
Westpac Banking Corporation - New Zealand Banking Group Disclosure Statement

For the nine months ended 30 June 2016



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General information and definitions

Certain information contained in this Disclosure Statement is required by section 81 of the Reserve Bank of New Zealand Act 1989 ('**Reserve Bank Act**') and the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 ('**Order**').

In this Disclosure Statement, reference is made to five main reporting groups:

- Westpac Banking Corporation (otherwise referred to as the '**Overseas Bank**') – refers to the worldwide business of Westpac Banking Corporation excluding its controlled entities;
- Westpac Banking Corporation Group (otherwise referred to as the '**Overseas Banking Group**') – refers to the total worldwide business of Westpac Banking Corporation including its controlled entities;
- Westpac Banking Corporation New Zealand Branch (otherwise referred to as the '**NZ Branch**') – refers to the New Zealand Branch of Westpac Banking Corporation (trading as Westpac);
- Westpac New Zealand Limited (otherwise referred to as '**Westpac New Zealand**') – refers to a locally incorporated subsidiary of the Overseas Bank (carrying on the Overseas Bank's New Zealand consumer, business and institutional banking operations); and
- Westpac Banking Corporation – New Zealand Banking Group (otherwise referred to as the '**NZ Banking Group**') – refers to the New Zealand operations of Westpac Banking Corporation Group including those entities whose business is required to be reported in the financial statements of the Overseas Banking Group's New Zealand business.

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. All amounts referred to in this Disclosure Statement are in New Zealand dollars unless otherwise stated.

Limits on material financial support by the ultimate parent bank

In late 2014, Australian Prudential Regulation Authority ('**APRA**') initiated a process to reduce Australian bank non-equity exposures to their respective New Zealand banking subsidiaries and branches, so that these non-equity exposures are minimised during ordinary times. On 19 November 2015, APRA informed the Overseas Bank that its Extended Licensed Entity ('**ELE**') non-equity exposures to New Zealand banking subsidiaries is to transition to be below a limit of five percent of the Overseas Bank's Level 1 Tier 1 capital.

The ELE consists of the Overseas Bank and its subsidiary entities that have been approved by APRA to be included in the ELE for the purposes of measuring capital adequacy.

APRA has allowed a period of five years commencing on 1 January 2016 to transition to be less than the five percent limit. Exposures for the purposes of this limit include all committed, non-intraday, non-equity exposures including derivatives and off-balance sheet exposures. Further, APRA imposed two conditions over the transition period – the percentage excess above the five percent limit as at 30 June 2015, is to reduce by at least one fifth by the end of each calendar year over the transition period, and the absolute amount of routine New Zealand non-equity exposure is not to increase from the 30 June 2015 level until the Overseas Bank is, and expects to remain, below the five percent limit. For the purposes of assessing this exposure, the five percent limit excludes equity investments and holdings of capital instruments in New Zealand banking subsidiaries.

While the limit and associated conditions do not apply to the ELE's non-equity exposures to the NZ Branch (which is within the ELE), the limit and associated conditions do apply to the NZ Branch's non-equity exposures to the rest of the NZ Banking Group other than Westpac New Zealand Group Limited. As at 30 June 2016, the ELE's non-equity exposures to New Zealand banking subsidiaries affected by the limit was approximately 6.8% of Level 1 Tier 1 capital of the Overseas Bank. Non-equity exposure would need to reduce by approximately \$0.8 billion from the 30 June 2016 position to comply with the 5% limit. The Overseas Bank expects to achieve compliance with the 5% limit within the transition period.

APRA has also confirmed the terms on which the Overseas Bank 'may provide contingent funding support to a New Zealand banking subsidiary during times of financial stress'. APRA has confirmed that, at this time, only covered bonds meet its criteria for contingent funding arrangements.

General matters

Directors

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

Lindsay Philip Maxsted, DipBus (Gordon), FCA, FAICD – Chairman

Brian Charles Hartzler, BA, CFA – Managing Director & Chief Executive Officer

Elizabeth Blomfield Bryan AM, BA (Econ.), MA (Econ.)

Ewen Graham Wolseley Crouch AM, BEc (Hons.), LLB, FAICD

Catrina Alison Deans, BA, MBA, GAICD

Craig William Dunn, BCom, FCA

Robert George Elstone, BA (Hons.), MA (Econ.), MCom

Peter John Oswin Hawkins, BCA (Hons.), SF Fin, FAIM, ACA (NZ), FAICD

Peter Ralph Marriott, BEc (Hons.), FCA

Changes to the Directorate

There have been no changes to the composition of the Overseas Bank's Board of Directors (the '**Board**') since 30 September 2015.

Chief Executive Officer, NZ Branch

Karen Lee Ann Silk, B.Com

Responsible person

All the Directors named above have authorised in writing David Alexander McLean, Chief Executive, Westpac New Zealand to sign this Disclosure Statement on the Directors' behalf in accordance with section 82 of the Reserve Bank Act.

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 this Disclosure Statement was signed:

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

On 7 July 2016, S&P Global Ratings ('**S&P**') affirmed the Overseas Bank's credit rating at AA-, however, as a result of S&P revising the outlook for the Australian sovereign rating to 'negative' from 'stable', the Overseas Bank's outlook was also revised to 'negative' from 'stable'. On 18 August 2016, Moody's Investors Service ('**Moody's**') affirmed the Overseas Bank's credit rating at Aa2, but revised the outlook to 'negative' from 'stable'. The revision in outlook follows Moody's revision of the Australian Macro Profile to 'Very Strong -' from 'Very Strong'. There have been no changes to the Overseas Bank's credit rating in the two years prior to 30 June 2016.

A credit rating is not a recommendation to buy, sell or hold securities of the Overseas Bank. Such ratings are subject to revision, qualification, suspension or withdrawal at any time by the assigning rating agency. Investors in the Overseas Bank's securities are cautioned to evaluate each rating independently of any other rating.

Disclosure statements of the Overseas Bank and the financial statements of the Overseas Bank and the Overseas Banking Group

Disclosure Statements of the Overseas Bank for the last five years are available, free of charge, at the internet address www.westpac.co.nz. A printed copy will also be made available, free of charge, upon request and will be dispatched by the end of the second working day after the day on which the request is made.

The most recently published financial statements of the Overseas Bank and the Overseas Banking Group are for the year ended 30 September 2015 and for the six months ended 31 March 2016, respectively, and can be accessed at the internet address www.westpac.com.au.

Guarantee arrangements

No material obligations of the Overseas Bank that relate to the NZ Branch are guaranteed as at the date this Disclosure Statement was signed.

Conditions of registration

There have been no changes to the conditions of registration imposed on the Overseas Bank in New Zealand since 31 March 2016.

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

Each Director of the Overseas Bank and the Chief Executive Officer, NZ Branch, believe, 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, believe, after due enquiry, that, over the nine months ended 30 June 2016:

- (a) the Overseas Bank has complied with all conditions of registration imposed on it pursuant to section 74 of the Reserve Bank Act; 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.

This Disclosure Statement has been signed on behalf of all of the Directors by David Alexander McLean, Chief Executive, Westpac New Zealand, and by Karen Lee Ann Silk, Chief Executive Officer, NZ Branch.



David Alexander McLean



Karen Lee Ann Silk

Dated this 25th day of August 2016

Income statement for the nine months ended 30 June 2016

\$ millions	Note	NZ Banking Group		
		Nine Months Ended 30-Jun-16 Unaudited	Nine Months Ended 30-Jun-15 Unaudited	Year Ended 30-Sep-15 Audited
Interest income		3,148	3,339	4,451
Interest expense		(1,820)	(2,017)	(2,670)
Net interest income		1,328	1,322	1,781
Non-interest income	2	425	439	590
Net operating income		1,753	1,761	2,371
Operating expenses		(716)	(680)	(943)
Impairment charges on loans	3	(12)	(45)	(47)
Profit before income tax expense		1,025	1,036	1,381
Income tax expense		(286)	(279)	(375)
Profit after income tax expense		739	757	1,006
Profit after income tax expense attributable to:				
Head office account and owners of the NZ Banking Group		739	755	1,003
Non-controlling interests		-	2	3
		739	757	1,006

The accompanying notes (numbered 1 to 19) form part of, and should be read in conjunction with, these financial statements.

Statement of comprehensive income for the nine months ended 30 June 2016

\$ millions	Note	NZ Banking Group		
		Nine Months Ended 30-Jun-16 Unaudited	Nine Months Ended 30-Jun-15 Unaudited	Year Ended 30-Sep-15 Audited
Profit after income tax expense		739	757	1,006
Other comprehensive expense which may be reclassified subsequently to the income statement:				
Available-for-sale securities:				
Net unrealised (losses)/gains from changes in fair value of available-for-sale securities		(15)	1	(8)
Transferred to the income statement	2	-	(19)	(19)
Income tax effect		4	5	8
Cash flow hedges:				
Net losses from changes in fair value of cash flow hedges		(104)	(149)	(217)
Transferred to the income statement		105	16	39
Income tax effect		-	37	50
Total other comprehensive expense which may be reclassified subsequently to the income statement		(10)	(109)	(147)
Other comprehensive expense which will not be reclassified subsequently to the income statement:				
Remeasurement of employee defined benefit obligations		(2)	(7)	(7)
Income tax effect		1	2	2
Total other comprehensive expense which will not be reclassified subsequently to the income statement		(1)	(5)	(5)
Total other comprehensive expense, net of tax		(11)	(114)	(152)
Total comprehensive income		728	643	854
Total comprehensive income attributable to:				
Head office account and owners of NZ Banking Group		728	641	851
Non-controlling interests		-	2	3
		728	643	854

The accompanying notes (numbered 1 to 19) form part of, and should be read in conjunction with, these financial statements.

Balance sheet as at 30 June 2016

\$ millions	Note	NZ Banking Group		
		30-Jun-16 Unaudited	30-Jun-15 Unaudited	30-Sep-15 Audited
Assets				
Cash and balances with central banks		1,851	1,958	939
Due from other financial institutions		625	234	168
Trading securities and other financial assets designated at fair value	4	3,715	3,979	4,215
Derivative financial instruments		5,134	5,335	5,459
Available-for-sale securities		3,777	3,385	3,421
Loans	5, 6	74,225	68,191	69,576
Life insurance assets		253	253	265
Due from related entities		1,244	3,225	3,451
Investment in associate		7	48	-
Property, plant and equipment		143	162	164
Current tax assets		56	64	-
Deferred tax assets		159	159	167
Goodwill and other intangible assets		649	693	658
Other assets		329	462	378
Total assets		92,167	88,148	88,861
Liabilities				
Due to other financial institutions		413	1,234	837
Deposits and other borrowings	8	57,324	53,305	52,986
Other financial liabilities at fair value through income statement	9	138	522	279
Derivative financial instruments		7,039	5,699	6,717
Debt issues	10	15,190	14,505	14,685
Current tax liabilities		-	-	25
Provisions		84	78	92
Other liabilities		578	711	775
Total liabilities excluding related entities liabilities		80,766	76,054	76,396
Due to related entities		3,501	5,314	4,288
Subordinated debentures		1,090	794	1,984
Total related entities liabilities		4,591	6,108	6,272
Total liabilities		85,357	82,162	82,668
Net assets		6,810	5,986	6,193
Equity				
Head office account				
Branch capital		1,300	1,300	1,300
Retained profits		595	502	524
Total head office account		1,895	1,802	1,824
NZ Banking Group equity				
Ordinary share capital		143	143	143
Retained profits		4,884	4,102	4,328
Available-for-sale securities reserve		5	22	16
Cash flow hedge reserve		(117)	(86)	(118)
Total equity attributable to owners of the NZ Banking Group		4,915	4,181	4,369
Non-controlling interests		-	3	-
Total equity		6,810	5,986	6,193
Interest earning and discount bearing assets		84,724	79,991	80,925
Interest and discount bearing liabilities		72,059	69,936	69,623

The accompanying notes (numbered 1 to 19) form part of, and should be read in conjunction with, these financial statements.

Statement of changes in equity for the nine months ended 30 June 2016

\$ millions	NZ Banking Group								
	NZ Branch		Other Members of the NZ Banking Group				Total Before Non- controlling Interests	Non- controlling Interests	Total Equity
	Head Office Account								
	Branch Capital	Retained Profits	Ordinary Share Capital	Retained Profits	Available- for-sale Securities Reserve	Cash Flow Hedge Reserve			
As at 1 October 2014 (Audited)	1,300	450	143	3,555	35	10	5,493	6	5,499
Nine months ended 30 June 2015 (Unaudited)									
Profit after income tax expense	-	52	-	703	-	-	755	2	757
Net gains/(losses) from changes in fair value	-	-	-	-	1	(149)	(148)	-	(148)
Income tax effect	-	-	-	-	-	41	41	-	41
Transferred to income statement	-	-	-	-	(19)	16	(3)	-	(3)
Income tax effect	-	-	-	-	5	(4)	1	-	1
Remeasurement of employee defined benefit obligations	-	-	-	(7)	-	-	(7)	-	(7)
Income tax effect	-	-	-	2	-	-	2	-	2
Total comprehensive income for the nine months ended 30 June 2015	-	52	-	698	(13)	(96)	641	2	643
Transactions with owners:									
Dividends paid on ordinary shares	-	-	-	(151)	-	-	(151)	(5)	(156)
As at 30 June 2015 (Unaudited)	1,300	502	143	4,102	22	(86)	5,983	3	5,986
Year ended 30 September 2015 (Audited)									
Profit after income tax expense	-	74	-	929	-	-	1,003	3	1,006
Net losses from changes in fair value	-	-	-	-	(8)	(217)	(225)	-	(225)
Income tax effect	-	-	-	-	3	61	64	-	64
Transferred to income statement	-	-	-	-	(19)	39	20	-	20
Income tax effect	-	-	-	-	5	(11)	(6)	-	(6)
Remeasurement of employee defined benefit obligations	-	-	-	(7)	-	-	(7)	-	(7)
Income tax effect	-	-	-	2	-	-	2	-	2
Total comprehensive income for the year ended 30 September 2015	-	74	-	924	(19)	(128)	851	3	854
Transactions with owners:									
Dividends paid on ordinary shares	-	-	-	(151)	-	-	(151)	(8)	(159)
Derecognition of non-controlling interest	-	-	-	-	-	-	-	(1)	(1)
As at 30 September 2015 (Audited)	1,300	524	143	4,328	16	(118)	6,193	-	6,193
Nine months ended 30 June 2016 (Unaudited)									
Profit after income tax expense	-	71	-	668	-	-	739	-	739
Net losses from changes in fair value	-	-	-	-	(15)	(104)	(119)	-	(119)
Income tax effect	-	-	-	-	4	29	33	-	33
Transferred to income statement	-	-	-	-	-	105	105	-	105
Income tax effect	-	-	-	-	-	(29)	(29)	-	(29)
Remeasurement of employee defined benefit obligations	-	-	-	(2)	-	-	(2)	-	(2)
Income tax effect	-	-	-	1	-	-	1	-	1
Total comprehensive income for the nine months ended 30 June 2016	-	71	-	667	(11)	1	728	-	728
Transactions with owners:									
Dividends paid on ordinary shares (refer to Note 11)	-	-	-	(111)	-	-	(111)	-	(111)
As at 30 June 2016 (Unaudited)	1,300	595	143	4,884	5	(117)	6,810	-	6,810

The accompanying notes (numbered 1 to 19) form part of, and should be read in conjunction with, these financial statements.

Statement of cash flows for the nine months ended 30 June 2016

\$ millions	NZ Banking Group		
	Nine Months Ended 30-Jun-16 Unaudited	Nine Months Ended 30-Jun-15 Unaudited	Year Ended 30-Sep-15 Audited
Cash flows from operating activities			
Interest income received	3,160	3,352	4,475
Interest expense paid	(1,820)	(1,872)	(2,647)
Non-interest income received	396	396	511
Operating expenses paid	(632)	(619)	(813)
Income tax paid	(359)	(369)	(369)
Cash flows from operating activities before changes in operating assets and liabilities	745	888	1,157
Net (increase)/decrease in:			
Due from other financial institutions	(518)	76	105
Trading securities and other financial assets designated at fair value	342	(469)	(537)
Loans	(4,667)	(3,134)	(4,489)
Due from related entities	2,116	(1,823)	(2,250)
Other assets	3	(2)	-
Net increase/(decrease) in:			
Due to other financial institutions	(424)	93	(304)
Deposits and other borrowings	4,338	2,698	2,375
Other financial liabilities at fair value through income statement	(141)	(550)	(793)
Other liabilities	6	4	(9)
Net movement in external and related entity derivative financial instruments	(1,462)	1,544	2,964
Net cash provided by/(used in) operating activities	338	(675)	(1,781)
Cash flows from investing activities			
Purchase of available-for-sale securities	(534)	(915)	(930)
Proceeds from maturities/sale of available-for-sale securities	200	506	506
Net movement in life insurance assets	12	44	32
Proceeds from disposal of subsidiary	-	-	7
Cash receipts from associate	-	-	48
Purchase of capitalised computer software	(39)	(26)	(39)
Proceeds from disposal of software	-	-	2
Purchase of property, plant and equipment	(7)	(11)	(24)
Net cash used in investing activities	(368)	(402)	(398)
Cash flows from financing activities			
Net proceeds from debt issues	6,968	5,789	7,775
Repayments of debt issues	(4,962)	(4,644)	(7,124)
Net movement in due to related entities	(252)	(162)	(743)
Settlement of promissory note	-	-	(48)
Proceeds from issuance of subordinated debentures	-	-	1,172
Redemption of subordinated debentures	(762)	-	-
Dividends paid to ordinary shareholders	(111)	(151)	(151)
Dividends paid on minority shareholders	-	(5)	(8)
Net cash provided by financing activities	881	827	873
Net increase/(decrease) in cash and cash equivalents	851	(250)	(1,306)
Cash and cash equivalents at beginning of the period/year	1,037	2,343	2,343
Cash and cash equivalents at end of the period/year	1,888	2,093	1,037
Cash and cash equivalents at end of the period/year comprise:			
Cash on hand	183	208	249
Cash and balances with central banks	1,668	1,750	690
Due from other financial institutions	37	135	98
Cash and cash equivalents at end of the period/year	1,888	2,093	1,037

The accompanying notes (numbered 1 to 19) form part of, and should be read in conjunction with, these financial statements

Notes to the financial statements

Note 1 Statement of accounting policies

Statutory base

In these financial statements reference is made to the following reporting entities:

- Westpac Banking Corporation (otherwise referred to as the '**Overseas Bank**') – refers to the worldwide business of Westpac Banking Corporation excluding its controlled entities;
- Westpac Banking Corporation Group (otherwise referred to as the '**Overseas Banking Group**') – refers to the total worldwide business of Westpac Banking Corporation including its controlled entities;
- Westpac Banking Corporation New Zealand Branch (otherwise referred to as the '**NZ Branch**') – refers to the New Zealand Branch of Westpac Banking Corporation (trading as Westpac);
- Westpac New Zealand Limited (otherwise referred to as '**Westpac New Zealand**') – refers to a locally incorporated subsidiary of the Overseas Bank (carrying on the Overseas Bank's New Zealand consumer, business and institutional banking operations); and
- Westpac Banking Corporation - New Zealand Banking Group (otherwise referred to as the '**NZ Banking Group**') – refers to the New Zealand operations of Westpac Banking Corporation Group including those entities whose business is required to be reported in the financial statements of the Overseas Banking Group's New Zealand business.

These consolidated financial statements have been prepared and presented in accordance with the Reserve Bank of New Zealand Act 1989 ('**Reserve Bank Act**') and the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 ('**Order**').

These financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, as appropriate for profit-oriented entities, and the New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* and should be read in conjunction with the Disclosure Statements for the year ended 30 September 2015 and for the periods ended 31 December 2015 and 31 March 2016. These financial statements comply with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

These financial statements were authorised for issue by the Overseas Bank's Board of Directors (the '**Board**') on 25 August 2016. The Board has the power to amend the financial statements after they are authorised for issue.

Basis of preparation

The financial statements are based on the general principles of historical cost accounting, as modified by applying fair value accounting to available-for-sale financial assets, financial assets and financial liabilities at fair value through income statement and all financial derivative contracts. The going concern concept and the accrual basis of accounting have been adopted. All amounts are expressed in New Zealand dollars unless otherwise stated.

The same accounting policies and methods of computation have been followed in preparing these financial statements as were used in preparing the financial statements for the year ended 30 September 2015.

Certain comparative information has been restated to ensure consistent treatment with the current reporting period. Where there has been a material restatement of comparative information the nature of, and the reason for, the restatement is disclosed in the relevant note.

Notes to the financial statements

Note 2 Non-interest income

\$ millions	NZ Banking Group		
	Nine Months Ended 30-Jun-16 Unaudited	Nine Months Ended 30-Jun-15 Unaudited	Year Ended 30-Sep-15 Audited
Fees and commissions			
Transaction fees and commissions	140	149	194
Lending fees	49	49	65
Other non-risk fee income	38	30	45
Total fees and commissions	227	228	304
Wealth management revenue			
Fees from trust and other fiduciary activities	32	29	38
Net life insurance income and change in policy liabilities	81	74	100
Total wealth management revenue	113	103	138
Trading income			
Foreign exchange trading	75	76	103
Other trading products	(7)	8	14
Total trading income	68	84	117
Net ineffectiveness on qualifying hedges	2	(6)	(4)
Other non-interest income			
Dividend income	-	2	2
Gain on sale of available-for-sale securities	-	19	19
Gain on disposal of a subsidiary	-	-	4
Share of profit of associate accounted for using equity method	9	-	-
Other	6	9	10
Total other non-interest income	15	30	35
Total non-interest income	425	439	590

Note 3 Impairment charges on loans

\$ millions	NZ Banking Group		
	Nine Months Ended 30-Jun-16 Unaudited	Nine Months Ended 30-Jun-15 Unaudited	Year Ended 30-Sep-15 Audited
Collectively assessed provisions	(24)	(20)	(23)
Individually assessed provisions	2	34	34
Bad debts written-off directly to the income statement	34	31	36
Total impairment charges on loans	12	45	47

Notes to the financial statements

Note 4 Trading securities and other financial assets designated at fair value

\$ millions	NZ Banking Group		
	30-Jun-16 Unaudited	30-Jun-15 Unaudited	30-Sep-15 Audited
Government and semi-government securities	1,093	1,512	1,813
Debt securities	2,325	2,080	2,124
Securities purchased under agreement to resell	297	387	278
Total trading securities and financial assets designated at fair value	3,715	3,979	4,215

Note 5 Loans

\$ millions	NZ Banking Group		
	30-Jun-16 Unaudited	30-Jun-15 Unaudited	30-Sep-15 Audited
Overdrafts	1,220	1,202	1,249
Credit card outstandings	1,535	1,593	1,537
Money market loans	1,456	1,272	1,386
Term loans:			
Housing	44,626	41,201	42,121
Non-housing	24,486	22,028	22,475
Other	1,303	1,331	1,223
Total gross loans	74,626	68,627	69,991
Provisions for impairment charges on loans	(401)	(436)	(415)
Total net loans	74,225	68,191	69,576

As at 30 June 2016, \$7,089 million of housing loans were used by the NZ Banking Group to secure the obligations of Westpac Securities NZ Limited ('WSNZL') under Westpac New Zealand's Global Covered Bond Programme ('CB Programme') (30 June 2015: \$5,124 million, 30 September 2015: \$4,821 million). These housing loans were not derecognised from the NZ Banking Group's balance sheet in accordance with the accounting policies outlined in Note 1 to the financial statements included in the Disclosure Statement for the year ended 30 September 2015. As at 30 June 2016, the New Zealand dollar equivalent of bonds issued by WSNZL under the CB Programme was \$3,524 million (30 June 2015: \$2,927 million, 30 September 2015: \$4,022 million).

Note 6 Credit quality, impaired assets and provisions for impairment charges on loans

\$ millions	NZ Banking Group
	30-Jun-16 Unaudited
Neither past due nor impaired	73,013
Past due and not impaired assets:	
Less than 90 days past due	1,251
At least 90 days past due	84
Total past due and not impaired assets	1,335
Individually impaired assets	278
Total gross loans	74,626
Individually assessed provisions	111
Collectively assessed provisions	323
Total provisions for impairment charges on loans and credit commitments	434
Provision for credit commitments	(33)
Total provisions for impairment charges on loans	401
Total net loans	74,225

Notes to the financial statements

Note 7 Financial assets pledged as collateral

In addition to assets supporting the CB Programme, the NZ Banking Group has provided collateral to secure liabilities as part of standard terms of transactions with other financial institutions. The carrying value of financial assets pledged as collateral to secure liabilities is:

\$ millions	NZ Banking Group		
	30-Jun-16 Unaudited	30-Jun-15 Unaudited	30-Sep-15 Audited
Cash	588	99	70
Securities pledged under repurchase agreement:			
Available-for-sale securities	-	165	-
Trading securities and other financial assets designated at fair value	6	99	220
Total amount pledged to secure liabilities (excluding CB Programme)	594	363	290

Note 8 Deposits and other borrowings

\$ millions	NZ Banking Group		
	30-Jun-16 Unaudited	30-Jun-15 Unaudited	30-Sep-15 Audited
Deposits and other borrowings at fair value			
Certificates of deposit	1,461	1,862	1,070
Total deposits and other borrowings at fair value	1,461	1,862	1,070
Deposits and other borrowings at amortised cost			
Non-interest bearing, repayable at call	4,637	3,890	4,032
Other interest bearing:			
At call	25,299	22,769	23,871
Term	25,927	24,784	24,013
Total deposits and other borrowings at amortised cost	55,863	51,443	51,916
Total deposits and other borrowings	57,324	53,305	52,986

The NZ Branch held no retail deposits from individuals as at 30 June 2016 (30 June 2015: nil, 30 September 2015: nil).

Note 9 Other financial liabilities at fair value through income statement

\$ millions	NZ Banking Group		
	30-Jun-16 Unaudited	30-Jun-15 Unaudited	30-Sep-15 Audited
Securities sold short	90	225	60
Securities sold under agreements to repurchase	48	297	219
Total other financial liabilities at fair value through income statement	138	522	279

Notes to the financial statements

Note 10 Debt issues

\$ millions	NZ Banking Group		
	30-Jun-16 Unaudited	30-Jun-15 Unaudited	30-Sep-15 Audited
Short-term debt			
Commercial paper	2,305	3,555	2,716
Total short-term debt	2,305	3,555	2,716
Long-term debt			
Non-domestic medium-term notes	5,793	5,100	5,024
Covered Bonds	3,524	2,927	4,022
Domestic medium-term notes	3,568	2,923	2,923
Total long-term debt	12,885	10,950	11,969
Total debt issues	15,190	14,505	14,685
Debt issues at amortised cost	12,885	10,950	11,969
Debt issues at fair value	2,305	3,555	2,716
Total debt issues	15,190	14,505	14,685
Movement in debt issues			
Balance at beginning of the period/year	14,685	12,592	12,592
Issuance during the period/year	6,968	5,789	7,775
Repayments during the period/year	(4,962)	(4,644)	(7,124)
Effect of foreign exchange movements during the period/year	(1,556)	793	1,464
Effect of fair value movements and amortisation adjustments during the period/year	55	(25)	(22)
Balance at end of the period/year	15,190	14,505	14,685

Note 11 Related entities

Westpac New Zealand Staff Superannuation Scheme Trustee Limited, a wholly owned subsidiary of Westpac NZ Operations Limited, was incorporated on 30 June 2016 to provide services as the trustee of the Westpac New Zealand Staff Superannuation Scheme. There were no other changes to the controlled entities of the NZ Banking Group as set out in Note 24 to the financial statements included in the NZ Banking Group's Disclosure Statement for the year ended 30 September 2015.

On 24 March 2016, \$111 million of dividends were declared and paid by the following entities:

- Westpac Group Investments-NZ-Limited declared and paid a dividend of \$34 million to Westpac Overseas Holdings Pty Limited and Westpac Custodian Nominees Pty Limited;
- BT Financial Group (NZ) Limited declared and paid a dividend of \$27 million to Westpac Equity Holdings Pty Ltd; and
- Westpac Financial Services Group-NZ-Limited declared and paid a dividend of \$50 million to Westpac Equity Holdings Pty Ltd.

On 31 March 2016, the NZ Banking Group repaid the US\$525 million of junior subordinated convertible debentures to the trustee of the Tavarua Funding Trust IV, a member of the Overseas Banking Group.

The total liabilities of the NZ Branch, net of amounts due to related entities as at 30 June 2016, amounted to \$6,916 million (30 June 2015: \$6,605 million, 30 September 2015: \$7,384 million).

Note 12 Fair value of financial instruments

Fair valuation control framework

The NZ Banking Group's control environment uses a fair valuation control framework where the fair value is either determined or validated by a function independent of the party that undertakes the transaction. This framework formalises the policies and procedures used by the NZ Banking Group 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.

The method of determining a fair value according to the fair valuation control framework differs depending on the information available.

Fair value hierarchy

The NZ Banking Group categorises all fair value instruments according to the following hierarchy:

- Level 1
Financial instruments valued using recent unadjusted quoted prices in active markets for identical assets or liabilities. An active market is one in which prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.
Valuation of Level 1 instruments requires little or no management judgment.
- Level 2
Valuation techniques utilising observable market prices applied to these assets or liabilities include the use of market standard discounting methodologies, option pricing models and other valuation techniques widely used and accepted by market participants.

Notes to the financial statements

Note 12 Fair value of financial instruments (continued)

Level 3

Financial instruments valued using at least one input that could have a significant effect on the instrument's valuation which is not based on observable market data ('**unobservable input**'). Unobservable inputs are those not readily available in an active market 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 historic transactions.

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

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

Financial instruments measured at fair value

The following table summarises the attribution of financial instruments measured at fair value to the fair value hierarchy based on the measurement basis after initial recognition:

\$ millions	NZ Banking Group			Total
	Level 1	Level 2	Level 3 ¹	
30-Jun-16 Unaudited				
Financial assets				
Trading securities and other financial assets designated at fair value	366	3,292	57	3,715
Derivative financial instruments	3	5,126	5	5,134
Available-for-sale securities	1,617	2,160	-	3,777
Life insurance assets	-	253	-	253
Due from related entities	-	939	-	939
Total financial assets carried at fair value	1,986	11,770	62	13,818
Financial liabilities				
Deposits and other borrowings at fair value	-	1,461	-	1,461
Other financial liabilities at fair value through income statement	90	48	-	138
Derivative financial instruments	-	7,039	-	7,039
Debt issues at fair value	-	2,305	-	2,305
Due to related entities	-	878	-	878
Total financial liabilities carried at fair value	90	11,731	-	11,821

\$ millions	NZ Banking Group			Total
	Level 1	Level 2	Level 3 ¹	
30-Jun-15 Unaudited				
Financial assets				
Trading securities and other financial assets designated at fair value	161	3,774	44	3,979
Derivative financial instruments	1	5,331	3	5,335
Available-for-sale securities	1,613	1,772	-	3,385
Life insurance assets	27	226	-	253
Due from related entities	-	1,236	-	1,236
Total financial assets carried at fair value	1,802	12,339	47	14,188
Financial liabilities				
Deposits and other borrowings at fair value	-	1,862	-	1,862
Other financial liabilities at fair value through income statement	179	343	-	522
Derivative financial instruments	2	5,694	3	5,699
Debt issues at fair value	-	3,555	-	3,555
Due to related entities	-	1,724	-	1,724
Total financial liabilities carried at fair value	181	13,178	3	13,362

¹ Balances within this category of the fair value hierarchy are not considered material to the total trading securities and other financial assets designated at fair value or total derivative financial instruments.

Notes to the financial statements

Note 12 Fair value of financial instruments (continued)

\$ millions	NZ Banking Group 30-Sep-15 Audited			Total
	Level 1	Level 2	Level 3 ¹	
Financial assets				
Trading securities and other financial assets designated at fair value	161	4,010	44	4,215
Derivative financial instruments	7	5,448	4	5,459
Available-for-sale securities	1,619	1,802	-	3,421
Life insurance assets	21	244	-	265
Due from related entities	-	1,030	-	1,030
Total financial assets carried at fair value	1,808	12,534	48	14,390
Financial liabilities				
Deposits and other borrowings at fair value	-	1,070	-	1,070
Other financial liabilities at fair value through income statement	41	238	-	279
Derivative financial instruments	4	6,708	5	6,717
Debt issues at fair value	-	2,716	-	2,716
Due to related entities	-	1,358	-	1,358
Total financial liabilities carried at fair value	45	12,090	5	12,140

¹ Balances within this category of the fair value hierarchy are not considered material to the total trading securities and other financial assets designated at fair value or total derivative financial instruments.

There were no material amounts of changes in fair value estimated using a valuation technique incorporating significant non-observable inputs, that were recognised in either the income statement or the statement of comprehensive income of the NZ Banking Group during the nine months ended 30 June 2016 (30 June 2015: no material changes in fair value, 30 September 2015: no material changes in fair value).

Analysis of movements between fair value hierarchy levels

During the period, there were no material transfers between levels of the fair value hierarchy (30 June 2015: nil, 30 September 2015: nil).

Financial instruments not measured at fair value

The following information summarises the carrying amounts and the estimated fair values of the NZ Banking Group's financial instruments not measured at fair value:

\$ millions	NZ Banking Group					
	30-Jun-16 Unaudited		30-Jun-15 Unaudited		30-Sep-15 Audited	
	Total Carrying Amount	Estimated Fair Value	Total Carrying Amount	Estimated Fair Value	Total Carrying Amount	Estimated Fair Value
Financial assets						
Loans	74,225	74,519	68,191	68,367	69,576	69,757
Total	74,225	74,519	68,191	68,367	69,576	69,757
Financial liabilities						
Deposits and other borrowings	55,863	55,931	51,443	51,519	51,916	52,012
Debt issues	12,885	13,018	10,950	11,059	11,969	12,038
Due to related entities	2,623	2,632	3,590	3,590	2,930	2,944
Subordinated debentures	1,090	1,066	794	787	1,984	1,977
Total	72,461	72,647	66,777	66,955	68,799	68,971

For cash and balances with central banks, due from and due to other financial institutions and non-derivative balances due from related entities which are carried at amortised cost and other types of short-term financial instruments recognised in the balance sheet under 'other assets' and 'other liabilities', the carrying amount is equivalent to fair value. These items are either short-term in nature or repriced frequently, and are of a high credit rating.

A description of how fair value is derived for financial instruments not measured at fair value is disclosed in Note 26 of the NZ Banking Group's financial statements for the year ended 30 September 2015.

Notes to the financial statements

Note 13 Contingent liabilities, contingent assets and credit commitments

\$ millions	NZ Banking Group		
	30-Jun-16 Unaudited	30-Jun-15 Unaudited	30-Sep-15 Audited
Commitments for capital expenditure			
Due within one year	8	3	5
Lease commitments (all leases are classified as operating leases)			
Premises and sites	208	240	233
Motor vehicles	3	6	5
Total lease commitments	211	246	238
Lease commitments are due as follows:			
One year or less	55	60	58
Between one and five years	139	147	146
Over five years	17	39	34
Total lease commitments	211	246	238
Credit risk-related instruments			
Standby letters of credit and financial guarantees	380	434	447
Trade letters of credit	313	230	224
Non-financial guarantees	587	607	561
Commitments to extend credit	24,588	23,714	23,834
Other commitments	-	122	220
Total credit risk-related instruments	25,868	25,107	25,286

In March 2013, litigation funder, Litigation Lending Services (NZ) Limited, announced potential representative actions against five New Zealand banks in relation to certain fees. Westpac New Zealand is the defendant in proceedings filed on 20 August 2014 by the plaintiff group. Proceedings have also been filed against three other banks. At this stage the impact of the proceedings against Westpac New Zealand cannot be determined with any certainty.

The NZ Banking Group has other contingent liabilities in respect of actual and potential claims and proceedings. An assessment of the NZ Banking Group's likely loss in respect of these matters has been made on a case-by-case basis and provision has been made in these financial statements, where appropriate.

Additional information relating to any provision or contingent liability has not been provided where disclosure of such information might be expected to seriously prejudice the position of the NZ Banking Group.

Note 14 Segment information

The NZ Banking Group operates predominantly in the consumer banking and wealth, commercial, corporate and institutional banking, and investments and insurance sectors within New Zealand. On this basis, no geographical segment information 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.

Comparative information for the nine months ended 30 June 2015 has been restated following a change to the NZ Banking Group's operating segments in the last quarter of the year ended 30 September 2015 as a result of an internal re-organisation of the business. In the current reporting period, a further change has been made to allocate head office operating expenses and net internal interest expense to the NZ Banking Group's operating segments. Comparative information 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;
- Commercial, Corporate and Institutional Banking provides a broad range of financial services for commercial, corporate, agricultural, institutional, government and small to medium sized enterprise customers, and the supply of derivatives and risk management products to the entire Westpac customer base in New Zealand; and
- Investments and Insurance provides funds management and insurance services.

Reconciling items primarily represent:

- business units that do not meet the definition of operating segments under New Zealand equivalents to International Financial Reporting Standards 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 14 Segment information (continued)

\$ millions	NZ Banking Group				Total
	Consumer Banking and Wealth	Commercial, Corporate and Institutional	Investments and Insurance	Reconciling Items	
Nine months ended 30 June 2016 (Unaudited)					
Net interest income	745	558	(4)	29	1,328
Non-interest income	145	168	96	16	425
Net operating income	890	726	92	45	1,753
Net operating income from external customers	1,212	1,053	97	(609)	1,753
Net internal interest expense	(322)	(327)	(5)	654	-
Net operating income	890	726	92	45	1,753
Operating expenses	(502)	(185)	(24)	(5)	(716)
Impairment (charges)/recoveries on loans	(25)	13	-	-	(12)
Profit before income tax expense	363	554	68	40	1,025
Total gross loans	40,792	33,804	-	30	74,626
Total deposits	32,488	23,373	-	1,463	57,324
Nine months ended 30 June 2015 (Unaudited)					
Net interest income	728	525	(6)	75	1,322
Non-interest income	147	197	90	5	439
Net operating income	875	722	84	80	1,761
Net operating income from external customers	1,150	1,047	90	(526)	1,761
Net internal interest expense	(275)	(325)	(6)	606	-
Net operating income	875	722	84	80	1,761
Operating expenses	(470)	(176)	(22)	(12)	(680)
Impairment (charges)/recoveries on loans	(28)	(23)	-	6	(45)
Profit before income tax expense	377	523	62	74	1,036
Total gross loans	37,495	31,089	-	43	68,627
Total deposits	30,441	21,002	-	1,862	53,305
Year ended 30 September 2015 (Audited)					
Net interest income	975	704	(8)	110	1,781
Non-interest income	195	267	120	8	590
Net operating income	1,170	971	112	118	2,371
Net operating income from external customers	1,541	1,413	120	(703)	2,371
Net internal interest expense	(371)	(442)	(8)	821	-
Net operating income	1,170	971	112	118	2,371
Operating expenses	(627)	(234)	(30)	(52)	(943)
Impairment (charges)/recoveries on loans	(27)	(21)	-	1	(47)
Profit before income tax expense	516	716	82	67	1,381
Total gross loans	38,225	31,746	-	20	69,991
Total deposits	31,152	20,764	-	1,070	52,986

Note 15 Insurance business

The following table presents the aggregate amount of the NZ Banking Group's insurance business conducted through one of its controlled entities, Westpac Life-NZ- Limited calculated in accordance with the Overseas Bank's conditions of registration as at the reporting date:

\$ millions	30-Jun-16 Unaudited
Total assets of life insurance business	174
As a percentage of total assets of the NZ Banking Group	0.19%

Notes to the financial statements

Note 16 Risk management

16.1 Credit risk

The NZ Banking Group's residential mortgages by loan-to-value ratio ('LVR') as at 30 June 2016

In order to calculate origination LVR, the current exposure is that used in the internal ratings based approach for mortgage lending. For loans originated from 1 January 2008, the NZ Banking Group utilises its loan origination system.

For loans originated prior to 1 January 2008, the origination LVR is not separately recorded, and therefore, is not available for disclosure. For these loans, the NZ Banking Group utilises its dynamic LVR process to calculate an origination LVR. Exposures for which no LVR is available have been included in the 'Exceeds 90%' category in accordance with the requirements of the Order.

LVR range (\$ millions)	NZ Banking Group 30-Jun-16 Unaudited			Total
	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	
On-balance sheet exposures	37,246	5,185	1,905	44,336
Undrawn commitments and other off-balance sheet exposures	8,174	447	153	8,774
Value of exposures	45,420	5,632	2,058	53,110

16.2 Market risk

The following table provides a summary of the NZ Banking Group's notional capital charges by risk type as at the reporting date.

\$ millions	NZ Banking Group 30-Jun-16 Unaudited	
	Implied risk-weighted exposure	Notional capital charge
End-of-period		
Interest rate risk	3,313	265
Foreign currency risk	13	1
Equity risk	-	-

16.3 Liquidity risk

Liquid assets

The table below shows the NZ Banking Group's holding of liquid assets and represents the key liquidity information provided to management. Liquid assets include high quality assets readily convertible to cash to meet the NZ Banking Group's liquidity requirements. In management's opinion, liquidity is sufficient to meet the NZ Banking Group's present requirements.

\$ millions	NZ Banking Group 30-Jun-16 Unaudited
Cash and balances with central banks	1,849
Due from other financial institutions	36
Supranational securities	1,408
NZ Government securities	2,289
NZ public securities	1,299
NZ corporate securities	2,135
Residential mortgage-backed securities	3,992
Total liquid assets	13,008

Notes to the financial statements

Note 17 Concentration of credit exposures to individual counterparties

The following credit exposures are based on actual credit exposures to individual counterparties and groups of closely related counterparties.

The number of individual bank counterparties (which are not members of a group of closely related counterparties), and groups of closely related counterparties of which a bank is the parent, to which the NZ Banking Group has an aggregate credit exposure or peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Overseas Banking Group's equity:

- as at 30 June 2016 was nil; and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 30 June 2016 was nil.

The number of individual non-bank counterparties (which are not members of a group of closely related counterparties), and groups of closely related counterparties of which a bank is not the parent, to which the NZ Banking Group has an aggregate credit exposure or peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Overseas Banking Group's equity:

- as at 30 June 2016 was nil; and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 30 June 2016 was nil.

The peak end-of-day aggregate credit exposures to each individual counterparty or a group of closely related counterparties have been calculated by determining the maximum end-of-day aggregate amount of actual credit exposure over the relevant three-month period and then dividing that amount by the Overseas Banking Group's equity as at 30 June 2016.

Credit exposures to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties exclude exposures to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any bank with a long-term credit rating of A- or A3 or above, or its equivalent. These calculations relate only to exposures held in the financial records of the NZ Banking Group (excluding exposures booked outside New Zealand) and were calculated net of individually assessed provisions.

Note 18 Overseas Bank and Overseas Banking Group capital adequacy

The table below represents the capital adequacy calculation for the Overseas Banking Group and Overseas Bank based on the Australian Prudential Regulation Authority's ('APRA') application of the Basel III capital adequacy framework.

%	30-Jun-16 Unaudited	30-Jun-15 Unaudited
Overseas Banking Group (excluding entities specifically excluded by APRA regulations) ^{1,2}		
Common Equity Tier 1 Capital ratio	10.1	9.0
Additional Tier 1 Capital ratio	1.8	1.5
Tier 1 Capital ratio	11.9	10.5
Tier 2 Capital ratio	2.1	1.9
Total Regulatory Capital ratio	14.0	12.4
Overseas Bank (Extended Licensed Entity) ^{1,3}		
Common Equity Tier 1 Capital ratio	10.3	9.1
Additional Tier 1 Capital ratio	2.0	1.7
Tier 1 Capital ratio	12.3	10.8
Tier 2 Capital ratio	2.4	2.1
Total Regulatory Capital ratio	14.7	12.9

¹ The capital ratios represent information mandated by APRA. The capital ratios of the Westpac Group (including defined terms) 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).

² 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.

³ 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).

The Overseas Banking Group is accredited by APRA to apply the Advanced Internal Ratings Based ('Advanced IRB') approach for credit risk, the Advanced Measurement Approach ('AMA') for operational risk and the internal model approach for interest rate risk in the banking book for calculating regulatory capital (known as 'Advanced Accreditation') and is required by APRA to hold minimum capital at least equal to that specified under the Advanced IRB and AMA methodologies. Under New Zealand regulations this methodology is referred to as the Basel III (internal models based) approach. With this accreditation, 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 Bank's website (www.westpac.com.au). The aim is to allow the market to better assess the Overseas Banking Group's risk and reward assessment process and hence increase the scrutiny of this process.

The Overseas Banking Group, and the Overseas Bank (Extended Licensed Entity as defined by APRA), exceeded the minimum capital adequacy requirements as specified by APRA as at 30 June 2016. APRA specifies a minimum prudential capital ratio for the Overseas Banking Group, which is not made publicly available.

Notes to the financial statements

Note 19 Other information on the Overseas Banking Group

Other 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 2016.

Profitability	31-Mar-16 Unaudited
Net profit after tax for the six months ended 31 March 2016 (A\$ millions)	3,710
Net profit after tax (for the 12 month period to 31 March 2016) as a percentage of average total assets	1.0%

Total assets and equity	31-Mar-16 Unaudited
Total assets (A\$ millions)	831,760
Percentage change in total assets over the 12 months ended 31 March 2016	4.5%
Total equity (A\$ millions)	57,981

Asset quality	31-Mar-16 Unaudited
Total individually impaired assets ^{1, 2} (A\$ millions)	2,487
Total individually impaired assets as a percentage of total assets	0.3%
Total individual credit impairment allowance ³ (A\$ millions)	1,185
Total individual credit impairment allowance as a percentage of total individually impaired assets	47.6%
Total collective credit impairment allowance ³ (A\$ millions)	2,717

¹ Total individually impaired assets are before allowances for credit impairment loss and net of interest held in suspense. Total individually impaired assets includes A\$656 million of assets which are determined to be impaired, but which are not individually significant, and therefore have been grouped into pools of assets for the purpose of collectively calculating an impairment provision.

² Non-financial assets have not been acquired through the enforcement of security.

³ Total individual credit impairment allowance and total collective credit impairment allowance both include A\$233 million of credit impairment allowance that has been calculated collectively on groups of assets which have been determined to be impaired, but which are not individually significant.

