 'Debt Security', in relation to a Registered Bank, means any interest in or right to be paid money that is, or is to be, deposited with, lent to, or otherwise owing by, that Registered Bank (whether or not the interest or right is secured by a charge over any property).
- 'Director' means a person holding office as a director of the Overseas Bank.
- 'Disclosure Statement', in relation to a Registered Bank, means a document Published by that Registered Bank under sections 81 or 83 of the Act which shall comprise a General Disclosure Statement, Key Information Summary and Supplemental Disclosure Statement.
- 'Equity' has the same meaning as in the New Zealand Society of Accountants Statement of Concepts for General Purpose Financial Reporting.
- 'Equity Risk' means the risk arising from changes in the prices of equity instruments.
- 'Fair Value' has the same meaning as in FRS-31.
- 'Financial Asset' has the same meaning as in FRS-31.
- 'Financial Instrument' has the same meaning as in FRS-31.
- 'Financial Liability' has the same meaning as in FRS-31.
- 'Financial Reporting Group' means a Registered Bank (as reporting entity) and all other entities which would be included in the group as that term is defined in section 2 (1) of the Financial Reporting Act 1993 if the Registered Bank was subject to that Act.

- 'First Quarter Accounting Period' means the first three month period of an Accounting Period.
- 'General Disclosure Statement' means that part of a Disclosure Statement which contains the information prescribed in Part III and Part IV of this Order.
- 'General Provision' means an amount that has been created to meet unidentified credit losses.
- 'Group of Closely Related Counterparties' means a group of legal or natural persons one or more of which is a Counterparty that are related in such a way that:
- the financial soundness of any one of them may materially affect the financial soundness of the other;
 - one has the power to control the other; or
 - one has the capacity to exercise significant influence over the other.
- 'Immediate Relative', in relation to any person, means their spouse or any person who lives with that person as their spouse, whether or not married, and any parent, brother, sister or child, in each case whether or not adoptive, of that person or of their spouse or person who lives with that person as their spouse.
- 'Impaired Asset' means a Non-Accrual Asset, a Restructured Asset, or an Asset Acquired Through the Enforcement of Security.
- 'Interest Rate Risk' means the risk arising from changes in interest rates.
- 'Interim Accounting Period' means the first six month period of an Accounting Period.
- 'Investment Security' means a security which is intended to be held for the long term or to maturity.
- 'Issuer' has the same meaning as in the Financial Reporting Act 1993.
- 'Key Information Summary' means that part of a Disclosure Statement which contains the information prescribed in Part II of this Order.
- 'Material' has the meaning given to it by generally accepted accounting practice, or, where generally accepted accounting practice does not apply, means a statement, fact, or item which is of such a nature or amount that its inclusion or omission, or the method of treating its disclosure, would be likely to influence a reasonable user of the Disclosure Statement.
- 'Non-Accrual Asset' means any Credit Exposure for which it is probable that the Registered Bank or a member of the Banking Group will not be able to collect all amounts owing in accordance with the terms of the contract with the Counterparty.
- 'Non-Bank Connected Person' has the same meaning as in the Conditions of Registration.
- 'OECD Government' means the central government of any of the countries specified in the list of OECD countries contained in Appendix One to the Reserve Bank document entitled "Capital Adequacy Framework" (BS2), as amended from time to time.
- 'Off Quarter Balance Date' means the last day of a First Quarter Accounting Period or Third Quarter Accounting Period.
- 'Other Asset Acquired Through the Enforcement of Security' means any Asset Acquired Through the Enforcement of Security, other than a Real Estate Asset Acquired Through the Enforcement of Security.
- 'Other Security' means a security which is not intended to be held for the long term or to maturity.
- 'Overseas Bank' means a financial institution incorporated outside New Zealand which has been authorised, registered, or licensed as a bank in its country of domicile by the appropriate banking supervisory authority and, unless the context otherwise requires, is the bank of which the Registered Bank is the New Zealand branch.
- 'Overseas Banking Group' means an Overseas Bank and all other entities included in the group for the purposes of public reporting of group financial statements in the country of domicile of the Overseas Bank.
- 'Past Due Asset' means any Credit Exposure which has not been operated by the Counterparty within its key terms for at least 90 days and which is not a Non-Accrual Asset or a Restructured Asset.
- 'Publication Date', in respect of a Disclosure Statement, means the date the Disclosure Statement is Published in accordance with clause 3 of this Order.
- 'Publish' includes distribute, make available and disseminate.
- 'Real Estate Asset Acquired Through the Enforcement of Security' means a land or building Asset Acquired Through the Enforcement of Security.
- 'Register' means the register maintained pursuant to section 69 of the Act.
- 'Registered Bank' means the New Zealand branch of the entity which is entered on the Register.
- 'Relevant Interest' has the same meaning as in sections 5 and 6 of the Securities Amendment Act 1988.
- 'Responsible Person' means a person authorised in writing by a Director to sign the Disclosure Statement in accordance with section 82 of the Act.
- 'Restructured Asset' means any Credit Exposure which is not a Non-Accrual Asset and for which:
- the original terms have been changed to grant the Counterparty a concession that would not otherwise have been available, due to the Counterparty's difficulties in complying with the original terms;
 - the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and
 - the yield on the asset following restructuring is equal to, or greater than, the average cost of funds of the Registered Bank or a member of the Banking Group, or that a loss is not otherwise expected to be incurred.
- 'Specific Provision' means an amount which has been created against identified credit losses or in respect of an identified deterioration in the value of any asset or Class of asset attributable to an increase in Credit Risk.
- 'Subsidiary' means a subsidiary within the meaning of section 158 of the Companies Act 1955 or sections 5 to 8 of the Companies Act 1993 as appropriate.
- 'Substantial Security Holder' means a person who has a Relevant Interest in 5 percent or more of the Voting Securities of which the Registered Bank is the issuer.
- 'Supplemental Disclosure Statement' means that part of a Disclosure Statement which contains the information prescribed in Part V of this Order.
- 'Third Quarter Accounting Period' means:
- the first nine month period of an Accounting Period; and
 - where an Accounting Period will be 15 months, the first 12 month period of an Accounting Period.
- 'Tier One Capital' in relation to:

(a) an Overseas Bank or Overseas Banking Group, means the amount of tier one capital held by the Overseas Bank or Overseas Banking Group determined in accordance with the requirements of the authority having the power to impose minimum Capital requirements on that Overseas Bank or Overseas Banking Group in its country of domicile;

(b) a Banking Group, means the amount of tier one capital held by the Banking Group, determined in accordance with the Conditions of Registration.

'Ultimate Holding Company' means the body corporate which is the Registered Bank's holding company (as that term is defined in section 5 of the Companies Act 1993) and which is not itself a Subsidiary of another body corporate and which is not a Bank.

'Ultimate Parent Bank' means any Bank which is the Registered Bank's holding company (as that term is defined in section 5 of the Companies Act 1993) and which is not itself a Subsidiary of another Bank.

'Voting Security' has the same meaning as in section 2 of the Securities Amendment Act 1988.

'Working Day' means a day of the week on which the Registered Bank's head office is open for business.

3. Form, Frequency and Distribution of Disclosure Statement—(1) Subject to the Act, every Registered Bank shall Publish, not later than three months after each Balance Date, a Disclosure Statement which shall:

(a) contain the information that is prescribed in Part II to Part V of this Order; and

(b) comply with the Act.

(2) Disclosure Statements shall be Published in the following manner:

(a) every Registered Bank shall prominently display the Registered Bank's most recent Key Information Summary at the Registered Bank's head office and every branch or agency of the Registered Bank;

(b) every Registered Bank shall provide to any person a copy of its most recent Key Information Summary immediately upon request and at no charge;

(c) every Registered Bank shall provide a copy of its most recent General Disclosure Statement at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank;

(d) every Registered Bank shall provide a copy of its most recent Supplemental Disclosure Statement, or such part of it as is requested, at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of a Supplemental Disclosure Statement is included in the General Disclosure Statement; and

(e) every Registered Bank shall deliver a copy of its most recent Disclosure Statement to the Reserve Bank on the Publication Date.

4. General Provisions Relating to Content of Disclosure Statement—(1) (a) In addition to the information which is required by this Order, a Disclosure Statement:

(i) shall contain such other information as in the opinion of the Directors it is necessary or desirable to include so as to ensure that any information contained in the Disclosure Statement is not false or misleading in any Material particular; and

(ii) subject to any express provision to the contrary in this Order, may contain such other information as the Directors consider appropriate.

(b) A Disclosure Statement shall not contain any offer (within the meaning of that term as defined in section 2 of the Securities Act 1978) of any Debt Securities, but may contain information required for the purposes of regulation 21(2) and regulation 22(d) of the Securities Regulations 1983.

(2) Subject to the Act and this clause, nothing in this Order shall limit the provisions of any other enactment.

(3) Where this Order requires or permits a Disclosure Statement to incorporate information about any person, business, or group in respect of a stated period, that information need not relate to any part of that period for which the person, business, group or any part thereof did not exist. Where the Disclosure Statement contains information in respect of a period that is less than the stated period, it shall identify the period in respect of which the information is provided.

(4) The Disclosure Statement shall not state or imply that a person is, or intends to become, a shareholder of the Overseas Bank, or of a member of the Overseas Banking Group, without also stating whether that person guarantees any of the obligations of the Registered Bank or any member of the Banking Group.

(5) Subject to subclause (6) of this clause, where a Registered Bank is unable:

(a) because of systems limitations or because of circumstances beyond its control to disclose information which the Registered Bank would, pursuant to this Order, be required to disclose, the Disclosure Statement shall:

(i) state that fact, and an explanation of the circumstances; and

(ii) contain information which is the closest available alternative to that required to be disclosed pursuant to this Order; or

(b) to disclose peak end-of-day information for that part of an Accounting Period which precedes the date on which this Order comes into force, the Registered Bank may disclose peak end-of-day information in respect of the period commencing with the date on which this Order comes into force.

(6) A Registered Bank need not disclose comparative information where this information is not readily available, provided that comparative information shall be deemed to be readily available 12 months after the date at which such information was first required to be Published.

Part II

Key Information Summary

5. Content of Key Information Summary—(1) Subject to subclause (2) of this clause, the Key Information Summary shall contain, in the same order and under the same headings, the information required to be disclosed pursuant to subclause (6) of this clause, as at the Registered Bank's Balance Date or for the Accounting Period or Interim Accounting Period, as the case may be, unless otherwise stated.

(2) If a Key Information Summary would be false or misleading as a result of stating the information required to be disclosed pursuant to subclause (6) of this clause, information and explanations that will make the Key Information Summary not false or misleading shall also be stated under the relevant heading.

(3) Where applicable, the information contained in the Key

Information Summary shall be taken from the information contained in the General Disclosure Statement.

(4) The Key Information Summary may contain additional information, to which the information stated pursuant to subclause (6) of this clause may refer by way of note, provided that such information is set out after the information required to be disclosed pursuant to subclause (6) of this clause.

(5) The information required to be disclosed pursuant to subclause (6)(d) to (h) of this clause shall include comparative figures for the previous corresponding period.

(6) The Key Information Summary shall contain:

(a) Corporate information—

- (i) the name of the Overseas Bank and its country of domicile;
- (ii) if applicable, the name of any person that is the Ultimate Parent Bank of the Overseas Bank and its country of domicile;
- (iii) if applicable, the name of any person that is the Ultimate Holding Company of the Overseas Bank and its country of domicile;

(b) Credit rating—

- (i) a statement as to whether the Overseas Bank has a credit rating applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars; and
- (ii) if so, with respect to each such rating:
 - (A) the name of the person who gave the credit rating;
 - (B) the current rating and all qualifications to that rating;
 - (C) any changes made to the rating in the two years preceding the Balance Date and the date on which any such change occurred;

(c) Guarantors—

- (i) a statement as to whether the Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, are guaranteed;
- (ii) where a person guarantees any Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer:
 - (A) the name of the member of the Banking Group whose obligations are guaranteed, and a description of the nature of those obligations;
 - (B) the name of the guarantor and whether the guarantor is a member of the Banking Group;
 - (C) a statement as to whether there are any limits on the amount of the obligations guaranteed, and, if so, a statement that information on these limits is contained in the General Disclosure Statement;
 - (D) a statement as to whether there are any Material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a statement that information on these conditions is contained in the General Disclosure Statement;
 - (E) a statement as to whether there are any Material legislative or regulatory provisions which could have the effect of subordinating claims under the guarantee to other claims on the guarantor and, if so, a statement that information on these legislative or regulatory provisions is contained in the General Disclosure Statement;
 - (F) a statement that details of the guarantee arrangements are available in the Supplemental

Disclosure Statement, or where the content of the Supplemental Disclosure Statement is contained in the General Disclosure Statement, in the General Disclosure Statement;

(d) Profitability—

- (i) net profit or loss after tax and extraordinary items;
 - (ii) net profit or loss after tax and extraordinary items expressed as a percentage (annualised) of the average of total assets;
- in respect of:
- (iii) the Overseas Banking Group for the most recent period for which the information is publicly available; and
 - (iv) the Banking Group over the Interim Accounting Period or Accounting Period;

(e) Size—

- (i) total assets of the Overseas Banking Group as at the most recent date for which the information is publicly available and the percentage change in total assets from the previous corresponding period to that date;
- (ii) total assets of the Banking Group and the percentage change in total assets from the previous corresponding period to the Balance Date;

(f) Capital adequacy—

the most recent publicly available information on the capital adequacy of the Overseas Bank and Overseas Banking Group, disclosing:

- (i) Tier One Capital expressed as a percentage of risk weighted exposures;
- (ii) Capital expressed as a percentage of risk weighted exposures;

(g) Asset quality—

- (i) total Impaired Assets;
- (ii) total Impaired Assets expressed as a percentage of total assets;
- (iii) total Specific Provisions;
- (iv) total Specific Provisions expressed as a percentage of total Impaired Assets;

in respect of:

- (v) the Overseas Banking Group as at the most recent date for which the information is publicly available; and
- (vi) the Banking Group;

(h) Peak Credit Exposure concentrations—

the number of individual Counterparties or Groups of Closely Related Counterparties (excluding any OECD Government) to which the Banking Group has an aggregate Credit Exposure (net of Specific Provisions) which equals or exceeds 10% of the Overseas Banking Group's Equity, separately disclosing the number of:

- (i) Counterparties other than Banks and Groups of Closely Related Counterparties of which a Bank is not the parent;
- (ii) Bank Counterparties and Groups of Closely Related Counterparties of which a Bank is the parent;

in successive ranges of 10% of the Overseas Banking Group's Equity in respect of peak end-of-day Credit Exposures (net of Specific Provisions) since the commencement of the Accounting Period;

(i) Ranking of local creditors in a winding-up—

whether there are any Material legislative or regulatory

restrictions which subordinate the claims of any class of unsecured creditors of the Registered Bank on the assets of the Overseas Bank to those of any other class of unsecured creditors of the Overseas Bank, in a winding up of that Overseas Bank. If so, the Key Information Summary shall also state:

- (i) the legislation or regulations involved and a summary of the nature of the impairment of the rights of creditors of the Registered Bank which they create; and
- (ii) the nature and amount of each Class of the Registered Bank's liabilities which are so affected;
- (j) Financial statements of the Overseas Bank and Overseas Banking Group—

a statement that copies of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the most recent publicly available financial statements of the Overseas Bank and Overseas Banking Group, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank;

- (k) Reference to Disclosure Statements—

a statement that copies of the Registered Bank's most recent General Disclosure Statement and Supplemental Disclosure Statement will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank; and

- (l) Auditor's report—

a copy of a report by an auditor signed by that auditor either in the auditor's own name or the name of that auditor's firm, that states with respect to the information prepared in accordance with this clause:

- (i) that the Key Information Summary has been examined by the auditor; and
- (ii) whether the Key Information Summary has been completed in accordance with this Order and whether the information contained in it has been properly taken, where applicable, from the information contained in the General Disclosure Statement.

Part III

General Disclosures to be Contained in General Disclosure Statement

6. General Matters—(1) In respect of the Registered Bank, the General Disclosure Statement shall state its name and Address for Service.

(2) In respect of the Overseas Bank, the General Disclosure Statement shall state:

- (a) its name and the address of its principal office, or place of business, outside New Zealand;
- (b) the statute or other authority under or pursuant to which it was incorporated or established; and
- (c) the date of its incorporation or establishment.

(3) Where applicable, the General Disclosure Statement shall state:

- (a) the name and Address for Service of the Ultimate Parent Bank of the Overseas Bank;
- (b) the name and Address for Service of the Ultimate Holding Company of the Overseas Bank; and
- (c) a summary of any regulations, legislation or other restrictions of a legally enforceable nature which may

materially inhibit the legal ability of the bodies corporate referred to in paragraphs (a) and (b) of this subclause, to provide Material financial support to the Registered Bank.

(4) The General Disclosure Statement shall state whether there are any Material legislative or regulatory restrictions which subordinate the claims of any class of unsecured creditors of the Registered Bank on the assets of the Overseas Bank to those of any other class of unsecured creditors of the Overseas Bank, in a winding up of that Overseas Bank. If so, the General Disclosure Statement shall also state:

- (a) the legislation or regulations involved and the nature of the impairment of the rights of creditors of the Registered Bank which they create; and
- (b) the nature and amount of each Class of the Registered Bank's liabilities which are so affected.

7. Guarantee Arrangements—(1) The General Disclosure Statement shall state whether the Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, are guaranteed.

(2) Where a person guarantees any Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, the General Disclosure Statement shall state:

- (a) the name and Address for Service of the guarantor;
- (b) whether the guarantor is a member of the Banking Group or Overseas Banking Group;
- (c) the nature of the obligations which are guaranteed, including a description sufficient to identify them;
- (d) whether there are any limits on the amount of the obligations guaranteed and, if so, a brief summary of the nature of those limits;
- (e) whether there are any Material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a brief summary of those conditions;
- (f) whether there are any Material legislative or regulatory restrictions which would have the effect of subordinating the claims under the guarantee of any of the creditors of the Registered Bank or Banking Group on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor. If so, the General Disclosure Statement shall also state:

- (i) the legislation or regulations involved and the nature of the impairment of the rights of the creditors which they create;

- (ii) the amount of the liabilities which are so affected;

- (g) (i) the amount of the net tangible assets of the guarantor as shown in the most recent publicly available audited financial statements, together with any qualifications in the auditor's report on those financial statements that reflect on the statement of those assets in the financial statements; or

- (ii) where the guarantor is a Bank, the guarantor's most recent publicly disclosed Capital expressed as an amount and as a percentage of risk weighted exposures, and the date to which that measure of Capital relates;

- (h) the information required to be disclosed pursuant to clause 11 of this Order as though the reference to a Registered Bank were a reference to the guarantor, the reference to New Zealand were a reference to the country of incorporation of the guarantor and the reference to New Zealand dollars were a reference to the currency of the country of incorporation of the guarantor; and

(i) that a copy of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the full guarantee contract, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of the Supplemental Disclosure Statement is contained in the General Disclosure Statement.

8. Registered Bank: Directorate and Auditors—The General Disclosure Statement shall state:

- (a) an address to which communications addressed to the Directors and Responsible Persons (if any), or any of them, may be sent;
- (b) the name, occupation, technical or professional qualifications, and country of residence of each Director and Responsible Person;
- (c) the name and Address for Service of any auditor whose report is referred to in the Disclosure Statement;
- (d) in relation to every Director:
 - (i) the nature and amount of any transaction which any Director or any Immediate Relative or close business associate of any Director has with the Registered Bank or any member of the Banking Group which either has been entered into on terms other than those which would, in the ordinary course of business of the Registered Bank or any member of the Banking Group, be given to any other person of like circumstances or means, or which could otherwise be reasonably likely to influence materially the exercise of the Director's duties; and
 - (ii) whether any Director is an executive Director; and
- (e) the policy of the board of Directors for avoiding or dealing with conflicts of interest which may arise from the personal, professional or business interests of the Directors or any of them.

9. Conditions of Registration—The General Disclosure Statement shall either:

- (a) state that a copy of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the Conditions of Registration applicable as at the date of the Disclosure Statement, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank; or
- (b) contain a copy of the Conditions of Registration applicable as at the date of the Disclosure Statement.

10. Pending Proceedings or Arbitration—The General Disclosure Statement shall contain a description of any pending proceedings or arbitration concerning any member of the Banking Group or, where publicly available, the Overseas Banking Group, whether in New Zealand or elsewhere, that may have a Material adverse effect on the Registered Bank or on the Banking Group.

11. Credit Ratings—(1) The General Disclosure Statement shall state whether the Overseas Bank has a credit rating applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars.

(2) For each credit rating required to be disclosed pursuant to subclause (1) of this clause the General Disclosure Statement shall state:

- (a) the name of the person who gave the credit rating;

- (b) the current rating and all qualifications to that rating;
- (c) any changes made to the rating in the two years preceding the Balance Date and the date on which any such change occurred; and
- (d) descriptions or explanations of all the steps in the applicable rating scales.

Part IV

Financial and Supplementary Disclosures to be Contained in General Disclosure Statement

12. Content of Financial and Supplementary Disclosures—(1) The General Disclosure Statement shall contain or be accompanied by financial statements of the Registered Bank and the Banking Group for the Accounting Period or the Interim Accounting Period, prepared in accordance with the requirements of the Financial Reporting Act 1993 including, without limitation, section 13 of the Financial Reporting Act 1993, as though the references in the Financial Reporting Act 1993 to a 'group' were to the Banking Group and as though the Registered Bank does not qualify for any exemptions pursuant to the Framework for Differential Reporting issued by the New Zealand Society of Accountants.

(2) The General Disclosure Statement shall contain, where Material, the supplementary information for the Accounting Period or the Interim Accounting Period prescribed by Schedules 1 to 5 of this Order unless this information is included in the financial statements prepared in accordance with clause 12 (1) of this Order.

(3) The General Disclosure Statement shall contain, where Material, the supplementary information for the Accounting Period or the Interim Accounting Period prescribed by Schedule 6 of this Order unless this information is included in the financial statements prepared in accordance with clause 12 (1) of this Order.

13. Historical Summary of Financial Statements—(1) The General Disclosure Statement shall contain a historical summary of financial statements in respect of the Banking Group.

(2) The amounts in the historical summary of financial statements required to be disclosed pursuant to subclause (1) of this clause shall be amounts that appear in financial statements of the Banking Group giving a true and fair view of the results and state of affairs of the Banking Group for the period concerned, or, where no such statements have been prepared, amounts that would have appeared in such statements if they had been prepared.

(3) The amounts that appear in the historical summary of financial statements required to be disclosed pursuant to subclause (1) of this clause shall include the following:

- (a) total interest revenue;
- (b) total interest expense;
- (c) total other revenue;
- (d) total Impaired Asset expense;
- (e) total other expenses;
- (f) net profit or loss before taxation and extraordinary items;
- (g) taxation;
- (h) net profit or loss before extraordinary items;
- (i) extraordinary items;
- (j) net profit or loss after extraordinary items;
- (k) minority interests;
- (l) the amount of branch profits repatriated;
- (m) profit or loss retained;
- (n) total assets;

- (o) total Impaired Assets;
- (p) total liabilities;
- (q) head office account;

in the case of a Disclosure Statement prepared in respect of:

- (r) an Accounting Period, for each of the five most recent consecutive Accounting Periods; or
- (s) an Interim Accounting Period, for each of the five most recent consecutive Accounting Periods and the current Interim Accounting Period.

(4) The General Disclosure Statement shall state whether the amounts required to be disclosed pursuant to subclause (3) of this clause have been taken from audited financial statements.

14. Members of Banking Group—The General Disclosure Statement shall state the name and nature of business of each member of the Banking Group other than the Registered Bank.

15. Auditor's Report—(1) A General Disclosure Statement Published in respect of an Accounting Period shall contain a copy of a report by an auditor signed by that auditor, either in the auditor's own name or the name of that auditor's firm, that states, with respect to the financial statements and supplementary information prepared in accordance with clauses 12 (1) and 12 (2) of this Order:

- (a) the work done by the auditor;
- (b) the scope and limitations of the audit;
- (c) the existence of any relationship (other than that of auditor) which the auditor has with, or interest the auditor has in, the Registered Bank and any of its Subsidiaries or in-substance subsidiaries;
- (d) whether the auditor has obtained all the information and explanations that the auditor has required;
- (e) whether, in the auditor's opinion, as far as appears from an examination of them, proper accounting records have been kept by the Registered Bank and the Banking Group;
- (f) whether, in the auditor's opinion, the financial statements of the Registered Bank and the Banking Group comply with generally accepted accounting practice, and if they do not, the respects in which they fail to comply;
- (g) where applicable, whether, in the auditor's opinion, the supplementary information has been prepared in accordance with guidelines issued pursuant to section 78 (3) of the Act (if any) or any Conditions of Registration, and is in accordance with the books and records of the Registered Bank and the Banking Group;
- (h) whether, in the auditor's opinion, and having regard to any information or explanations that may have been added by the Registered Bank pursuant to sections 11(2) and 14(2) of the Financial Reporting Act 1993, the financial statements of the Registered Bank and the Banking Group give a true and fair view of the matters to which they relate and, if they do not, the respects in which they fail to give such a view; and
- (i) whether, in the auditor's opinion, the supplementary information of the Registered Bank and the Banking Group gives a true and fair view of the matters to which it relates and, if it does not, the respects in which it fails to give such a view.

(2) A Disclosure Statement Published in respect of an Interim Accounting Period shall contain a copy of a report by an auditor signed by that auditor either in the auditor's own name or the name of that auditor's firm, which either:

- (a) complies with the requirements contained in subclause (1) of this clause; or
- (b) (i) with respect to the financial statements prepared in accordance with clause 12 (1) of this Order, states:
 - (A) that the financial statements have been examined by the auditor; and
 - (B) whether anything has come to the auditor's attention which would cause the auditor to believe that the financial statements do not present a true and fair view of the matters to which they relate;
- (ii) with respect to the supplementary information prepared in accordance with clause 12 (2) of this Order, states:
 - (A) that the supplementary information has been examined by the auditor; and
 - (B) whether anything has come to the auditor's attention which would cause the auditor to believe that the supplementary information does not present a true and fair view of the matters to which it relates.

16. Other Material Matters—The General Disclosure Statement shall state particulars of any matters relating to the business or affairs of the Registered Bank and the Banking Group which are not contained elsewhere in the General Disclosure Statement and which would, if disclosed, materially adversely affect the decision of a person to subscribe for Debt Securities of which the Registered Bank or any member of the Banking Group is the issuer.

17. The Directors' Statement—The General Disclosure Statement shall contain a statement by the Directors as to whether, after due enquiry by them, as at the date of the Disclosure Statement, the Directors believe:

- (a) the Disclosure Statement contains all the information that is required by this Order;
- (b) the Registered Bank complies with the Conditions of Registration;
- (c) the Registered Bank has systems in place to monitor and control adequately the Banking Group's Material risks, including Credit Risk, concentration of Credit Risk, Interest Rate Risk, Currency Risk, Equity Risk, liquidity risk and other business risks, and whether those systems are being properly applied; and
- (d) the Disclosure Statement is not false or misleading as at the date on which the Disclosure Statement is signed.

18. Financial Statements of the Overseas Bank and Overseas Banking Group—The General Disclosure Statement shall contain a statement that copies of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the most recent publicly available financial statements of the Overseas Bank and Overseas Banking Group, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of the Supplemental Disclosure Statement is contained in the General Disclosure Statement.

Part V

Supplemental Disclosure Statement

19. General Matters—(1) Subject to subclause (2) of this clause, the Supplemental Disclosure Statement shall state only the information specified in clauses 20, 21 and 22 of this Order.

(2) If a Supplemental Disclosure Statement would be false or misleading as a result of stating the information specified in subclause (1) of this clause, information and explanations that will make the Supplemental Disclosure Statement not false or misleading shall also be stated.

20. Guarantors—Where a General Disclosure Statement states that a person guarantees any Material obligations of any member of the Banking Group, the Supplemental Disclosure Statement shall contain a copy of the full guarantee contract and the most recent financial statements and group financial statements of the guarantor, together with a copy of the audit report (if any) relating to those statements, unless this information is already contained within the General Disclosure Statement.

21. Conditions of Registration—The Supplemental Disclosure Statement shall contain a copy of the Conditions of Registration which are applicable as at the date of the Disclosure Statement, unless this information is already contained within the General Disclosure Statement.

22. Financial Statements of the Overseas Bank and Overseas Banking Group—The Supplemental Disclosure Statement shall contain a copy of the most recent publicly available financial statements of the Overseas Bank and Overseas Banking Group, unless this information is already contained within the General Disclosure Statement.

DIANE WILDERSPIN, Acting for Clerk of the Executive Council.

First Schedule

Supplementary Financial Disclosures, Risk Concentrations and Asset Quality

Supplementary Financial Disclosures

1. The General Disclosure Statement shall contain, in respect of the Registered Bank and the Banking Group, for the Accounting Period or the Interim Accounting Period, or as at the Balance Date, as the case may be, the information required to be disclosed pursuant to clauses 3 to 7 of this Schedule.

2. The information required to be disclosed pursuant to clauses 3 to 6 of this Schedule shall include comparative figures for the previous corresponding period.

3. Supplementary Information on the Statement of Financial Performance—(1) Interest revenue, separately disclosing interest revenue from:

- (a) lending, other than on Impaired Assets;
- (b) Impaired Assets, showing Material categories separately;
- (c) Investment Securities;
- (d) Other Securities;
- (e) other sources, showing Material categories separately.

(2) Net gains or losses from trading activities, separately disclosing Material categories.

(3) Net gains or losses on the sale of Investment Securities.

(4) Other operating revenue showing separately:

- (a) fee revenues, separately disclosing:
 - (i) lending and credit facility related fee revenue;
 - (ii) other fee revenue;
- (b) dividends;
- (c) other sources, showing Material categories separately.

(5) Interest expense, separately disclosing those expenses relating to the different classifications of funding presented in the statement of financial position.

(6) Impaired Asset expenses, separately disclosing:

- (a) charges for Specific Provisions;
- (b) amounts written off directly to the statement of financial performance;
- (c) write-downs of Real Estate Assets Acquired Through the Enforcement of Security and Other Assets Acquired Through the Enforcement of Security;
- (d) recoveries of provisions and write-offs charged in previous periods.

(7) Current period charge for General Provision.

4. Supplementary Information on the Statement of Financial Position Assets—(1) Material categories of recognised Financial Assets, net of Specific Provisions, in the broad order of their liquidity, including at least the following categories of Financial Assets:

- (a) cash and demand balances with central banks;
- (b) balances with other financial institutions which may be withdrawn without prior notice;
- (c) Other Securities, separately showing securities which are eligible for refinancing by central banks and Other Securities held for liquidity and other purposes;
- (d) Investment Securities;
- (e) acceptances in respect of bills accepted but not held in a portfolio (if recognised);
- (f) loans, advances and lease finance;
- (g) other assets, including a description of the nature and characteristics of those assets.

(2) Where within any of the categories of recognised assets disclosed pursuant to clause 4 (1) of this Schedule, assets are held for more than one purpose, such as trading, liquidity, investment, hedging, or lending:

- (a) a description of each purpose for which the recognised assets are held, and the amount of recognised assets held for that purpose; and
- (b) the method used to value each amount disclosed pursuant to clause 4 (2) (a) of this Schedule.

(3) Whether there have been any reclassifications of securities from a historical cost basis for valuation to a mark to market basis for valuation or vice versa, and if so, the impact that those reclassifications have had on net profit before taxation, and the valuations of those securities, as recorded in the statement of financial position.

(4) Total interest earning and discount bearing assets.

5. Supplementary Information on the Statement of Financial Position Liabilities—(1) Recognised Financial Liabilities, in the broad order of their maturity, distinguishing among liabilities on demand, other short term liabilities and long term liabilities.

(2) Where within any of the categories of recognised liabilities disclosed pursuant to clause 5 (1) of this Schedule, liabilities are held for more than one purpose, such as trading, hedging, or financing:

- (a) a description of each purpose for which the recognised liabilities are held, and the amount of recognised liabilities held for that purpose; and
- (b) the method used to value each amount disclosed pursuant to clause 5 (2) (a) of this Schedule.

(3) Information on the nature and amount of each Class of Financial Liability, where these classifications are based on the priority of creditors' claims over assets in a winding up.

(4) Liability on acceptances (if recognised).

(5) Total interest and discount bearing liabilities.

6. Supplementary Information on Unrecognised Assets

and Liabilities—(1) The nature and face or contract amount of each Class of unrecognised assets or liabilities.

(2) The nature, and where quantifiable, the amount of each Class of unrecognised assets and liabilities arising from contracts for which there is no face or contract amount.

(3) Where within any of the Classes of unrecognised items disclosed pursuant to clauses 6(1) and 6(2) of this Schedule, unrecognised assets and liabilities are held for more than one purpose, such as trading, liquidity, investment, hedging, or providing financing, risk management, or other services to customers:

(a) a description of each purpose for which the unrecognised assets or liabilities are held, and the amount of unrecognised assets or liabilities held for that purpose; and

(b) the method used to value each amount disclosed pursuant to clause 6(3)(a) of this Schedule.

7. Accounting Policies—(1) Accounting policies followed for Financial Instruments with respect to the basis for recognising revenues and expenses (including gains and losses), including:

(a) interest revenue and expense, and policies on inter-period allocations of interest revenue and expense;

(b) fee revenue and expenses, distinguishing between yield related and non yield related items, and policies in relation to inter-period allocations;

(c) recognising gains or losses on Investment Securities and Other Securities.

(2) Accounting policies followed for recognising Financial Instruments in the financial reports or for treating Financial Instruments as unrecognised items, including:

(a) the classification and measurement of Investment Securities and Other Securities;

(b) accounting for Financial Instruments which are used for hedging purposes;

(c) accounting for leases, foreign exchange contracts and derivative instruments such as options, futures, and swaps;

(d) accounting for sale and repurchase agreements, reverse sale and repurchase agreements or their option derivatives;

(e) accounting for acceptances and endorsements of bills of exchange;

(f) accounting for loan transfers and the securitisation of Financial Assets.

(3) Accounting policies followed for Financial Instruments with respect to the basis of valuation.

(4) Accounting policies followed for Commodity Instruments, with respect to:

(a) the basis for recognising revenues and expenses (including gains and losses);

(b) the basis for recognising Commodity Instruments in the financial reports or for treating Commodity Instruments as unrecognised items;

(c) the basis of valuation.

(5) Policies for accounting for Impaired Assets, including criteria used to classify those assets, and policies for recognising and determining their carrying amounts in the statement of financial position.

(6) Accounting policies for determining Specific Provisions and General Provisions for both recognised and unrecognised assets, and the basis on which those provisions are recognised in the financial statements, including whether Specific Provisions are based on an identification on a Counterparty by Counterparty basis,

estimation in relation to a Class of assets, or some other basis.

(7) Policies for accounting for the recognition of revenue or principal payments received, and policies for accounting for revenue due but not received, in respect of each Class of Impaired Assets.

(8) Accounting policies for the valuation of investments in Subsidiaries, in-substance subsidiaries and associates.

(9) Accounting policies for funds under management.

Risk Concentrations

8. The General Disclosure Statement shall contain, in respect of the Registered Bank and the Banking Group, as at the Balance Date, the information required to be disclosed pursuant to clauses 11 and 12 of this Schedule.

9. The information required to be disclosed pursuant to clauses 11 and 12 of this Schedule shall include comparative figures for the previous corresponding period.

10. For the purposes of disclosing Credit Exposure information pursuant to clause 11 of this Schedule, where applicable Credit Exposures shall be calculated on the basis of credit equivalent amounts determined in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (BS2), as amended from time to time.

11. Concentrations of Credit Exposures—A statement of the amount of any significant concentration of Credit Exposures including:

(a) customers' industry or economic sectors;

(b) geographical areas, showing, where applicable, the following categories separately:

(i) Credit Exposure concentrations within New Zealand;

(ii) Credit Exposure concentrations to other countries separately disclosing the amount of Credit Exposure to each country in respect of which there is a significant concentration of Credit Exposure.

12. Concentrations of Funding—A statement of the amount of any significant concentration of funding including:

(a) sources of funding by category of product;

(b) sources of funding by category of Counterparty;

(c) geographical areas, showing, where applicable, the following categories separately:

(i) funding concentrations from within New Zealand;

(ii) funding concentrations from other countries, separately disclosing the amount of funding from each country in respect of which there is a significant concentration of funding.

Asset Quality

13. The information required to be disclosed pursuant to clauses 14(a) and 14(b) of this Schedule shall include comparative figures for the previous corresponding period.

14. The General Disclosure Statement shall contain, in respect of the Banking Group as at the Balance Date, the following information:

(a) in respect of each of the following Classes of assets:

(i) Non-Accrual Assets;

(ii) Restructured Assets;

(iii) Real Estate Assets Acquired Through the Enforcement of Security;

(iv) Other Assets Acquired Through the Enforcement of Security; and

(v) Past Due Assets;

the following information:

- (vi) the aggregate amount which has been recognised; and
 (vii) the aggregate amount which has not been recognised;
 before deducting provisions for expected losses or provisions for diminution in asset value, and
 (viii) the aggregate amount of Specific Provisions or provisions for diminution in asset value;
 (ix) the aggregate amount of General Provisions (if any);
- (b) the amount of interest revenue foregone over the Accounting Period or Interim Accounting Period in respect of holdings of Non-Accrual Assets and, where Material, holdings of Restructured Assets and Past Due Assets;
- (c) the basis on which the amounts disclosed pursuant to clause 14 (b) of this Schedule have been calculated;
- (d) information on movements in pre-provision balances over the Accounting Period or Interim Accounting Period for each of the Classes of assets set out in subparagraphs (i) to (v) of clause 14 (a), separately disclosing, where Material:
- (i) pre-provision opening balance;
 (ii) additions;
 (iii) amounts written-off;
 (iv) deletions;
 (v) pre-provision closing balance;
- (e) information on movements in the balances of total Specific Provisions or provisions for diminution in asset value over the Accounting Period or Interim Accounting Period, for each of the Classes of assets set out in subparagraphs (i) to (v) of clause 14 (a), separately disclosing, where Material:
- (i) opening balance;
 (ii) charge (credit) to the statement of financial

performance for increase/decrease in Specific Provisions or provisions for diminution in asset value;

- (iii) amounts written off;
 (iv) write-downs of Assets Acquired Through the Enforcement of Security;
 (v) recoveries of provisions and write-offs charged in previous periods;
 (vi) other movements, and the nature thereof;
 (vii) closing balance;
 with movements reconciled to the charges allocated to the statement of financial performance; and
- (f) information on movements in the balance of the General Provision over the Accounting Period or Interim Accounting Period, separately disclosing, where Material:
- (i) opening balance;
 (ii) charge (credit) to statement of financial performance for increase/decrease in the General Provision;
 (iii) other movements, and the nature thereof;
 (iv) closing balance;
 with movements reconciled to the charges allocated to the statement of financial performance.

Second Schedule

The Size and Nature of Business of the Registered Bank and Banking Group

The General Disclosure Statement shall contain the information specified below, in such format as the Registered Bank determines, derived in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time, in respect of the Registered Bank and the Banking Group as at the Balance Date.

Risk Weighted Exposures

(1) Calculation of Balance Sheet Exposures

	Principal Amount	Risk Weight	Risk Weighted Exposure
Cash and short term claims on Government		0%	
Long term claims on Government		10%	
Claims on banks		20%	
Claims on public sector entities		20%	
Residential mortgages		50%	
Other		100%	
Total assets			

(2) Calculation of Off-Balance Sheet Exposures

	Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Average Counterparty Risk Weight	Risk Weighted Exposure
Direct credit substitutes		100%			
Asset sales with recourse		100%			
Commitments with certain drawdown		100%			
Underwriting and sub-underwriting facilities		50%			
Transaction related contingent items		50%			
Short term, self liquidating trade related contingencies		20%			
Other commitments to provide financial services which have an original maturity of 1 year or more		50%			
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time		0%			
Market related contracts ¹		N/A			
(a) Foreign exchange contracts					
(b) Interest rate contracts					

(c) Other
Total off-balance sheet exposures
Risk Weighted Exposures

¹ Specify whether the current exposure or original exposure method was used to calculate the credit equivalent amount on these contracts.

Third Schedule

Capital Adequacy of the Overseas Bank and Overseas Banking Group

1. The information required to be disclosed pursuant to clause 2 of this Schedule shall include comparative figures for the previous corresponding period, where that information is publicly available.

2. The General Disclosure Statement shall contain the most recent publicly available information specified in respect of the capital adequacy ratios of the Overseas Bank and the Overseas Banking Group:

- (a) Tier One Capital expressed as a percentage of risk weighted exposures;
- (b) Capital expressed as a percentage of risk weighted exposures; and
- (c) the date to which the measures of Tier One Capital and Capital relate.

3. The General Disclosure Statement shall contain a statement as to:

- (a) whether the Overseas Bank or Overseas Banking Group is required by the appropriate banking supervisory authority in its country of domicile to hold minimum Capital at least equal to that specified under the Basle framework; and
- (b) whether the Overseas Bank or Overseas Banking Group meets those requirements imposed on it by the appropriate banking supervisory authority in its country of domicile as at the latest Balance Date.

Fourth Schedule

Concentration of Credit Exposures to Individual Counterparties

1. For the purposes of this Schedule, Credit Exposure information shall be disclosed either on the basis of:

- (a) actual Credit Exposures; or
- (b) internal limits, provided that those limits were not Materially exceeded during the Accounting Period or the Interim Accounting Period.

The General Disclosure Statement shall state the method used.

2. For the purposes of this Schedule:

- (a) information disclosed shall be in respect of the Banking Group; and
- (b) Credit Exposures shall be calculated net of Specific Provisions.

3. Credit Exposures to any OECD Government are not to be included in the Credit Exposure information required to be disclosed pursuant to this Schedule.

4. For the purposes of this Schedule, the Overseas Banking Group's Equity shall be either that group's Equity determined as at the Balance Date, or the most recently publicly disclosed amount. Where the Overseas Banking Group's Equity is not determined as at the Balance Date, the General Disclosure Statement shall state the date to which the measure of Equity relates.

5. The information required to be disclosed pursuant to clauses 7 and 9 of this Schedule shall include comparative figures for the previous corresponding period.

6. For the purposes of this Schedule:

- (a) information on Credit Exposures shall relate only to exposures held in the financial records of the Banking Group;
- (b) peak end-of-day aggregate Credit Exposures to each individual Counterparty or a Group of Closely Related Counterparties over the Interim Accounting Period or the Accounting Period shall be measured as follows:
 - (i) within each quarter, by determining the maximum end-of-day aggregate Credit Exposures over the quarter, and dividing that amount by the Overseas Banking Group's Equity as at the end of the quarter; and
 - (ii) for the Accounting Period or Interim Accounting Period, by calculating the ratio for each quarter in the Accounting Period or Interim Accounting Period pursuant to clause 6 (b) (i) of this Schedule and then taking the maximum of such ratios.

7. Where aggregate Credit Exposure to any individual Bank Counterparty or a Group of Closely Related Counterparties of which a Bank is the parent equals or exceeds 10% of the Overseas Banking Group's Equity over the Interim Accounting Period or Accounting Period, the General Disclosure Statement shall disclose the number of those Counterparties, in successive ranges of 10% of Equity, commencing at 10% of Equity.

8. The information required to be disclosed pursuant to clause 7 of this Schedule shall be made:

- (a) as at the Balance Date; and
- (b) in respect of peak end-of-day aggregate Credit Exposures since the commencement of the Accounting Period.

9. Where aggregate Credit Exposure to any individual non Bank Counterparty or a Group of Closely Related Counterparties of which a Bank is not the parent equals or exceeds 10% of the Overseas Banking Group's Equity over the Interim Accounting Period or Accounting Period, the General Disclosure Statement shall disclose the number of those Counterparties, in successive ranges of 10% of Equity, commencing at 10% of Equity.

10. The information required to be disclosed pursuant to clause 9 of this Schedule shall be made:

- (a) as at the Balance Date; and
- (b) in respect of peak end-of-day aggregate Credit Exposures since the commencement of the Accounting Period.

Fifth Schedule

Securitisation, Funds Management, and Other Fiduciary Activities

1. The General Disclosure Statement shall contain the information required to be disclosed pursuant to clauses 3 to 5 of this Schedule in respect of the Banking Group as at the Balance Date.

2. The information required to be disclosed pursuant to clause 5 of this Schedule shall include comparative figures for the previous corresponding period.

3. A statement of the nature of the Banking Group's involvement in:

(a) trust, custodial, funds management, and other fiduciary activities established, marketed, and/or sponsored by a member of the Banking Group; and

(b) the origination of securitised assets, and in the marketing or servicing of securitisation schemes.

4. Where applicable, a statement as to whether arrangements have been put in place to ensure that difficulties arising from the activities specified in clause 3 of this Schedule would not impact adversely on the Banking Group, and if so, the nature of those arrangements.

5. Where applicable, a statement of the amount represented by the activities specified in clause 3 of this Schedule, disclosed according to the nature of the activity.

Sixth Schedule

Risk Management Policies

1. In respect of the Banking Group, for each of the following categories of risk:

(a) Credit Risk, including concentrations of Credit Risk, intra-day Credit Risk, Credit Risk to Bank Counterparties and related party Credit Risk;

(b) Currency Risk;

(c) Interest Rate Risk;

(d) Equity Risk;

(e) liquidity risk;

(f) any other Material business risk to which the Banking Group is exposed;

the General Disclosure Statement shall contain the information set out in clause 2 of this Schedule.

2. In relation to each risk identified in clause 1 of this Schedule, the General Disclosure Statement shall contain:

(a) an explanation of the nature of the risk and the activities of the Banking Group which give rise to that risk;

(b) a general description of the methods used to identify and monitor exposure to the risk, including the frequency with which exposures are monitored; and

(c) a general description of the systems and procedures for controlling the risk, including, where applicable, whether exposure limits are employed, any policies with respect to collateral or other security, and any policies on the use of Financial Instruments to mitigate or hedge risks.

3. The General Disclosure Statement shall contain a statement as to the nature and frequency of any reviews conducted in respect of the Banking Group's risk management systems, including a statement as to whether any such reviews were conducted by a party external to the Banking Group, Overseas Banking Group, Ultimate Parent Bank or Ultimate Holding Company.

4. The General Disclosure Statement shall contain a statement as to whether the Banking Group has an internal audit function and, if so, its nature, including:

(a) organisational status, including formal and administrative reporting procedures;

(b) reference to the existence of an audit committee and, if applicable, the nature and scope of that committee; and

(c) scope of the internal audit function, including type and frequency of audits.

Explanatory Note

This note is not part of the Order in Council, but is intended to indicate its general effect.

This Order in Council is one of four Orders in Council

promulgated pursuant to section 81(1) of the Reserve Bank of New Zealand Act 1989. The Orders in Council provide for a new public disclosure regime for registered banks, replacing existing prospectus requirements imposed under the Securities Act 1978 on registered banks in respect of their offers of debt securities to the public. All four Orders in Council come into force on 1 January 1996.

The disclosure regime is part of a new set of arrangements being implemented by the Reserve Bank of New Zealand to supervise registered banks.

This Order in Council applies to a registered bank which is incorporated in a country other than New Zealand and which operate in New Zealand as a branch of the overseas bank, in respect of each such bank's end of financial year and half year.

All registered banks will be required to issue a public disclosure statement each quarter. The disclosure statement required to be published pursuant to this Order in Council comprises a Key Information Summary, a General Disclosure Statement and, if applicable, a Supplemental Disclosure Statement.

The Key Information Summary must be displayed prominently in each bank branch and must be available free of charge immediately upon request. The Key Information Summary provides a brief summary of key financial information on the registered bank and its banking group.

The General Disclosure Statement is required to contain a comprehensive range of financial and corporate information on the bank and its banking group. The General Disclosure Statement need not be displayed in each bank branch, but must be made available free of charge within five working days of a request having been made for it at a bank branch or agency, or immediately from a bank's head office. The information required to be included in a General Disclosure Statement includes:

a general information on the structure of the bank, the members of the banking group and information on guarantee arrangements (where applicable);

b a statement as to whether the bank has a credit rating, and if so, a disclosure of that rating;

c comprehensive financial statements for the bank and banking group, prepared in accordance with generally accepted accounting practice, including asset quality and risk concentration information;

d information, both as at the end of the half year or full year and peak over the accounting period to date, on the banking group's exposure concentration to individual counterparties and groups of closely related counterparties;

e descriptions of the banking group's policies and systems for identifying, monitoring and managing its risks;

f statements signed by the directors of the bank, including an attestation as to whether the directors are satisfied that the banking group's internal controls are adequate for managing the group's material business risks and whether the controls are being properly applied, and a statement that the disclosure statement is not false or misleading;

g information on the banking group's funds management and securitisation activities, to the extent it has any;

h information on the directorate and auditors of the bank.

Each bank must also publish a Supplemental Disclosure Statement, unless the information it would include is contained in the General Disclosure Statement. The Supplemental Disclosure Statement must be made available free of charge within five working days of a request being

made for it at a bank branch or immediately from a bank's head office. This Order in Council requires the following information to be contained in a Supplemental Disclosure Statement:

- a the conditions of registration imposed by the Reserve Bank on the registered bank pursuant to section 74 of the Reserve Bank of New Zealand Act;
- b the contract of guarantee and financial statements of any guarantor, where the material obligations of the registered bank or of a public issuer within the banking group are guaranteed;
- c the most recent publicly available financial statements of the overseas bank and overseas banking group of which the registered bank is part.

A bank has three months after its balance date or interim balance date in which to publish the disclosure statements required by this Order in Council.

The disclosure statement in respect of the end of a financial year is subject to full external audit. The disclosure statement prepared as at the half year is subject to a limited review by an external auditor, although a bank may elect to obtain a full external audit.

The disclosure statements required by this Order in Council must be signed by all the directors of the bank. A director may authorise in writing another person to sign on his or her behalf.

The Reserve Bank of New Zealand Act provides for criminal and civil penalties where a bank's disclosure statement is found to be false or misleading.

This Order in Council is administered in the Reserve Bank of New Zealand.

au7556

Registered Bank Disclosure Statement (Off-Quarter—Overseas Incorporated Registered Banks) Order 1995

CATHERINE A. TIZARD, Governor-General

ORDER IN COUNCIL

At Wellington this 14th day of November 1995

Present:

THE HON. DOUG KIDD PRESIDING IN COUNCIL

Pursuant to section 81(1) of the Reserve Bank of New Zealand Act 1989, Her Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, and on the advice of the Minister of Finance given in accordance with a recommendation of the Reserve Bank of New Zealand, hereby makes the following Order.

Analysis

1. Title, Application and Commencement

Part I—Preliminary

2. Interpretation
3. Form, Frequency and Distribution of Short Form Disclosure Statement
4. General Provisions Relating to Content of Short Form Disclosure Statement

Part II—Key Information Summary

5. Content of Key Information Summary

Part III—General Disclosures to be Contained in General Short Form Disclosure Statement

6. General Matters
7. Credit Ratings

8. Guarantee Arrangements
9. Conditions of Registration

Part IV—Financial and Supplementary Disclosures to be Contained in General Short Form Disclosure Statement

10. Content of Financial and Supplementary Disclosures
11. Financial Statements of Overseas Bank and Overseas Banking Group
12. The Directors' Statement
13. Auditor's Report

Part V—Supplemental Disclosure Statement

14. General Matters
15. Guarantors
16. Conditions of Registration
17. Financial Statements of the Overseas Bank and Overseas Banking Group

Schedules

1. Short Form Financial Statements
2. The Size and Nature of Business of the Banking Group
3. Capital Adequacy of the Overseas Bank and Overseas Banking Group
4. Asset Quality
5. Concentration of Credit Exposures to Individual Counterparties
6. Risk Management Policies

Order

1. Title, Application and Commencement—(1) This Order may be cited as the Registered Bank Disclosure Statement (Off-Quarter—Overseas Incorporated Registered Banks) Order 1995.

(2) This Order applies to every Registered Bank incorporated overseas.

(3) This Order shall come into force on the 1st day of January 1996.

(4) The first Short Form Disclosure Statement required by this Order in respect of a Registered Bank shall be in respect of the first Off Quarter Balance Date which occurs after 1 January 1996.

Part I

Preliminary

2. Interpretation—(1) Any term or expression used in this Order that is not defined in this Order:

- (a) which is defined in the Act shall, unless the context otherwise requires, have the meaning given to it by the Act;
- (b) which is not defined in the Act and which is defined in the Conditions of Registration shall, unless the context otherwise requires, have the meaning given to it by the Conditions of Registration; and
- (c) which is not defined in the Act or in the Conditions of Registration shall, unless the context otherwise requires, be interpreted in compliance with generally accepted accounting practice (as that term is defined in section 3 of the Financial Reporting Act 1993).

(2) References in this Order to the singular include the plural and vice versa.

(3) In this Order a reference to an 'FRS' is a reference to a Financial Reporting Standard approved or given authoritative support from time to time by the Accounting Standards Review Board pursuant to sections 24 and 27 of the Financial Reporting Act 1993.

(4) In this Order, unless the context otherwise requires:

'Accounting Period' has the meaning set out in the Companies Act 1993.

'Act' means the Reserve Bank of New Zealand Act 1989.

'Address for Service' in relation to:

(a) an individual, means the address of their usual place of business in New Zealand or, if no such address exists, the address of their usual place of business outside New Zealand;

(b) a company within the meaning of section 2(1) of the Companies Act 1993, means the address for service adopted by the company under section 192 of that Act;

(c) a company registered under the Companies Act 1955, means the address of its registered office;

(d) any other entity, means the address of its principal office or principal place of business in New Zealand or, if no such address exists, its principal office or principal place of business outside New Zealand.

'Asset Acquired Through the Enforcement of Security' means any asset which is legally owned as the result of enforcing security, other than a building occupied by the Registered Bank or a member of the Banking Group.

'Balance Date' means the last day of an Accounting Period or Interim Accounting Period.

'Bank' means a Registered Bank or an Overseas Bank.

'Banking Group' means the Financial Reporting Group but where the Reserve Bank has, by notice in writing to the Registered Bank, after consultation with the Registered Bank, agreed to or required the inclusion or exclusion of any entity or any part of any entity, means the Financial Reporting Group including or excluding that entity or that part of that entity, as the case may be.

'Capital' in relation to:

(a) an Overseas Bank or Overseas Banking Group, means the amount of capital held by the Overseas Bank or Overseas Banking Group, determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that Overseas Bank or Overseas Banking Group in its country of domicile;

(b) a Banking Group, means the amount of capital held by the Banking Group, determined in accordance with the Conditions of Registration.

'Class' means a category of assets or liabilities which have a similar nature or function in the operations of the Registered Bank or Banking Group.

'Commodity Instrument' means any contract that provides for settlement only by receipt or delivery of a physical asset.

'Company' has the same meaning as in section 2 of the Companies Act 1955 or section 2 of the Companies Act 1993 as appropriate, and includes an overseas company within the meaning of section 2 of the Companies Act 1993.

'Conditions of Registration' in relation to a Registered Bank means the conditions of registration imposed on that Registered Bank by the Reserve Bank pursuant to section 74 of the Act.

'Connected Person' has the same meaning as in the Conditions of Registration.

'Counterparty' means any other party to a contract with

the Registered Bank or a member of the Banking Group.

'Credit Exposure' means the amount of the maximum loss that a party to a contract could incur as a result of the Counterparty to that contract failing to discharge its obligations, without taking into account the value of collateral, guarantees, indemnities, other support arrangements, and any potential recoveries, where the maximum loss in relation to:

(a) a market related contract means the credit equivalent amount of the contract determined in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time;

(b) any other contract means the full value of the contract;

provided that, for the purposes of this definition, a Financial Liability may be offset against any such loss if to do so would accord with generally accepted accounting practice as defined in the Financial Reporting Act 1993.

'Credit Risk' means the risk of loss arising from one party to a contract failing to discharge its obligations under that contract.

'Currency Risk' means the risk arising from changes in exchange rates or in the prices of foreign currency.

'Debt Security', in relation to a Registered Bank, means any interest in or right to be paid money that is, or is to be, deposited with, lent to, or otherwise owing by, that Registered Bank (whether or not the interest or right is secured by a charge over any property).

'Director' means a person holding office as a director of the Overseas Bank.

'Disclosure Statement', in relation to a Registered Bank, means a document Published by that Registered Bank in terms of the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 1995.

'Equity' has the same meaning as in the New Zealand Society of Accountants Statement of Concepts for General Purpose Financial Reporting.

'Equity Risk' means the risk arising from changes in the prices of equity instruments.

'Fair Value' has the same meaning as in FRS-31.

'Financial Asset' has the same meaning as in FRS-31.

'Financial Instrument' has the same meaning as in FRS-31.

'Financial Liability' has the same meaning as in FRS-31.

'Financial Reporting Group' means a Registered Bank (as reporting entity) and all other entities which would be included in the group as that term is defined in section 2(1) of the Financial Reporting Act 1993 if the Registered Bank was subject to that Act.

'First Quarter Accounting Period' means the first three month period of an Accounting Period.

'General Provision' means an amount that has been created to meet unidentified credit losses.

'General Short Form Disclosure Statement' means that part of a Short Form Disclosure Statement which contains the information prescribed in Part III and Part IV of this Order.

'Group of Closely Related Counterparties' means a group of legal or natural persons one or more of which is a Counterparty that are related in such a way that:

(a) the financial soundness of any one of them may

- Materially affect the financial soundness of the other;
- (b) one has the power to control the other; or
- (c) one has the capacity to exercise significant influence over the other.
- ‘Immediate Relative’, in relation to any person, means their spouse or any person who lives with that person as their spouse, whether or not married, and any parent, brother, sister or child, in each case whether or not adoptive, of that person or of their spouse or person who lives with that person as their spouse.
- ‘Impaired Asset’ means a Non-Accrual Asset, a Restructured Asset, or an Asset Acquired Through the Enforcement of Security.
- ‘Interest Rate Risk’ means the risk arising from changes in interest rates.
- ‘Interim Accounting Period’ means the first six month period of an Accounting Period.
- ‘Investment Security’ means a security which is intended to be held for the long term or to maturity.
- ‘Issuer’ has the same meaning as in the Financial Reporting Act 1993.
- ‘Key Information Summary’ means that part of a Short Form Disclosure Statement which contains the information prescribed in Part II of this Order.
- ‘Material’ has the meaning given to it by generally accepted accounting practice, or, where generally accepted accounting practice does not apply, means a statement, fact, or item which is of such a nature or amount that its inclusion or omission, or the method of treating its disclosure, would be likely to influence a reasonable user of the Short Form Disclosure Statement.
- ‘Non-Accrual Asset’ means any Credit Exposure for which it is probable that the Registered Bank or a member of the Banking Group will not be able to collect all amounts owing in accordance with the terms of the contract with the Counterparty.
- ‘Non-Bank Connected Person’ has the same meaning as in the Conditions of Registration.
- ‘OECD Government’ means the central government of any of the countries specified in the list of OECD countries contained in Appendix One to the Reserve Bank document entitled ‘‘Capital Adequacy Framework’’ (BS2), as amended from time to time.
- ‘Off Quarter Balance Date’ means the last day of a First Quarter Accounting Period or Third Quarter Accounting Period.
- ‘Other Asset Acquired Through the Enforcement of Security’ means any Asset Acquired Through the Enforcement of Security, other than a Real Estate Asset Acquired Through the Enforcement of Security.
- ‘Other Security’ means a security which is not intended to be held for the long term or to maturity.
- ‘Overseas Bank’ means a financial institution incorporated outside New Zealand which has been authorised, registered, or licensed as a bank in its country of domicile by the appropriate banking supervisory authority and, unless the context otherwise requires, is the bank of which the Registered Bank is the New Zealand branch.
- ‘Overseas Banking Group’ means an Overseas Bank and all other entities included in the group for the purposes of public reporting of group financial statements in the country of domicile of the Overseas Bank.
- ‘Past Due Asset’ means any Credit Exposure which has not been operated by the Counterparty within its key terms for at least 90 days and which is not a Non-Accrual Asset or a Restructured Asset.
- ‘Publication Date’, in respect of a Short Form Disclosure Statement, means the date the Short Form Disclosure Statement is Published in accordance with clause 3 of this Order.
- ‘Publish’ includes distribute, make available and disseminate.
- ‘Real Estate Asset Acquired Through the Enforcement of Security’ means a land or building Asset Acquired Through the Enforcement of Security.
- ‘Register’ means the register maintained pursuant to section 69 of the Act.
- ‘Registered Bank’ means the New Zealand branch of the entity which is entered on the Register.
- ‘Relevant Interest’ has the same meaning as in sections 5 and 6 of the Securities Amendment Act 1988.
- ‘Responsible Person’ means a person authorised in writing by a Director to sign the Short Form Disclosure Statement in accordance with section 82 of the Act.
- ‘Restructured Asset’ means any Credit Exposure which is not a Non-Accrual Asset and for which:
- the original terms have been changed to grant the Counterparty a concession that would not otherwise have been available, due to the Counterparty’s difficulties in complying with the original terms;
 - the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and
 - the yield on the asset following restructuring is equal to, or greater than, the average cost of funds of the Registered Bank or a member of the Banking Group, or that a loss is not otherwise expected to be incurred.
- ‘Short Form Disclosure Statement’, in relation to a Registered Bank, means a document Published by that Registered Bank under sections 81 or 83 of the Act which shall comprise a General Short Form Disclosure Statement, Key Information Summary and Supplemental Disclosure Statement.
- ‘Specific Provision’ means an amount which has been created against identified credit losses or in respect of an identified deterioration in the value of any asset or Class of asset attributable to an increase in Credit Risk.
- ‘Subsidiary’ means a subsidiary within the meaning of section 158 of the Companies Act 1955 or sections 5 to 8 of the Companies Act 1993 as appropriate.
- ‘Substantial Security Holder’ means a person who has a Relevant Interest in 5 percent or more of the Voting Securities of which the Registered Bank is the issuer.
- ‘Supplemental Disclosure Statement’ means that part of a Short Form Disclosure Statement which contains the information prescribed in Part V of this Order.
- ‘Third Quarter Accounting Period’ means:
- the first nine month period of an Accounting Period; and
 - where an Accounting Period will be 15 months, the first 12 month period of an Accounting Period.
- ‘Tier One Capital’ in relation to:
- an Overseas Bank or Overseas Banking Group, means the amount of tier one capital held by the Overseas Bank or Overseas Banking Group

determined in accordance with the requirements of the authority having the power to impose minimum capital requirements on that Overseas Bank or Overseas Banking Group in its country of domicile;

(b) a Banking Group, means the amount of tier one capital held by the Banking Group, determined in accordance with the Conditions of Registration.

'Ultimate Holding Company' means the body corporate which is the Registered Bank's holding company (as that term is defined in section 5 of the Companies Act 1993) and which is not itself a Subsidiary of another body corporate and which is not a Bank.

'Ultimate Parent Bank' means any Bank which is the Registered Bank's holding company (as that term is defined in section 5 of the Companies Act 1993) and which is not itself a Subsidiary of another Bank.

'Voting Security' has the same meaning as in section 2 of the Securities Amendment Act 1988.

'Working Day' means a day of the week on which the Registered Bank's head office is open for business.

3. Form, Frequency and Distribution of Short Form Disclosure Statement—(1) Subject to the Act, every Registered Bank shall Publish, after each Off Quarter Balance Date, a Short Form Disclosure Statement which shall:

- (a) contain the information that is prescribed in Part II to Part V of this Order; and
- (b) comply with the Act.

(2) The Short Form Disclosure Statement shall be Published:

- (a) not later than two months after each Off Quarter Balance Date;
- (b) where the Registered Bank has not previously Published a Disclosure Statement in terms of the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 1995, not later than three months after each Off Quarter Balance Date; or
- (c) where a General Short Form Disclosure Statement is subject to review or audit by an external auditor, and provided that the extent of review or audit is not less than that which is required in respect of a Disclosure Statement in terms of the Registered Bank Disclosure Statement (Full and Half-Year—Overseas Incorporated Registered Banks) Order 1995, not later than three months after each Off Quarter Balance Date.

(3) Short Form Disclosure Statements shall be Published in the following manner:

- (a) every Registered Bank shall prominently display the Registered Bank's most recent Key Information Summary at the Registered Bank's head office and every branch or agency of the Registered Bank;
- (b) every Registered Bank shall provide to any person a copy of its most recent Key Information Summary immediately upon request and at no charge;
- (c) every Registered Bank shall provide a copy of its most recent General Short Form Disclosure Statement at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank;
- (d) every Registered Bank shall provide a copy of its most recent Supplemental Disclosure Statement, or such part of it as is requested, at no charge,

immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of a Supplemental Disclosure Statement is included in the General Short Form Disclosure Statement; and

(e) every Registered Bank shall deliver a copy of its most recent Short Form Disclosure Statement to the Reserve Bank on the Publication Date.

4. General Provisions Relating to Content of Short Form Disclosure Statement—(1) (a) In addition to the information which is required by this Order, a Short Form Disclosure Statement:

(i) shall contain such other information as in the opinion of the Directors it is necessary or desirable to include so as to ensure that any information contained in the Short Form Disclosure Statement is not false or misleading in any Material particular; and

(ii) subject to any express provision to the contrary in this Order, may contain such other information as the Directors consider appropriate.

(b) A Short Form Disclosure Statement shall not contain any offer (within the meaning of that term as defined in section 2 of the Securities Act 1978) of any Debt Securities, but may contain information required for the purposes of regulation 21(2) and regulation 22(d) of the Securities Regulations 1983.

(2) Subject to the Act and this clause, nothing in this Order shall limit the provisions of any other enactment.

(3) Where this Order requires or permits a Short Form Disclosure Statement to incorporate information about any person, business or group in respect of a stated period, that information need not relate to any part of that period for which the person, business, group or any part thereof did not exist. Where the Short Form Disclosure Statement contains information in respect of a period that is less than the stated period, it shall identify the period in respect of which the information is provided.

(4) The Short Form Disclosure Statement shall not state or imply that a person is, or intends to become, a shareholder of the Overseas Bank, or of a member of the Overseas Banking Group, without also stating whether that person guarantees any of the obligations of the Registered Bank or any member of the Banking Group.

(5) Subject to subclause (6) of this clause, where a Registered Bank is unable:

(a) because of systems limitations or because of circumstances beyond its control to disclose information which the Registered Bank would, pursuant to this Order, be required to disclose, the Short Form Disclosure Statement shall:

- (i) state that fact, and an explanation of the circumstances; and
- (ii) contain information which is the closest available alternative to that required to be disclosed pursuant to this Order; or

(b) to disclose peak end-of-day information for that part of an Accounting Period which precedes the date on which this Order comes into force, the Registered Bank may disclose peak end-of-day information in respect of the period commencing with the date on which this Order comes into force.

(6) A Registered Bank need not disclose comparative information where this information is not readily available, provided that comparative information shall be deemed to

be readily available 12 months after the date at which such information was first required to be Published.

Part II

Key Information Summary

5. Content of Key Information Summary—(1) Subject to subclause (2) of this clause, the Key Information Summary shall contain, in the same order and under the same headings, the information required to be disclosed pursuant to subclause (6) of this clause, as at the Registered Bank's Off Quarter Balance Date or for the First Quarter Accounting Period or Third Quarter Accounting Period, as the case may be, unless otherwise stated.

(2) If a Key Information Summary would be false or misleading as a result of stating the information required to be disclosed pursuant to subclause (6) of this clause, information and explanations that will make the Key Information Summary not false or misleading shall also be stated under the relevant heading.

(3) Where applicable, the information contained in the Key Information Summary shall be taken from the information contained in the General Short Form Disclosure Statement.

(4) The Key Information Summary may contain additional information, to which the information stated pursuant to subclause (6) of this clause may refer by way of note, provided that such information is set out after the information required to be disclosed pursuant to subclause (6) of this clause.

(5) The information required to be disclosed pursuant to subclause (6)(d) to (h) of this clause shall include comparative figures for the previous corresponding period.

(6) The Key Information Summary shall contain:

(a) Corporate information—

- (i) the name of the Overseas Bank and its country of domicile;
- (ii) if applicable, the name of any person that is the Ultimate Parent Bank of the Overseas Bank and its country of domicile;
- (iii) if applicable, the name of any person that is the Ultimate Holding Company of the Overseas Bank and its country of domicile;

(b) Credit rating—

- (i) a statement as to whether the Overseas Bank has a credit rating applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars; and
- (ii) if so, with respect to each such rating:
 - (A) the name of the person who gave the credit rating;
 - (B) the current rating and all qualifications to that rating;
 - (C) any changes made to the rating in the two years preceding the Off Quarter Balance Date and the date on which any such change occurred;

(c) Guarantors—

- (i) a statement as to whether the Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, are guaranteed;
- (ii) where a person guarantees any Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer:
 - (A) the name of the member of the Banking Group whose obligations are guaranteed, and a description of the nature of those obligations;
 - (B) the name of the guarantor and whether the guarantor is a member of the Banking Group;

(C) a statement as to whether there are any limits on the amount of the obligations guaranteed, and, if so, a statement that information on these limits is contained in the General Short Form Disclosure Statement;

(D) a statement as to whether there are any Material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a statement that information on these conditions is contained in the General Short Form Disclosure Statement;

(E) a statement as to whether there are any Material legislative or regulatory provisions which could have the effect of subordinating claims under the guarantee to other claims on the guarantor and, if so, a statement that information on these legislative or regulatory provisions is contained in the General Short Form Disclosure Statement;

(F) a statement that details of the guarantee arrangements are available in the Supplemental Disclosure Statement, or where the content of the Supplemental Disclosure Statement is contained in the General Short Form Disclosure Statement, in the General Short Form Disclosure Statement;

(d) Profitability—

- (i) net profit or loss after tax and extraordinary items;
- (ii) net profit or loss after tax and extraordinary items expressed as a percentage (annualised) of the average of total assets;

in respect of:

- (iii) the Overseas Banking Group for the most recent period for which the information is publicly available; and
- (iv) the Banking Group over the Interim Accounting Period or Accounting Period;

(e) Size—

- (i) total assets of the Overseas Banking Group as at the most recent date for which the information is publicly available and the percentage change in total assets from the previous corresponding period to that date;
- (ii) total assets of the Banking Group and the percentage change in total assets from the previous corresponding period to the Off Quarter Balance Date;

(f) Capital adequacy—

the most recent publicly available information on the capital adequacy of the Overseas Bank and Overseas Banking Group, disclosing:

- (i) Tier One Capital expressed as a percentage of risk weighted exposures;
- (ii) Capital expressed as a percentage of risk weighted exposures;

(g) Asset quality—

- (i) total Impaired Assets;
- (ii) total Impaired Assets expressed as a percentage of total assets;
- (iii) total Specific Provisions;
- (iv) total Specific Provisions expressed as a percentage of total Impaired Assets;

in respect of:

- (v) the Overseas Banking Group as at the most recent date for which the information is publicly available; and
- (vi) the Banking Group;

(h) Peak Credit Exposure concentrations—

the number of individual Counterparties or Groups of Closely Related Counterparties (excluding any OECD Government) to which the Banking Group has an aggregate Credit Exposure (net of Specific Provisions) which equals or exceeds 10% of the Overseas Banking Group's Equity, separately disclosing the number of:

- (i) Counterparties other than Banks and Groups of Closely Related Counterparties of which a Bank is not the parent;
- (ii) Bank Counterparties and Groups of Closely Related Counterparties of which a Bank is the parent;

in successive ranges of 10% of the Overseas Banking Group's Equity in respect of peak end-of-day Credit Exposures (net of Specific Provisions) since the commencement of the Accounting Period;

(i) Ranking of local creditors in a winding-up—

whether there are any Material legislative or regulatory restrictions which subordinate the claims of any class of unsecured creditors of the Registered Bank on the assets of the Overseas Bank to those of any other class of unsecured creditors of the Overseas Bank, in a winding up of that Overseas Bank. If so, the Key Information Summary shall also state:

- (i) the legislation or regulations involved and a summary of the nature of the impairment of the rights of creditors of the Registered Bank which they create; and
- (ii) the nature and amount of each Class of the Registered Bank's liabilities which are so affected;

(j) Financial statements of the Overseas Bank and Overseas Banking Group—

a statement that copies of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the most recent publicly available financial statements of the Overseas Bank and Overseas Banking Group, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank; and

(k) Reference to Disclosure Statements—

a statement that copies of the Registered Bank's most recent General Short Form Disclosure Statement and Supplemental Disclosure Statement will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank.

Part III**General Disclosures to be Contained in General Short Form Disclosure Statement**

6. General Matters—(1) In respect of the Registered Bank, the General Short Form Disclosure Statement shall state its name and Address for Service.

(2) In respect of the Overseas Bank, the General Short Form Disclosure Statement shall state:

- (a) its name and the address of its principal office, or place of business, outside New Zealand;
- (b) the statute or other authority under or pursuant to which it was incorporated or established; and
- (c) the date of its incorporation or establishment.

(3) Where applicable, the General Short Form Disclosure Statement shall state:

- (a) the name and Address for Service of the Ultimate Parent Bank of the Overseas Bank;
- (b) the name and Address for Service of the Ultimate Holding Company of the Overseas Bank; and
- (c) a summary of any regulations, legislation or other restrictions of a legally enforceable nature which may materially inhibit the legal ability of the bodies corporate referred to in paragraphs (a) and (b) of this subclause, to provide Material financial support to the Registered Bank.

(4) The General Short Form Disclosure Statement shall state whether there are any Material legislative or regulatory restrictions which subordinate the claims of any class of unsecured creditors of the Registered Bank on the assets of the Overseas Bank to those of any other class of unsecured creditors of the Overseas Bank, in a winding up of that Overseas Bank. If so, the General Short Form Disclosure Statement shall also state:

- (a) the legislation or regulations involved and the nature of the impairment of the rights of creditors of the Registered Bank which they create; and
- (b) the nature and amount of each Class of the Registered Bank's liabilities which are so affected.

7. Credit Ratings—(1) The General Short Form Disclosure Statement shall state whether the Overseas Bank has a credit rating applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars.

(2) For each credit rating required to be disclosed pursuant to subclause (1) of this clause the General Short Form Disclosure Statement shall state:

- (a) the name of the person who gave the credit rating;
- (b) the current rating and all qualifications to that rating;
- (c) any changes made to the rating in the two years preceding the Off Quarter Balance Date and the date on which any such change occurred; and
- (d) descriptions or explanations of all the steps in the applicable rating scales.

8. Guarantee Arrangements—(1) The General Short Form Disclosure Statement shall state whether the Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, are guaranteed.

(2) Where a person guarantees any Material obligations of the Registered Bank, or of any member of the Banking Group which is an Issuer, the General Short Form Disclosure Statement shall state:

- (a) the name and Address for Service of the guarantor;
- (b) whether the guarantor is a member of the Banking Group or Overseas Banking Group;
- (c) the nature of the obligations which are guaranteed, including a description sufficient to identify them;
- (d) whether there are any limits on the amount of the obligations guaranteed and, if so, a brief summary of the nature of those limits;
- (e) whether there are any Material conditions applicable to the guarantee other than non-performance by the principal obligor and, if so, a brief summary of those conditions;
- (f) whether there are any Material legislative or regulatory restrictions which would have the effect of subordinating the claims under the guarantee of any of the creditors of the Registered Bank or Banking Group on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor. If so, the General Short Form Disclosure Statement shall also state:

- (i) the legislation or regulations involved and the nature of the impairment of the rights of the creditors which they create;
 - (ii) the amount of the liabilities which are so affected;
- (g) (i) the amount of the net tangible assets of the guarantor as shown in the most recent publicly available audited financial statements, together with any qualifications in the auditor's report on those financial statements that reflect on the statement of those assets in the financial statements; or
- (ii) where the guarantor is a Bank, the guarantor's most recent publicly disclosed Capital expressed as an amount and as a percentage of risk weighted exposures, and the date to which that measure of Capital relates;
- (h) the information required to be disclosed pursuant to clause 7 of this Order as though the reference to a Registered Bank were a reference to the guarantor, the reference to New Zealand were a reference to the country of incorporation of the guarantor and the reference to New Zealand dollars were a reference to the currency of the country of incorporation of the guarantor; and
- (i) that a copy of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the full guarantee contract, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of the Supplemental Disclosure Statement is contained in the General Short Form Disclosure Statement.

9. Conditions of Registration—The General Short Form Disclosure Statement shall either:

- (a) state that a copy of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the Conditions of Registration applicable as at the date of the Short Form Disclosure Statement, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank; or
- (b) contain a copy of the Conditions of Registration applicable as at the date of the Short Form Disclosure Statement.

Part IV

Financial and Supplementary Disclosures to be Contained in General Short Form Disclosure Statement

10. Content of Financial and Supplementary Disclosures—The General Short Form Disclosure Statement shall contain short form financial statements and supplementary information for the Banking Group which include, where Material, the information prescribed by the Schedules to this Order.

11. Financial Statements of Overseas Bank and Overseas Banking Group—The General Short Form Disclosure Statement shall contain a statement that copies of that part of the Registered Bank's most recent Supplemental Disclosure Statement, which contains a copy of the most recent publicly available financial statements of the Overseas Bank and Overseas Banking Group, will be provided at no charge, immediately to any person

requesting a copy where the request is made at the Registered Bank's head office and within five Working Days where the request is made at any branch or agency of the Registered Bank, unless the content of the Supplemental Disclosure Statement is contained in the General Short Form Disclosure Statement.

12. The Directors' Statement—The General Short Form Disclosure Statement shall contain a statement by the Directors as to whether, after due enquiry by them, as at the date of the Short Form Disclosure Statement, the Directors believe:

- (a) the Short Form Disclosure Statement contains all the information that is required by this Order;
- (b) the Registered Bank complies with the Conditions of Registration;
- (c) the Registered Bank has systems in place to monitor and control adequately the Banking Group's Material risks, including Credit Risk, concentration of Credit Risk, Interest Rate Risk, Currency Risk, Equity Risk, liquidity risk and other business risks, and whether those systems are being properly applied; and
- (d) the Short Form Disclosure Statement is not false or misleading as at the date on which the Short Form Disclosure Statement is signed.

13. Auditor's Report—Where the General Short Form Disclosure Statement has been subject to audit or review by an external auditor, the General Short Form Disclosure Statement shall state the nature and scope of that audit or review and contain a copy of the auditor's report.

Part V

Supplemental Disclosure Statement

14. General Matters—(1) Subject to subclause (2) of this clause, the Supplemental Disclosure Statement shall state only the information specified in clauses 15, 16 and 17 of this Order.

(2) If a Supplemental Disclosure Statement would be false or misleading as a result of stating the information specified in subclause (1) of this clause, information and explanations that will make the Supplemental Disclosure Statement not false or misleading shall also be stated.

15. Guarantors—Where a General Short Form Disclosure Statement states that a person guarantees any Material obligations of any member of the Banking Group, the Supplemental Disclosure Statement shall contain a copy of the full guarantee contract and the most recent financial statements and group financial statements of the guarantor, together with a copy of the audit report (if any) relating to those statements, unless this information is already contained within the General Short Form Disclosure Statement.

16. Conditions of Registration—The Supplemental Disclosure Statement shall contain a copy of the Conditions of Registration which are applicable as at the date of the Short Form Disclosure Statement, unless this information is already contained within the General Short Form Disclosure Statement.

17. Financial Statements of the Overseas Bank and Overseas Banking Group—The Supplemental Disclosure Statement shall contain a copy of the most recent publicly available financial statements of the Overseas Bank and Overseas Banking Group, unless this information is already contained within the General Short Form Disclosure Statement.

DIANE WILDERSPIN, Acting for Clerk of the Executive Council.

First Schedule**Short Form Financial Statements**

1. The information required to be disclosed pursuant to clause 3 of this Schedule shall include comparative figures for the previous corresponding period.

2. The General Short Form Disclosure Statement shall contain a statement as to whether there have been any changes in accounting policies in the three months prior to the Off Quarter Balance Date, and, if so, a summary of those changes.

3. The General Short Form Disclosure Statement shall contain the following financial information for the Banking Group, in such format as the Registered Bank determines, for the First Quarter Accounting Period or Third Quarter Accounting Period, or as at the Off Quarter Balance Date, as the case may be.

Financial Performance

1. Interest revenue
2. Interest expense
3. Net interest income
4. Net trading gains/losses
5. Other operating revenue
6. Other operating expenses
7. Impaired asset expense
8. Operating profit/(loss) before tax
9. Taxation expense/(credit)
10. Operating profit/(loss) after tax
11. Income from associates accounted for on the basis of the equity method (net of tax)
12. Minority interests
13. Net profit/(loss) after tax
14. Extraordinary items (and nature thereof)
15. Net profit/(loss) after tax and extraordinary items
16. Amount of branch profits repatriated
17. Other adjustments to current period's net profit/(loss)
18. Retained profit/(loss)

Financial Position**Assets**

1. Cash and demand balances with central banks
2. Balances with other financial institutions which may be withdrawn without prior notice

Risk Weighted Exposures**(1) Calculation of Balance Sheet Exposures**

	Principal Amount	Risk Weight	Risk Weighted Exposure
Cash and short term claims on Government		0%	
Long term claims on Government		10%	
Claims on banks		20%	
Claims on public sector entities		20%	
Residential mortgages		50%	
Other		100%	
Total assets			

(2) Calculation of Off-Balance Sheet Exposures

	Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Average Counterparty Risk Weight	Risk Weighted Exposure
Direct credit substitutes		100%			
Asset sales with recourse		100%			

3. Other securities eligible for refinancing by central banks
 4. Other securities held for liquidity and other purposes
 5. Equity investment securities
 6. Other investment securities
 7. Bills accepted but not held in a portfolio (if recognised)
 8. Loans, advances and lease finance
- (Note: Each of the above categories of assets shall be shown net of Specific Provisions)
9. Deferred tax asset
 10. Intangible assets
 11. Fixed assets
 12. Other assets
 13. Total assets

Liabilities and Head Office Account

14. Head office account
15. Balances of reserve accounts
 - (a) Revaluation reserves
 - (b) Other capital reserves
 - (c) Other revenue reserves
- Sub-total
16. Balance of retained earnings
17. Minority interest
18. Term and/or perpetual subordinated debt
19. Deposits and other borrowings
20. Deferred tax liability
21. Other liabilities
22. Total liabilities
23. General provision
24. Total interest earning and discount bearing assets
25. Total interest and discount bearing liabilities

Second Schedule**The Size and Nature of Business of the Banking Group**

The General Short Form Disclosure Statement shall contain the information specified below, in such format as the Registered Bank determines, derived in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (BS2) as amended from time to time, in respect of the Banking Group as at the Off Quarter Balance Date.

	Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Average Counterparty Risk Weight	Risk Weighted Exposure
Commitments with certain drawdown		100%			
Underwriting and sub-underwriting facilities		50%			
Transaction related contingent items		50%			
Short term, self liquidating trade related contingencies		20%			
Other commitments to provide financial services which have an original maturity of 1 year or more		50%			
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time		0%			
Market related contracts ¹		N/A			
(a) Foreign exchange contracts					
(b) Interest rate contracts					
(c) Other					
Total off-balance sheet exposures					
Risk Weighted Exposures					

¹Specify whether the current exposure or original exposure method was used to calculate the credit equivalent amount on these contracts.

Third Schedule

Capital Adequacy of the Overseas Bank and Overseas Banking Group

1. The information required to be disclosed pursuant to clause 2 of this Schedule shall include comparative figures for the previous corresponding period, where that information is publicly available.

2. The General Short Form Disclosure Statement shall contain the most recent publicly available information specified in respect of the capital adequacy ratios of the Overseas Bank and the Overseas Banking Group:

- (a) Tier One Capital expressed as a percentage of risk weighted exposures;
- (b) Capital expressed as a percentage of risk weighted exposures; and
- (c) the date to which the measures of Tier One Capital and Capital relate.

Fourth Schedule

Asset Quality

1. The information required to be disclosed pursuant to clause 2(a) of this Schedule shall include comparative figures for the previous corresponding period.

2. The General Short Form Disclosure Statement shall contain, in respect of the Banking Group as at the Off Quarter Balance Date, the following information:

- (a) in respect of the following Classes of assets:
 - (i) Non-Accrual Assets;
 - (ii) Restructured Assets;
 - (iii) Real Estate Assets Acquired Through the Enforcement of Security;
 - (iv) Other Assets Acquired Through the Enforcement of Security; and
 - (v) Past Due Assets;

the following information:

- (vi) the aggregate amount which has been recognised; and
- (vii) the aggregate amount which has not been recognised; before deducting provisions for expected loss or provisions for diminution in asset value; and
- (viii) the aggregate amount of Specific Provisions or provisions for diminution in asset value;

(ix) the aggregate amount of General Provisions (if any);

(b) information on movements in the balances of total Specific Provisions or provisions for diminution in asset value over the First Quarter Accounting Period or Third Quarter Accounting Period, for each of the Classes of assets set out in subparagraphs (i) to (v) of clause 2(a), separately disclosing, where Material:

- (i) opening balance;
- (ii) charge (credit) to the statement of financial performance for increase/decrease in Specific Provisions or provisions for diminution in asset value;
- (iii) amounts written-off;
- (iv) write-downs of Assets Acquired Through the Enforcement of Security;
- (v) recoveries of provisions and write-offs charged in previous periods;
- (vi) other movements, and the nature thereof;
- (vii) closing balance;

with movements reconciled to the charges allocated to the statement of financial performance; and

(c) information on movements in the balance of the General Provision over the First Quarter Accounting Period or Third Quarter Accounting Period, separately disclosing, where Material:

- (i) opening balance;
- (ii) charge (credit) to the statement of financial performance for increase/decrease in the General Provision;
- (iii) other movements, and the nature thereof;
- (iv) closing balance;

with movements reconciled to the charges allocated to the statement of financial performance.

Fifth Schedule

Concentration of Credit Exposures to Individual Counterparties

1. For the purposes of this Schedule, Credit Exposure information shall be disclosed either on the basis of:

- (a) actual Credit Exposures; or
- (b) internal limits, provided that those limits were not Materially exceeded during the First Quarter

Accounting Period or the Third Quarter Accounting Period.

The General Short Form Disclosure Statement shall state the method used.

2. For the purposes of this Schedule:

- (a) information disclosed shall be in respect of the Banking Group; and
- (b) Credit Exposures shall be calculated net of Specific Provisions.

3. Credit Exposures to any OECD Government are not to be included in the Credit Exposure information required to be disclosed pursuant to this Schedule.

4. For the purposes of this Schedule, the Overseas Banking Group's Equity shall be either that group's Equity determined as at the Off Quarter Balance Date, or the most recently publicly disclosed amount. Where the Overseas Banking Group's Equity is not determined as at the Off Quarter Balance Date, the General Short Form Disclosure Statement shall state the date to which the measure of Equity relates.

5. The information required to be disclosed pursuant to clauses 7 and 9 of this Schedule shall include comparative figures for the previous corresponding period.

6. For the purposes of this Schedule:

- (a) information on Credit Exposures shall relate only to exposures held in the financial records of the Banking Group;
- (b) peak end-of-day aggregate Credit Exposures to each individual Counterparty or a Group of Closely Related Counterparties over the First Quarter Accounting Period or the Third Quarter Accounting Period shall be measured as follows:
 - (i) within each quarter, by determining the maximum end-of-day aggregate Credit Exposures over the quarter, and dividing that amount by the Overseas Banking Group's Equity as at the end of the quarter; and
 - (ii) for the First Quarter Accounting Period or Third Quarter Accounting Period, by calculating the ratio for each quarter in the First Quarter Accounting Period or Third Quarter Accounting Period pursuant to clause 6(b)(i) of this Schedule and then taking the maximum of such ratios.

7. Where aggregate Credit Exposure to any individual Bank Counterparty or a Group of Closely Related Counterparties of which a Bank is the parent equals or exceeds 10% of the Overseas Banking Group's Equity over the First Quarter Accounting Period or Third Quarter Accounting Period, the General Short Form Disclosure Statement shall disclose the number of those Counterparties, in successive ranges of 10% of Equity, commencing at 10% of Equity.

8. The information required to be disclosed pursuant to clause 7 of this Schedule shall be made:

- (a) as at the Off Quarter Balance Date; and
- (b) in respect of peak end-of-day aggregate Credit Exposures since the commencement of the Accounting Period.

9. Where aggregate Credit Exposure to any individual non Bank Counterparty or a Group of Closely Related Counterparties of which a Bank is not the parent equals or exceeds 10% of the Overseas Banking Group's Equity over the First Quarter Accounting Period or Third Quarter Accounting Period, the General Short Form Disclosure Statement shall disclose the number of those Counterparties, in successive ranges of 10% of Equity, commencing at 10% of Equity.

10. The information required to be disclosed pursuant to clause 9 of this Schedule shall be made:

- (a) as at the Off Quarter Balance Date; and
- (b) in respect of peak end-of-day aggregate Credit Exposures since the commencement of the Accounting Period.

Sixth Schedule

Risk Management Policies

1. Where there has been a Material change in the three months prior to the Off Quarter Balance Date in the Banking Group's policies for managing any of the following risks:

- (a) Credit Risk, including concentrations of Credit Risk, intra-day Credit Risk, Credit Risk to Bank Counterparties and related party Credit Risk;
- (b) Currency Risk;
- (c) Interest Rate Risk;
- (d) Equity Risk;
- (e) liquidity risk;
- (f) any other Material business risk to which the Banking Group is exposed;

the General Short Form Disclosure Statement shall contain a statement of the nature of those changes.

2. If, in the three months prior to the Off Quarter Balance Date, the Banking Group has become exposed to a new category of risk specified in clause 1 of this Schedule to which the Banking Group was not previously exposed, the General Short Form Disclosure Statement shall contain a general description of:

- (a) the nature of that risk and the activities of the Banking Group which give rise to that risk;
- (b) the methods used to identify and monitor exposure to that risk, including the frequency with which exposures are monitored; and
- (c) the systems and procedures for controlling that risk, including, where applicable, whether exposure limits are employed, any policies with respect to collateral or other security, and any policies on the use of Financial Instruments to mitigate or hedge risks.

Explanatory Note

This note is not part of the Order in Council, but is intended to indicate its general effect.

This Order in Council is one of four Orders in Council promulgated pursuant to section 81(1) of the Reserve Bank of New Zealand Act 1989. The Orders in Council provide for a new public disclosure regime for registered banks, replacing existing prospectus requirements imposed under the Securities Act 1978 on registered banks in respect of their offers of debt securities to the public. All four Orders in Council come into force on 1 January 1996.

The disclosure regime is part of a new set of arrangements being implemented by the Reserve Bank of New Zealand to supervise registered banks.

This Order in Council applies to a registered bank which is incorporated in a country other than New Zealand and which operates in New Zealand as a branch of the overseas bank, in respect of each such bank's 'off quarters' (ie the first and third quarters of the bank's financial year).

All registered banks will be required to issue a public disclosure statement each quarter. The disclosure statement required to be published pursuant to this Order in Council comprises a Key Information Summary, a General Short Form Disclosure Statement and, if applicable, a Supplemental Disclosure Statement.

The Key Information Summary must be displayed prominently in each bank branch and must be available free of charge immediately upon request. The Key Information Summary provides a brief summary of key financial information on the registered bank and banking group.

The General Short Form Disclosure Statement is required to contain a range of financial and corporate information on the bank and its banking group. The General Short Form Disclosure Statement need not be displayed in each bank branch, but must be made available free of charge within five working days of a request having been made for it at a bank branch or agency, or immediately from a bank's head office. The information required to be included in a General Short Form Disclosure Statement includes:

- a a statement as to whether the bank has a credit rating, and if so, a disclosure of that rating;
- b short form financial statements for the banking group, including details on asset quality;
- c information, both as at the end of the off quarter and peak over the accounting period to date, on the banking group's exposure concentration to individual counterparties and groups of closely related counterparties;
- d descriptions of the banking group's policies and systems for managing risks in respect of a new category of risk not previously incurred by the banking group;
- e statements signed by the directors of the bank, including an attestation as to whether the directors are satisfied that the banking group's internal controls are adequate for managing the group's material business risks and whether the controls are being properly applied, and a statement that the disclosure statement is not false or misleading.

The General Short Form Disclosure Statement required by this Order in Council is an abbreviated version of the General Disclosure Statement required by the Registered Bank Disclosure Statement (Full and Half-Year - Overseas Incorporated Registered Banks) Order 1995.

Each bank must also publish a Supplemental Disclosure Statement, unless the information it would include is contained in the General Short Form Disclosure Statement.

The Supplemental Disclosure Statement must be made available free of charge within five working days of a request being made for it at a bank branch or agency, or immediately from a bank's head office. This Order in Council requires the following information to be contained in a Supplemental Disclosure Statement:

- a the conditions of registration imposed by the Reserve Bank on the registered bank pursuant to section 74 of the Reserve Bank of New Zealand Act;
- b the contract of guarantee and financial statements of any guarantor, where the material obligations of the registered bank or of a public issuer within the banking group are guaranteed;
- c the most recent publicly available financial statements of the overseas bank and overseas banking group of which the registered bank is part.

A bank has two months from its off-quarter balance date to publish the disclosure statements required by this Order in Council. The exceptions to this are:

- a where a bank elects to have its General Short Form Disclosure Statement audited by an external auditor; or
- b where a bank has not previously published a disclosure statement under the new disclosure arrangements;

in which case the bank has three months to publish its disclosure statement.

The disclosure statements published pursuant to this Order in Council are not required to be audited nor to be subject to a limited review.

The disclosure statements required by this Order in Council must be signed by all the directors of the bank. A director may authorise in writing another person to sign on his or her behalf.

The Reserve Bank of New Zealand Act provides for criminal and civil penalties where a bank's disclosure statement is found to be false or misleading.

This Order in Council is administered in the Reserve Bank of New Zealand.

au7557



