



# WESTPAC BANKING CORPORATION – NEW ZEALAND BANKING GROUP

**Disclosure Statement.**

For the six months ended 31 March 2024.

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# Glossary of terms

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Certain information contained in this Disclosure Statement is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (“**Order**”).

In this Disclosure Statement, reference is made to:

- **Overseas Bank** – refers to Westpac Banking Corporation;
- **Overseas Banking Group** – refers to the Overseas Bank and all other entities included in the Overseas Bank’s group for the purposes of public reporting of the group financial statements in Australia;
- **NZ Branch** – refers to the New Zealand business (as defined in the Order) of the Overseas Bank;
- **Westpac New Zealand** – refers to Westpac New Zealand Limited; and
- **NZ Banking Group** – refers to the financial reporting group (as defined in the Order) of the Overseas Bank. Controlled entities of the NZ Banking Group are set out in Note 22 to the financial statements included in the Disclosure Statement for the year ended 30 September 2023 and changes to the NZ Banking Group since 30 September 2023 are included in Note 10.

Words and phrases not defined in this Disclosure Statement, but defined by the Order, have the meaning given by the Order when used in this Disclosure Statement.

The Disclosure Statement also uses the following terms as defined below.

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<b>ANZSIC</b>	Australia and New Zealand Standard Industrial Classification	<b>FVOCI</b>	Fair value through other comprehensive income
<b>APRA</b>	Australian Prudential Regulation Authority	<b>FX</b>	Foreign exchange
<b>CAP</b>	Collectively assessed provisions	<b>IAP</b>	Individually assessed provisions
<b>CB Programme</b>	Westpac New Zealand’s Global Covered Bond Programme	<b>IRB</b>	Internal ratings-based
<b>CCCFA</b>	Credit Contracts and Consumer Finance Act 2003	<b>LVR</b>	Loan-to-value ratio
<b>ECL</b>	Expected credit losses	<b>NZ IFRS</b>	New Zealand equivalents to International Financial Reporting Standards
<b>Financial statements</b>	Condensed consolidated interim financial statements	<b>Reserve Bank</b>	Reserve Bank of New Zealand
<b>FVIS</b>	Fair value through income statement	<b>WSNZL</b>	Westpac Securities NZ Limited

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# Directors' and the Chief Executive Officer, NZ Branch's statement

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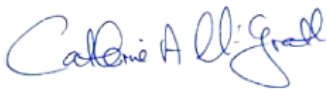
Each Director of the Overseas Bank and the Chief Executive Officer, NZ Branch, believes, after due enquiry, that, as at the date on which this Disclosure Statement is signed, the Disclosure Statement:

- (a) contains all information that is required by the Order; and
- (b) is not false or misleading.

Each Director of the Overseas Bank and the Chief Executive Officer, NZ Branch, believes, after due enquiry, that, over the six months ended 31 March 2024:

- (a) the Overseas Bank has complied in all material respects with each condition of registration that applied during that period; and
- (b) the NZ Branch and other members of the NZ Banking Group had systems in place to monitor and control adequately the material risks of relevant members of the NZ Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that those systems were being properly applied. For this purpose, a relevant member of the NZ Banking Group means a member of the NZ Banking Group that is not a member of Westpac New Zealand's Banking Group, as defined in Westpac New Zealand's Disclosure Statement for the six months ended 31 March 2024.

The Disclosure Statement has been signed on behalf of all of the Directors by Catherine McGrath, Chief Executive Officer, Westpac New Zealand, and by Christopher Leuschke as Chief Executive Officer, NZ Branch.



Catherine McGrath



Christopher Leuschke

Dated this 13<sup>th</sup> day of May 2024

# Income statement

for the six months ended 31 March 2024

	Note	NZ BANKING GROUP	
		Six Months Ended 31 Mar 24 Unaudited	Six Months Ended 31 Mar 23 Unaudited
<b>\$ millions</b>			
Interest income:			
Calculated using the effective interest method	2	3,685	2,881
Other	2	133	89
<b>Total interest income</b>	2	<b>3,818</b>	2,970
Interest expense	2	(2,383)	(1,573)
<b>Net interest income</b>		<b>1,435</b>	1,397
<b>Non-interest income</b>			
Net fees and commissions	3	95	91
Net wealth management	3	20	18
Trading	3	33	27
Other	3	(3)	1
<b>Total non-interest income</b>		<b>145</b>	137
<b>Net operating income</b>		<b>1,580</b>	1,534
Operating expenses	4	(725)	(649)
Impairment (charges)/benefits	5	(23)	(154)
<b>Profit before income tax expense</b>		<b>832</b>	731
Income tax expense		(234)	(206)
<b>Net profit attributable to the owner of the NZ Banking Group</b>		<b>598</b>	525

The above income statement should be read in conjunction with the accompanying notes.

# Statement of comprehensive income

for the six months ended 31 March 2024

	NZ BANKING GROUP	
	Six Months Ended 31 Mar 24 Unaudited	Six Months Ended 31 Mar 23 Unaudited
<b>\$ millions</b>		
<b>Net profit attributable to the owner of the NZ Banking Group</b>	<b>598</b>	525
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Gains/(losses) recognised in equity on:		
Investment securities	149	45
Cash flow hedging instruments <sup>1</sup>	(239)	(133)
Transferred to income statement:		
Cash flow hedging instruments <sup>1</sup>	(43)	55
Income tax on items taken to or transferred from equity:		
Investment securities	(42)	(13)
Cash flow hedging instruments	79	22
<b>Net other comprehensive income/(expense) for the period (net of tax)</b>	<b>(96)</b>	(24)
<b>Total comprehensive income attributable to the owner of the NZ Banking Group</b>	<b>502</b>	501

<sup>1</sup> Comparative amounts have been revised to align to the current period's basis of presentation. The restatement for 2023 comparatives results in a \$123 million increase in transferred to income statement and a corresponding decrease in gains/(losses) recognised in equity in relation to cash flow hedging instruments.

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# Balance sheet

as at 31 March 2024

\$ millions	Note	NZ BANKING GROUP	
		31 Mar 24 Unaudited	30 Sep 23 Audited
<b>Assets</b>			
Cash and balances with central banks		9,354	9,325
Collateral paid		56	62
Trading securities and financial assets measured at FVIS		4,774	5,007
Derivative financial instruments		4,445	5,494
Investment securities		7,136	6,651
Loans	6, 7	101,174	99,711
Other financial assets		598	469
Due from related entities		3,480	4,488
Property and equipment		421	396
Deferred tax assets		162	88
Intangible assets		978	982
Other assets		129	125
<b>Total assets</b>		<b>132,707</b>	<b>132,798</b>
<b>Liabilities</b>			
Collateral received		498	614
Deposits and other borrowings	8	81,464	82,196
Other financial liabilities		7,697	7,222
Derivative financial instruments		3,386	4,858
Due to related entities		4,603	4,666
Debt issues	9	20,205	18,597
Current tax liabilities		103	184
Provisions		215	249
Other liabilities		376	332
Loan capital		3,119	3,051
<b>Total liabilities</b>		<b>121,666</b>	<b>121,969</b>
<b>Net assets</b>		<b>11,041</b>	<b>10,829</b>
<b>Head office account</b>			
Branch capital		1,300	1,300
Retained profits		1,554	1,472
<b>Total head office account</b>		<b>2,854</b>	<b>2,772</b>
<b>NZ Banking Group equity</b>			
Share capital		6,045	6,045
Reserves		(2)	94
Retained profits		2,144	1,918
<b>Total NZ Banking Group equity</b>		<b>8,187</b>	<b>8,057</b>
<b>Total equity attributable to the owner of the NZ Banking Group</b>		<b>11,041</b>	<b>10,829</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# Statement of changes in equity

for the six months ended 31 March 2024

NZ BANKING GROUP								
	NZ BRANCH		OTHER MEMBERS OF THE NZ BANKING GROUP			Retained Profits	Total Equity	
	Head Office Account		Share Capital	Reserves				
	Branch Capital	Retained Profits		Investment Securities Reserve	Cash Flow Hedge Reserve <sup>1</sup>			
\$ millions	Note							
<b>As at 30 September 2022 (Audited)</b>		1,300	1,324	6,045	(285)	423	1,497	10,304
<b>Six months ended 31 March 2023 (Unaudited)</b>								
Net profit attributable to the owner of the NZ Banking Group		-	65	-	-	-	460	525
Net gains/(losses) from changes in fair value		-	-	-	45	(133)	-	(88)
Income tax effect		-	-	-	(13)	37	-	24
Transferred to income statement		-	-	-	-	55	-	55
Income tax effect		-	-	-	-	(15)	-	(15)
<b>Total comprehensive income for the six months ended 31 March 2023</b>		-	65	-	32	(56)	460	501
Transactions with owner:								
Dividends paid on ordinary shares	10	-	-	-	-	-	(318)	(318)
<b>As at 31 March 2023 (Unaudited)</b>		1,300	1,389	6,045	(253)	367	1,639	10,487
<b>As at 30 September 2023 (Audited)</b>		<b>1,300</b>	<b>1,472</b>	<b>6,045</b>	<b>(287)</b>	<b>381</b>	<b>1,918</b>	<b>10,829</b>
<b>Six months ended 31 March 2024 (Unaudited)</b>								
Net profit attributable to the owner of the NZ Banking Group		-	82	-	-	-	516	598
Net gains/(losses) from changes in fair value		-	-	-	149	(239)	-	(90)
Income tax effect		-	-	-	(42)	67	-	25
Transferred to income statement		-	-	-	-	(43)	-	(43)
Income tax effect		-	-	-	-	12	-	12
<b>Total comprehensive income for the six months ended 31 March 2024</b>		-	82	-	107	(203)	516	502
Transactions with owner:								
Dividends paid on ordinary shares	10	-	-	-	-	-	(290)	(290)
<b>As at 31 March 2024 (Unaudited)</b>		<b>1,300</b>	<b>1,554</b>	<b>6,045</b>	<b>(180)</b>	<b>178</b>	<b>2,144</b>	<b>11,041</b>

<sup>1</sup> Comparative amounts have been revised to align to the current period's basis of presentation. The restatement for 2023 comparatives results in a \$123 million increase in transferred to income statement and a corresponding decrease in gains/(losses) from changes in fair value recognised in equity in relation to cash flow hedging instruments.

The above statement of changes in equity should be read in conjunction with the accompanying notes.



# Statement of cash flows for the six months ended 31 March 2024

## NZ BANKING GROUP

<b>\$ millions</b>	Note	<b>Six Months Ended 31 Mar 24 Unaudited</b>	Six Months Ended 31 Mar 23 Unaudited
<b>Cash flows from operating activities</b>			
Interest received		3,811	2,969
Interest paid		(2,274)	(1,351)
Non-interest income received		246	448
Operating expenses paid		(669)	(639)
Income tax paid		(352)	(247)
Cash flows from operating activities before changes in operating assets and liabilities		762	1,180
Net (increase)/decrease in:			
Collateral paid		6	(2)
Trading securities and financial assets measured at FVIS		214	(1,223)
Loans		(1,317)	(1,284)
Other financial assets		7	-
Due from related entities		345	14
Other assets		-	1
Net increase/(decrease) in:			
Collateral received		(116)	(312)
Deposits and other borrowings		(732)	1,718
Other financial liabilities		251	1,747
Due to related entities		(47)	18
Other liabilities		17	4
Net movement in external and related entity derivative financial instruments		(165)	(367)
<b>Net cash provided by/(used in) operating activities</b>		<b>(775)</b>	<b>1,494</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities		(591)	(1,119)
Proceeds from investment securities		358	35
Purchase of intangible assets		(50)	(118)
Purchase of property and equipment		(22)	(26)
<b>Net cash provided by/(used in) investing activities</b>		<b>(305)</b>	<b>(1,228)</b>
<b>Cash flows from financing activities</b>			
Net movement in due to related entities		598	(76)
Proceeds from debt issues		3,901	6,277
Repayments of debt issues		(3,083)	(6,002)
Payments for the principal portion of lease liabilities		(21)	(24)
Dividends paid to ordinary shareholders	10	(290)	(318)
<b>Net cash provided by/(used in) financing activities</b>		<b>1,105</b>	<b>(143)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>25</b>	<b>123</b>
Cash and cash equivalents at beginning of the period		9,329	11,261
<b>Cash and cash equivalents at end of the period</b>		<b>9,354</b>	<b>11,384</b>
<b>Cash and cash equivalents at end of the period comprise:</b>			
Cash on hand		310	454
Balances with central banks		9,044	10,913
Interbank lending classified as cash and cash equivalents		-	17
<b>Cash and cash equivalents at end of the period</b>		<b>9,354</b>	<b>11,384</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

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## Note 1 Financial statements preparation

These financial statements have been prepared in accordance with the Order and Generally Accepted Accounting Practice, as appropriate for for-profit entities, and the New Zealand equivalent to International Accounting Standard 34 *Interim Financial Reporting*. These financial statements are also compliant with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board. These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements should be read in conjunction with the financial statements included in the Disclosure Statement for the year ended 30 September 2023.

### Accounting policies

These financial statements have been prepared under the historical cost convention, as modified by applying fair value accounting to financial assets and financial liabilities (including derivative financial instruments) measured at FVIF or FVOCI. The going concern concept has been applied.

The financial statements were authorised for issue by the Board of Directors on 13 May 2024.

All amounts in the financial statements are presented in New Zealand dollars and have been rounded to the nearest million dollars unless otherwise stated.

Comparative information has been revised where appropriate to enhance comparability. Where there has been a material restatement of comparative information, the nature of, and the reason for, the restatement is disclosed in these financial statements.

The accounting policies adopted in the preparation of these financial statements are consistent with those in the financial statements for the year ended 30 September 2023.

### Critical accounting assumptions and estimates

In preparing these financial statements, the application of the NZ Banking Group's accounting policies requires the use of judgement, assumptions and estimates.

The areas of judgement, estimates and assumptions in these financial statements, including the key sources of estimation uncertainty, are consistent with those in the Disclosure Statement for the year ended 30 September 2023. Details on specific judgements in relation to the calculation of the provision for ECL, including overlays, are included in Note 7.

### Amendments to Accounting Standards effective this period

No new accounting standards have been adopted by the NZ Banking Group for the six months ended 31 March 2024 that have had a material impact to the NZ Banking Group. There have been no amendments to existing accounting standards that have had a material impact on the NZ Banking Group.

# Notes to the financial statements

## Note 2 Net interest income

	<b>NZ BANKING GROUP</b>	
	<b>Six Months Ended 31 Mar 24 Unaudited</b>	<b>Six Months Ended 31 Mar 23 Unaudited</b>
<b>\$ millions</b>		
<b>Interest income</b>		
<b>Calculated using the effective interest method</b>		
Cash and balances with central banks	270	244
Collateral paid	2	3
Investment securities	99	70
Loans	3,244	2,505
Due from related entities	70	59
<b>Total interest income calculated using the effective interest method</b>	<b>3,685</b>	<b>2,881</b>
<b>Other</b>		
Trading securities and financial assets measured at FVIS	133	89
<b>Total other</b>	<b>133</b>	<b>89</b>
<b>Total interest income</b>	<b>3,818</b>	<b>2,970</b>
<b>Interest expense</b>		
<b>Calculated using the effective interest method</b>		
Collateral received	13	8
Deposits and other borrowings	1,653	1,039
Due to related entities	55	42
Debt issues	185	107
Loan capital	92	70
Other financial liabilities	139	103
<b>Total interest expense calculated using the effective interest method</b>	<b>2,137</b>	<b>1,369</b>
<b>Other</b>		
Deposits and other borrowings	82	66
Debt issues	43	96
Other interest expense <sup>1</sup>	121	42
<b>Total other</b>	<b>246</b>	<b>204</b>
<b>Total interest expense</b>	<b>2,383</b>	<b>1,573</b>
<b>Net interest income</b>	<b>1,435</b>	<b>1,397</b>

<sup>1</sup> Includes the net impact of Treasury's interest rate and liquidity management activities.

# Notes to the financial statements

## Note 3 Non-interest income

\$ millions	NZ BANKING GROUP	
	Six Months	Six Months
	Ended 31 Mar 24 Unaudited	Ended 31 Mar 23 Unaudited
<b>Net fees and commissions</b>		
Facility fees	24	24
Transaction fees and commissions	98	97
Other non-risk fee income	9	9
<b>Fees and commissions income</b>	<b>131</b>	130
Credit card loyalty programmes	(17)	(20)
Transaction fees and commissions related expenses	(19)	(19)
<b>Fees and commissions expenses</b>	<b>(36)</b>	(39)
<b>Net fees and commissions</b>	<b>95</b>	91
<b>Net wealth management</b>	<b>20</b>	18
<b>Trading</b>	<b>33</b>	27
<b>Other</b>		
Net ineffectiveness on qualifying hedges	(7)	(1)
Other	4	2
<b>Total other</b>	<b>(3)</b>	1
<b>Total non-interest income</b>	<b>145</b>	137

## Note 4 Operating expenses

\$ millions	NZ BANKING GROUP	
	Six Months	Six Months
	Ended 31 Mar 24 Unaudited	Ended 31 Mar 23 Unaudited
Staff expenses	382	342
Lease expenses	11	13
Depreciation	46	42
Technology services and telecommunications	136	106
Purchased services	30	54
Software amortisation costs	54	18
Related entities - management fees	6	6
Other	60	68
<b>Total operating expenses</b>	<b>725</b>	649

# Notes to the financial statements

## Note 5 Impairment charges/(benefits)

<b>\$ millions</b>	<b>NZ BANKING GROUP</b>	
	<b>Six Months Ended 31 Mar 24 Unaudited</b>	Six Months Ended 31 Mar 23 Unaudited
	Provisions raised/(released):	
Performing	<b>(24)</b>	121
Non-performing	<b>41</b>	30
Bad debts written-off/(recovered) directly to the income statement	<b>6</b>	3
<b>Impairment charges/(benefits)</b>	<b>23</b>	154
<i>of which relates to:</i>		
Loans and credit commitments	<b>23</b>	154
<b>Impairment charges/(benefits)</b>	<b>23</b>	154

Impairment charges/(benefits) on all other financial assets are not material to the NZ Banking Group.

## Note 6 Loans

<b>\$ millions</b>	<b>NZ BANKING GROUP</b>	
	<b>31 Mar 24 Unaudited</b>	30 Sep 23 Audited
Residential mortgages	<b>67,378</b>	65,757
Other retail	<b>2,634</b>	2,648
Corporate	<b>31,476</b>	31,619
Other	<b>210</b>	194
<b>Total gross loans</b>	<b>101,698</b>	100,218
Provision for ECL on loans (refer to Note 7)	<b>(524)</b>	(507)
<b>Total net loans</b>	<b>101,174</b>	99,711

As at 31 March 2024, \$7,545 million of residential mortgages, accrued interest (representing accrued interest on the outstanding residential mortgages) and cash (representing collections of principal and interest from the underlying residential mortgages) were used by the NZ Banking Group to secure the obligations of WSNZL under the CB Programme (30 September 2023: \$7,540 million). In addition, \$6,482 million of residential mortgages and accrued interest have been pledged as collateral as part of the repurchase agreements with the Reserve Bank, under the Funding for Lending Programme and Term Lending Facility (30 September 2023: \$6,469 million). These pledged assets were not derecognised from the NZ Banking Group's balance sheet in accordance with the accounting policies outlined in Note 1 Financial statements preparation included in the Disclosure Statement for the year ended 30 September 2023. As at 31 March 2024, the New Zealand dollar equivalent of bonds issued by WSNZL under the CB Programme was \$4,436 million (30 September 2023: \$5,045 million) and the cash value of the repurchase agreements with the Reserve Bank was \$5,106 million (30 September 2023: \$5,094 million).

## Note 7 Provision for expected credit losses

### Loans and credit commitments

#### Movements in components of loss allowance

The reconciliation of the provision for ECL for loans and credit commitments has been determined by an aggregation of monthly movements over the period. The key line items in the reconciliation represent the following:

- "Transfers between stages" lines represent transfers between Stage 1, Stage 2 and Stage 3 prior to remeasurement of the provision for ECL.
- "New financial assets originated" line represents new accounts originated during the period.
- "Financial assets derecognised during the period" line represents loans derecognised due to final repayments during the period.
- "Other charges/(credits) to the income statement" line represents the impact on the provision for ECL due to changes in credit quality during the period (including transfers between stages), changes in portfolio overlays, changes due to forward-looking economic scenarios and partial repayments and additional drawdowns on existing facilities over the period.
- Amounts written off represent a reduction in the provision for ECL as a result of derecognition of exposures where there is no reasonable expectation of full recovery.

# Notes to the financial statements

## Note 7 Provision for expected credit losses (continued)

The following tables reconcile the provision for ECL on loans and credit commitments for the NZ Banking Group.

NZ BANKING GROUP					
31 Mar 24					
Unaudited					
\$ millions	Performing		Non-performing		Total
	Stage 1	Stage 2	Stage 3	Stage 3	
	CAP	CAP	CAP	IAP	
<b>Provision for ECL on loans and credit commitments as at 30 September 2023</b>	<b>91</b>	<b>330</b>	<b>107</b>	<b>23</b>	<b>551</b>
Transfers to Stage 1	108	(104)	(4)	-	-
Transfers to Stage 2	(5)	25	(20)	-	-
Transfers to Stage 3 CAP	-	(32)	33	(1)	-
Transfers to Stage 3 IAP	-	(5)	(10)	15	-
Reversals of previously recognised impairment charges	-	-	-	(6)	(6)
New financial assets originated	9	-	-	-	9
Financial assets derecognised during the period	(4)	(11)	(22)	-	(37)
Changes in CAP due to amounts written off	-	-	(13)	-	(13)
Other charges/(credits) to the income statement	(118)	113	50	19	64
<b>Total charges/(credits) to the income statement for ECL</b>	<b>(10)</b>	<b>(14)</b>	<b>14</b>	<b>27</b>	<b>17</b>
Amounts written off from IAP	-	-	-	-	-
<b>Total provision for ECL on loans and credit commitments as at 31 March 2024</b>	<b>81</b>	<b>316</b>	<b>121</b>	<b>50</b>	<b>568</b>
<i>Presented as:</i>					
Provision for ECL on loans (refer to Note 6)	68	287	121	48	524
Provision for ECL on credit commitments	13	29	-	2	44
<b>Total provision for ECL on loans and credit commitments as at 31 March 2024</b>	<b>81</b>	<b>316</b>	<b>121</b>	<b>50</b>	<b>568</b>

# Notes to the financial statements

## Note 7 Provision for expected credit losses (continued)

	NZ BANKING GROUP				
	30 Sep 23				
	Audited				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
	CAP	CAP	CAP	IAP	Total
<b>\$ millions</b>					
<b>Provision for ECL on loans and credit commitments as at 30 September 2022</b>	103	240	69	27	439
Transfers to Stage 1	228	(220)	(8)	-	-
Transfers to Stage 2	(17)	51	(33)	(1)	-
Transfers to Stage 3 CAP	-	(37)	41	(4)	-
Transfers to Stage 3 IAP	-	(2)	(14)	16	-
Reversals of previously recognised impairment charges	-	-	-	(9)	(9)
New financial assets originated	17	-	-	-	17
Financial assets derecognised during the year	(8)	(43)	(23)	-	(74)
Changes in CAP due to amounts written off	-	-	(24)	-	(24)
Other charges/(credits) to the income statement	(232)	341	99	6	214
<b>Total charges/(credits) to the income statement for ECL</b>	(12)	90	38	8	124
Amounts written off from IAP	-	-	-	(12)	(12)
<b>Total provision for ECL on loans and credit commitments as at 30 September 2023</b>	91	330	107	23	551
<i>Presented as:</i>					
Provision for ECL on loans (refer to Note 6)	77	300	107	23	507
Provision for ECL on credit commitments	14	30	-	-	44
<b>Total provision for ECL on loans and credit commitments as at 30 September 2023</b>	91	330	107	23	551

# Notes to the financial statements

## Note 7 Provision for expected credit losses (continued)

The following table provides further details of the provision for ECL by types of exposure and stage:

NZ BANKING GROUP											
\$ millions	31 Mar 24 Unaudited					Total	30 Sep 23 Audited				Total
	Performing		Non-performing				Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	Stage 1		Stage 2	Stage 3	Stage 3		
	CAP	CAP	CAP	IAP	CAP		CAP	CAP	IAP		
<b>Provision for ECL on loans and credit commitments</b>											
Residential mortgages	38	144	76	14	272	42	147	61	10	260	
Other retail	13	39	12	1	65	15	42	12	1	70	
Corporate	30	133	33	35	231	34	141	34	12	221	
<b>Total provision for ECL on loans and credit commitments</b>	<b>81</b>	<b>316</b>	<b>121</b>	<b>50</b>	<b>568</b>	91	330	107	23	551	

### Impact of overlays on the provision for ECL on loans and credit commitments

The following table attributes the provision for ECL on loans and credit commitments between modelled ECL and portfolio overlays.

Portfolio overlays are used to capture risk of increased uncertainty relating to forward-looking economic conditions, or areas of potential risk and uncertainty in the portfolio, that are not captured in the underlying modelled ECL.

NZ BANKING GROUP		
\$ millions	31 Mar 24	30 Sep 23
	Unaudited	Audited
Modelled provision for ECL on loans and credit commitments	542	505
Overlays	26	46
<b>Total provision for ECL on loans and credit commitments</b>	<b>568</b>	551

Details of changes related to forward-looking economic inputs and portfolio overlays, based on reasonable and supportable information up to the date of this disclosure statement, are provided below.



# Notes to the financial statements

## Note 7 Provision for expected credit losses (continued)

### Modelled provision for ECL on loans and credit commitments

The modelled provision for ECL on loans and credit commitments is a probability weighted estimate based on three scenarios which together represent the NZ Banking Group's view of the forward-looking distribution of potential loss outcomes. The changes in provisions as a result of changes in modelled ECL are reflected through the "Other charges/(credits) to the income statement" line in the "Movements in components of loss allowance" table. Portfolio overlays are used to capture potential risk and uncertainty in the portfolio that are not captured in the underlying modelled ECL.

The base case scenario uses Westpac Economic forecasts:

Key economic assumptions for base case scenario	31 Mar 24 Unaudited	30 Sep 23 Audited
Annual GDP	Forecast growth of 0.8% for calendar year 2024 and 2.4% for calendar year 2025.	Forecast growth of 0.8% for calendar year 2023 and 0.2% for calendar year 2024.
Residential property prices	Forecast annual price appreciation of +5.9% for calendar year 2024 and +6.7% for calendar year 2025.	Forecast annual price contraction of -1.0% for calendar year 2023 and price appreciation of +7.7% for calendar year 2024.
Cash rate	Forecast cash rate of 5.50% at December 2024 and 4.50% at December 2025.	Forecast cash rate of 5.75% at December 2023 and 5.25% at December 2024.
Unemployment rate	Forecast rate of 5.1% at December 2024 and 5.2% at December 2025.	Forecast rate of 4.3% at December 2023 and 5.2% at December 2024.

The downside scenario is a more severe scenario with ECL higher than the base case. This scenario assumes a recession with a combination of negative GDP growth, declines in residential property prices and an increase in the unemployment rate, which simultaneously impact ECL across all portfolios from the reporting date. The assumptions used in this scenario and relativities to the base case will be monitored having regard to the emerging economic conditions and updated where necessary. The upside scenario represents a modest improvement to the base case.

The following sensitivity table shows the reported provision for ECL on loans and credit commitments based on the probability weighted scenarios and what the provision for ECL on loans and credit commitments would be assuming a 100% weighting is applied to the base case scenario and to the downside scenario (with all other assumptions held constant).

\$ millions	NZ BANKING GROUP	
	31 Mar 24 Unaudited	30 Sep 23 Audited
Reported probability-weighted ECL	568	551
100% base case ECL	429	417
100% downside ECL	760	719

# Notes to the financial statements

## Note 7 Provision for expected credit losses (continued)

If 1% of the Stage 1 gross exposure from loans and credit commitments (calculated on a 12 month ECL) was reflected in Stage 2 (calculated on a lifetime ECL) the provision for ECL on loans and credit commitments would increase by \$13 million (30 September 2023: \$14 million) based on applying the average provision coverage ratios by stage to the movement in the gross exposure by stage.

The following table indicates the weightings applied by the NZ Banking Group as at 31 March 2024 and 30 September 2023. In March 2024, the downside scenario weighting was reduced by 2.5%, with a corresponding increase in the base case weighting, reflecting a modest reduction in broader macroeconomic uncertainty.

Macroeconomic scenario weightings (%)	NZ BANKING GROUP	
	31 Mar 24 Unaudited	30 Sep 23 Audited
Upside	5.0	5.0
Base	52.5	50.0
Downside	42.5	45.0

### Portfolio overlays

Portfolio overlays are used to address areas of risk, including significant uncertainties that are not captured in the underlying modelled ECL. Determination of portfolio overlays requires expert judgement and is thoroughly documented and subject to comprehensive internal governance and oversight. Overlays are continually reassessed and if the risk is judged to have changed (increased or decreased), or is subsequently captured in the modelled ECL, the overlay will be released or remeasured.

The NZ Banking Group's total portfolio overlays as at 31 March 2024 were \$26 million (30 September 2023: \$46 million) and comprise:

- \$19 million on the residential mortgages portfolio (30 September 2023: \$29 million) to reflect the expected, lagged impact of increasing interest rates. The overlay was decreased due to loans moving onto higher interest rates where the credit outcomes are considered to be included in the modelled outcome; and
- \$7 million on the corporate portfolio (30 September 2023: \$14 million), established to reflect delayed emergence of credit stresses following COVID-19 disruptions. The quantum of the overlay reflects the estimate of the remaining delayed emergence.

Overlays reflecting other related risks (30 September 2023: \$3 million) have been released on the basis that these are considered to be reflected in the modelled outcome.

### Impact of changes in gross carrying amount on the provision for ECL

- Stage 1 gross carrying amount had a net increase of \$2.1 billion (30 September 2023: decreased by \$9.4 billion), primarily driven by new lending during the period and exposures transferred from Stage 2 for releases in overlays, partially offset by underlying portfolio movement from the residential mortgages and corporate portfolios, derecognitions and repayments. The Stage 1 ECL decrease is primarily driven by improvement in the economic outlook, decrease in downside scenario weightings and the release of management overlays.
- Stage 2 gross carrying amount decreased by \$0.8 billion (30 September 2023: increased by \$11.6 billion), primarily driven by exposures transferred to Stage 1 for releases in overlays and derecognitions, partially offset by underlying portfolio movement from the residential mortgages and corporate portfolios. The Stage 2 ECL decrease is primarily driven by improvement in the economic outlook, decrease in downside scenario weightings and the release of management overlays.
- Stage 3 gross carrying amount increased by \$0.2 billion (30 September 2023: increased by \$0.2 billion), driven by increases in 90 days past due exposures from the residential mortgages portfolio and customer downgrades from the corporate portfolio, partially offset by releases due to write-offs from the other retail portfolio. Stage 3 ECL increases are in line with the increase in Stage 3 exposures.

Refer to Note iii. Asset quality of the Registered bank disclosures for further details.

# Notes to the financial statements

## Note 8 Deposits and other borrowings

\$ millions	NZ BANKING GROUP	
	31 Mar 24 Unaudited	30 Sep 23 Audited
Certificates of deposit	2,628	2,413
Non-interest bearing, repayable at call	11,511	12,009
Other interest bearing:		
At call	29,641	29,302
Term	37,684	38,472
<b>Total deposits and other borrowings</b>	<b>81,464</b>	<b>82,196</b>
Deposits at fair value	2,628	2,413
Deposits at amortised cost	78,836	79,783
<b>Total deposits and other borrowings</b>	<b>81,464</b>	<b>82,196</b>

## Note 9 Debt issues

\$ millions	NZ BANKING GROUP	
	31 Mar 24 Unaudited	30 Sep 23 Audited
<b>Short-term debt</b>		
Commercial paper	1,566	1,471
<b>Total short-term debt</b>	<b>1,566</b>	<b>1,471</b>
<b>Long-term debt</b>		
Non-domestic medium-term notes	10,657	8,564
Covered bonds	4,377	4,994
Domestic medium-term notes	3,605	3,568
<b>Total long-term debt</b>	<b>18,639</b>	<b>17,126</b>
<b>Total debt issues</b>	<b>20,205</b>	<b>18,597</b>
Debt issues at fair value	1,566	1,471
Debt issues at amortised cost	18,639	17,126
<b>Total debt issues</b>	<b>20,205</b>	<b>18,597</b>

## Note 10 Related entities

Controlled entities of the NZ Banking Group are set out in Note 22 to the financial statements included in the Disclosure Statement for the year ended 30 September 2023.

On 11 October 2023, the deregistration of Westpac Superannuation Nominees-NZ-Limited ('WSNNZL') and Westpac Nominees-NZ-Limited ('WNNZL') from the New Zealand companies register was completed, at which point both WSNNZL and WNNZL ceased to be subsidiaries of the Overseas Bank and controlled entities of the NZ Banking Group.

On 26 October 2023, the deregistration of Aotearoa Financial Services Limited ('AFSL') from the New Zealand companies register was completed, at which point AFSL ceased to be a subsidiary of Westpac New Zealand and a controlled entity of the NZ Banking Group.

On 26 February 2024, Westpac New Zealand Group Limited declared and paid a cash dividend of \$284 million to Westpac Overseas Holdings No.2 Pty Limited with total imputation credits of \$110 million attached (31 March 2023: \$311 million dividend with nil imputation credits attached).

On 15 March 2024, BT Financial Group (NZ) Limited declared and paid a cash dividend of \$6 million to Westpac Equity Holdings Pty Limited with total imputation credits of \$2 million attached (31 March 2023: \$7 million with nil imputation credits attached).

# Notes to the financial statements

## Note 11 Fair values of financial assets and financial liabilities

### Fair Valuation Control Framework

The NZ Banking Group uses a Fair Valuation Control Framework where the fair value is either determined or validated by a function independent of the transaction. This framework formalises the policies and procedures used to achieve compliance with relevant accounting, industry and regulatory standards. The framework includes specific controls relating to:

- the revaluation of financial instruments;
- independent price verification;
- fair value adjustments; and
- financial reporting.

A key element of the framework is the Revaluation Committee, comprising senior valuation specialists from within the Overseas Banking Group. The Revaluation Committee reviews the application of the agreed policies and procedures to assess that a fair value measurement basis has been applied.

The method of determining fair value differs depending on the information available.

### Fair value hierarchy

A financial instrument's categorisation within the valuation hierarchy is based on the lowest level input that is significant to the fair value measurement.

The NZ Banking Group categorises all fair value instruments according to the hierarchy described below.

### Valuation techniques

The NZ Banking Group applies market accepted valuation techniques in determining the fair valuation of over-the-counter derivatives. This includes credit valuation adjustments and funding valuation adjustments, which incorporate credit risk and funding costs and benefits that arise in relation to uncollateralised derivative positions, respectively.

The specific valuation techniques, the observability of the inputs used in valuation models and the subsequent classification for each significant product category are outlined as follows:

### Financial instruments measured at fair value

#### Level 1 instruments

The fair value of financial instruments traded in active markets is based on recent unadjusted quoted prices. These prices are based on actual arm's length basis transactions.

The valuations of Level 1 instruments require little or no management judgement.

Instrument	Balance sheet category	Includes	Valuation
Exchange traded products	Derivative financial instruments	Exchange traded interest rate futures - derivative financial instruments	These instruments are traded in liquid, active markets where prices are readily observable. No modelling or assumptions are used in the valuation.
	Due from related entities		
	Due to related entities		
FX products	Derivative financial instruments	FX spot contracts	
Debt instruments	Trading securities and financial assets measured at FVIS	New Zealand Government bonds	
	Investment securities		
	Other financial liabilities		

# Notes to the financial statements

## Note 11 Fair values of financial assets and financial liabilities (continued)

### Level 2 instruments

The fair value for financial instruments that are not actively traded is determined using valuation techniques which maximise the use of observable market prices. Valuation techniques include:

- the use of market standard discounting methodologies;
- option pricing models; and
- other valuation techniques widely used and accepted by market participants.

Instrument	Balance sheet category	Includes	Valuation
<b>Interest rate products</b>	Derivative financial instruments	Interest rate swaps, forwards and options – derivative financial instruments	Industry standard valuation models are used to calculate the expected future value of payments by product, which is discounted back to a present value. The model's interest rate inputs are benchmark interest rates and active broker quoted interest rates in the swap, bond and futures markets. Interest rate volatilities are sourced from brokers and consensus data providers. If consensus prices are not available, these are classified as Level 3 instruments.
	Due from related entities		
	Due to related entities		
<b>FX products</b>	Derivative financial instruments	FX swaps and FX forward contracts – derivative financial instruments	Derived from market observable inputs or consensus pricing providers using industry standard models. If consensus prices are not available, these are classified as Level 3 instruments.
	Due from related entities		
	Due to related entities		
<b>Asset backed debt instruments</b>	Trading securities and financial assets measured at FVIS	Asset backed securities	Valued using an industry approach to value floating rate debt with prepayment features. The main inputs to the model are the trading margin and the weighted average life of the security. These inputs are sourced from a consensus data provider. If consensus prices are not available, these are classified as Level 3 instruments.
	Investment securities		
<b>Non-asset backed debt instruments</b>	Trading securities and financial assets measured at FVIS	Local authority and NZ public securities, other bank issued certificates of deposit, commercial paper, other government securities, off-shore securities and corporate bonds	Valued using observable market prices which are sourced from independent pricing services, broker quotes or inter-dealer prices. If prices are not available from these sources, these are classified as Level 3 instruments.
	Investment securities		
	Other financial liabilities	Repurchase agreements and reverse repurchase agreements over non-asset backed debt securities	
<b>Deposits and other borrowings at fair value</b>	Deposits and other borrowings	Certificates of deposit	Discounted cash flow using market rates offered for deposits of similar remaining maturities.
<b>Debt issues at fair value</b>	Debt issues	Commercial paper	Discounted cash flows, using a discount rate which reflects the terms of the instrument and the timing of cash flows adjusted for market observable changes in the NZ Banking Group's implied creditworthiness.

# Notes to the financial statements

## Note 11 Fair values of financial assets and financial liabilities (continued)

### Level 3 instruments

Financial instruments valued where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data due to illiquidity or complexity of the product. These inputs are generally derived and extrapolated from other relevant market data and calibrated against current market trends and historical transactions.

These valuations are calculated using a high degree of management judgement.

Instrument	Balance sheet category	Includes	Valuation
<b>Interest rate derivatives</b>	Derivative financial instruments	Non-vanilla interest rate (inflation indexed) derivatives and long-dated NZD caps	Valued using industry standard valuation models utilising observable market inputs which are determined separately for each parameter. Where unobservable, inputs will be set with reference to an observable proxy.
<b>Debt instruments</b>	Trading securities and financial assets measured at FVIS	Certain debt securities with low observability, usually issued via private placement	These securities are evaluated by an independent pricing service or based on third party revaluations. Due to their illiquidity and/or complexity these are classified as Level 3 assets.

The following table summarises the attribution of financial instruments measured at fair value to the fair value hierarchy:

\$ millions	NZ BANKING GROUP							
	31 Mar 24 Unaudited				30 Sep 23 Audited			
	Level 1	Level 2	Level 3 <sup>1</sup>	Total	Level 1	Level 2	Level 3 <sup>1</sup>	Total
<b>Financial assets measured at fair value on a recurring basis</b>								
Trading securities and financial assets measured at FVIS	1,053	3,717	4	4,774	699	4,298	10	5,007
Derivative financial instruments	-	4,445	-	4,445	7	5,487	-	5,494
Investment securities	2,686	4,450	-	7,136	2,287	4,364	-	6,651
Due from related entities	-	1,105	-	1,105	-	1,768	-	1,768
<b>Total financial assets measured at fair value</b>	<b>3,739</b>	<b>13,717</b>	<b>4</b>	<b>17,460</b>	<b>2,993</b>	<b>15,917</b>	<b>10</b>	<b>18,920</b>
<b>Financial liabilities measured at fair value on a recurring basis</b>								
Deposits and other borrowings at fair value	-	2,628	-	2,628	-	2,413	-	2,413
Other financial liabilities	617	456	-	1,073	630	170	-	800
Derivative financial instruments	2	3,383	1	3,386	2	4,854	2	4,858
Due to related entities	-	2,684	-	2,684	-	3,300	-	3,300
Debt issues at fair value	-	1,566	-	1,566	-	1,471	-	1,471
<b>Total financial liabilities measured at fair value</b>	<b>619</b>	<b>10,717</b>	<b>1</b>	<b>11,337</b>	<b>632</b>	<b>12,208</b>	<b>2</b>	<b>12,842</b>

<sup>1</sup>Balances within this category of the fair value hierarchy are not considered material.

Sensitivities to reasonably possible changes in non-market observable valuation assumptions would not have a material impact on the NZ Banking Group's reported results (30 September 2023: no material impact).

### Analysis of movements between fair value hierarchy levels

The NZ Banking Group considers transfers between levels, if any, to have occurred at the end of the reporting period. During the period, there were no material transfers between levels of the fair value hierarchy (30 September 2023: no material transfers between levels).

# Notes to the financial statements

## Note 11 Fair values of financial assets and financial liabilities (continued)

### Financial instruments not measured at fair value

The following table summarises the estimated fair value of the NZ Banking Group's financial instruments not measured at fair value:

\$ millions	NZ BANKING GROUP			
	31 Mar 24 Unaudited		30 Sep 23 Audited	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets not measured at fair value</b>				
Cash and balances with central banks	9,354	9,354	9,325	9,325
Collateral paid	56	56	62	62
Loans	101,174	100,619	99,711	98,640
Other financial assets	598	598	469	469
Due from related entities	2,375	2,375	2,720	2,720
<b>Total financial assets not measured at fair value</b>	<b>113,557</b>	<b>113,002</b>	112,287	111,216
<b>Financial liabilities not measured at fair value</b>				
Collateral received	498	498	614	614
Deposits and other borrowings	78,836	78,890	79,783	79,798
Other financial liabilities	6,624	6,624	6,422	6,422
Due to related entities	1,919	1,919	1,366	1,366
Debt issues <sup>1</sup>	18,639	18,618	17,126	16,962
Loan capital	3,119	3,166	3,051	2,990
<b>Total financial liabilities not measured at fair value</b>	<b>109,635</b>	<b>109,715</b>	108,362	108,152

<sup>1</sup>The estimated fair value of debt issues includes the impact of changes in the NZ Banking Group's credit spreads since origination.

A detailed description of how fair value is derived for financial instruments not measured at fair value is disclosed in Note 24 of the financial statements included in the Disclosure Statement for the year ended 30 September 2023.

## Note 12 Credit related commitments, contingent assets and contingent liabilities

\$ millions	NZ BANKING GROUP	
	31 Mar 24 Unaudited	30 Sep 23 Audited
Letters of credit and guarantees	1,045	1,015
Commitments to extend credit	27,570	27,869
<b>Total undrawn credit commitments</b>	<b>28,615</b>	28,884

### Contingent assets

The credit commitments shown in the table above constitute contingent assets. These commitments would be classified as loans on the balance sheet on the contingent event occurring.

### Contingent liabilities

All potential claims and other liabilities are assessed on a case-by-case basis. A provision will be recognised where the NZ Banking Group has conducted an assessment which determines the likelihood of loss as probable and where its potential loss can be reliably estimated. A contingent liability exists in respect of actual or potential claims where the likely loss is not assessed as probable, where the law is uncertain or, in rare circumstances, where the outflow of resources cannot be reliably estimated.

The NZ Banking Group is exposed to contingent risks and liabilities arising from the conduct of its business, including: actual and potential disputes, claims and legal proceedings; investigations, inquiries and reviews (formal and informal) carried out by regulatory authorities (including into the NZ Banking Group's processes for some products relating to the requirements of the CCCFA); and internal investigations and reviews.

The scope of reviews (internal and external), investigations and inquiries, including those relating to the requirements of the CCCFA, can be wide-ranging and can result in litigation (including class action proceedings and enforcement proceedings), fines and penalties, customer remediation and/or other sanctions and reputational damage.

# Notes to the financial statements

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## Note 13 Segment reporting

The NZ Banking Group operates predominantly in the Consumer Banking and Wealth, Institutional and Business Banking and Financial Markets, International Trade and Payments sectors within New Zealand. On this basis, no geographical segment reporting is provided.

The operating segment results have been presented on a management reporting basis and consequently internal charges and transfer pricing adjustments have been reflected in the performance of each operating segment. Intersegment pricing is determined on a cost recovery basis.

The NZ Banking Group does not rely on any single major customer for its revenue base.

Segment comparative information for the six months ended 31 March 2023 has been restated to ensure consistent presentation with the current reporting period.

The NZ Banking Group's operating segments are defined by the customers they serve and the services they provide. The NZ Banking Group has identified the following main operating segments:

- Consumer Banking and Wealth provides financial services predominantly for individuals;
- Institutional and Business Banking provides a broad range of financial services for small to medium enterprise, corporate, property finance, agricultural, institutional and government customers; and
- Financial Markets provides foreign exchange, interest rate derivatives, government and credit products, commodities, carbon and energy capabilities. International Trade and Payments provide international trade solutions, payments products and services to consumer, business and institutional customers.

Reconciling items primarily represent:

- business units that do not meet the definition of a reportable operating segment under NZ IFRS 8 *Operating Segments*;
- elimination entries on consolidation/aggregation of the results, assets and liabilities of the NZ Banking Group's controlled entities in the preparation of the aggregated financial statements of the NZ Banking Group; and
- results of certain business units excluded for management reporting purposes, but included within the aggregated financial statements of the NZ Banking Group for statutory financial reporting purposes.



# Notes to the financial statements

## Note 13 Segment reporting (continued)

\$ millions	NZ BANKING GROUP				Total
	Consumer Banking and Wealth	Institutional and Business Banking	International Trade and Payments	Financial Markets, Reconciling Items	
<b>Six months ended 31 March 2024 (Unaudited)</b>					
<b>Net interest income</b>	<b>599</b>	<b>636</b>	<b>22</b>	<b>178</b>	<b>1,435</b>
Net fees and commissions					
Facility fees	12	9	2	1	24
Transaction fees and commissions	82	39	(2)	(21)	98
Other non-risk fee income	2	7	5	(5)	9
<b>Fees and commissions income</b>	<b>96</b>	<b>55</b>	<b>5</b>	<b>(25)</b>	<b>131</b>
Fees and commissions expenses	(36)	-	-	-	(36)
<b>Net fees and commissions</b>	<b>60</b>	<b>55</b>	<b>5</b>	<b>(25)</b>	<b>95</b>
Other non-interest income/(expense)	-	-	43	7	50
<b>Total non-interest income</b>	<b>60</b>	<b>55</b>	<b>48</b>	<b>(18)</b>	<b>145</b>
<b>Net operating income</b>	<b>659</b>	<b>691</b>	<b>70</b>	<b>160</b>	<b>1,580</b>
Operating expenses	(406)	(260)	(19)	(40)	(725)
Impairment (charges)/benefits	(22)	(1)	-	-	(23)
<b>Profit before income tax</b>	<b>231</b>	<b>430</b>	<b>51</b>	<b>120</b>	<b>832</b>
<b>Six months ended 31 March 2023 (Unaudited) (Restated)</b>					
<b>Net interest income</b>	614	602	23	158	1,397
Net fees and commissions					
Facility fees	14	8	2	-	24
Transaction fees and commissions	79	43	(2)	(23)	97
Other non-risk fee income	2	6	6	(5)	9
<b>Fees and commissions income</b>	<b>95</b>	<b>57</b>	<b>6</b>	<b>(28)</b>	<b>130</b>
Fees and commissions expenses	(39)	-	-	-	(39)
<b>Net fees and commissions</b>	<b>56</b>	<b>57</b>	<b>6</b>	<b>(28)</b>	<b>91</b>
Other non-interest income/(expense)	-	-	49	(3)	46
<b>Total non-interest income</b>	<b>56</b>	<b>57</b>	<b>55</b>	<b>(31)</b>	<b>137</b>
<b>Net operating income</b>	<b>670</b>	<b>659</b>	<b>78</b>	<b>127</b>	<b>1,534</b>
Operating expenses	(341)	(247)	(17)	(44)	(649)
Impairment (charges)/benefits	(48)	(106)	-	-	(154)
<b>Profit before income tax</b>	<b>281</b>	<b>306</b>	<b>61</b>	<b>83</b>	<b>731</b>
<b>As at 31 March 2024 (Unaudited)</b>					
Total gross loans	<b>61,676</b>	<b>39,604</b>	<b>330</b>	<b>88</b>	<b>101,698</b>
Total deposits and other borrowings	<b>45,924</b>	<b>32,912</b>	<b>-</b>	<b>2,628</b>	<b>81,464</b>
<b>As at 30 September 2023 (Audited)</b>					
Total gross loans	60,004	39,911	397	(94)	100,218
Total deposits and other borrowings	44,980	34,803	-	2,413	82,196

# Registered bank disclosures

## Unaudited

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This section contains the additional disclosures required by the Order.

### i. General information

#### Guarantee arrangements

No material obligations of the Overseas Bank that relate to the NZ Branch are guaranteed as at the date the Directors and the Chief Executive Officer, NZ Branch signed this Disclosure Statement.

#### Directors

The Directors of the Overseas Bank at the time this Disclosure Statement was signed were:

**Steven Gregg**, BCom – Chairman

**Peter King**, BEc, FCA – Managing Director & Chief Executive Officer

**Tim Burroughs**, MA (Hons), B Psy (Hons), FCA, FAICD

**Nerida Caesar**, BCom, MBA, GAICD

**Audette Exel AO**, BA, LLB (Hons)

**Peter Nash**, BCom, FCA, F Fin

**Nora Scheinkestel**, LLB (Hons), PhD, FAICD

**Margaret (Margie) Seale**, BA, FAICD

**Michael Ullmer AO**, BSc, FAICD, FCA, SF Fin

#### Changes to the Board of Directors

There have been changes in the composition of the Board of Directors of the Overseas Bank since 30 September 2023, as follows:

- Steven Gregg was appointed as a Non-executive Director and Chairman-Elect of the Overseas Bank on 7 November 2023 and succeeded John McFarlane as Chairman at the conclusion of the 2023 Annual General Meeting, held on 14 December 2023.
- John McFarlane, the Chairman and a Non-executive Director of the Overseas Bank retired from the Board at the conclusion of the 2023 Annual General Meeting.
- Chris Lynch, a Non-executive Director of the Overseas Bank retired from the Board at the conclusion of the 2023 Annual General Meeting.

#### Chief Executive Officer, NZ Branch

**Christopher Leuschke**, BCOM, NZFMA (Chair)

#### Responsible person

All the Directors named above have authorised in writing Catherine McGrath, Chief Executive Officer, Westpac New Zealand to sign this Disclosure Statement on the Directors' behalf in accordance with section 82 of the Banking (Prudential Supervision) Act 1989.

#### Auditor

**PricewaterhouseCoopers**

PwC Tower, Level 27

15 Customs Street West

Auckland, New Zealand

#### Credit ratings

The Overseas Bank has the following credit ratings with respect to its long-term senior unsecured obligations, including obligations payable in New Zealand in New Zealand dollars, as at the date the Directors and the Chief Executive Officer, NZ Branch signed this Disclosure Statement:

Rating Agency	Current Credit Rating	Rating Outlook
Fitch Ratings	A+	Stable
Moody's Investors Service	Aa2	Stable
S&P Global Ratings	AA-	Stable

On 6 March 2024, Moody's Investors Service upgraded the Overseas Bank's credit rating to Aa2. The ratings action resulted from the application of Moody's Investors Service's Advanced Loss Given Failure analysis. Fitch Ratings and S&P Global Ratings have remained unchanged during the two years immediately preceding the signing date.

# Registered bank disclosures

## Unaudited

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### i. General information (continued)

#### Other material matters

##### *Technology programme*

Westpac New Zealand has committed to the Reserve Bank, APRA and Financial Markets Authority to address various technology issues. Material progress has been made in addressing these technology issues including improving system resilience. However, more work is required to meet Westpac New Zealand's expectations and those of the regulators.

##### *Reserve Bank review of overseas bank branches*

On 7 November 2023, the Reserve Bank announced key decisions following the review of its policy for branches of overseas banks. The key decisions include restricting branches of overseas banks in New Zealand to engaging in wholesale business and restricting dual-registered branches (such as the NZ Branch) to only conducting business with "large" wholesale customers.

It is proposed that "large" be determined based on consolidated annual turnover or net assets greater than NZ\$50 million and the implementation date is expected to be in 2028.

The NZ Branch currently provides financial markets, trade finance and international payment products and services to customers referred by Westpac New Zealand. Based on the key decisions announced, we expect the Reserve Bank's revised policy on overseas bank branches will require changes to the activities the NZ Branch undertakes and, as a result, Westpac New Zealand may also make changes to the scope of activities it undertakes.

##### *Overseas Bank and APRA enforceable undertaking on risk governance remediation, Integrated Plan and CORE program*

The Overseas Bank's CORE program has delivered the Integrated Plan (IP) required under the enforceable undertaking (EU) entered into with APRA in December 2020 in relation to the Overseas Bank's risk governance remediation and supporting the strengthening of the Overseas Bank's risk governance, accountability, and culture. In its final report issued 30 April 2024, the Independent Reviewer (Promontory Australia) has confirmed that the Overseas Bank has successfully completed the IP and the CORE Program associated with it. Westpac is continuing to focus on the sustainability and effectiveness of the uplift delivered by the Integrated Plan through a 12-month transition phase in 2024 with independent review by Promontory Australia.

Promontory Australia has provided quarterly reports to APRA on the Overseas Bank's compliance with the EU and Integrated Plan. Promontory Australia's final report, along with reports issued previously, are available on the Overseas Bank's website at [www.westpac.com.au/about-westpac/media/core/](http://www.westpac.com.au/about-westpac/media/core/).

##### *Overseas Bank risk management*

The Overseas Bank is continuing to invest in strengthening its end-to-end management of risk, with a focus on continuous improvement. Areas of particular focus include embedding its risk management framework, policies, systems, data quality and management, product governance, prudential compliance management, reporting to regulators and its risk capabilities.

##### *Australian Transaction Reports and Analysis Centre (AUSTRAC) related class action against the Overseas Bank*

The Overseas Bank is defending a class action proceeding which was commenced in December 2019 in the Federal Court of Australia on behalf of certain investors who acquired an interest in the Overseas Bank's securities between 16 December 2013 and 19 November 2019. The proceeding involves allegations relating to market disclosure issues connected to the Overseas Bank's monitoring of financial crime over the relevant period and matters which were the subject of the AUSTRAC civil proceedings. The damages sought on behalf of members of the class have not yet been specified. However, in the course of a procedural hearing in August 2022, the applicant indicated that a preliminary estimate of the losses that may be alleged in respect of a subset of potential group members exceeded \$1 billion. While it remains unclear how the applicant will ultimately formulate their estimate of alleged damages claimed on behalf of group members, it is possible that the claim may be higher (or lower) than the amount referred to above. Given the time period and the nature of the claims alleged to be in question, along with the reduction in the Overseas Bank's market capitalisation at the time of the commencement of the AUSTRAC civil proceedings, it is likely that any total alleged damages (when, and if, ultimately articulated by the applicant) will be significant. The Overseas Bank continues to deny both that its disclosure was inappropriate and, as such, that any group member has incurred damage.

##### *External auditor*

On 8 March 2024, the Overseas Bank announced that KPMG was the preferred firm to be appointed as its external auditor for the 2025 financial year, beginning 1 October 2024. Subject to KPMG becoming independent and regulatory consent being obtained, the approval of the Overseas Bank's shareholders will be sought at the 2024 Annual General Meeting.

#### **Disclosure statements of the NZ Banking Group and the financial statements of the Overseas Bank and the Overseas Banking Group**

Disclosure Statements of the NZ Banking Group for the last five years are available, free of charge, at the internet address [www.westpac.co.nz](http://www.westpac.co.nz). A printed copy will also be made available, free of charge, upon request.

The most recently published financial statements of the Overseas Bank and the Overseas Banking Group are for the year ended 30 September 2023 and for the six months ended 31 March 2024, respectively, and can be accessed at the internet address [www.westpac.com.au](http://www.westpac.com.au).

# Registered bank disclosures

## Unaudited

### ii. Additional financial disclosures

#### Additional information on balance sheet

\$ millions	NZ BANKING GROUP	
	31 Mar 24 Unaudited	30 Sep 23 Audited
Interest earning and discount bearing assets	124,942	123,751
Interest and discount bearing liabilities	102,498	100,776
Total amounts due from related entities	3,480	4,488
Total amounts due to related entities	4,603	4,666
Total liabilities of the NZ Branch, net of amounts due to related entities	6,809	8,035
Total retail deposits of the NZ Branch	-	-

#### Financial assets pledged as collateral

The NZ Banking Group is required to provide collateral to other financial institutions, as part of standard terms, to secure liabilities. In addition to assets supporting the CB Programme disclosed in Note 6, the carrying value of these financial assets pledged as collateral is:

\$ millions	NZ BANKING GROUP	
	31 Mar 24 Unaudited	30 Sep 23 Audited
Cash	56	62
Securities pledged as collateral for derivative contracts:		
Investment securities	147	77
Securities pledged under repurchase agreements:		
Trading securities and financial assets measured at FVIS	237	73
Investment securities	-	44
Residential mortgage-backed securities <sup>1</sup>	6,482	6,469
<b>Total amount pledged to secure liabilities (excluding CB Programme)</b>	<b>6,922</b>	<b>6,725</b>

<sup>1</sup> As at 31 March 2024, the NZ Banking Group has undertaken repurchase agreements with the Reserve Bank, under the Funding for Lending Programme and Term Lending Facility, using residential mortgage-backed securities. For the Funding for Lending Programme, the repurchase cash amount at 31 March 2024 is \$4,981 million (30 September 2023: \$4,981 million), which is recorded within other financial liabilities on the balance sheet, with underlying securities to the value of \$6,417 million provided under the arrangement (30 September 2023: \$6,387 million). For the Term Lending Facility, the repurchase cash amount at 31 March 2024 is \$55 million (30 September 2023: \$69 million), which is recorded within other financial liabilities on the balance sheet, with underlying securities to the value of \$65 million provided under the arrangement (30 September 2023: \$82 million).

#### Additional information on concentrations of credit risk

The maximum exposure to credit risk (excluding collateral received) is represented by the carrying amount of on-balance sheet financial assets and undrawn credit commitments as set out in the following table.

\$ millions	NZ BANKING GROUP	
	31 Mar 24	
<b>Financial assets</b>		
Cash and balances with central banks		9,354
Collateral paid		56
Trading securities and financial assets measured at FVIS		4,774
Derivative financial instruments		4,445
Investment securities		7,136
Loans		101,174
Other financial assets		598
Due from related entities		3,480
<b>Total financial assets</b>		<b>131,017</b>
<b>Undrawn credit commitments</b>		
Letters of credit and guarantees		1,045
Commitments to extend credit		27,570
<b>Total undrawn credit commitments</b>		<b>28,615</b>
<b>Total maximum credit risk exposure</b>		<b>159,632</b>

# Registered bank disclosures

## Unaudited

### ii. Additional financial disclosures (continued)

	NZ BANKING GROUP
\$ millions	31 Mar 24
<b>Analysis of on-balance sheet credit exposures by geographical areas</b>	
New Zealand	120,498
Overseas	11,043
<b>Subtotal</b>	<b>131,541</b>
Provision for ECL on loans	(524)
<b>Total on-balance sheet credit exposures</b>	<b>131,017</b>
<b>Analysis of on-balance sheet credit exposures by industry sector</b>	
Accommodation, cafes and restaurants	390
Agriculture	8,921
Construction	468
Finance and insurance	11,909
Forestry and fishing	382
Government, administration and defence	17,713
Manufacturing	2,199
Mining	169
Property	8,620
Property services and business services	1,090
Services	1,699
Trade	2,580
Transport and storage	863
Utilities	2,354
Retail lending	68,618
Other	12
<b>Subtotal</b>	<b>127,987</b>
Provision for ECL	(524)
Due from related entities	3,480
Other financial assets	74
<b>Total on-balance sheet credit exposures</b>	<b>131,017</b>
<b>Analysis of off-balance sheet credit exposures by geographical areas</b>	
New Zealand	27,976
Overseas	639
<b>Total off-balance sheet credit exposures</b>	<b>28,615</b>
<b>Analysis of off-balance sheet credit exposures by industry sector</b>	
Accommodation, cafes and restaurants	71
Agriculture	649
Construction	635
Finance and insurance	2,417
Forestry and fishing	164
Government, administration and defence	799
Manufacturing	1,426
Mining	129
Property	1,485
Property services and business services	508
Services	1,019
Trade	1,413
Transport and storage	426
Utilities	1,730
Retail lending	15,744
<b>Total off-balance sheet credit exposures</b>	<b>28,615</b>

ANZSIC has been used as the basis for disclosing industry sectors.

# Registered bank disclosures

## Unaudited

### ii. Additional financial disclosures (continued)

#### Additional information on concentrations of funding

\$ millions	NZ BANKING GROUP 31 Mar 24
<b>Funding consists of</b>	
Collateral received	498
Deposits and other borrowings	81,464
Other financial liabilities <sup>1</sup>	6,119
Due to related entities <sup>2</sup>	1,883
Debt issues <sup>3</sup>	20,205
Loan capital	3,119
<b>Total funding</b>	<b>113,288</b>
<b>Analysis of funding by geographical areas<sup>3</sup></b>	
New Zealand	88,450
Australia	2,134
United Kingdom	10,413
United States of America	7,524
China	2,774
Other	1,993
<b>Total funding</b>	<b>113,288</b>
<b>Analysis of funding by industry sector</b>	
Accommodation, cafes and restaurants	475
Agriculture	1,760
Construction	2,414
Finance and insurance	42,073
Forestry and fishing	180
Government, administration and defence	3,079
Manufacturing	1,790
Mining	45
Property services and business services	7,438
Services	6,449
Trade	2,107
Transport and storage	785
Utilities	805
Households	37,434
Other <sup>4</sup>	4,571
<b>Subtotal</b>	<b>111,405</b>
Due to related entities <sup>2</sup>	1,883
<b>Total funding</b>	<b>113,288</b>

<sup>1</sup> Other financial liabilities, as presented above, are in respect of securities sold under agreements to repurchase, securities sold short and interbank placements.

<sup>2</sup> Amounts due to related entities, as presented above, are in respect of deposits and borrowings and exclude amounts which relate to derivative financial instruments and other liabilities.

<sup>3</sup> The geographic region used for debt issues is based on the nature of the debt programmes. The nature of the debt programmes is used as a proxy for the location of the original purchaser. Where the nature of the debt programmes does not necessarily represent an appropriate proxy, the debt issues are classified as 'Other'. These instruments may have subsequently been on-sold.

<sup>4</sup> Includes deposits from non-residents.

ANZSIC has been used as the basis for disclosing industry sectors.

# Registered bank disclosures

## Unaudited

### ii. Additional financial disclosures (continued)

#### Additional information on interest rate sensitivity

The following table presents a breakdown of the earlier of the contractual repricing or maturity dates of the NZ Banking Group's net asset position as at 31 March 2024. The NZ Banking Group uses this contractual repricing information as a base, which is then altered to take account of customer behaviour, to manage its interest rate risk.

<b>NZ BANKING GROUP</b>							
<b>31 Mar 24</b>							
<b>\$ millions</b>	<b>Up to 3 Months</b>	<b>Over 3 Months and Up to 6 Months</b>	<b>Over 6 Months and Up to 1 Year</b>	<b>Over 1 Year and Up to 2 Years</b>	<b>Over 2 Years</b>	<b>Non- interest Bearing</b>	<b>Total</b>
<b>Financial assets</b>							
Cash and balances with central banks	9,043	-	-	-	-	311	9,354
Collateral paid	56	-	-	-	-	-	56
Trading securities and financial assets measured at FVIS	2,752	381	137	483	1,021	-	4,774
Derivative financial instruments	-	-	-	-	-	4,445	4,445
Investment securities	1,121	49	10	898	5,058	-	7,136
Loans	47,487	11,516	19,692	15,857	7,015	(393)	101,174
Other financial assets	-	-	-	-	-	598	598
Due from related entities	2,366	-	-	-	-	1,114	3,480
<b>Total financial assets</b>	<b>62,825</b>	<b>11,946</b>	<b>19,839</b>	<b>17,238</b>	<b>13,094</b>	<b>6,075</b>	<b>131,017</b>
Non-financial assets							1,690
<b>Total assets</b>							<b>132,707</b>
<b>Financial liabilities</b>							
Collateral received	498	-	-	-	-	-	498
Deposits and other borrowings	46,528	12,119	8,852	1,649	805	11,511	81,464
Other financial liabilities	6,056	55	-	-	-	1,586	7,697
Derivative financial instruments	-	-	-	-	-	3,386	3,386
Due to related entities	1,827	-	-	6	25	2,745	4,603
Debt issues	2,968	2,477	1,475	3,335	10,561	(611)	20,205
Loan capital	-	-	-	-	3,262	(143)	3,119
<b>Total financial liabilities</b>	<b>57,877</b>	<b>14,651</b>	<b>10,327</b>	<b>4,990</b>	<b>14,653</b>	<b>18,474</b>	<b>120,972</b>
Non-financial liabilities							694
<b>Total liabilities</b>							<b>121,666</b>
<b>On-balance sheet interest rate repricing gap</b>	<b>4,948</b>	<b>(2,705)</b>	<b>9,512</b>	<b>12,248</b>	<b>(1,559)</b>		
<b>Net derivative notional principals</b>							
Net interest rate contracts (notional):							
Receivable/(payable)	10,883	(3,988)	(8,243)	(7,606)	8,954		
<b>Net interest rate repricing gap</b>	<b>15,831</b>	<b>(6,693)</b>	<b>1,269</b>	<b>4,642</b>	<b>7,395</b>		

# Registered bank disclosures

## Unaudited

### ii. Additional financial disclosures (continued)

#### Additional information on liquidity risk

##### Contractual maturity of financial liabilities

The following table presents cash flows associated with financial liabilities, payable at the balance sheet date, by remaining contractual maturity. The amounts disclosed in the table are the future contractual undiscounted cash flows, whereas the NZ Banking Group manages inherent liquidity risk based on expected cash flows.

Cash flows associated with these financial liabilities include both principal payments, as well as fixed or variable interest payments incorporated into the relevant coupon period. Principal payments reflect the earliest contractual maturity date. Derivative financial instruments designated for hedging purposes are expected to be held for their remaining contractual lives, and reflect gross cash flows over the remaining contractual term.

Derivatives held for trading and certain liabilities classified in "Other financial liabilities" which are measured at FVIS are not managed for liquidity purposes on the basis of their contractual maturity, and accordingly these liabilities are presented in either the on demand or up to 1 month columns. Only the liabilities that the NZ Banking Group manages based on their contractual maturity are presented on a contractual undiscounted basis in the following table.

NZ BANKING GROUP							
31 Mar 24							
\$ millions	On Demand	Up to 1 Month	Over 1 Month and Up to 3 Months	Over 3 Months and Up to 1 Year	Over 1 Year and Up to 5 Years	Over 5 Years	Total
<b>Financial liabilities</b>							
Collateral received	-	498	-	-	-	-	498
Deposits and other borrowings	39,801	7,043	11,728	21,729	2,641	-	82,942
Other financial liabilities	367	1,418	847	1,206	3,540	3	7,381
Derivative financial instruments:							
Held for trading	2,701	-	-	-	-	-	2,701
Held for hedging purposes (net settled)	-	41	151	53	306	6	557
Held for hedging purposes (gross settled):							
Cash outflow	-	20	51	194	4,595	377	5,237
Cash inflow	-	-	-	(15)	(4,395)	(378)	(4,788)
Due to related entities:							
Non-derivative balances	1,889	-	-	-	30	-	1,919
Derivative financial instruments:							
Held for trading	2,684	-	-	-	-	-	2,684
Debt issues	-	321	1,731	4,345	15,612	378	22,387
Loan capital	-	-	19	58	314	3,618	4,009
<b>Total undiscounted financial liabilities</b>	<b>47,442</b>	<b>9,341</b>	<b>14,527</b>	<b>27,570</b>	<b>22,643</b>	<b>4,004</b>	<b>125,527</b>
<b>Total contingent liabilities and commitments</b>							
Letters of credit and guarantees	1,045	-	-	-	-	-	1,045
Commitments to extend credit	27,570	-	-	-	-	-	27,570
<b>Total undiscounted contingent liabilities and commitments</b>	<b>28,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,615</b>



# Registered bank disclosures

## Unaudited

### ii. Additional financial disclosures (continued)

#### Liquid assets

The following table shows the NZ Banking Group's qualifying liquid assets held for the purpose of managing liquidity risk. These assets are eligible for repurchase agreements with the Reserve Bank and are held in cash, government, local government and highly rated investment grade securities. The level of liquid asset holdings is reviewed frequently and is consistent with regulatory, balance sheet and market condition requirements.

<b>\$ millions</b>	<b>NZ BANKING GROUP 31 Mar 24</b>
Cash and balances with central banks	9,354
Supranational securities	2,224
NZ Government securities	2,620
NZ public securities	2,818
NZ corporate securities	1,778
<b>Total on-balance sheet liquid assets</b>	<b>18,794</b>

In addition, the NZ Banking Group has \$6,150 million (30 September 2023: \$6,161 million) of own originated loans that are self-securitised via Westpac New Zealand's internal residential mortgage-backed securitisation programme. The AAA rated internal residential mortgage-backed securities held are eligible for repurchase with the Reserve Bank under certain circumstances.

#### Overseas Banking Group profitability and size

Information on the Overseas Banking Group is from the most recently published financial statements of the Overseas Banking Group for the six months ended 31 March 2024.

<b>Profitability</b>	<b>31 Mar 24</b>
Net profit after tax for the six months ended 31 March 2024 (A\$ millions) <sup>1</sup>	3,342
Net profit after tax for the 12 month period to 31 March 2024 as a percentage of average total assets	0.6%

<sup>1</sup> Net profit after tax represents the amount before deductions for net profit attributable to non-controlling interests.

<b>Total assets and equity</b>	<b>31 Mar 24</b>
Total assets (A\$ millions)	1,052,661
Percentage change in total assets over the 12 months ended 31 March 2024	3.3%
Total equity (A\$ millions)	72,560

#### Reconciliation of mortgage-related amounts

The following table provides the NZ Banking Group's reconciliation between any amounts disclosed in this Disclosure Statement that relate to mortgages on residential property.

<b>\$ millions</b>	<b>NZ BANKING GROUP 31 Mar 24</b>
<b>Residential mortgages - total gross loans (as disclosed in Note 6)</b>	<b>67,378</b>
Reconciling items:	
Unamortised deferred fees and expenses	(440)
Fair value hedge adjustments	26
Exposure at default for undrawn commitments and other off-balance sheet exposures	9,357
<b>Residential mortgages by LVR (as disclosed in Additional mortgage information in Note iv. Credit and market risk exposures and capital adequacy)</b>	<b>76,321</b>

# Registered bank disclosures

## Unaudited

### iii. Asset quality

#### Past due assets

	NZ BANKING GROUP
\$ millions	31 Mar 24
<b>Past due but not individually impaired assets</b>	
Less than 30 days past due	1,706
At least 30 days but less than 60 days past due	277
At least 60 days but less than 90 days past due	158
At least 90 days past due	375
<b>Total past due but not individually impaired assets</b>	<b>2,516</b>

#### Movements in components of loss allowance

Refer to Note 7 for the movements in components of loss allowance.

#### Impact of changes in gross financial assets on loss allowances

Refer to Note 7 for the impacts of changes in gross financial assets on loss allowances. The following table further explains how changes in gross carrying amounts of loans during the period have contributed to changes in the provision for ECL on loans.

	NZ BANKING GROUP				
	31 Mar 24				
	Unaudited				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
\$ millions	CAP	CAP	CAP	IAP	Total
<b>Total gross carrying amount as at 30 September 2023</b>	<b>76,428</b>	<b>23,019</b>	<b>709</b>	<b>62</b>	<b>100,218</b>
Transfers:					
Transfers to Stage 1	4,384	(4,357)	(27)	-	-
Transfers to Stage 2	(5,113)	5,230	(117)	-	-
Transfers to Stage 3 CAP	(21)	(410)	438	(7)	-
Transfers to Stage 3 IAP	-	(40)	(57)	97	-
Net further lending/(repayment)	(1,221)	269	(25)	2	(975)
New financial assets originated	8,323	-	-	-	8,323
Financial assets derecognised during the period	(4,221)	(1,497)	(129)	(8)	(5,855)
Amounts written-off	-	-	(13)	-	(13)
<b>Total gross carrying amount as at 31 March 2024</b>	<b>78,559</b>	<b>22,214</b>	<b>779</b>	<b>146</b>	<b>101,698</b>
Provision for ECL as at 31 March 2024	(68)	(287)	(121)	(48)	(524)
<b>Total net carrying amount as at 31 March 2024</b>	<b>78,491</b>	<b>21,927</b>	<b>658</b>	<b>98</b>	<b>101,174</b>

#### Other asset quality information

	NZ BANKING GROUP
\$ millions	31 Mar 24
Undrawn commitments with individually impaired counterparties	5
Other assets under administration	-

# Registered bank disclosures

## Unaudited

### iii. Asset quality (continued)

#### Overseas Banking Group asset quality

Information on the Overseas Banking Group is from the most recently published financial results and Pillar 3 report of the Overseas Banking Group for the six months ended 31 March 2024.

	<b>31 Mar 24</b>
Total non-performing exposures <sup>1</sup> (A\$ millions)	<b>10,217</b>
Total non-performing exposures expressed as a percentage of total assets	<b>1.0%</b>
Total provision for ECL on non-performing exposures <sup>2</sup> (A\$ millions)	<b>1,696</b>
Total provision for ECL on non-performing exposures expressed as a percentage of total non-performing exposures	<b>16.6%</b>
Total collectively assessed provision for ECL <sup>2</sup> (A\$ millions)	<b>4,674</b>

<sup>1</sup> Non-financial assets have not been acquired through the enforcement of security.

<sup>2</sup> Total provision for ECL on non-performing exposures and total collectively assessed provision for ECL both include A\$1,235 million of provision for ECL that has been calculated collectively on groups of assets which have been determined to be non-performing, but which are not individually significant.

### iv. Credit and market risk exposures and capital adequacy

#### Additional mortgage information

##### Residential mortgages by LVR as at 31 March 2024

LVRs are calculated as the current exposure divided by the NZ Banking Group's valuation of the associated residential property at origination.

The NZ Banking Group utilises data from its loan system to obtain origination valuations. For loans originated prior to 1 January 2008, or those originated outside of the loan system, the origination valuation is not recorded in the system and is therefore, due to system limitations, not available for disclosure. For these loans, the NZ Banking Group utilises the earliest valuation recorded as the closest available alternative to estimate an origination valuation.

Exposures for which no LVR is available have been included in the 'Exceeds 90%' category in accordance with the requirements of the Order.

<b>NZ BANKING GROUP</b>						
<b>31 Mar 24</b>						
<b>LVR range (\$ millions)</b>	<b>Does not exceed 60%</b>	<b>Exceeds 60% and not 70%</b>	<b>Exceeds 70% and not 80%</b>	<b>Exceeds 80% and not 90%</b>	<b>Exceeds 90%</b>	<b>Total</b>
On-balance sheet exposures	<b>32,111</b>	<b>14,626</b>	<b>14,391</b>	<b>4,090</b>	<b>1,746</b>	<b>66,964</b>
Undrawn commitments and other off-balance sheet exposures	<b>7,426</b>	<b>1,024</b>	<b>632</b>	<b>107</b>	<b>168</b>	<b>9,357</b>
<b>Value of exposures</b>	<b>39,537</b>	<b>15,650</b>	<b>15,023</b>	<b>4,197</b>	<b>1,914</b>	<b>76,321</b>

# Registered bank disclosures

## Unaudited

### iv. Credit and market risk exposures and capital adequacy (continued)

#### Market risk

The NZ Banking Group's aggregate market risk exposure is derived in accordance with the Reserve Bank document BPR140 and is calculated on a six-monthly basis. The end-of-period aggregate market risk exposure is calculated from the period end balance sheet information.

For each category of market risk, the NZ Banking Group's peak end-of-day aggregate capital charge is derived in accordance with the scalar approach as referred to in BPR140. Under this approach, the end-of-period capital charge is scaled by the ratio of peak capital charge to end-of-period capital charge using the internal value-at-risk method.

The following table provides a summary of the NZ Banking Group's notional capital charges by risk type as at the reporting date and the peak end-of-day notional capital charges by risk type for the six months ended 31 March 2024:

<b>NZ BANKING GROUP</b>		
<b>31 Mar 24</b>		
<b>\$ millions</b>	<b>Implied risk-weighted exposure</b>	<b>Notional capital charge</b>
<b>End-of-period</b>		
Interest rate risk	<b>8,603</b>	<b>688</b>
Currency risk	<b>45</b>	<b>4</b>
Equity risk	-	-
<b>Peak end-of-day</b>		
Interest rate risk	<b>21,780</b>	<b>1,742</b>
Foreign currency risk	<b>51</b>	<b>4</b>
Equity risk	-	-

#### Overseas Bank and Overseas Banking Group capital adequacy

The following table represents the capital adequacy calculation for the Overseas Banking Group and Overseas Bank as at 31 March 2024 based on APRA's application of the Basel III capital adequacy framework.

<b>%</b>	<b>31 Mar 24</b>	<b>31 Mar 23</b>
<b>Overseas Banking Group (excluding entities specifically excluded by APRA regulations)<sup>1, 2</sup></b>		
Common Equity Tier 1 capital ratio	<b>12.5</b>	12.3
Additional Tier 1 capital ratio	<b>2.5</b>	2.2
Tier 1 capital ratio	<b>15.0</b>	14.5
Tier 2 capital ratio	<b>6.4</b>	5.3
Total regulatory capital ratio	<b>21.4</b>	19.8
<b>Overseas Bank (Extended Licensed Entity)<sup>1, 3</sup></b>		
Common Equity Tier 1 capital ratio	<b>12.8</b>	12.5
Additional Tier 1 capital ratio	<b>2.7</b>	2.4
Tier 1 capital ratio	<b>15.5</b>	14.9
Tier 2 capital ratio	<b>7.1</b>	5.8
<b>Total regulatory capital ratio</b>	<b>22.6</b>	20.7

<sup>1</sup> The capital ratios represent information mandated by APRA. The capital ratios of the Overseas Banking Group are publicly available in the Overseas Banking Group's Pillar 3 report. This information is made available to users via the Overseas Bank's website ([www.westpac.com.au](http://www.westpac.com.au)).

<sup>2</sup> Overseas Banking Group (excluding entities specifically excluded by APRA regulations) comprises the consolidation of the Overseas Bank and its subsidiary entities except those entities specifically excluded by APRA regulations for the purposes of measuring capital adequacy (Level 2). The head of the Level 2 group is the Overseas Bank.

<sup>3</sup> Overseas Bank (Extended Licensed Entity) comprises the Overseas Bank and its subsidiary entities that have been approved by APRA as being part of a single Extended Licensed Entity for the purposes of measuring capital adequacy (Level 1).

# Registered bank disclosures

## Unaudited

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### iv. Credit and market risk exposures and capital adequacy (continued)

Under APRA's Prudential Standards, Australian authorised deposit-taking institutions, including the Overseas Banking Group and the Overseas Bank are required to maintain minimum ratios of capital to risk weighted assets, as determined by APRA. The minimum capital ratios are at least equal to those specified under the Basel III capital framework. APRA has accredited the Overseas Banking Group and the Overseas Bank to apply advanced models permitted by the Basel III global capital adequacy regime to the measurement of its regulatory capital requirements. The Overseas Banking Group and the Overseas Bank uses the Advanced Internal Ratings-Based approach (Advanced IRB) for credit risk and the Standardised Measurement Approach (SMA) for operational risk.

APRA has set a Total Common Equity Tier 1 (CET1) Requirement for Domestic Systemically Important Banks (D-SIBs) of 10.25% (noting that APRA may apply higher CET1 requirements for an individual bank). This requirement includes a capital conservation buffer of 4.75% applicable to D-SIBs and a base level for the countercyclical capital buffer of 1.0% for Australian exposures which APRA may vary between 0% and 3.5%. The Overseas Bank Board has determined that the Overseas Banking Group will target a CET1 operating capital range of between 11.0% and 11.5%, in normal operating conditions.

APRA's Prudential Standards are generally consistent with the International Regulatory Framework for Banks, also known as Basel III, issued by the Basel Committee on Banking Supervision, except where APRA has exercised certain discretions. On balance, the application of these discretions acts to reduce capital ratios reported under APRA's Prudential Standards relative to the BCBS approach and to those reported in some other jurisdictions.

The Overseas Banking Group is required to disclose additional detailed information on its risk management practices and capital adequacy on a quarterly basis. This information is made available to users via the Overseas Banking Group's website ([www.westpac.com.au](http://www.westpac.com.au)).

The Overseas Banking Group (excluding entities specifically excluded by APRA regulations), and the Overseas Bank (Extended Licensed Entity as defined by APRA), exceeded the minimum capital adequacy requirements as specified by APRA as at 31 March 2024.

### v. Insurance business

The NZ Banking Group does not conduct any insurance business.

### vi. Risk management policies

Refer to Section vi. Risk management policies of the Registered bank disclosures, Note 13 Credit risk management and Note 31 Risk management, funding and liquidity risk and market risk included in the NZ Banking Group Disclosure Statement for the year ended 30 September 2023 for further details on the NZ Banking Group's risk management policies.

# Conditions of registration

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## Changes to conditions of registration

No changes to the Overseas Bank's conditions of registration have occurred between the reporting date for the previous disclosure statement and the reporting date for this disclosure statement.



## Independent auditor's review report

To the Directors of Westpac Banking Corporation

### Report on the condensed consolidated interim financial statements and the supplementary information (excluding credit and market risk exposures and capital adequacy information disclosed in accordance with Schedule 9)

#### Our conclusion

We have reviewed the condensed consolidated interim financial statements (the "Financial Statements") for the six month period ended 31 March 2024 of the Westpac Banking Corporation (the "Overseas Bank") in respect of the New Zealand operations (the "NZ Banking Group" as required by clause 26 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order") and the supplementary information disclosed in accordance with Schedules 5, 7, 12 and 14 of the Order (the "Supplementary Information"), excluding information relating to credit and market risk exposures and capital adequacy required to be disclosed in accordance with Schedule 9 of the Order contained in the half year disclosure statement (the "Disclosure Statement").

The Financial Statements comprise the balance sheet as at 31 March 2024, the related income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period then ended and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying:

- Financial Statements of the NZ Banking Group, have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34); and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 12 and 14 of the Order:
  - does not present fairly, in all material respects, the matters to which it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules.

#### Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the Financial Statements and the Supplementary Information* section of our report.

We are independent of the NZ Banking Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. In addition to our role as auditor, our firm carries out other services for the NZ Banking Group in the areas of greenhouse gas emissions assurance readiness assessments and other assurance and audit related services. Other assurance and audit related services include assurance over compliance with regulations and agreed upon procedures over the issue of comfort letters and debt issuance programmes. Our firm has also been engaged by the NZ Banking Group to provide audit and non-audit assurance services in respect of non-consolidated entities managed by the NZ Banking Group. In addition, certain partners and employees of our firm may deal with the NZ Banking Group on normal terms within the ordinary course of trading activities of the NZ Banking Group. The provision of these other services and relationships have not impaired our independence.



### **Responsibilities of the Directors for the Disclosure Statement**

The Directors of the Overseas Bank (the 'Directors') are responsible, on behalf of the Overseas Bank, for the preparation and fair presentation of the Financial Statements in accordance with clause 26 of the Order, NZ IAS 34 and IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the Financial Statements and the Supplementary Information that are free from material misstatement, whether due to fraud or error.

In addition, the Directors are responsible, on behalf of the Overseas Bank, for the preparation and fair presentation of the Disclosure Statement which includes:

- all of the information prescribed in Schedule 3 of the Order; and
- the information prescribed in Schedules 5, 7, 9, 12 and 14 of the Order.

### **Auditor's responsibilities for the review of the Financial Statements and the Supplementary Information**

Our responsibility is to express a conclusion on the Financial Statements and the Supplementary Information based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the:

- Financial Statements, taken as a whole, have not been prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34; and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 12 and 14 of the Order:
  - does not present fairly, in all material respects, the matters to which it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules; or
  - if applicable, has not been prepared, in all material respects, in accordance with any conditions of registration relating to disclosure requirements imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

A review in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the Financial Statements and the Supplementary Information.

### **Who we report to**

This report is made solely to the Directors, as a body. Our review work has been undertaken so that we might state to them those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors, as a body, for our review procedures, for this report, or for the conclusions we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Samuel Shuttleworth.

For and on behalf of:

Chartered Accountants  
13 May 2024

Auckland





## Independent assurance report

To the Directors of Westpac Banking Corporation

### Limited assurance report on compliance with the information required on credit and market risk exposures and capital adequacy

#### Our conclusion

We have undertaken a limited assurance engagement on the New Zealand operations of Westpac Banking Corporation (the “NZ Banking Group”)’s compliance, in all material respects, with clause 23 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the “Order”) which requires information prescribed in Schedule 9 of the Order relating to credit and market risk exposures and capital adequacy to be disclosed in its half year Disclosure Statement for the six month period ended 31 March 2024 (the “Disclosure Statement”). The Disclosure Statement containing the information prescribed in Schedule 9 of the Order relating to credit and market risk exposures and capital adequacy will accompany our report, for the purpose of reporting to the Directors.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NZ Banking Group’s information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 of the Order and disclosed in note iv of the registered bank disclosures, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

#### Basis for conclusion

We have conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised) *Compliance Engagements* (“SAE 3100 (Revised)”) issued by the New Zealand Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### Directors’ responsibilities

The Directors are responsible on behalf of Westpac Banking Corporation for compliance with the Order, including clause 23 of the Order which requires information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the NZ Banking Group’s Disclosure Statement, for the identification of risks that may threaten compliance with that clause, controls that would mitigate those risks and monitoring ongoing compliance.

#### Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the NZ Banking Group. In addition to our role as auditor, our firm carries out other services for the NZ Banking Group in the areas of greenhouse gas emissions assurance readiness assessments and other audit related services. Other audit related services include agreed upon procedures over the issue of comfort letters and debt issuance programmes. Our firm has also been engaged by the NZ Banking Group to provide audit and non-audit assurance services in respect of non-consolidated entities managed by the NZ Banking Group. In addition, certain partners and employees of our firm may deal with the NZ Banking Group on normal terms within the ordinary course of trading activities of the NZ Banking Group. The provision of these other services and relationships have not impaired our independence.



### **Assurance practitioner's responsibilities**

Our responsibility is to express a limited assurance conclusion on whether the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with clause 23 of the Order in respect of the information relating to credit and market risk exposures and capital adequacy is likely to arise.

Given the circumstances of the engagement we:

- obtained an understanding of the process, models, data and internal controls implemented over the preparation of the information relating to credit and market risk exposures and capital adequacy;
- obtained an understanding of the NZ Banking Group's compliance framework and internal control environment to ensure the information relating to credit and market risk exposures and capital adequacy is in compliance with the Reserve Bank of New Zealand's (the "RBNZ") prudential requirements for banks;
- obtained an understanding and assessed the impact of any matters of non-compliance with the RBNZ's prudential requirements for banks that relate to credit and market risk exposures and capital adequacy and inspected relevant correspondence with the RBNZ;
- performed analytical and other procedures on the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order, and considered its consistency with the condensed consolidated interim financial statements; and
- agreed the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order to information extracted from the NZ Banking Group's models, accounting records or other supporting documentation, which included publicly available information as prescribed by clauses 5 and 6 of Schedule 9 of the Order.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with the compliance requirements.

### **Inherent limitations**

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with the compliance requirements may occur and not be detected.

A limited assurance engagement on the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the Disclosure Statement in compliance with clause 23 of the Order does not provide assurance on whether compliance will continue in the future.



**Use of report**

This report has been prepared for use by the Directors, as a body, for the purpose of establishing that these compliance requirements have been met.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors, as a body, or for any purpose other than that for which it was prepared.

The engagement partner on the engagement resulting in this independent assurance report is Samuel Shuttleworth.

A handwritten signature in black ink that reads 'Samuel Shuttleworth'.

Chartered Accountants  
13 May 2024

Auckland

