

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED  
- ANZBGL NEW ZEALAND  
REGISTERED BANK DISCLOSURE STATEMENT**

FOR THE SIX MONTHS ENDED 31 MARCH 2023



## CONTENTS

---

Glossary of terms	2
<b>DISCLOSURE STATEMENT</b>	
Interim Financial Statements	3
Condensed consolidated interim financial statements	4
Notes to the interim financial statements	8
Limited Assurance Report on the Interim Financial Statements	21
Registered Bank Disclosures	22
Directors' and New Zealand Chief Executive Officer's Statement	32
Limited Assurance Reports on the Registered Bank Disclosures	33

## GLOSSARY OF TERMS

---

In this Registered Bank Disclosure Statement (Disclosure Statement) unless the context otherwise requires:

**Bank** means ANZ Bank New Zealand Limited.

**Banking Group** means the Bank and all its controlled entities.

**Immediate Parent Company** means ANZ Funds Pty Limited, which is the immediate parent company of ANZ Holdings (New Zealand) Limited.

**Ultimate Non-Bank Holding Company** means ANZ Group Holdings Limited.

**Ultimate Parent Bank** means Australia and New Zealand Banking Group Limited.

**Overseas Banking Group** means the worldwide operations of the Ultimate Parent Bank including its controlled entities.

**New Zealand business** means all business, operations, or undertakings conducted in or from New Zealand identified and treated as if it were conducted by a company formed and registered in New Zealand.

**NZ Branch** means the New Zealand business of the Ultimate Parent Bank.

**ANZBGL New Zealand, We or Our** means the New Zealand business of the Overseas Banking Group.

**Registered Office** is Level 10, 171 Featherston Street, Wellington, New Zealand, which is also the NZ Branch's address for service.

**RBNZ** means the Reserve Bank of New Zealand.

**APRA** means the Australian Prudential Regulation Authority.

**the Order** means the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014.

Any term or expression which is defined in, or in the manner prescribed by, the Order shall have the meaning given in or prescribed by the Order.

# INTERIM FINANCIAL STATEMENTS

---

## Condensed consolidated interim financial statements

Income statement	4
Statement of comprehensive income	4
Balance sheet	5
Cash flow statement	6
Statement of changes in equity	7

---

## Notes to the condensed consolidated interim financial statements

### Basis of preparation

1. About our interim financial statements	8
---	---

### Financial performance

2. Other operating income	9
3. Segment reporting	10

### Financial and non-financial assets

4. Net loans and advances	11
5. Allowance for expected credit losses	12

### Financial and non-financial liabilities

6. Deposits and other borrowings	16
7. Debt issuances	16

### Financial instrument disclosures

8. Credit risk	17
9. Fair value of financial assets and financial liabilities	19

### Other disclosures

10. Commitments and contingent liabilities	20
--	----

## INTERIM FINANCIAL STATEMENTS

### INCOME STATEMENT

For the six months ended 31 March	Note	2023 NZ\$m	2022 NZ\$m
Interest income		4,675	2,458
Interest expense		(2,548)	(697)
Net interest income		2,127	1,761
Other operating income	2	225	563
Operating income		2,352	2,324
Operating expenses		(811)	(826)
Profit before credit impairment and income tax		1,541	1,498
Credit impairment release / (charge)	5	(121)	20
<b>Profit before income tax</b>		<b>1,420</b>	<b>1,518</b>
Income tax expense		(398)	(422)
<b>Profit for the period</b>		<b>1,022</b>	<b>1,096</b>
Comprising:			
Profit attributable to shareholders of the Ultimate Parent Bank		1,008	1,096
Profit attributable to non-controlling interests		14	-

### STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 March	2023 NZ\$m	2022 NZ\$m
<b>Profit for the period</b>	<b>1,022</b>	<b>1,096</b>
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	3
Items that may be reclassified subsequently to profit or loss		
Reserve movements:		
Unrealised losses recognised directly in equity	(28)	(58)
Realised gains transferred to the income statement	(12)	(29)
<b>Income tax attributable to the above items</b>	<b>11</b>	<b>23</b>
<b>Other comprehensive income after tax</b>	<b>(29)</b>	<b>(61)</b>
<b>Total comprehensive income for the period</b>	<b>993</b>	<b>1,035</b>
Comprising total comprehensive income attributable to:		
Shareholders of the Ultimate Parent Bank	979	1,035
Non-controlling interests	14	-

## BALANCE SHEET

As at	Note	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m
<b>Assets</b>			
Cash and cash equivalents		12,657	12,575
Settlement balances receivable		516	785
Collateral paid		576	1,672
Trading securities		5,657	7,228
Derivative financial instruments		6,339	15,478
Investment securities		11,211	11,357
Net loans and advances	4	147,423	147,373
Investments in associates		-	4
Current tax assets		9	-
Deferred tax assets		354	363
Goodwill and other intangible assets		3,096	3,099
Premises and equipment		423	450
Other assets		991	1,055
<b>Total assets</b>		<b>189,252</b>	<b>201,439</b>
<b>Liabilities</b>			
Settlement balances payable		3,375	4,887
Collateral received		1,056	1,962
Deposits and other borrowings	6	142,120	142,482
Derivative financial instruments		6,271	13,571
Current tax liabilities		-	315
Payables and other liabilities		1,935	1,367
Employee entitlements		122	128
Other provisions		209	222
Debt issuances	7	18,033	20,483
<b>Total liabilities (excluding head office account)</b>		<b>173,121</b>	<b>185,417</b>
<b>Net assets (excluding head office account)</b>		<b>16,131</b>	<b>16,022</b>
<b>Equity</b>			
Share capital and initial head office account		11,055	11,055
Reserves		19	48
Retained earnings		4,507	4,369
<b>Equity attributable to shareholders of the Ultimate Parent Bank</b>		<b>15,581</b>	<b>15,472</b>
Non-controlling interests		550	550
<b>Total equity &amp; head office account</b>		<b>16,131</b>	<b>16,022</b>

# INTERIM FINANCIAL STATEMENTS

## CASH FLOW STATEMENT

	2023 NZ\$m	2022 NZ\$m
<b>For the six months ended 31 March</b>		
<b>Profit after income tax</b>	1,022	1,096
Adjustments to reconcile to net cash flows from operating activities:		
Depreciation and amortisation	60	63
Loss on sale and impairment of premises and equipment	1	1
Net derivatives/foreign exchange adjustment	742	(103)
Other non-cash movements	(134)	(8)
<i>Net (increase)/decrease in operating assets:</i>		
Collateral paid	1,096	(75)
Trading securities	1,571	1,767
Net loans and advances	(50)	(5,323)
Other assets	333	(676)
<i>Net increase/(decrease) in operating liabilities:</i>		
Deposits and other borrowings (excluding items included in financing activities)	(1,228)	5,060
Settlement balances payable	(1,512)	1,888
Collateral received	(906)	332
Other liabilities	256	(409)
<b>Total adjustments</b>	229	2,517
<b>Net cash flows from operating activities<sup>1</sup></b>	1,251	3,613
<b>Cash flows from investing activities</b>		
Investment securities:		
Purchases <sup>2</sup>	(2,822)	(2,241)
Proceeds from sale or maturity <sup>2</sup>	3,348	3,551
Other assets	(30)	(58)
<b>Net cash flows from investing activities</b>	496	1,252
<b>Cash flows from financing activities</b>		
Deposits and other borrowings (excluding borrowings from Immediate Parent and Ultimate Parent Bank) <sup>3</sup>	1,000	500
Debt issuances: <sup>4</sup>		
Issue proceeds	500	2,680
Redemptions	(2,203)	(3,753)
Borrowings from Immediate Parent and Ultimate Parent Bank: <sup>5</sup>		
Change in short term borrowings	(55)	(56)
Repayment of lease liabilities	(23)	(22)
Dividends paid	(884)	(880)
<b>Net cash flows from financing activities</b>	(1,665)	(1,531)
Net change in cash and cash equivalents	82	3,334
Cash and cash equivalents at beginning of period	12,575	7,844
<b>Cash and cash equivalents at end of period</b>	12,657	11,178

1 Net cash provided by operating activities includes income taxes paid of NZ\$702 million (2022: NZ\$542 million).

2 Comparative amounts for purchases and proceeds were previously grossed up by NZ\$3,328 million, and have been updated accordingly.

3 Movement in deposits and other borrowings includes repurchase transactions entered into with the RBNZ under the Funding for Lending Programme of NZ\$1,000 million (2022: NZ\$500 million).

4 Movement in debt issuances (Note 7 Debt issuances) also includes a NZ\$975 million decrease (2022: NZ\$670 million decrease) from the effect of foreign exchange rates, a NZ\$226 million increase (2022: NZ\$643 million decrease) from changes in fair value hedging instruments and a NZ\$2 million increase (2022: NZ\$17 million increase) from other changes.

5 Movement in borrowings from Immediate Parent and Ultimate Parent Bank (Note 6 Deposit and other borrowings) also includes a NZ\$103 million decrease (2022: NZ\$9 million decrease) from the effect of foreign exchange rates and a NZ\$24 million increase (2022: NZ\$61 million decrease) from changes in fair value hedging instruments.

## STATEMENT OF CHANGES IN EQUITY

	Share capital and initial head office account NZ\$m	Reserves NZ\$m	Retained earnings NZ\$m	Equity attributable to shareholders of the Ultimate Parent Bank NZ\$m	Non- controlling interests NZ\$m	Total shareholders' equity NZ\$m
<b>As at 1 October 2021</b>	11,055	70	3,951	15,076	-	15,076
Profit for the period	-	-	1,096	1,096	-	1,096
Other comprehensive income for the period	-	(63)	2	(61)	-	(61)
<b>Total comprehensive income for the period</b>	-	(63)	1,098	1,035	-	1,035
<b>Transactions with equity holders in their capacity as equity owners:</b>						
Ordinary dividend paid	-	-	(880)	(880)	-	(880)
<b>As at 31 March 2022</b>	11,055	7	4,169	15,231	-	15,231
<b>As at 1 October 2022</b>	11,055	48	4,369	15,472	550	16,022
Profit for the period	-	-	1,008	1,008	14	1,022
Other comprehensive income for the period	-	(29)	-	(29)	-	(29)
<b>Total comprehensive income for the period</b>	-	(29)	1,008	979	14	993
<b>Transactions with equity holders in their capacity as equity owners:</b>						
Ordinary dividend paid	-	-	(870)	(870)	-	(870)
Preference dividends paid	-	-	-	-	(14)	(14)
<b>As at 31 March 2023</b>	11,055	19	4,507	15,581	550	16,131

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 1. ABOUT OUR INTERIM FINANCIAL STATEMENTS

### NEW ULTIMATE NON-BANK HOLDING COMPANY

On 3 January 2023, the Ultimate Parent Bank established, by a scheme of arrangement, a non-operating holding company, ANZ Group Holdings Limited, as the new listed parent holding company of the ANZ Group and implemented a restructure to separate the Overseas Banking Group's banking and certain non-banking businesses into the ANZ bank group and ANZ non-bank group. The ANZ bank group comprises the majority of the businesses and subsidiaries that were held in Australia and New Zealand Banking Group Limited prior to the restructure. The ANZ non-bank group comprises banking-adjacent businesses developed or acquired by the ANZ Group to focus on bringing new technology and banking-adjacent services to its customers, and a separate service company. The Ultimate Parent Bank is unchanged.

The restructure had no material effect on these condensed consolidated interim financial statements (financial statements).

### BASIS OF PREPARATION

These financial statements for ANZBGL New Zealand have been prepared in accordance with the requirements of the Order and should be read in conjunction with ANZBGL New Zealand's financial statements for the year ended 30 September 2022.

On 8 May 2023, the Directors resolved to authorise the issue of these financial statements.

These financial statements comply with:

- New Zealand Generally Accepted Accounting Practice (NZ GAAP), as defined in the Financial Reporting Act 2013;
- NZ IAS 34 *Interim Financial Reporting* and other applicable Financial Reporting Standards, as appropriate for publicly accountable for-profit entities; and
- IAS 34 *Interim Financial Reporting*.

The consolidated financial statements of ANZBGL New Zealand comprise the financial statements of the NZ Branch and all of the New Zealand businesses of all the subsidiaries of the Ultimate Parent Bank.

We present the financial statements in New Zealand dollars and have rounded values to the nearest million dollars (NZ\$m), unless otherwise stated.

The accounting policies adopted by ANZBGL New Zealand are consistent with those adopted and disclosed in the previous full year financial statements.

### BASIS OF MEASUREMENT

We have prepared the financial information in accordance with the historical cost basis except for the following assets and liabilities which we have stated at their fair values:

- derivative financial instruments;
- financial assets and liabilities held for trading;
- financial assets and liabilities designated at fair value through profit and loss (FVTPL); and
- financial assets at fair value through other comprehensive income (FVOCI).

## KEY JUDGEMENTS AND ESTIMATES

The preparation of these financial statements requires the use of management judgement, estimates and assumptions impacting the application of accounting policies and financial outcomes. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments, are provided in the previous full year financial statements. Such estimates and judgements are reviewed on an ongoing basis.

The global economy is facing challenges associated with high inflation, increasing interest rates, labour market constraints, and continuing geopolitical tensions which contributes to an elevated level of estimation uncertainty involved in the preparation of these financial statements.

ANZBGL New Zealand has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions at 31 March 2023 about future events considered reasonable in the circumstances. Thus there is a considerable degree of judgement involved in preparing these estimates. Actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of these differences may significantly impact accounting estimates included in these financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses and recoverable amounts of non-financial assets.

The impact of these uncertainties on each of these accounting estimates is discussed further in the relevant notes of these financial statements and/or in the relevant notes in the previous full year financial statements. Readers should consider these disclosures in light of the inherent uncertainties described above.



## 2. OTHER OPERATING INCOME

For the six months ended 31 March	2023 NZ\$m	2022 NZ\$m
<b>(i) Fee and commission income</b>		
Lending fees	13	13
Non-lending fees	375	341
Commissions	15	16
Funds management income	120	130
Fee and commission income	523	500
Fee and commission expense	(273)	(242)
<b>Net fee and commission income</b>	<b>250</b>	<b>258</b>
<b>(ii) Other income</b>		
Net trading gains	105	74
Gain on sale of investment securities designated at fair value through other comprehensive income	13	31
Fair value gain / (loss) on hedging activities and financial liabilities designated at fair value	(146)	183
Net foreign exchange earnings and other financial instruments income	(28)	288
Release of provisions for UDC Finance Ltd and Paymark Ltd disposal costs	-	14
Other	3	3
<b>Other income</b>	<b>(25)</b>	<b>305</b>
<b>Other operating income</b>	<b>225</b>	<b>563</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 3. SEGMENT REPORTING

ANZBGL New Zealand is organised into three major business segments for segment reporting purposes - Personal, Business and Institutional. Centralised back office and corporate functions support these segments. These segments are consistent with internal reporting provided to the chief operating decision maker, being the Bank's Chief Executive Officer.

Segment reporting has been updated to reflect the transfer of certain larger business and property finance customers from Business to Institutional. The transfer aligns the customer needs with the right support and expertise delivering a better customer experience. Comparative amounts have been adjusted to be consistent with the current period's segment definitions. The change resulted in the movement of NZ\$11.9 billion of net loans and advances, NZ\$3.5 billion of customer deposits and NZ\$200 million of goodwill as at 30 September 2022, and NZ\$88 million of profit after tax for the six months ended 31 March 2022, from Business to Institutional.

#### Personal

Personal provides a full range of banking and wealth management services to consumer and private banking customers. We deliver our services via our internet and app-based digital solutions and network of branches, mortgage specialists, relationship managers and contact centres.

#### Business

Business provides a full range of banking services including small business lending, through our digital, branch and contact centres channels, and traditional relationship banking and sophisticated financial solutions through dedicated managers. These cover privately owned small, medium and large enterprises, the agricultural business segment, government and government related entities.

#### Institutional

The Institutional division services governments, global institutional and corporate customers via the following business units:

- **Transaction Banking** provides customers with working capital and liquidity solutions including documentary trade, supply chain financing, commodity financing as well as cash management solutions, deposits, payments and clearing.
- **Corporate Finance** provides customers with loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance and corporate advisory services.
- **Markets** provide customers with risk management services on foreign exchange, interest rates, credit, commodities and debt capital markets in addition to managing ANZBGL New Zealand's interest rate exposure and high quality liquid asset portfolio.

#### Other

Other includes treasury and back office support functions, none of which constitutes a separately reportable segment.

	Personal		Business		Institutional		Other		Total	
	2023 NZ\$m	2022 NZ\$m	2023 NZ\$m	2022 NZ\$m	2023 NZ\$m	2022 NZ\$m	2023 NZ\$m	2022 NZ\$m	2023 NZ\$m	2022 NZ\$m
<b>For the six months ended 31 March</b>										
Net interest income	1,218	1,024	496	415	348	318	65	4	2,127	1,761
Net fee and commission income										
- Lending fees	3	4	-	1	10	8	-	-	13	13
- Non-lending fees	220	196	132	121	23	24	-	-	375	341
- Commissions	15	15	-	-	-	1	-	-	15	16
- Funds management income	120	130	-	-	-	-	-	-	120	130
- Fee and commission expense	(167)	(144)	(106)	(98)	-	-	-	-	(273)	(242)
Net fee and commission income	191	201	26	24	33	33	-	-	250	258
Other income	1	1	-	-	147	79	(173)	225	(25)	305
Other operating income	192	202	26	24	180	112	(173)	225	225	563
Operating income	1,410	1,226	522	439	528	430	(108)	229	2,352	2,324
Operating expenses	(574)	(585)	(109)	(102)	(113)	(125)	(15)	(14)	(811)	(826)
Profit before credit impairment and income tax	836	641	413	337	415	305	(123)	215	1,541	1,498
Credit impairment release / (charge)	(50)	(26)	(32)	58	(39)	(12)	-	-	(121)	20
<b>Profit / (loss) before income tax</b>	<b>786</b>	<b>615</b>	<b>381</b>	<b>395</b>	<b>376</b>	<b>293</b>	<b>(123)</b>	<b>215</b>	<b>1,420</b>	<b>1,518</b>
Income tax credit / (expense)	(220)	(173)	(107)	(111)	(105)	(82)	34	(56)	(398)	(422)
Non-controlling interests	-	-	-	-	-	-	(14)	-	(14)	-
<b>Profit / (loss) after income tax<sup>1</sup></b>	<b>566</b>	<b>442</b>	<b>274</b>	<b>284</b>	<b>271</b>	<b>211</b>	<b>(103)</b>	<b>159</b>	<b>1,008</b>	<b>1,096</b>

<sup>1</sup> Attributable to shareholders of the Ultimate Parent Bank.

	Personal		Business		Institutional		Other		Total	
	31 Mar 23	30 Sep 22	31 Mar 23	30 Sep 22	31 Mar 23	30 Sep 22	31 Mar 23	30 Sep 22	31 Mar 23	30 Sep 22
As at	NZ\$m	NZ\$m	NZ\$m	NZ\$m	NZ\$m	NZ\$m	NZ\$m	NZ\$m	NZ\$m	NZ\$m
<b>Financial position</b>										
Goodwill	1,042	1,042	695	695	1,269	1,269	-	-	3,006	3,006
Net loans and advances	103,509	103,015	24,924	25,560	18,990	18,798	-	-	147,423	147,373
Customer deposits	86,108	85,391	18,506	19,059	25,684	25,880	-	-	130,298	130,330

#### Other segment

The Other segment profit/(loss) after tax comprises:

	2023	2022
For the six months ended 31 March	NZ\$m	NZ\$m
Personal and Business central functions	2	20
Group Centre	-	11
Economic hedges	(105)	128
<b>Total</b>	<b>(103)</b>	<b>159</b>

## 4. NET LOANS AND ADVANCES

	Note	31 Mar 23	30 Sep 22
		NZ\$m	NZ\$m
Overdrafts		938	968
Credit cards		1,264	1,238
Term loans - housing		104,593	104,178
Term loans - non-housing		40,989	41,234
<b>Subtotal</b>		<b>147,784</b>	<b>147,618</b>
Unearned income		(32)	(32)
Capitalised brokerage and other origination costs		421	433
<b>Gross loans and advances</b>		<b>148,173</b>	<b>148,019</b>
Allowance for expected credit losses	5	(750)	(646)
<b>Net loans and advances</b>		<b>147,423</b>	<b>147,373</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 5. ALLOWANCE FOR EXPECTED CREDIT LOSSES

This note should be read in conjunction with the estimates, assumptions and judgements included in Note 1 About our interim financial statements.

	31 Mar 23			30 Sep 22		
	Collectively assessed NZ\$m	Individually assessed NZ\$m	Total NZ\$m	Collectively assessed NZ\$m	Individually assessed NZ\$m	Total NZ\$m
Net loans and advances at amortised cost	662	88	750	569	77	646
Off-balance sheet commitments	105	5	110	100	5	105
<b>Total</b>	<b>767</b>	<b>93</b>	<b>860</b>	<b>669</b>	<b>82</b>	<b>751</b>

The following tables present the movement in the allowance for expected credit losses (ECL).

#### Net loans and advances

Allowance for ECL is included in net loans and advances.

	Stage 1 NZ\$m	Stage 2 NZ\$m	Stage 3		Total NZ\$m
			Collectively assessed NZ\$m	Individually assessed NZ\$m	
As at 1 October 2022	199	311	59	77	646
Transfer between stages	19	(20)	1	-	-
New and increased provisions (net of collective provision releases)	(24)	107	10	37	130
Write-backs	-	-	-	(9)	(9)
Bad debts written-off (excluding recoveries)	-	-	-	(16)	(16)
Discount unwind reversal	-	-	-	(1)	(1)
<b>As at 31 March 2023</b>	<b>194</b>	<b>398</b>	<b>70</b>	<b>88</b>	<b>750</b>

#### Off-balance sheet credit related commitments - undrawn and contingent facilities

Allowance for ECL is included in other provisions.

	Stage 1 NZ\$m	Stage 2 NZ\$m	Stage 3 Collectively assessed NZ\$m	Stage 3 Individually assessed NZ\$m	Total NZ\$m
As at 1 October 2022	66	31	3	5	105
Transfer between stages	2	(2)	-	-	-
New and increased provisions (net of collective provision releases)	-	5	-	-	5
<b>As at 31 March 2023</b>	<b>68</b>	<b>34</b>	<b>3</b>	<b>5</b>	<b>110</b>

### CREDIT IMPAIRMENT CHARGE - INCOME STATEMENT

	2023 NZ\$m	2022 NZ\$m
<b>For the six months ended 31 March</b>		
New and increased provisions		
- Collectively assessed	98	(16)
- Individually assessed	37	35
Write-backs	(9)	(22)
Recoveries of amounts previously written-off	(5)	(17)
<b>Total credit impairment charge / (release)</b>	<b>121</b>	<b>(20)</b>

## KEY JUDGEMENTS AND ESTIMATES

### *Collectively assessed allowance for expected credit losses*

In estimating collectively assessed ECL, ANZBGL New Zealand makes judgements and assumptions in relation to:

- the selection of an estimation technique or modelling methodology; and
- the selection of inputs for those models, and the interdependencies between those inputs.

The judgements and associated assumptions have been made within the context of the uncertainty of how various factors might impact the global economy, and reflect historical experience and other factors that are considered relevant, including expectations of future events that are believed to be reasonable under the circumstances. ANZBGL New Zealand’s ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

The following table summarises the key judgements and assumptions in relation to the model inputs and the interdependencies between those inputs, and highlights significant changes during the current period.

Judgement / assumption	Description	Considerations for the six months ended 31 March 2023
<b>Determining when a significant increase in credit risk (SICR) has occurred or reversed</b>	In the measurement of ECL, judgement is involved in determining whether there has been a SICR since initial recognition of a loan, which would result in the financial asset moving from Stage 1 to Stage 2. This is a key area of judgement since transition from Stage 1 to Stage 2 increases the ECL from an allowance based on the probability of default in the next 12 months, to an allowance for lifetime expected credit losses. Subsequent decreases in credit risk resulting in transition from Stage 2 to Stage 1 may similarly result in significant changes in the ECL allowance.  The setting of precise SICR trigger points requires judgement which may have a material impact upon the size of the ECL allowance. ANZBGL New Zealand monitors the effectiveness of SICR criteria on an ongoing basis.	ANZBGL New Zealand has continued to adjust ECL this period to account for expected deterioration in credit-worthiness of certain customer segments which are considered particularly vulnerable to economic pressures such as higher interest rates, elevated inflation and labour market pressures.
<b>Measuring both 12-month and lifetime credit losses</b>	The probability of default (PD), loss given default (LGD) and exposure at default (EAD) factors used in determining ECL are point-in-time measures reflecting the relevant forward-looking information determined by management. Judgement is involved in determining which forward-looking information is relevant for particular lending portfolios and for determining each portfolio’s point-in-time sensitivity. In addition, judgement is required where behavioural characteristics are applied in estimating the lifetime of a facility which is used in measuring ECL.	The PD, LGD and EAD models are subject to ANZBGL New Zealand’s model risk policy that stipulates periodic model monitoring and re-validation, and defines approval procedures and authorities according to model materiality.  There were no material changes to the policies.
<b>Base case economic forecast</b>	ANZBGL New Zealand derives a forward-looking ‘base case’ economic scenario which reflects our view of future macroeconomic conditions.	There have been no changes to the types of forward-looking variables (key economic drivers) used as model inputs.  As at 31 March 2023, the base case assumptions have been updated to reflect elevated inflation, continuing high interest rates, continued cost of living pressures and tightness in the labour market.  The expected outcomes of key economic drivers for the base case scenario at 31 March 2023 are described below under the heading ‘Base case economic forecast assumptions’.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS



### KEY JUDGEMENTS AND ESTIMATES

Judgement / assumption	Description	Considerations for the six months ended 31 March 2023
<b>Probability weighting of each economic scenario (base case, upside, downside and severe downside scenarios)<sup>1</sup></b>	<p>Probability weighting of each economic scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement date.</p> <p>The assigned probability weightings are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.</p>	<p>The probability weightings for each scenario remained unchanged from 30 September 2022. Weightings for current and prior periods are as detailed in the section below under the heading on 'Probability weightings'.</p>
<b>Management temporary adjustments</b>	<p>Management temporary adjustments to the ECL allowance are used in circumstances where it is judged that our existing inputs, assumptions and model techniques do not capture all the risk factors relevant to our lending portfolios. Emerging local or global macroeconomic, microeconomic or political events, and natural disasters that are not incorporated into our current parameters, risk ratings, or forward-looking information are examples of such circumstances.</p>	<p>Management have continued to apply adjustments to accommodate uncertainty associated with higher inflation and interest rates.</p> <p>In addition, management overlays have been made for risks particular to business banking.</p> <p>Management temporary adjustments total NZ\$171 million (September 2022: NZ\$169 million).</p>

<sup>1</sup> The upside and downside scenarios are fixed by reference to average economic cycle conditions (that is, they are not based on the economic conditions prevailing at balance date) and are based on a combination of more optimistic (in the case of the upside) and pessimistic (in the case of the downside) economic conditions.

#### Base case economic forecast assumptions

Continuing uncertainties described above increase the risk of the economic forecast resulting in an understatement or overstatement of the ECL balance.

The economic drivers of the base case economic forecasts, reflective of our view of future macroeconomic conditions, used at 31 March 2023 are set out below. For years beyond the near term forecasts below, the ECL models apply simplified assumptions for the economy to calculate lifetime loss.

New Zealand	Actual calendar year	Forecast calendar year	
	2022	2023	2024
Gross domestic product (GDP) (annual % change)	2.8%	1.4%	-0.1%
Unemployment rate	3.3%	3.9%	5.2%
Residential property prices (annual % change)	-13.0%	-9.7%	2.2%
Consumer price index (CPI) (annual % change)	7.2%	6.1%	2.9%

The base case economic forecasts are for a continuing slowdown in economic activity. Continued high inflation and tight labour markets are expected to keep interest rates high and dampen growth over the forecast period.



## KEY JUDGEMENTS AND ESTIMATES

### Probability weightings

Probability weightings for each scenario are determined by management considering the risks and uncertainties surrounding the base case economic scenario including the uncertainties described above.

Scenario weightings remain the same as those applied in September 2022 as noted in the table below.

The assigned probability weightings are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. ANZBGL New Zealand considers these weightings to provide estimates of the possible loss outcomes and taking into account short and long term inter-relationships within ANZBGL New Zealand's credit portfolios. The weightings applied are set out below:

	31 Mar 23	30 Sep 22
Base	45.0%	45.0%
Upside	0.0%	0.0%
Downside	40.0%	40.0%
Severe downside	15.0%	15.0%

### ECL - Sensitivity analysis

Given current economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by ANZBGL New Zealand should be considered as a best estimate within a range of possible estimates. The table below illustrates the sensitivity of ANZBGL New Zealand's allowance for collectively assessed ECL to key factors used in determining it as at 31 March 2023:

	Balance Sheet NZ\$m	Profit and Loss Impact NZ\$m
If 1% of Stage 1 facilities were included in Stage 2	778	11
If 1% of Stage 2 facilities were included in Stage 1	766	(1)
100% upside scenario	182	(585)
100% base scenario	310	(458)
100% downside scenario	598	(170)
100% severe downside scenario	1,453	686

#### *Individually assessed allowance for expected credit losses*

In estimating individually assessed ECL, ANZBGL New Zealand makes judgements and assumptions in relation to expected repayments, the realisable value of collateral, business prospects for the customer, competing claims and the likely cost and duration of the work-out process. Judgements and assumptions in respect of these matters have been updated to reflect amongst other things, the continuing uncertainties described above and in Note 1 About our interim financial statements.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 6. DEPOSITS AND OTHER BORROWINGS

	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m
Term deposits	50,831	46,746
On demand and short term deposits	60,133	62,203
Deposits not bearing interest	19,334	21,381
<b>Total customer deposits</b>	<b>130,298</b>	<b>130,330</b>
Certificates of deposit	1,487	1,639
Commercial paper	2,771	2,955
Securities sold under repurchase agreements	4,782	4,642
Borrowings from Ultimate Parent Bank and Immediate Parent Company	2,782	2,916
<b>Deposits and other borrowings</b>	<b>142,120</b>	<b>142,482</b>

### 7. DEBT ISSUANCES

ANZBGL New Zealand uses a variety of funding programmes to issue unsubordinated debt (including senior debt and covered bonds) and subordinated debt. The difference between unsubordinated debt and subordinated debt is that holders of unsubordinated debt take priority over holders of subordinated debt owed by the relevant issuer and subordinated debt will be repaid by the relevant issuer only after the repayment of claims of depositors, other creditors and the unsubordinated debt holders.

	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m
Senior debt	12,239	13,577
Covered bonds	4,151	4,082
<b>Total unsubordinated debt</b>	<b>16,390</b>	<b>17,659</b>
Subordinated debt		
- ANZ Capital Notes	-	1,100
- Other subordinated debt	1,643	1,724
<b>Total subordinated debt</b>	<b>1,643</b>	<b>2,824</b>
<b>Total debt issued</b>	<b>18,033</b>	<b>20,483</b>

Covered bonds are guaranteed by ANZ NZ Covered Bond Trust Limited (the Covered Bond Guarantor), solely in its capacity as trustee of ANZ NZ Covered Bond Trust (the Covered Bond Trust). The Covered Bond Trust is a member of ANZBGL New Zealand, whereas the Covered Bond Guarantor is not a member of ANZBGL New Zealand.

Substantially all of the assets of the Covered Bond Trust are made up of certain housing loans and related securities originated by the Bank which are security for the guarantee by the Covered Bond Guarantor as trustee of the Covered Bond Trust of issuances of covered bonds by the Bank, or its wholly owned subsidiary ANZ New Zealand (Int'l) Limited, from time to time. The assets of the Covered Bond Trust are not available to creditors of the Bank, although the Bank (or its liquidator or statutory manager) may have a claim against the residual assets of the Covered Bond Trust (if any) after all priority ranking creditors of the Covered Bond Trust have been satisfied.



## 8. CREDIT RISK

This note should be read in conjunction with the estimates, assumptions and judgements included in Note 1 About our interim financial statements and Note 5 Allowance for expected credit losses.

### Maximum exposure to credit risk

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount. In certain circumstances there may be differences between the carrying amounts reported on the balance sheet and the amounts reported in the tables below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as equity instruments which are primarily subject to market risk, or bank notes and coins.

For undrawn facilities, this maximum exposure to credit risk is the full amount of the committed facilities. For contingent exposures, the maximum exposure to credit risk is the maximum amount ANZBGL New Zealand would have to pay if the instrument is called upon.

The table below shows our maximum exposure to credit risk of on-balance sheet and off-balance sheet positions before taking account of any collateral held or other credit enhancements.

	Reported		Excluded <sup>1</sup>		Maximum exposure to credit risk	
	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m
<b>On-balance sheet positions</b>						
Net loans and advances	147,423	147,373	-	-	147,423	147,373
Other financial assets:						
Cash and cash equivalents	12,657	12,575	183	154	12,474	12,421
Settlement balances receivable	516	785	-	-	516	785
Collateral paid	576	1,672	-	-	576	1,672
Trading securities	5,657	7,228	-	-	5,657	7,228
Derivative financial instruments	6,339	15,478	-	-	6,339	15,478
Investment securities	11,211	11,357	-	-	11,211	11,357
Other financial assets <sup>2</sup>	836	952	-	-	836	952
<b>Total other financial assets</b>	<b>37,792</b>	<b>50,047</b>	<b>183</b>	<b>154</b>	<b>37,609</b>	<b>49,893</b>
<b>Subtotal</b>	<b>185,215</b>	<b>197,420</b>	<b>183</b>	<b>154</b>	<b>185,032</b>	<b>197,266</b>
<b>Off-balance sheet commitments</b>						
Undrawn and contingent facilities <sup>3</sup>	28,871	29,879	-	-	28,871	29,879
<b>Total</b>	<b>214,086</b>	<b>227,299</b>	<b>183</b>	<b>154</b>	<b>213,903</b>	<b>227,145</b>

<sup>1</sup> Coins, notes and cash at bank within cash and cash equivalents were excluded as they do not have credit risk exposure.

<sup>2</sup> Other financial assets mainly comprise accrued interest and acceptances.

<sup>3</sup> Undrawn and contingent facilities include guarantees, letters of credit and performance related contingencies, net of collectively assessed and individually assessed allowance for expected credit losses.

### Credit quality

We use ANZBGL New Zealand's internal customer credit rating (CCR) to manage the credit quality of financial assets. To enable wider comparisons, ANZBGL New Zealand's CCRs are mapped to external rating agency scales as follows:

Credit quality description	Internal CCR	ANZBGL New Zealand customer requirements	Moody's Rating	S&P Global Ratings
Strong	CCR 0+ to 4-	Demonstrated superior stability in their operating and financial performance over the long-term, and whose earnings capacity is not significantly vulnerable to foreseeable events.	Aaa – Baa3	AAA – BBB-
Satisfactory	CCR 5+ to 6-	Demonstrated sound operational and financial stability over the medium to long-term even though some may be susceptible to cyclical trends or variability in earnings.	Ba1 – B1	BB+ – B+
Weak	CCR 7+ to 8=	Demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term.	B2 – Caa	B - CCC
Defaulted	CCR 8- to 10	When doubt arises as to the collectability of a credit facility, the financial instrument (or 'the facility') is classified as defaulted.	n/a	n/a

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Net loans and advances	Stage 1 NZ\$m	Stage 2 NZ\$m	Stage 3		Total NZ\$m
			Collectively assessed NZ\$m	Individually assessed NZ\$m	
<b>As at 31 March 2023</b>					
Strong	120,988	3,819	-	-	124,807
Satisfactory	15,064	4,703	-	-	19,767
Weak	306	2,105	-	-	2,411
Defaulted	-	-	651	148	799
<b>Subtotal</b>	<b>136,358</b>	<b>10,627</b>	<b>651</b>	<b>148</b>	<b>147,784</b>
Allowance for ECL	(194)	(398)	(70)	(88)	(750)
<b>Net loans and advances at amortised cost</b>	<b>136,164</b>	<b>10,229</b>	<b>581</b>	<b>60</b>	<b>147,034</b>
<b>Coverage ratio</b>	<b>0.14%</b>	<b>3.75%</b>	<b>10.75%</b>	<b>59.46%</b>	<b>0.51%</b>
Unearned income					(32)
Capitalised brokerage and other origination costs					421
<b>Net carrying amount</b>					<b>147,423</b>

<b>As at 30 September 2022</b>					
Strong	123,382	2,686	-	-	126,068
Satisfactory	16,333	3,019	-	-	19,352
Weak	257	1,205	-	-	1,462
Defaulted	-	-	590	146	736
<b>Subtotal</b>	<b>139,972</b>	<b>6,910</b>	<b>590</b>	<b>146</b>	<b>147,618</b>
Allowance for ECL	(199)	(311)	(59)	(77)	(646)
<b>Net loans and advances at amortised cost</b>	<b>139,773</b>	<b>6,599</b>	<b>531</b>	<b>69</b>	<b>146,972</b>
<b>Coverage ratio</b>	<b>0.14%</b>	<b>4.50%</b>	<b>10.00%</b>	<b>52.74%</b>	<b>0.44%</b>
Unearned income					(32)
Capitalised brokerage and other origination costs					433
<b>Net carrying amount</b>					<b>147,373</b>

Off-balance sheet commitments - undrawn and contingent facilities	Stage 1 NZ\$m	Stage 2 NZ\$m	Stage 3		Total NZ\$m
			Collectively assessed NZ\$m	Individually assessed NZ\$m	
<b>As at 31 March 2023</b>					
Strong	24,610	178	-	-	24,788
Satisfactory	3,391	678	-	-	4,069
Weak	8	98	-	-	106
Defaulted	-	-	13	5	18
<b>Gross undrawn and contingent facilities</b>	<b>28,009</b>	<b>954</b>	<b>13</b>	<b>5</b>	<b>28,981</b>
Allowance for ECL included in other provisions	(68)	(34)	(3)	(5)	(110)
<b>Net undrawn and contingent facilities</b>	<b>27,941</b>	<b>920</b>	<b>10</b>	<b>-</b>	<b>28,871</b>
<b>Coverage ratio</b>	<b>0.24%</b>	<b>3.56%</b>	<b>23.08%</b>	<b>100.00%</b>	<b>0.38%</b>

<b>As at 30 September 2022</b>					
Strong	25,593	224	-	-	25,817
Satisfactory	3,368	682	-	-	4,050
Weak	8	89	-	-	97
Defaulted	-	-	14	6	20
<b>Gross undrawn and contingent facilities</b>	<b>28,969</b>	<b>995</b>	<b>14</b>	<b>6</b>	<b>29,984</b>
Allowance for ECL included in other provisions	(66)	(31)	(3)	(5)	(105)
<b>Net undrawn and contingent facilities</b>	<b>28,903</b>	<b>964</b>	<b>11</b>	<b>1</b>	<b>29,879</b>
<b>Coverage ratio</b>	<b>0.23%</b>	<b>3.12%</b>	<b>21.43%</b>	<b>83.33%</b>	<b>0.35%</b>

## 9. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Fair value hierarchy

ANZBGL New Zealand categorises assets and liabilities carried at fair value into a fair value hierarchy as required by NZ IFRS 13 *Fair Value Measurement* based on the observability of inputs used to measure the fair value:

- Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 – valuations where significant unobservable inputs are used to measure the fair value of the asset or liability.

The following table presents assets and liabilities carried at fair value in accordance with the fair value hierarchy:

	Fair value measurements							
	Quoted market price (Level 1)		Using observable inputs (Level 2)		Using unobservable inputs (Level 3)		Total	
	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m
<b>Assets</b>								
Cash and cash equivalents <sup>1</sup>	-	-	1,411	-	-	-	1,411	-
Trading securities <sup>2</sup>	3,685	5,565	1,972	1,663	-	-	5,657	7,228
Derivative financial instruments	24	109	6,315	15,369	-	-	6,339	15,478
Investment securities <sup>2</sup>	7,544	10,895	3,666	461	1	1	11,211	11,357
<b>Total</b>	<b>11,253</b>	<b>16,569</b>	<b>13,364</b>	<b>17,493</b>	<b>1</b>	<b>1</b>	<b>24,618</b>	<b>34,063</b>
<b>Liabilities</b>								
Deposits and other borrowings <sup>1</sup>	-	-	3,753	2,955	-	-	3,753	2,955
Derivative financial instruments	11	8	6,249	13,551	11	12	6,271	13,571
Other financial liabilities	801	364	-	-	-	-	801	364
<b>Total</b>	<b>812</b>	<b>372</b>	<b>10,002</b>	<b>16,506</b>	<b>11</b>	<b>12</b>	<b>10,825</b>	<b>16,890</b>

<sup>1</sup> During the six months ended 31 March 2023, within the trading book in its Markets business, a component of the Institutional division, ANZBGL New Zealand commenced the management of repurchase agreements and associated reverse repurchase agreements on a fair value basis. This resulted in repurchase and associated reverse repurchase agreements being recognised and measured at fair value through profit and loss.

<sup>2</sup> During the six months ended 31 March 2023, NZ\$2,882 million of assets were transferred from Level 1 to Level 2 due to a change of the observability of bond valuation inputs. There were no other material transfers during the period. Transfers into and out of levels are measured at the beginning of the reporting period in which the transfer occurred.

### Financial assets and financial liabilities not measured at fair value

Below is a comparison of the carrying amounts as reported on the balance sheet and fair values of financial asset and financial liability categories other than those categories where the carrying amount is at fair value or considered a reasonable approximation of fair value.

The fair values below have been calculated using discounted cash flow techniques where contractual future cash flows of the instrument are discounted using discount rates incorporating wholesale market rates or market borrowing rates of debt with similar maturities or a yield curve appropriate for the remaining term to maturity.

	Carrying amount		Fair value	
	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m
<b>Financial assets</b>				
Net loans and advances <sup>1</sup>	147,423	147,373	146,278	145,759
<b>Total</b>	<b>147,423</b>	<b>147,373</b>	<b>146,278</b>	<b>145,759</b>
<b>Financial liabilities</b>				
Deposits and other borrowings <sup>2</sup>	138,367	139,527	138,236	139,316
Debt issuances <sup>1</sup>	18,033	20,483	17,928	20,356
<b>Total</b>	<b>156,400</b>	<b>160,010</b>	<b>156,164</b>	<b>159,672</b>

<sup>1</sup> Fair value hedging is applied to certain financial instruments within these categories. The resulting fair value adjustments mean that the carrying value differs from the amortised cost.

<sup>2</sup> Excludes commercial paper and securities sold under repurchase agreements (Note 6 Deposits and other borrowings) designated at fair value through profit or loss.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 10. COMMITMENTS AND CONTINGENT LIABILITIES

	31 Mar 23 NZ\$m	30 Sep 22 NZ\$m
<b>Credit related commitments and contingencies</b>		
Contract amount of:		
Undrawn facilities	26,152	27,060
Guarantees and letters of credit	1,181	1,225
Performance related contingencies	1,648	1,699
<b>Total</b>	<b>28,981</b>	<b>29,984</b>

ANZBGL New Zealand guarantees the performance of customers by issuing standby letters of credit and guarantees to third parties, including its Ultimate Parent Bank. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers, therefore these transactions are subjected to the same credit origination, portfolio management and collateral requirements for customers applying for loans. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

#### OTHER CONTINGENT LIABILITIES

There are outstanding court proceedings, claims and possible claims for and against ANZBGL New Zealand. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions and/or disclosures as deemed appropriate have been made. In some instances we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice seriously the interests of ANZBGL New Zealand.

#### REGULATORY AND CUSTOMER EXPOSURES

ANZBGL New Zealand regularly engages with its regulators in relation to regulatory investigations, surveillance and reviews, reportable situations, civil enforcement actions (whether by court action or otherwise), formal and informal inquiries and regulatory supervisory activities both in New Zealand and globally. ANZBGL New Zealand has received various notices and requests for information from its regulators as part of both industry-wide and ANZBGL New Zealand-specific reviews, and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide ranging and, for example, may include a range of matters including responsible lending practices, regulated lending requirements, product suitability and distribution, interest and fees and the entitlement to charge them, customer remediation, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and financial transactions, capital market transactions, anti-money laundering and counter-terrorism financing obligations, privacy obligations and information security, business continuity management, reporting and disclosure obligations and product disclosure documentation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

In 2021, the Bank self-identified and notified three prescribed transaction reporting (PTR) matters to RBNZ, where transaction reports had not been filed within the prescribed timeframe. RBNZ has informed the Bank that it considers one of these matters (related to 6,409 transaction reports of a certain SWIFT message type) to be a material breach, and the other two to be minor breaches, of the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act 2009 relating to PTR. In April 2023, RBNZ notified the Bank that it had closed its investigations into these breaches, and imposed some additional reporting obligations on the Bank, to be provided by no later than 31 October 2023.

#### LOAN INFORMATION LITIGATION

In September 2021, representative proceedings were brought against the Bank, alleging breaches of disclosure requirements under consumer credit legislation in respect of variation letters sent to certain loan customers. The Bank is defending the allegations. The proceedings are still at an early stage. In July 2022, the High Court ruled that the proceedings shall proceed as an opt-out representative action brought by one representative plaintiff on behalf of a class, being customers who entered into a home loan or personal loan with the Bank between 6 June 2015 and 28 May 2016 and requested a variation to that loan during that period. All parties have appealed aspects of that decision.

#### WARRANTIES AND INDEMNITIES

ANZBGL New Zealand has provided warranties, indemnities and other commitments in favour of the purchaser in connection with various disposals of businesses and assets and other transactions, covering a range of matters and risks. It is exposed to potential claims under those warranties, indemnities and commitments, some of which are currently active. The outcomes and total costs associated with these exposures remain uncertain.

## LIMITED ASSURANCE REPORT



### INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE DIRECTORS OF AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

### REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### CONCLUSION

We have completed a review of the accompanying consolidated interim financial statements of the New Zealand business of Australia and New Zealand Banking Group Limited (ANZBGL) and its subsidiaries (ANZBGL New Zealand) on pages 4 to 20 which comprise:

- the consolidated statement of financial position as at 31 March 2023;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements have not been prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* (NZ IAS 34) and IAS 34 *Interim Financial Reporting* (IAS 34).

#### BASIS FOR CONCLUSION

A review of the consolidated interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of ANZBGL New Zealand, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to ANZBGL New Zealand in relation to review of regulatory returns, internal controls reports, prospectus assurance, agreed upon procedures and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with ANZBGL New Zealand on normal terms within the ordinary course of trading activities of the business of ANZBGL New Zealand. These matters have not impaired our independence as reviewer of ANZBGL New Zealand. The firm has no other relationship with, or interest in, ANZBGL New Zealand.

#### USE OF THIS INDEPENDENT REVIEW REPORT

This independent review report is made solely to ANZBGL's directors. Our review work has been undertaken so that we might state to the directors those matters we are required to state to them in the independent 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 for our review work, this independent review report, or any of the opinions we have formed.

#### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Directors, on behalf of ANZBGL New Zealand, are responsible for:

- the preparation and fair presentation of the consolidated interim financial statements in accordance with NZ IAS 34 and IAS 34;
- implementing necessary internal control to enable the preparation of a consolidated interim financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34.

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 consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on ANZBGL New Zealand's consolidated interim financial statements.

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

KPMG  
Auckland

8 May 2023

# REGISTERED BANK DISCLOSURES

This section contains the additional disclosures required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014.

---

<b>Section</b>	<b>Order reference</b>	<b>Page</b>
B1. General disclosures	Schedule 3	23
B2. Additional financial disclosures	Schedule 5	24
B3. Asset quality	Schedule 7	29
B4. Credit and market risk exposures and capital adequacy	Schedule 9	31
B5. Insurance business	Schedule 12	31

## REGISTERED BANK DISCLOSURES

### B1. GENERAL DISCLOSURES

#### Details of the ultimate non-bank holding company

On 3 January 2023, the Ultimate Parent Bank established, by a scheme of arrangement, a non-operating holding company, ANZ Group Holdings Limited, as the new listed parent holding company of the ANZ Group and implemented a restructure to separate the Overseas Banking Group's banking and certain non-banking businesses into the ANZ bank group and ANZ non-bank Group. The ANZ bank group comprises the majority of the businesses and subsidiaries that were held in Australia and New Zealand Banking Group Limited prior to the restructure. The ANZ non-bank group comprises banking-adjacent businesses developed or acquired by the ANZ Group to focus on bringing new technology and banking-adjacent services to its customers, and a separate service company.

The address for service of the Ultimate Non-Bank Holding Company is ANZ Centre, Melbourne, Level 9, 833 Collins Street, Docklands, Victoria 3008, Australia.

The Ultimate Parent Bank is unchanged.

#### Guarantees

No material obligations of the NZ Branch are guaranteed as at 8 May 2023.

Covered bonds issued by ANZ New Zealand (Int'l) Limited, a subsidiary of the Bank, are guaranteed. Refer to page 16 for further details.

#### Changes in the Ultimate Parent Bank's Board of Directors

Graeme Liebelt retired as an Independent Non-Executive Director of the Ultimate Parent Bank on 15 December 2022. Graham Hodges was appointed as an Independent Non-Executive Director of the Ultimate Parent Bank on 8 February 2023. There have been no other changes to the Directors of the Ultimate Parent Bank since 30 September 2022, the balance date of the last full year disclosure statement.

#### Auditors

KPMG, 18 Viaduct Harbour Avenue, Auckland, New Zealand.

#### Pending proceedings or arbitration

A description of any pending legal proceedings or arbitration concerning any member of ANZBGL New Zealand that may have a material adverse effect on the NZ Branch or ANZBGL New Zealand is included in Note 10 Commitments and contingent liabilities.

#### Credit rating

The Ultimate Parent Bank has three credit ratings, which are applicable to its long-term senior unsecured obligations that are payable in New Zealand in New Zealand dollars.

As at 8 May 2023, the Ultimate Parent Bank's credit ratings are:

Rating agency	Credit rating	Qualification
S&P Global Ratings	AA-	Outlook Stable
Fitch Ratings	A+	Outlook Stable
Moody's Investors Service	Aa3	Outlook Stable

#### Other material matters

##### Climate related disclosures

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 amended the Financial Markets Conduct Act 2013 with effect from 27 October 2022. The amendments will require ANZBGL New Zealand to produce climate statements from the year ending 30 September 2024, in accordance with climate reporting standards issued by the External Reporting Board. ANZBGL New Zealand is actively preparing to produce climate statements in accordance with this timetable.

##### Revised RBNZ capital requirements

RBNZ has revised its bank capital adequacy requirements applying to New Zealand locally incorporated registered banks, which are set out in RBNZ's Banking Prudential Requirements documents. The new capital adequacy requirements are being implemented in stages during a transition period from October 2021 to July 2028. The key requirements still being implemented are:

- The Banking Group's total capital requirement will increase to 18% of RWA, including tier 1 capital of at least 16% of RWA. Up to 2.5% of the tier 1 capital requirement can be made up of additional tier 1 (AT1) capital, with the remainder of the tier 1 requirement made up of common equity tier 1 (CET1) capital. The increased capital ratios requirements are being progressively implemented until July 2028. AT1 capital must consist of perpetual preference shares, which may be redeemable. The total capital requirement can also include tier 2 capital of up to 2% of RWA. Tier 2 capital must consist of long-term subordinated debt.
- The tier 1 capital requirement will include a CET1 prudential capital buffer of 9% of RWA. This will include: a 2% domestic systemically important bank capital buffer; a 1.5% 'early-set' counter-cyclical capital buffer, which can be temporarily reduced to 0% following a financial crisis, or temporarily increased; and a 5.5% capital conservation buffer.
- Contingent capital instruments will no longer be treated as eligible regulatory capital. As at 31 March 2023, the Bank had NZ\$1,238 million of AT1 instruments that will progressively lose eligible regulatory capital treatment over the transition period to 1 July 2028.

RBNZ's reforms will result in a material increase in the level of capital that the Banking Group is required to hold. The reforms could have a material impact on the Banking Group and its business, including on its capital allocation and business planning.

#### Financial statements of the Ultimate Parent Bank and Overseas Banking Group

Copies of the most recent publicly available financial statements of the Ultimate Parent Bank and Overseas Banking Group will be provided immediately, free of charge, to any person requesting a copy where request is made at the Registered Office. The most recent publicly available financial statements for the Ultimate Parent Bank and Overseas Banking Group can also be accessed at the website [anz.com/shareholder/centre/](https://anz.com/shareholder/centre/).

## REGISTERED BANK DISCLOSURES

### B2. ADDITIONAL FINANCIAL DISCLOSURES

#### Additional information on the balance sheet

As at 31 March 2023	NZ\$m
Total interest earning and discount bearing assets	177,810
Total interest and discount bearing liabilities	144,846
Total amounts due from related entities	3,971
Total amounts due to related entities	6,964
Total liabilities of the NZ Branch less amounts due to related entities	16

#### Assets charged as security for liabilities

The following disclosure excludes the amounts presented as collateral paid and received on the balance sheet that relate to derivative liabilities and derivative assets respectively. The terms and conditions of those collateral agreements are included in the standard Credit Support Annex that forms part of the International Swaps and Derivatives Association Master Agreement under which most of our derivatives are executed.

Assets charged as security for liabilities include the following types of instruments:

- securities provided as collateral for repurchase transactions. These transactions are governed by standard industry agreements;
- specified residential mortgages provided as security for notes and bonds issued to investors as part of ANZBGL New Zealand's covered bond programmes; and
- collateral provided to the RBNZ under the Term Lending Facility (TLF) and Funding for Lending Programme (FLP).

The carrying amounts of assets pledged as security are as follows:

As at 31 March 2023	NZ\$m
Securities sold under agreements to repurchase	980
Residential mortgages pledged as security for repurchase agreements with RBNZ	4,844
Total assets of the ANZNZ Covered Bond Trust pledged as security for covered bonds	9,818

#### Additional information on the income statement

The amounts of net trading gains or losses and other fair value adjustments are included in Note 2 Other operating income. ANZBGL New Zealand does not have any loans and advances designated at fair value through profit or loss. Other operating income for the purposes of the Order comprises net fee and commission income, and all other items of other income (all in Note 2 Other operating income).



### Additional information on concentrations of credit risk

Analysis of financial assets by industry is based on Australian and New Zealand Standard Industrial Classification (ANZSIC) codes. The significant categories shown are the level one New Zealand Standard Industry Output Categories (NZSIOC), except that Agriculture is shown separately as required by the Order.

Composition of financial instruments that give rise to credit risk by industry group are presented below:

As at 31 March 2023	Loans and advances NZ\$m	Other financial assets NZ\$m	Off-balance sheet credit related commitments NZ\$m	Total NZ\$m
<b>New Zealand residents</b>				
Agriculture	15,422	64	991	16,477
Forestry and fishing, agriculture services	585	4	122	711
Mining	195	10	257	462
Manufacturing	2,711	140	1,925	4,776
Electricity, gas, water and waste services	804	234	1,400	2,438
Construction	1,246	6	932	2,184
Wholesale trade	1,628	51	1,712	3,391
Retail trade and accommodation	2,737	19	748	3,504
Transport, postal and warehousing	900	49	749	1,698
Finance and insurance services	920	14,246	1,447	16,613
Rental, hiring & real estate services	38,133	2,024	2,140	42,297
Professional, scientific, technical, administrative and support services	904	8	448	1,360
Public administration and safety	212	9,496	806	10,514
Health care and social assistance	1,063	23	396	1,482
Households	77,010	314	13,516	90,840
Other <sup>1</sup>	1,123	91	1,120	2,334
<b>Subtotal</b>	<b>145,593</b>	<b>26,779</b>	<b>28,709</b>	<b>201,081</b>
<b>Overseas</b>				
Finance and insurance services	151	10,798	272	11,221
Households	1,435	6	-	1,441
All other non-residents	605	26	-	631
<b>Subtotal</b>	<b>2,191</b>	<b>10,830</b>	<b>272</b>	<b>13,293</b>
<b>Gross subtotal</b>	<b>147,784</b>	<b>37,609</b>	<b>28,981</b>	<b>214,374</b>
Allowance for ECL	(750)	-	(110)	(860)
<b>Subtotal</b>	<b>147,034</b>	<b>37,609</b>	<b>28,871</b>	<b>213,514</b>
Unearned income	(32)	-	-	(32)
Capitalised brokerage and other origination costs	421	-	-	421
<b>Maximum exposure to credit risk</b>	<b>147,423</b>	<b>37,609</b>	<b>28,871</b>	<b>213,903</b>

<sup>1</sup> Other includes exposures to information media and telecommunications, education and training; arts and recreation services; and other services.

## REGISTERED BANK DISCLOSURES

### Additional information on concentrations of funding

Analysis of funding liabilities by industry is based on ANZSIC codes. The significant categories shown are the level one NZSIOC.

As at 31 March 2023	Note	NZ\$m
<b>Funding composition</b>		
Customer deposits	6	130,298
<i>Wholesale funding</i>		
Debt issuances		18,033
Certificates of deposit and commercial paper		4,258
Other borrowings		7,564
Total wholesale funding		29,855
<b>Total deposits and wholesale funding</b>		<b>160,153</b>
<b>Customer deposits by industry - New Zealand residents</b>		
Agriculture, forestry and fishing		4,406
Mining		236
Manufacturing		2,701
Construction		2,893
Wholesale trade		2,507
Retail trade and accommodation		2,215
Transport, postal and warehousing		1,709
Financial and insurance services		13,237
Rental, hiring and real estate services		3,674
Professional, scientific, technical, administrative and support services		6,881
Public administration and safety		1,521
Health care and social assistance		1,354
Arts, recreation and other services		2,267
Households		72,365
Other <sup>1</sup>		2,714
Subtotal		120,680
<b>Customer deposits by industry - overseas</b>		
Households		8,830
All other non-residents		788
Subtotal		9,618
Total customer deposits		130,298
<b>Wholesale funding (financial and insurance services industry)</b>		
New Zealand		8,049
Overseas		21,806
Total wholesale funding		29,855
<b>Total deposits and wholesale funding</b>		<b>160,153</b>
<b>Concentrations of funding by geography</b>		
New Zealand		128,729
Australia		3,638
United States		10,877
Europe		10,050
Other countries		6,859
<b>Total deposits and wholesale funding</b>		<b>160,153</b>

<sup>1</sup> Other includes electricity, gas, water and waste services; information media and telecommunications; and education and training.

**Additional information on interest rate sensitivity**

The following table represents the interest rate sensitivity of ANZBGL New Zealand's assets, liabilities and off-balance sheet instruments by showing the periods in which these instruments may reprice, that is, when interest rates applicable to each asset or liability can be changed.

As at 31 March 2023	Total NZ\$m	Up to 3 months NZ\$m	Over 3 to 6 months NZ\$m	Over 6 to 12 months NZ\$m	Over 1 to 2 years NZ\$m	Over 2 years NZ\$m	Not bearing interest <sup>1</sup> NZ\$m
<b>Assets</b>							
Cash and cash equivalents	12,657	12,282	-	-	-	-	375
Settlement balances receivable	516	-	-	-	-	-	516
Collateral paid	576	576	-	-	-	-	-
Trading securities	5,657	1,088	208	60	292	4,009	-
Derivative financial instruments	6,339	-	-	-	-	-	6,339
Investment securities	11,211	202	397	479	306	9,826	1
Net loans and advances	147,423	62,899	16,510	26,685	31,863	10,128	(662)
Other financial assets	836	-	-	-	-	-	836
<b>Total financial assets</b>	<b>185,215</b>	<b>77,047</b>	<b>17,115</b>	<b>27,224</b>	<b>32,461</b>	<b>23,963</b>	<b>7,405</b>
<b>Liabilities</b>							
Settlement balances payable	3,375	1,963	-	-	-	-	1,412
Collateral received	1,056	1,056	-	-	-	-	-
Deposits and other borrowings	142,120	87,985	14,883	14,292	2,692	2,934	19,334
Derivative financial instruments	6,271	-	-	-	-	-	6,271
Debt issuances	18,033	1,275	2,048	3,226	1,874	9,610	-
Lease liabilities	207	12	11	23	43	118	-
Other financial liabilities	1,488	801	-	-	-	-	687
<b>Total financial liabilities</b>	<b>172,550</b>	<b>93,092</b>	<b>16,942</b>	<b>17,541</b>	<b>4,609</b>	<b>12,662</b>	<b>27,704</b>
<b>Hedging instruments</b>	<b>-</b>	<b>6,961</b>	<b>6,742</b>	<b>1,173</b>	<b>(18,076)</b>	<b>3,200</b>	<b>-</b>
<b>Interest sensitivity gap</b>	<b>12,665</b>	<b>(9,084)</b>	<b>6,915</b>	<b>10,856</b>	<b>9,776</b>	<b>14,501</b>	<b>(20,299)</b>

<sup>1</sup> Excludes non-coupon bearing discount financial assets and financial liabilities which are shown as repricing on their maturity date.

**Additional information on liquidity risk***Maturity analysis of financial liabilities*

The table below provides residual contractual maturity analysis of financial liabilities at 31 March 2023 within relevant maturity groupings. All outstanding debt issuances are profiled on the earliest date on which ANZBGL New Zealand may be required to pay. The amounts represent principal and interest cash flows – so they may differ from equivalent amounts reported on the balance sheet.

As at 31 March 2023	On demand NZ\$m	Less than 3 months NZ\$m	3 to 12 months NZ\$m	1 to 5 years NZ\$m	After 5 years NZ\$m	Total NZ\$m
Settlement balances payable	2,702	727	-	-	-	3,429
Collateral received	-	1,056	-	-	-	1,056
Deposits and other borrowings	79,471	23,562	30,827	10,793	-	144,653
Derivative financial liabilities (trading)	-	6,114	-	-	-	6,114
Debt issuances <sup>1</sup>	-	609	5,948	11,599	2,211	20,367
Lease liabilities	-	13	38	143	30	224
Other financial liabilities	-	76	24	647	449	1,196
Derivative financial instruments (balance sheet management)						
- gross inflows	-	1,769	5,943	7,852	838	16,402
- gross outflows	-	(1,742)	(5,929)	(8,154)	(888)	(16,713)

<sup>1</sup> Any callable wholesale debt instruments have been included at their next call date.

At 31 March 2023, NZ\$28,981 million of its credit related commitments and contingent liabilities mature in less than 1 year, based on the earliest date on which ANZBGL New Zealand may be required to pay.

## REGISTERED BANK DISCLOSURES

### Liquidity portfolio management

ANZBGL New Zealand holds a diversified portfolio of cash and high quality liquid securities primarily to support liquidity risk management. The size of ANZBGL New Zealand's liquidity portfolio is determined with consideration of the amount required to meet the requirements of its internal and regulatory liquidity scenario metrics.

As at 31 March 2023	NZ\$m
Central and local government bonds	7,130
Government treasury bills	1,462
Certificates of deposit	275
Other bonds	7,517
Securities eligible to be accepted as collateral in repurchase transactions	16,384
Cash and balances with central banks	10,949
<b>Total liquidity portfolio</b>	<b>27,333</b>

Assets held in ANZBGL New Zealand's liquidity portfolio are all denominated in New Zealand dollars and include balances held with RBNZ and securities issued by the New Zealand Government, supranational agencies, highly rated banks state owned enterprises, local authorities (including through a funding authority) and highly rated corporates.

The Bank also held unencumbered internal residential mortgage backed securities (RMBS) which would be accepted as collateral by RBNZ in repurchase transactions. These holdings would entitle the Bank to enter into repurchase transactions with RBNZ with a value of NZ\$10,613 million at 31 March 2023.

### RBNZ Term Lending Facility (TLF) and Funding for Lending Programme (FLP)

- Between May 2020 and July 2021, RBNZ made funds available under the TLF to promote lending to businesses. The TLF is a five-year secured funding facility for New Zealand banks at a fixed rate of 0.25%.
- Between November 2020 and December 2022, RBNZ made funds available under the FLP to lower the cost of borrowing for New Zealand businesses and households. The FLP is a three-year secured funding facility for New Zealand banks at a floating rate of the New Zealand Official Cash Rate (OCR).

As at 31 March 2023, the Bank had drawn NZ\$300 million under the TLF and NZ\$3,500 million under the FLP. These amounts are included in securities sold under repurchase agreements in Note 6 Deposits and other borrowings.

### Overseas Banking Group Profitability and Size

	31 Mar 23
Net profit for the six months ended 31 March 2023 (AUDm)	3,582
Net profit after tax for the 12 months ended 31 March 2023 as a percentage of average total assets	0.66%
Total assets (AUDm)	1,111,605
Percentage change in total assets in the 12 months to 31 March 2023	9.26%

### Reconciliation of mortgage related amounts

As at 31 March 2023	Note	NZ\$m
Term loans - housing <sup>1</sup>	4	104,593
Less: housing loans made to corporate customers		(1,307)
On-balance sheet residential mortgage exposures subject to the IRB approach (per asset quality and LVR analysis)	B4	103,286
Add: off-balance sheet residential mortgage exposures subject to the IRB approach (per asset quality and LVR analysis)	B4	9,273
<b>Total residential mortgage exposures subject to the IRB approach (per LVR analysis)</b>	<b>B4</b>	<b>112,559</b>

<sup>1</sup> Term loans – housing includes loans secured over residential property for owner-occupier, residential property investment and business purposes.

### B3. ASSET QUALITY

This section should be read in conjunction with the estimates, assumptions and judgements included in Note 1 About our interim financial statements, Note 5 Allowance for expected credit losses and Note 8 Credit risk.

#### Movements in components of loss allowance – total

	Stage 1 NZ\$m	Stage 2 NZ\$m	Stage 3		Total NZ\$m
			Collectively assessed NZ\$m	Individually assessed NZ\$m	
<b>Net loans and advances - total</b>					
As at 1 October 2022	199	311	59	77	646
Transfer between stages	19	(20)	1	-	-
New and increased provisions (net of collective provision releases)	(24)	107	10	37	130
Write-backs	-	-	-	(9)	(9)
Recoveries of amounts previously written off	-	-	-	(5)	(5)
Credit impairment charge / (release)	(5)	87	11	23	116
Bad debts written-off (excluding recoveries)	-	-	-	(16)	(16)
Add back recoveries of amounts previously written off	-	-	-	5	5
Discount unwind	-	-	-	(1)	(1)
<b>As at 31 March 2023</b>	<b>194</b>	<b>398</b>	<b>70</b>	<b>88</b>	<b>750</b>

#### Off-balance sheet credit related commitments - total

As at 1 October 2022	66	31	3	5	105
Transfer between stages	2	(2)	-	-	-
New and increased provisions (net of collective provision releases)	-	5	-	-	5
Credit impairment charge	2	3	-	-	5
<b>As at 31 March 2023</b>	<b>68</b>	<b>34</b>	<b>3</b>	<b>5</b>	<b>110</b>

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

##### Gross loans and advances - total

As at 1 October 2022	139,972	6,910	590	146	147,618
Net transfers in to each stage	-	4,112	180	17	4,309
Amounts drawn from new or existing facilities	22,556	718	26	53	23,353
Additions	22,556	4,830	206	70	27,662
Net transfers out of each stage	(4,309)	-	-	-	(4,309)
Amounts repaid	(21,861)	(1,113)	(145)	(52)	(23,171)
Deletions	(26,170)	(1,113)	(145)	(52)	(27,480)
Amounts written off	-	-	-	(16)	(16)
<b>As at 31 March 2023</b>	<b>136,358</b>	<b>10,627</b>	<b>651</b>	<b>148</b>	<b>147,784</b>
<b>Loss allowance as at 31 March 2023</b>	<b>194</b>	<b>398</b>	<b>70</b>	<b>88</b>	<b>750</b>

##### Off-balance sheet credit related commitments - total

As at 1 October 2022	29,027	995	14	6	30,042
Net transfers in to each stage	-	53	3	-	56
New and increased facilities and drawn amounts repaid	6,023	180	3	15	6,221
Additions	6,023	233	6	15	6,277
Net transfers out of each stage	(56)	-	-	-	(56)
Reduced facilities and amounts drawn	(6,985)	(274)	(7)	(16)	(7,282)
Deletions	(7,041)	(274)	(7)	(16)	(7,338)
<b>As at 31 March 2023</b>	<b>28,009</b>	<b>954</b>	<b>13</b>	<b>5</b>	<b>28,981</b>
<b>Loss allowance as at 31 March 2023</b>	<b>68</b>	<b>34</b>	<b>3</b>	<b>5</b>	<b>110</b>

*Explanation of how changes in the gross carrying amounts of gross loans and advances contributed to changes in loss allowance*

Overall, loss allowances are 0.49% of gross balances as at 31 March 2023, up from 0.42% as at 30 September 2022. The NZ\$109 million (14.5%) increase in loss allowances was driven by an increase in the proportion of gross balances in Stage 2, partially offset by changes in the forward-looking economic scenarios as described in Note 5 Allowance for expected credit losses.

## REGISTERED BANK DISCLOSURES

### Past due assets and other asset quality information

As at 31 March 2023	Total NZ\$m
<b>Past due assets</b>	
Less than 30 days past due	1,056
At least 30 days but less than 60 days past due	570
At least 60 days but less than 90 days past due	166
At least 90 days past due	502
<b>Total past due but not individually impaired</b>	<b>2,294</b>
<b>Other asset quality information</b>	
Undrawn facilities with individually impaired customers	5
Other assets under administration	4

ANZBGL New Zealand does not have any loans and advances designated at fair value.

### Overseas Banking Group asset quality

As at	31 Mar 23	30 Sep 22
Individually impaired assets (AUDm) <sup>1</sup>	828	1,062
Individually impaired assets as a percentage of total assets	0.1%	0.1%
Individual credit impairment allowance (AUDm)	421	542
Individual credit impairment allowance as a percentage of individually impaired assets <sup>1</sup>	50.8%	51.0%
Collective credit impairment allowance (AUDm)	4,040	3,853

<sup>1</sup> Comparative amounts have been updated to exclude restructured items of A\$376 million and other defaulted financial assets of A\$7 million that are not individually assessed for credit impairment. Restructured items are facilities where the original contractual terms have been modified for reasons related to the financial difficulties of the customer and are collectively assessed for stage 3 ECL.

## B4. CREDIT AND MARKET RISK EXPOSURES AND CAPITAL ADEQUACY

### APRA Basel III capital ratios

As at 31 March	Overseas Banking Group		Ultimate Parent Bank (Extended Licensed Entity)	
	2023	2022	2023	2022
Common equity tier 1 capital	13.2%	11.5%	12.9%	11.1%
Tier 1 capital	15.1%	13.2%	15.2%	13.1%
Total capital	20.6%	16.6%	21.6%	17.1%

The Ultimate Parent Bank and the Overseas Banking Group are required to hold minimum capital as determined by APRA's capital framework, which is at least equal to that specified under the internationally agreed Basel III framework.

APRA has authorised the Ultimate Parent Bank and the Overseas Banking Group to use:

- the Internal Ratings Based (IRB) methodology for calculation of credit risk weighted assets. Where the Overseas Banking Group is not accredited to use the IRB methodology the Overseas Banking Group applies the standardised approach.
- the Standardised Measurement Approach (SMA) for the operational risk weighted asset equivalent.

The Overseas Banking Group exceeded the minimum capital requirements set by APRA as at 31 March 2023 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 31 March 2023. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 31 March 2023, in accordance with APS 330: *Public Disclosure of Prudential Information*, discloses capital adequacy ratios and other prudential information. This document can be accessed at the website [anz.com](http://anz.com).

### Market risk

ANZBGL New Zealand's aggregate market risk exposures below have been calculated in accordance with the RBNZ document BPR140: *Market Risk*. The peak end-of-day market risk exposures are for the six months ended 31 March 2023.

As at 31 March 2023	Implied risk weighted exposure		Notional capital charge	
	Period end NZ\$m	Peak NZ\$m	Period end NZ\$m	Peak NZ\$m
Interest rate risk	5,362	6,400	429	512
Foreign currency risk	39	95	3	8
Equity risk	1	1	-	-

### Additional mortgage information

As required by RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by ANZBGL New Zealand's valuation of the security property at origination of the exposure. Off-balance sheet exposures include undrawn and partially drawn residential mortgage loans as well as commitments to lend. Commitments to lend are formal offers for housing lending which have been accepted by the customer.

As at 31 March 2023	On-balance sheet NZ\$m	Off-balance sheet NZ\$m	Total NZ\$m
<b>LVR range</b>			
Does not exceed 60%	57,215	6,983	64,198
Exceeds 60% and not 70%	19,594	1,034	20,628
Exceeds 70% and not 80%	20,047	964	21,011
Does not exceed 80%	96,856	8,981	105,837
Exceeds 80% and not 90%	4,794	112	4,906
Exceeds 90%	1,636	180	1,816
<b>Total</b>	<b>103,286</b>	<b>9,273</b>	<b>112,559</b>

## B5. INSURANCE BUSINESS

As at 31 March 2023, ANZBGL New Zealand does not conduct any insurance business.

## DIRECTORS' AND NEW ZEALAND CHIEF EXECUTIVE OFFICER'S STATEMENT


As at the date on which this Disclosure Statement is signed, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes that:

- The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014; and
- The Disclosure Statement is not false or misleading.

Over the six months ended 31 March 2023, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes that:

- The Ultimate Parent Bank has complied in all material respects with each condition of registration that applied during that period<sup>1</sup>; and
  - The NZ Branch and the Bank had systems in place to monitor and control adequately the material risks of Relevant Members of ANZBGL New Zealand 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.
1. In accordance with the Order, Ultimate Parent Bank has complied in all material respects with each of its conditions of registration that applied during the period if the RBNZ has not published any information about a breach on its website, and has not notified Ultimate Parent Bank of any material breach.

Signed by the Chief Executive Officer – NZ Branch



Chris O'Neale  
Chief Executive Officer – NZ Branch  
8 May 2023

Signed on behalf of all the Directors of the Ultimate Parent Bank



Responsible Person  
8 May 2023

on behalf of the Directors of the Ultimate Parent Bank:

Ilana Atlas, AO  
Shayne Elliott  
Jane Halton, AO PSM  
Graham Hodges  
Rt Hon Sir John Key, GNZM AC  
John Macfarlane  
Christine O'Reilly  
Paul O'Sullivan  
Jeff Smith



## LIMITED ASSURANCE REPORTS



### INDEPENDENT AUDITOR'S REPORTS ON THE REGISTERED BANK DISCLOSURES TO THE DIRECTORS OF AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

#### REVIEW REPORT ON THE REGISTERED BANK DISCLOSURES IN SECTIONS B2, B3 AND B5

#### CONCLUSION

We have completed a review of the accompanying registered bank disclosures of the New Zealand business of Australia and New Zealand Banking Group Limited (ANZBGL) and its subsidiaries (ANZBGL New Zealand) in sections B2, B3 and B5 on pages 24 to 31. These comprise the information that is required to be disclosed in accordance with schedules 5, 7, 12 and 14 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (the Order).

Based on our review, nothing has come to our attention that causes us to believe that the registered bank disclosures in sections B2, B3 and B5:

- do not present fairly, in all material respects, the matters to which they relate; or
- are not disclosed, in all material respects, in accordance with schedules 5, 7, 12 and 14 of the Order.

#### BASIS FOR CONCLUSION

A review of the registered bank disclosures in sections B2, B3 and B5 in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of ANZBGL New Zealand, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to ANZBGL New Zealand in relation to review of regulatory returns, internal controls reports, prospectus assurance, agreed upon procedures and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with ANZBGL New Zealand on normal terms within the ordinary course of trading activities of the business of ANZBGL New Zealand. These matters have not impaired our independence as reviewer of ANZBGL New Zealand. The firm has no other relationship with, or interest in, ANZBGL New Zealand.

#### USE OF THIS INDEPENDENT REVIEW REPORT

This independent review report is made solely to ANZBGL's directors. Our review work has been undertaken so that we might state to the directors those matters we are required to state to them in the independent 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 for our review work, this independent review report, or any of the opinions we have formed.

#### RESPONSIBILITIES OF THE DIRECTORS FOR THE REGISTERED BANK DISCLOSURES IN SECTIONS B1, B2, B3 AND B5

The Directors, on behalf of ANZBGL New Zealand, are responsible for:

- the preparation and fair presentation of the registered bank disclosures in accordance with schedules 3, 5, 7, 12 and 14 of the Order; and
- implementing necessary internal control to enable the preparation of registered bank disclosures that free from material misstatement, whether due to fraud or error.

#### AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE REGISTERED BANK DISCLOSURES IN SECTIONS B2, B3 AND B5

Our responsibility is to express a conclusion on the registered bank disclosures in sections B2, B3 and B5 based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the registered bank disclosures in sections B2, B3 and B5:

- do not present fairly, in all material respects, the matters to which they relate; or
- are not disclosed, in all material respects, in accordance with schedules 5, 7, 12 and 14 of the Order; or
- if applicable, have 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 (ANZBGL does not have any such conditions).

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 consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the registered bank disclosures in sections B2, B3 and B5.

KPMG  
Auckland

8 May 2023

## LIMITED ASSURANCE REPORTS

### LIMITED ASSURANCE REPORT ON THE CREDIT AND MARKET RISK EXPOSURES AND CAPITAL ADEQUACY DISCLOSURES IN SECTION B4

#### CONCLUSION

We have reviewed the credit and market risk exposures and capital adequacy disclosures in section B4 on page 31 (the Capital Adequacy Disclosures), which comprise the information that is required to be disclosed in accordance with schedule 9 of the Order.

Based on our limited assurance conclusion, which is not a reasonable assurance engagement or audit, nothing has come to our attention that would lead us to believe that the Capital Adequacy Disclosures are not, in all material respects disclosed in accordance with schedule 9 of the Order.

#### STANDARDS WE FOLLOWED

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements 3100 (Revised) *Assurance Engagements on Compliance*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with those standards we:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the Capital Adequacy Disclosures are free from material misstatement and non-compliance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

#### HOW TO INTERPRET LIMITED ASSURANCE AND MATERIAL MISSTATEMENT AND NON-COMPLIANCE

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 misstatement and non-compliance with schedule 9 of the Order is likely to arise.

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. 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.

Misstatements, including omissions, within the Capital Adequacy Disclosures and non-compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the Capital Adequacy Disclosures.

#### 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 compliance requirements may occur and not be detected.

#### USE OF THIS INDEPENDENT LIMITED ASSURANCE REPORT

This independent limited assurance report is made solely to ANZBGL's directors. Our assurance work has been undertaken so that we might state to the directors those matters we are required to state to them in the assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the directors for our assurance work, for this independent limited assurance report, and/or for any of the conclusions we have reached.

#### DIRECTOR'S RESPONSIBILITY FOR THE CAPITAL ADEQUACY DISCLOSURES

The Directors are responsible for the preparation of the Capital Adequacy Disclosures that are required to be disclosed in accordance with schedule 9 of the Order, which the Directors have determined to meet the needs of the recipients. This responsibility includes such internal control as the Directors determine is necessary to enable the preparation of the Capital Adequacy Disclosures that are free from material misstatement and non-compliance whether due to fraud or error.

#### OUR RESPONSIBILITY FOR THE CAPITAL ADEQUACY DISCLOSURES

Our responsibility is to express a conclusion on whether anything has come to our attention that the Capital Adequacy Disclosures have not, in all material respects, been disclosed in accordance with schedule 9 of the Order for the six-month period ended 31 March 2023.

---

## OUR INDEPENDENCE AND QUALITY CONTROL

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 fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other services to ANZBGL New Zealand in relation to review of regulatory returns, internal controls reports, prospectus assurance, agreed upon procedures and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with ANZBGL New Zealand on normal terms within the ordinary course of trading activities of the business of ANZBGL New Zealand. These matters have not impaired our independence as assurance providers of ANZBGL New Zealand for this engagement. The firm has no other relationship with, or interest in, ANZBGL New Zealand.



KPMG  
Auckland

8 May 2023

