ANZ BANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2024

CONTENTS

Glossary of terms 2

DISCLOSURE STATEMENT

Interim Financial Statements 3

Condensed consolidated interim financial statements 4

Notes to the condensed consolidated interim financial statements 8

Limited Assurance Report 22

Registered Bank Disclosures 24

Directors' Statement 44

Limited Assurance Reports 45

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, We or Our means the Bank and all its controlled entities.

Immediate Parent Company means ANZ Holdings (New Zealand) Limited.

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

ANZ Group means the worldwide operations of ANZGHL including its controlled entities.

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 means the New Zealand business of the Overseas Banking Group.

ANZ New Zealand means the New Zealand business of the ANZ Group.

Registered Office is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland, New Zealand, which is also the Bank'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 (New Zealand 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
Equity	
10. Shareholders' equity	20
Other disclosures	
11. Commitments and contingent liabilities	21

INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

For the six months ended 31 March	Note	2024 NZ$m	2023 NZ$m
Interest income		5,909	4,672
Interest expense		(3,733)	(2,525)
Net interest income		2,176	2,147
Other operating income	2	225	239
Operating income		2,401	2,386
Operating expenses		(858)	(811)
Profit before credit impairment and income tax		1,543	1,575
Credit impairment charge	5	(33)	(121)
Profit before income tax		1,510	1,454
Income tax expense		(428)	(408)
Profit for the period		1,082	1,046

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 March	2024 NZ$m	2023 NZ$m
Profit after tax for the period	1,082	1,046
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	4	-
Items that may be reclassified subsequently to profit or loss		
Reserve movements:		
Unrealised gains / (losses) recognised directly in equity	48	(28)
Realised gains transferred to the income statement	(3)	(12)
Income tax attributable to the above items	(14)	11
Other comprehensive income after tax	35	(29)
Total comprehensive income for the period	1,117	1,017

The notes appearing on pages 8 to 21 form an integral part of these interim financial statements

BALANCE SHEET

As at	Note	31 Mar 24 NZ$m	30 Sep 23 NZ$m
Assets			
Cash and cash equivalents		12,918	13,094
Settlement balances receivable		651	401
Collateral paid		709	801
Trading securities		5,783	5,921
Derivative financial instruments		8,492	8,753
Investment securities		11,609	10,958
Net loans and advances	4	150,886	149,321
Deferred tax assets		444	397
Goodwill and other intangible assets		3,096	3,119
Premises and equipment		346	371
Other assets		1,232	1,153
Total assets		196,166	194,289
Liabilities			
Settlement balances payable		3,576	2,920
Collateral received		1,003	1,500
Deposits and other borrowings	6	145,131	141,630
Derivative financial instruments		7,911	8,326
Current tax liabilities		32	76
Payables and other liabilities		2,418	1,938
Employee entitlements		115	122
Other provisions		206	209
Debt issuances	7	17,114	19,147
Total liabilities		177,506	175,868
Net assets		18,660	18,421
Shareholders' equity			
Share capital	10	12,713	12,438
Reserves	10	(61)	(93)
Retained earnings	10	6,008	6,076
Total shareholders' equity		18,660	18,421

The notes appearing on pages 8 to 21 form an integral part of these interim financial statements

INTERIM FINANCIAL STATEMENTS

CASH FLOW STATEMENT

For the six months ended 31 March	2024 NZ$m	2023 NZ$m
Profit after income tax	1,082	1,046
Adjustments to reconcile to net cash provided by/(used in) operating activities:		
Depreciation and amortisation	55	60
Loss on sale and impairment of premises and equipment	1	1
Net derivatives/foreign exchange adjustment	(253)	684
Other non-cash movements	(12)	(139)
Net (increase)/decrease in operating assets:		
Collateral paid	92	1,096
Trading securities	138	1,571
Net loans and advances	(1,565)	(87)
Other assets	(353)	338
Net increase/(decrease) in operating liabilities:		
Deposits and other borrowings (excluding items included in financing activities)	3,530	(1,219)
Settlement balances payable	656	(1,523)
Collateral received	(497)	(906)
Other liabilities	439	274
Total adjustments	2,231	150
Net cash provided by operating activities[1]	3,313	1,196
Cash flows from investing activities		
Investment securities:		
Purchases	(1,495)	(2,822)
Proceeds from sale or maturity	1,320	3,348
Other assets	(19)	(30)
Net cash provided by/(used in) investing activities	(194)	496
Cash flows from financing activities		
Deposits and other borrowings[2]	(29)	1,000
Debt issuances:[3]		
Issue proceeds	887	500
Redemptions	(3,250)	(2,166)
Proceeds from issue of preference shares	271	-
Repayment of lease liabilities	(25)	(23)
Dividends paid	(1,149)	(921)
Net cash used in financing activities	(3,295)	(1,610)
Net change in cash and cash equivalents	(176)	82
Cash and cash equivalents at beginning of period	13,094	12,575
Cash and cash equivalents at end of period	12,918	12,657

1 Net cash provided by operating activities includes income taxes paid of NZ$533 million (2023: NZ$706 million).
2 Movement in deposits and other borrowings include repayments of repurchase transactions entered into with the RBNZ under the Term Lending Facility of NZ$29 million (2023: amount drawn under the Funding for Lending Programme of NZ$1,000 million).
3 Movement in debt issuances (Note 7 Debt issuances) also includes a NZ$20 million decrease (2023: NZ$896 million decrease) from the effect of foreign exchange rates, a NZ$350 million increase (2023: NZ$226 million increase) from changes in fair value hedging instruments and nil from other changes (2023: NZ$1 million increase).

The notes appearing on pages 8 to 21 form an integral part of these interim financial statements

STATEMENT OF CHANGES IN EQUITY

	Share capital NZ$m	Reserves NZ$m	Retained earnings NZ$m	Total shareholders' equity NZ$m
As at 1 October 2022	12,438	48	5,298	17,784
Profit for the period	-	-	1,046	1,046
Other comprehensive income for the period	-	(29)	-	(29)
Total comprehensive income for the period	-	(29)	1,046	1,017
Transactions with equity holders in their capacity as equity owners:				
Ordinary dividend paid	-	-	(900)	(900)
Preference dividends paid	-	-	(21)	(21)
As at 31 March 2023	12,438	19	5,423	17,880
As at 1 October 2023	12,438	(93)	6,076	18,421
Profit for the period	-	-	1,082	1,082
Other comprehensive income for the period	-	32	3	35
Total comprehensive income for the period	-	32	1,085	1,117
Transactions with equity holders in their capacity as equity owners:				
Ordinary dividends paid	-	-	(1,125)	(1,125)
Preference shares issued (net of issue costs)	275	-	(4)	271
Preference dividends paid	-	-	(24)	(24)
As at 31 March 2024	12,713	(61)	6,008	18,660

The notes appearing on pages 8 to 21 form an integral part of these interim financial statements

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. ABOUT OUR INTERIM FINANCIAL STATEMENTS

These financial statements for the Banking Group have been prepared in accordance with the requirements of the Order and should be read in conjunction with the Banking Group's financial statements for the year ended 30 September 2023.

On 6 May 2024, the Directors resolved to authorise the issue of these financial statements.

BASIS OF PREPARATION

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 financial statements consolidate the financial statements of the Bank and its subsidiaries.

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

The accounting policies adopted by the Banking Group 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 and in the case of fair value hedging, a fair value adjustment made to the underlying hedged item;
- financial instruments held for trading;
- financial assets and financial 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

In the process of applying the Banking Group's accounting policies, management has made a number of judgements and applied estimates and assumptions about past and future events. 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 continues to face challenges associated with inflation and interest rate uncertainties, labour market constraints, continuing geopolitical tensions, and impacts from climate change, which contributes to an elevated level of estimation uncertainty involved in the preparation of these financial statements.

The Banking Group has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions at 31 March 2024 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	2024 NZ$m	2023 NZ$m
(i) Fee and commission income		
Lending fees	10	13
Non-lending fees	370	375
Commissions	14	15
Funds management income	122	120
Fee and commission income	516	523
Fee and commission expense	(261)	(273)
Net fee and commission income	255	250
(ii) Other income		
Net trading gains	122	109
Gain on sale of investment securities designated at FVOCI	1	13
Fair value gain / (loss) on hedging activities and financial liabilities designated at fair value	(160)	(136)
Net foreign exchange earnings and other financial instruments income	(37)	(14)
Adjustment to gain on sale of UDC Finance Ltd	2	-
Other	5	3
Other income	(30)	(11)
Other operating income	225	239

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. SEGMENT REPORTING

The Banking Group is organised into three major business segments for segment reporting purposes - Personal, Business & Agri 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 minor changes to the Banking Group's structure. Comparative amounts have been adjusted to be consistent with the current period's segment definitions.

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 & Agri
Business & Agri provides a full range of banking services 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 the Banking Group'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 & Agri		Institutional		Other		Total	
For the six months ended 31 March	2024 NZ$m	2023 NZ$m	2024 NZ$m	2023 NZ$m	2024 NZ$m	2023 NZ$m	2024 NZ$m	2023 NZ$m	2024 NZ$m	2023 NZ$m
Net interest income	1,169	1,216	515	498	375	346	117	87	2,176	2,147
Net fee and commission income										
- Lending fees	4	3	-	-	6	10	-	-	10	13
- Non-lending fees	228	220	118	132	26	23	(2)	-	370	375
- Commissions	13	15	-	-	-	-	1	-	14	15
- Funds management income	122	120	-	-	-	-	-	-	122	120
- Fee and commission expense	(168)	(167)	(93)	(106)	-	-	-	-	(261)	(273)
Net fee and commission income	199	191	25	26	32	33	(1)	-	255	250
Other income	-	1	-	-	130	147	(160)	(159)	(30)	(11)
Other operating income	199	192	25	26	162	180	(161)	(159)	225	239
Operating income	1,368	1,408	540	524	537	526	(44)	(72)	2,401	2,386
Operating expenses	(590)	(568)	(134)	(118)	(122)	(113)	(12)	(12)	(858)	(811)
Profit before credit impairment and income tax	778	840	406	406	415	413	(56)	(84)	1,543	1,575
Credit impairment release / (charge)	(22)	(50)	18	(32)	(29)	(39)	-	-	(33)	(121)
Profit / (loss) before income tax	756	790	424	374	386	374	(56)	(84)	1,510	1,454
Income tax credit / (expense)	(212)	(221)	(119)	(105)	(109)	(105)	12	23	(428)	(408)
Profit / (loss) after income tax	544	569	305	269	277	269	(44)	(61)	1,082	1,046

	Personal		Business & Agri		Institutional		Other		Total	
	31 Mar 24	30 Sep 23	31 Mar 24	30 Sep 23	31 Mar 24	30 Sep 23	31 Mar 24	30 Sep 23	31 Mar 24	30 Sep 23
As at	NZ$m	NZ$m	NZ$m	NZ$m	NZ$m	NZ$m	NZ$m	NZ$m	NZ$m	NZ$m
Financial position										
Goodwill	1,042	1,042	695	695	1,269	1,269	-	-	3,006	3,006
Net loans and advances	108,440	106,138	23,887	24,424	18,559	18,759	-	-	150,886	149,321
Customer deposits	90,493	88,086	18,296	18,345	26,578	26,098	-	-	135,367	132,529

Other segment

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

For the six months ended 31 March	2024 NZ$m	2023 NZ$m
Personal and Business & Agri central functions	2	2
Group Centre	70	35
Economic hedges	(116)	(98)
Total	(44)	(61)

4. NET LOANS AND ADVANCES

	Note	31 Mar 24 NZ$m	30 Sep 23 NZ$m
Overdrafts		926	973
Credit cards		1,268	1,262
Term loans - housing		109,193	107,040
Term loans - non-housing		39,782	40,345
Subtotal		151,169	149,620
Unearned income		(23)	(28)
Capitalised brokerage and other origination costs		477	459
Gross loans and advances		151,623	150,051
Allowance for expected credit losses	5	(737)	(730)
Net loans and advances		150,886	149,321

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 24			30 Sep 23		
	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	690	47	737	670	60	730
Off-balance sheet commitments	132	1	133	122	5	127
Total	822	48	870	792	65	857

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 3		
	Stage 1 NZ$m	Stage 2 NZ$m	Collectively assessed NZ$m	Individually assessed NZ$m	Total NZ$m
As at 1 October 2023	193	398	79	60	730
Transfer between stages	35	(42)	3	4	-
New and increased provisions (net of releases)	(27)	9	42	40	64
Write-backs	-	-	-	(31)	(31)
Bad debts written-off (excluding recoveries)	-	-	-	(20)	(20)
Discount unwind	-	-	-	(6)	(6)
As at 31 March 2024	201	365	124	47	737

Off-balance sheet credit related commitments - undrawn and contingent facilities
Allowance for ECL is included in other provisions.

As at 1 October 2023	80	39	3	5	127
Transfer between stages	4	(4)	-	-	-
New and increased provisions (net of releases)	(12)	22	-	(4)	6
As at 31 March 2024	72	57	3	1	133

CREDIT IMPAIRMENT CHARGE – INCOME STATEMENT

For the six months ended 31 March	2024 NZ$m	2023 NZ$m
New and increased provisions (net of releases)[1]		
- Collectively assessed	30	98
- Individually assessed	40	37
Write-backs	(31)	(9)
Recoveries of amounts previously written-off	(6)	(5)
Total credit impairment charge	33	121

1 Includes the impact of transfers between collectively assessed and individually assessed.

KEY JUDGEMENTS AND ESTIMATES

Collectively assessed allowance for expected credit losses

In estimating collectively assessed ECL, the Banking Group 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 as to how various factors might impact the global economy, and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. The Banking Group'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 2024
Determining when a significant increase in credit risk (SICR) has occurred or reversed	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 it 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 ECL. 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. The Banking Group monitors the effectiveness of SICR criteria on an ongoing basis.	The determination of SICR was consistent with prior periods.
Measuring both 12-month and lifetime ECL	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 the Banking Group'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 policy. A new PD model was implemented for the agri portfolio during the period, replacing the prior model, with impacts largely offset by the release of a model overlay held in anticipation of model implementation.
Base case economic forecast	The Banking Group 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 2024, the base case assumptions have been updated to reflect a moderation in inflation and rising unemployment. The economy is forecast to continue to grow below trend. Despite increased household disposable incomes, limited flow-through to household consumption is forecast. The expected outcomes of key economic drivers for the base case scenario at 31 March 2024 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 2024
Probability weighting of each economic scenario (base case, upside, downside and severe downside scenarios)[1]	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. 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.	Probability weightings in the current period remain unchanged from the prior period, reflecting our assessment of the continuing downside risks from the impact of high interest rates and inflation. Weightings for current and prior periods are as detailed in the section below under the heading on 'Probability weightings'.
Management temporary adjustments	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, natural disasters, and natural hazards that are not incorporated into our current parameters, risk ratings, or forward-looking information are examples of such circumstances.	Management have continued to apply adjustments to accommodate uncertainty associated with higher inflation and interest rates. Management overlays have been made for risks particular to mortgages and commercial lending. Management temporary adjustments total NZ$71 million (September 2023: NZ$176 million). Management has considered and concluded no temporary adjustment is required at 31 March 2024 to the ECL in relation to climate- or weather-related events during the period.

1 The upside and downside scenarios are fixed by reference to average economic cycle conditions instead of 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

The economic drivers of the base case economic forecasts, reflective of our view of future macroeconomic conditions, used at 31 March 2024 are set out below. For years beyond the near-term forecasts below, the ECL models apply simplified assumptions for the economic conditions to calculate lifetime loss. There is a high level of estimation uncertainties when forming these forecasts.

	Actual calendar year	Forecast calendar year	
New Zealand	2023	2024	2025
GDP (annual % change)	0.8%	0.9%	1.3%
Unemployment rate (annual average)	3.7%	4.5%	5.3%
Residential property prices (annual % change)	-0.7%	3.0%	5.0%
Consumer price index (CPI) (annual % change)	5.7%	3.1%	2.2%

The base case economic forecasts are for a continuing slowdown in economic activity. Continued high inflation is expected to keep interest rates high for longer 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 2023 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. The Banking Group considers these weightings to provide estimates of the possible loss outcomes and taking into account short and long term inter-relationships within the Banking Group's credit portfolios. The weightings applied are set out below:

	31 Mar 24	30 Sep 23
Base	50.0%	50.0%
Upside	0.0%	0.0%
Downside	37.5%	37.5%
Severe downside	12.5%	12.5%

ECL - Sensitivity analysis

Given inherent economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, ECL reported by the Banking Group should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of the Banking Group's allowance for collectively assessed ECL to key factors used in determining it at 31 March 2024:

	ECL NZ$m	Impact on ECL NZ$m
If 1% of Stage 1 facilities were included in Stage 2	832	10
If 1% of Stage 2 facilities were included in Stage 1	821	(1)
100% upside scenario	243	(579)
100% base scenario	405	(417)
100% downside scenario	743	(79)
100% severe downside scenario	2,161	1,339

Individually assessed allowance for expected credit losses

In estimating individually assessed ECL, the Banking Group 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 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 24 NZ$m	30 Sep 23 NZ$m
Term deposits	57,527	54,198
On demand and short term deposits	60,586	60,673
Deposits not bearing interest	17,254	17,658
Total customer deposits	135,367	132,529
Certificates of deposit	1,962	2,328
Commercial paper	3,437	2,253
Securities sold under repurchase agreements	4,266	4,429
Deposits from Immediate Parent Company and NZ Branch	99	91
Deposits and other borrowings	145,131	141,630

7. DEBT ISSUANCES

The Banking Group 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 24 NZ$m	30 Sep 23 NZ$m
Senior debt	12,606	13,466
Covered bonds	2,178	3,373
Total unsubordinated debt	14,784	16,839
Subordinated debt		
- Additional Tier 1 capital	938	938
- Tier 2 capital	1,392	1,370
Total subordinated debt	2,330	2,308
Total debt issued	17,114	19,147

Covered bonds are guaranteed by ANZNZ Covered Bond Trust Limited (the Covered Bond Guarantor), solely in its capacity as trustee of ANZNZ Covered Bond Trust (the Covered Bond Trust). The Covered Bond Trust is a member of the Banking Group, whereas the Covered Bond Guarantor is not a member of the Banking Group.

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 the Banking Group 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[1]		Maximum exposure to credit risk	
	31 Mar 24 NZ$m	30 Sep 23 NZ$m	31 Mar 24 NZ$m	30 Sep 23 NZ$m	31 Mar 24 NZ$m	30 Sep 23 NZ$m
On-balance sheet positions						
Net loans and advances	150,886	149,321	-	-	150,886	149,321
Other financial assets:						
Cash and cash equivalents	12,918	13,094	197	155	12,721	12,939
Settlement balances receivable	651	401	-	-	651	401
Collateral paid	709	801	-	-	709	801
Trading securities	5,783	5,921	-	-	5,783	5,921
Derivative financial instruments	8,492	8,753	-	-	8,492	8,753
Investment securities	11,609	10,958	-	-	11,609	10,958
Other financial assets[2]	1,018	995	-	-	1,018	995
Total other financial assets	41,180	40,923	197	155	40,983	40,768
Subtotal	192,066	190,244	197	155	191,869	190,089
Off-balance sheet commitments						
Undrawn and contingent facilities[3]	28,695	28,797	-	-	28,695	28,797
Total	220,761	219,041	197	155	220,564	218,886

1 Coins, notes and cash at bank within cash and cash equivalents were excluded as they do not have credit risk exposure.
2 Other financial assets mainly comprise accrued interest and acceptances.
3 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 the Banking Group's internal customer credit rating (CCR) to manage the credit quality of financial assets. To enable wider comparisons, the Banking Group's CCRs are mapped to external rating agency scales as follows:

Credit quality description	Internal CCR	The Banking Group 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 3		
	Stage 1	Stage 2	Collectively assessed	Individually assessed	Total
As at 31 March 2024	NZ$m	NZ$m	NZ$m	NZ$m	NZ$m
Strong	116,442	3,432	-	-	119,874
Satisfactory	20,912	4,729	-	-	25,641
Weak	599	3,408	-	-	4,007
Defaulted	-	-	1,356	291	1,647
Subtotal	137,953	11,569	1,356	291	151,169
Allowance for ECL	(201)	(365)	(124)	(47)	(737)
Net loans and advances at amortised cost	137,752	11,204	1,232	244	150,432
Coverage ratio	0.15%	3.15%	9.14%	16.15%	0.49%
Unearned income					(23)
Capitalised brokerage and other origination costs					477
Net carrying amount					150,886
As at 30 September 2023					
Strong	116,859	3,646	-	-	120,505
Satisfactory	19,979	5,025	-	-	25,004
Weak	504	2,430	-	-	2,934
Defaulted	-	-	890	287	1,177
Subtotal	137,342	11,101	890	287	149,620
Allowance for ECL	(193)	(398)	(79)	(60)	(730)
Net loans and advances at amortised cost	137,149	10,703	811	227	148,890
Coverage ratio	0.14%	3.59%	8.88%	20.91%	0.49%
Unearned income					(28)
Capitalised brokerage and other origination costs					459
Net carrying amount					149,321

Off-balance sheet commitments - undrawn and contingent facilities			Stage 3		
	Stage 1	Stage 2	Collectively assessed	Individually assessed	Total
As at 31 March 2024	NZ$m	NZ$m	NZ$m	NZ$m	NZ$m
Strong	24,001	270	-	-	24,271
Satisfactory	3,278	980	-	-	4,258
Weak	7	266	-	-	273
Defaulted	-	-	18	8	26
Gross undrawn and contingent facilities	27,286	1,516	18	8	28,828
Allowance for ECL included in other provisions	(72)	(57)	(3)	(1)	(133)
Net undrawn and contingent facilities	27,214	1,459	15	7	28,695
Coverage ratio	0.26%	3.76%	16.67%	12.50%	0.46%
As at 30 September 2023					
Strong	24,408	202	-	-	24,610
Satisfactory	3,343	701	-	-	4,044
Weak	8	234	-	-	242
Defaulted	-	-	15	13	28
Gross undrawn and contingent facilities	27,759	1,137	15	13	28,924
Allowance for ECL included in other provisions	(80)	(39)	(3)	(5)	(127)
Net undrawn and contingent facilities	27,679	1,098	12	8	28,797
Coverage ratio	0.29%	3.43%	20.00%	38.46%	0.44%

9. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value hierarchy

The Banking Group 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 24 NZ$m	30 Sep 23 NZ$m	31 Mar 24 NZ$m	30 Sep 23 NZ$m	31 Mar 24 NZ$m	30 Sep 23 NZ$m	31 Mar 24 NZ$m	30 Sep 23 NZ$m
Assets								
Cash and cash equivalents	-	-	448	668	-	-	448	668
Trading securities[1]	4,465	3,989	1,318	1,932	-	-	5,783	5,921
Derivative financial instruments	4	38	8,487	8,715	1	-	8,492	8,753
Investment securities[1]	10,325	7,796	1,283	3,161	1	1	11,609	10,958
Total	14,794	11,823	11,536	14,476	2	1	26,332	26,300
Liabilities								
Deposits and other borrowings	-	-	3,651	2,882	-	-	3,651	2,882
Derivative financial instruments	19	2	7,887	8,314	5	10	7,911	8,326
Other financial liabilities	689	367	-	4	-	-	689	371
Total	708	369	11,538	11,200	5	10	12,251	11,579

1 During the six months ended 31 March 2024, NZ$134 million of assets were transferred from Level 1 to Level 2 and $2,205 million of assets were transferred from Level 2 to Level 1 for the Banking Group due to a change of the observability of valuation inputs. There were no other material transfers between Level 1 and Level 2 during the year. 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 24 NZ$m	30 Sep 23 NZ$m	31 Mar 24 NZ$m	30 Sep 23 NZ$m
Financial assets				
Net loans and advances[1]	150,886	149,321	150,526	148,262
Total	150,886	149,321	150,526	148,262
Financial liabilities				
Deposits and other borrowings[2]	141,480	138,748	141,470	138,647
Debt issuances[1]	17,114	19,147	17,289	19,186
Total	158,594	157,895	158,759	157,833

1 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.
2 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. SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

	31 Mar 24 NZ$m	30 Sep 23 NZ$m
Share capital	12,713	12,438
Reserves		
FVOCI reserve	(13)	(39)
Cash flow hedge reserve	(48)	(54)
Total reserves	(61)	(93)
Retained earnings	6,008	6,076
Total shareholders' equity	18,660	18,421

SHARE CAPITAL

The table below details the movement in issued shares and share capital for the period.

	Number of issued shares		NZ$ millions	
	31 Mar 24	30 Sep 23	31 Mar 24	30 Sep 23
Ordinary shares	6,345,755,498	6,345,755,498	11,588	11,588
Preference shares				
Preference shares at start of period	850,000,000	850,000,000	850	850
Preference shares issued during the period	275,000,000	-	275	-
Preference shares	1,125,000,000	850,000,000	1,125	850
Total share capital	7,470,755,498	7,195,755,498	12,713	12,438

Preference shares

Perpetual preference shares (PPS) do not carry any voting rights. They are classified as equity instruments as there is no contractual obligation for the Bank to either deliver cash or another financial instrument or to exchange financial instruments on a potentially unfavourable basis.

In the event of liquidation, holders of PPS are entitled to a maximum amount equal to the issue price of the PPS. Holders of PPS rank behind the claims of all depositors and other creditors of the Bank (other than creditors that rank equally with the PPS), equally with the rights of other holders of PPS, additional tier 1 (AT1) capital notes and other equal ranking securities and obligations, and in priority to the rights of holders of ordinary shares.

Holders of PPS are entitled to receive dividends that are discretionary, non-cumulative and subject to conditions. If a PPS dividend is not paid, there are certain restrictions on the ability of the Bank to pay a dividend on its ordinary shares. Holders of the PPS have no other rights to participate in the profits or property of the Bank.

Holders of PPS have no right to require that the PPS be redeemed.

The Bank has three classes of PPS: PPS issued in 2022 and 2024 that are quoted on the NZX Debt Market (Quoted PPS), and PPS issued to the Immediate Parent Company in 2013 (2013 PPS). As at 31 March 2024, PPS qualify as AT1 capital for RBNZ's capital adequacy purposes.

The key terms of the Quoted PPS are as follows:

	2022 PPS	2024 PPS
Issue date	18 July 2022	19 March 2024
Issue amount	NZ$550 million	NZ$275 million
First optional redemption date	18 July 2028	19 March 2030
Final maturity date	Perpetual	Perpetual
Dividend amount	6.95% per annum until 18 July 2028 (after which it changes to a floating rate equal to the aggregate of the New Zealand 3-month bank bill rate plus 3.25%), multiplied by one minus the New Zealand company tax rate (where the PPS dividend is fully imputed).	7.60% per annum until 19 March 2030 (after which it changes to a floating rate equal to the aggregate of the New Zealand 3-month bank bill rate plus 3.25%), multiplied by one minus the New Zealand company tax rate (where the PPS dividend is fully imputed).

As at 31 March 2024, the Quoted PPS carried a BBB credit rating from S&P Global Ratings. S&P Global Ratings upgraded the credit rating on the Quoted PPS from BBB to BBB+ on 3 April 2024.

The Bank may, at its option, redeem a class of Quoted PPS on an optional redemption date (being each scheduled quarterly dividend payment date from the first optional redemption date), or at any time following the occurrence of a tax event or regulatory event, subject to prior written approval of RBNZ and certain other conditions being met.

The key terms of the 2013 PPS are as follows:

The Bank issued NZ$300 million of PPS to the Immediate Parent Company in 2013. The dividend amount is based on a floating rate equal to the aggregate of the New Zealand 6-month bank bill rate plus 3.25%, multiplied by one minus the New Zealand company tax rate (where the 2013 PPS dividend is fully imputed).

The 2013 PPS provide the Bank with a redemption option on specified dates and in certain other circumstances. Redemption is subject to RBNZ's prior written approval. The 2013 PPS must be redeemed for nil consideration if a non-viability trigger event occurs.

11. COMMITMENTS AND CONTINGENT LIABILITIES

Credit related commitments and contingencies	31 Mar 24 NZ$m	30 Sep 23 NZ$m
Contract amount of:		
Undrawn facilities	26,247	26,305
Guarantees and letters of credit	1,140	1,029
Performance related contingencies	1,441	1,590
Total	28,828	28,924

The Banking Group 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 the Banking Group. 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 the Banking Group.

REGULATORY AND CUSTOMER EXPOSURES

The Banking Group 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. The Banking Group has received various notices and requests for information from its regulators as part of both industry-wide and Banking Group-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.

LOAN INFORMATION LITIGATION

In September 2021, a representative proceeding was 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. In July 2022, the High Court ruled that the plaintiffs may bring the proceeding as an opt-out representative action on behalf of a class, being certain 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. Aspects of the decision were appealed by both parties, and a hearing took place at the Court of Appeal in April 2024. The Bank is awaiting judgment.

WARRANTIES AND INDEMNITIES

The Banking Group 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 SHAREHOLDER OF ANZ BANK NEW ZEALAND LIMITED

REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONCLUSION

We have completed a review of the accompanying consolidated interim financial statements of ANZ Bank New Zealand Limited (the Bank) and its subsidiaries (the Banking Group) on pages 4 to 21 which comprise:

- the consolidated statement of financial position as at 31 March 2024;
- 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 material 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 the Banking Group, 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 the Banking Group 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 the Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as reviewer of the Banking Group. The firm has no other relationship with, or interest in, the Banking Group.

USE OF THIS INDEPENDENT REVIEW REPORT

This independent review report is made solely to the Bank's shareholder. Our review work has been undertaken so that we might state to the shareholder 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 shareholder 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 the Banking Group, 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 the Banking Group's consolidated interim financial statements.

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

KPMG

KPMG
Auckland

6 May 2024

This page has been left blank intentionally

REGISTERED BANK DISCLOSURES

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

Section		Order reference	Page
B1.	General disclosures	Schedule 3	25
B2.	Additional financial disclosures	Schedule 5	26
B3.	Asset quality	Schedule 7	31
B4.	Capital adequacy under the internal models based approach, and regulatory liquidity ratios	Schedule 11	36
B5.	Concentration of credit exposures to individual counterparties	Schedule 13	43
B6.	Insurance business	Schedule 16	43
B7.	Risk management policies	Schedule 18	43

REGISTERED BANK DISCLOSURES

B1. GENERAL DISCLOSURES

Guarantees

The Bank has guaranteed the payment of interest and principal of covered bonds issued by its subsidiary ANZ New Zealand (Int'l) Limited. This obligation is guaranteed by ANZNZ Covered Bond Trust Limited (the Covered Bond Guarantor), solely in its capacity as trustee of ANZNZ Covered Bond Trust. The Covered Bond Guarantor's address for service is Level 16, SAP Tower, 151 Queen Street, Auckland 1010, New Zealand. The Covered Bond Guarantor is not a member of the Banking Group and has no credit ratings applicable to its long term senior unsecured obligations. The covered bonds have been assigned a long term rating of Aaa and AAA by Moody's Investors Service and Fitch Ratings respectively. Refer to page 16 for further details, and to page 26 for the amount of assets of the ANZ Covered Bond Trust pledged as security for covered bonds.

No other material obligations of the Bank are guaranteed as at 6 May 2024.

Changes in the Bank's Board of Directors

Rt Hon Sir John Key, GNZM AC retired as an independent non-executive director on 14 March 2024. As at 6 May 2024, there have been no other changes to the directors of the Bank since 30 September 2023, the balance date of the last full year disclosure statement.

Auditors

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

Conditions of registration

Changes to the Bank's conditions of registration since the last disclosure statement (for the year ended 30 September 2023)

The Bank's conditions of registration have been amended to:

- incorporate changes regarding RBNZ's review of the connected exposures policy (BS8) and refer to updated versions of BPR's 001, 110, 120, 130, 131, 132, 133 to implement changes to risk weights; and introduce a new capital instrument for mutual banks (effective 1 October 2023);
- remove the risk weight floor on the Bank's corporate farm lending exposure (effective 30 November 2023); and
- incorporate changes regarding outsourcing, connected exposures and risk weights for residential mortgage loans underwritten by Kāinga Ora. (effective 1 April 2024).

Other matters relevant to the conditions of registration

There are other matters currently under review where there may be more than one valid interpretation of the respective policy wording or requirement. Where there may be some uncertainty about the interpretation the Bank has applied, where appropriate it has sought guidance from, and will be liaising with, RBNZ.

Pending proceedings or arbitration

A description of any pending legal proceedings or arbitration concerning any member of the Banking Group that may have a material adverse effect on the Bank or the Banking Group is included in Note 11 Commitments and contingent liabilities.

Credit rating

The Bank has credit ratings that apply to its long-term senior unsecured obligations payable in New Zealand in New Zealand dollars.

As at 6 May 2024, the 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	A1	Outlook Stable

Other material matters

Climate Statements

The Bank is a climate reporting entity (CRE) and is required to produce group climate statements under New Zealand's mandatory climate-related disclosure legislation. The Banking Group will issue its first mandatory climate statements under the Financial Markets Conduct Act 2013 (FMCA) and the Aotearoa New Zealand Climate Standards (NZ CS) for the financial year ending 30 September 2024.

RBNZ capital requirements

RBNZ has revised the capital adequacy requirements applying to New Zealand locally incorporated registered banks, which are set out in RBNZ's Banking Prudential Requirements documents. As a result, the Banking Group is materially increasing the level of capital it holds over the transition period from October 2021 to July 2028. The key requirements still being implemented are:

- The Banking Group's total capital requirement will progressively 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, from July 2024. 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 2024, the Bank had NZ$1,238 million of AT1 capital instruments that will progressively lose eligible regulatory capital treatment over the transition period to July 2028.

B2. ADDITIONAL FINANCIAL DISCLOSURES

Additional information on the balance sheet

As at 31 March 2024	NZ$m
Total interest earning and discount bearing assets	181,773
Total interest and discount bearing liabilities	148,900
Total amounts due from related entities	5,909
Total amounts due to related entities	7,035

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 the Banking Group's covered bond programmes;
- collateral provided to RBNZ under the Term Lending Facility and Funding for Lending Programme; and
- collateral provided to a clearing house.

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

As at 31 March 2024	NZ$m
Securities sold under agreements to repurchase	446
Residential mortgages pledged as security for repurchase agreements with RBNZ	4,889
Total assets of the ANZNZ Covered Bond Trust pledged as security for covered bonds	9,642
Other	236

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. The Banking Group 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 2024	Loans and advances NZ$m	Other financial assets NZ$m	Off-balance sheet credit related commitments NZ$m	Total NZ$m
New Zealand residents				
Agriculture	15,391	86	937	16,414
Forestry and fishing, agriculture services	512	6	112	630
Mining	160	6	260	426
Manufacturing	2,499	157	1,882	4,538
Electricity, gas, water and waste services	694	211	1,463	2,368
Construction	915	5	953	1,873
Wholesale trade	1,549	38	1,549	3,136
Retail trade and accommodation	2,778	18	854	3,650
Transport, postal and warehousing	1,088	45	624	1,757
Finance and insurance services	875	15,289	1,711	17,875
Rental, hiring & real estate services	37,415	2,104	1,838	41,357
Professional, scientific, technical, administrative and support services	1,025	7	431	1,463
Public administration and safety	197	9,168	832	10,197
Health care and social assistance	863	5	305	1,173
Households	81,510	425	13,734	95,669
All other New Zealand residents[1]	1,561	93	1,272	2,926
Subtotal	149,032	27,663	28,757	205,452
Overseas				
Finance and insurance services	80	13,291	71	13,442
Households	1,498	8	-	1,506
All other non-NZ residents	559	21	-	580
Subtotal	2,137	13,320	71	15,528
Gross subtotal	151,169	40,983	28,828	220,980
Allowance for ECL	(737)	-	(133)	(870)
Subtotal	150,432	40,983	28,695	220,110
Unearned income	(23)	-	-	(23)
Capitalised brokerage and other origination costs	477	-	-	477
Maximum exposure to credit risk	150,886	40,983	28,695	220,564

1 All other New Zealand residents 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 2024	Note	NZ$m
Funding composition		
Customer deposits	6	135,367
Wholesale funding		
Debt issuances		17,114
Certificates of deposit and commercial paper		5,399
Other borrowings		4,365
Total wholesale funding		26,878
Total deposits and wholesale funding		162,245
Customer deposits by industry - New Zealand residents		
Agriculture, forestry and fishing		4,426
Mining		203
Manufacturing		2,866
Construction		2,983
Wholesale trade		2,412
Retail trade and accommodation		2,293
Transport, postal and warehousing		1,437
Financial and insurance services		13,648
Rental, hiring and real estate services		3,602
Professional, scientific, technical, administrative and support services		6,526
Public administration and safety		1,727
Health care and social assistance		1,628
Arts, recreation and other services		2,426
Households		76,308
All other New Zealand residents[1]		3,039
Subtotal		125,524
Customer deposits by industry - overseas		
Households		9,086
All other non-NZ residents		757
Subtotal		9,843
Total customer deposits		135,367
Wholesale funding (financial and insurance services industry)		
New Zealand		8,135
Overseas		18,743
Total wholesale funding		26,878
Total deposits and wholesale funding		162,245
Concentrations of funding by geography		
New Zealand		133,659
Australia		1,237
United States		12,402
Europe		7,887
Other countries		7,060
Total deposits and wholesale funding		162,245

1 All other New Zealand residents 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 the Banking Group'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 2024	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[1] NZ$m
Assets							
Cash and cash equivalents	12,918	12,552	-	-	-	-	366
Settlement balances receivable	651	-	-	-	-	-	651
Collateral paid	709	709	-	-	-	-	-
Trading securities	5,783	1,041	140	99	684	3,819	-
Derivative financial instruments	8,492	-	-	-	-	-	8,492
Investment securities	11,609	297	264	152	970	9,924	2
Net loans and advances	150,886	65,030	22,418	31,882	22,970	8,822	(236)
Other financial assets	1,018	-	-	-	-	-	1,018
Total financial assets	192,066	79,629	22,822	32,133	24,624	22,565	10,293
Liabilities							
Settlement balances payable	3,576	2,026	-	-	-	-	1,550
Collateral received	1,003	1,003	-	-	-	-	-
Deposits and other borrowings	145,131	90,322	18,434	15,038	2,324	1,759	17,254
Derivative financial instruments	7,911	-	-	-	-	-	7,911
Debt issuances	17,114	1,727	-	1,995	390	13,002	-
Lease liabilities	190	11	12	23	41	103	-
Other financial liabilities	1,926	690	-	-	-	-	1,236
Total financial liabilities	176,851	95,779	18,446	17,056	2,755	14,864	27,951
Hedging instruments	-	10,643	(709)	(12,582)	(4,164)	6,812	-
Interest sensitivity gap	15,215	(5,507)	3,667	2,495	17,705	14,513	(17,658)

1 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 2024 within relevant maturity groupings. All outstanding debt issuances are profiled on the earliest date on which the Banking Group 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 2024	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	2,875	726	-	-	-	3,601
Collateral received	-	1,003	-	-	-	1,003
Deposits and other borrowings	77,845	26,824	36,436	6,868	-	147,973
Derivative financial liabilities (trading)	-	7,887	-	-	-	7,887
Debt issuances[1]	-	28	3,381	13,934	2,191	19,534
Lease liabilities	-	13	39	138	17	207
Other financial liabilities	-	5	34	554	510	1,103
Derivative financial instruments (balance sheet management)						
- gross inflows	-	2,073	4,316	8,544	1,133	16,066
- gross outflows	-	(2,053)	(4,443)	(8,921)	(1,116)	(16,533)

1 Any callable wholesale debt instruments have been included at their next call date.

At 31 March 2024, NZ$28,828 million of its credit related commitments and contingent liabilities mature in less than 1 year, based on the earliest date on which the Banking Group may be required to pay.

REGISTERED BANK DISCLOSURES

Liquidity portfolio management

The Banking Group holds a diversified portfolio of cash and high quality liquid securities primarily to support liquidity risk management. The size of the Banking Group'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 2024	NZ$m
Central and local government bonds	7,264
Government treasury bills	826
Certificates of deposit	278
Other bonds	8,308
Securities eligible to be accepted as collateral in repurchase transactions	16,676
Cash and balances with central banks	12,262
Total liquidity portfolio	28,938

Assets held in the Banking Group'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$10,726 million at 31 March 2024 (30 September 2023: NZ$10,776 million).

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 December 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 2024, the Bank had drawn NZ$271 million (30 September 2023: NZ$300 million) under the TLF and NZ$3,500 million under the FLP (30 September 2023: NZ$3,500 million). These amounts are included in securities sold under repurchase agreements in Note 6 Deposits and other borrowings.

Reconciliation of mortgage related amounts

As at 31 March 2024	Note	NZ$m
Term loans - housing[1]	4	109,193
Less: housing loans made to corporate customers		(1,335)
Add: unsettled re-purchases of mortgages from the NZ Branch		5
On-balance sheet residential mortgage exposures subject to the IRB approach (per asset quality and LVR analysis)	B3, B4	107,863
Add: off-balance sheet residential mortgage exposures subject to the IRB approach (per asset quality and LVR analysis)	B3, B4	9,586
Total residential mortgage exposures subject to the IRB approach (per LVR analysis)	B4	117,449

1 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 3		
Net loans and advances - total	Stage 1 NZ$m	Stage 2 NZ$m	Collectively assessed NZ$m	Individually assessed NZ$m	Total NZ$m
As at 1 October 2023	193	398	79	60	730
Transfer between stages	35	(42)	3	4	-
New and increased provisions (net of releases)	(27)	9	42	40	64
Write-backs	-	-	-	(31)	(31)
Recoveries of amounts previously written off	-	-	-	(6)	(6)
Credit impairment charge / (release)	8	(33)	45	7	27
Bad debts written-off (excluding recoveries)	-	-	-	(20)	(20)
Add back recoveries of amounts previously written off	-	-	-	6	6
Discount unwind	-	-	-	(6)	(6)
As at 31 March 2024	201	365	124	47	737

Off-balance sheet credit related commitments - total	Stage 1 NZ$m	Stage 2 NZ$m	Collectively assessed NZ$m	Individually assessed NZ$m	Total NZ$m
As at 1 October 2023	80	39	3	5	127
Transfer between stages	4	(4)	-	-	-
New and increased provisions (net of releases)	(12)	22	-	(4)	6
Credit impairment charge / (release)	(8)	18	-	(4)	6
As at 31 March 2024	72	57	3	1	133

Impacts of changes in gross financial assets on loss allowances - total

Gross loans and advances - total	Stage 1 NZ$m	Stage 2 NZ$m	Collectively assessed NZ$m	Individually assessed NZ$m	Total NZ$m
As at 1 October 2023	137,342	11,101	890	287	149,620
Net transfers in to each stage	-	1,094	596	25	1,715
Amounts drawn from new or existing facilities	16,751	703	15	170	17,639
Additions	16,751	1,797	611	195	19,354
Net transfers out of each stage	(1,715)	-	-	-	(1,715)
Amounts repaid	(14,425)	(1,329)	(145)	(171)	(16,070)
Deletions	(16,140)	(1,329)	(145)	(171)	(17,785)
Amounts written off	-	-	-	(20)	(20)
As at 31 March 2024	137,953	11,569	1,356	291	151,169
Loss allowance as at 31 March 2024	201	365	124	47	737

Off-balance sheet credit related commitments - total	Stage 1 NZ$m	Stage 2 NZ$m	Collectively assessed NZ$m	Individually assessed NZ$m	Total NZ$m
As at 1 October 2023	27,759	1,137	15	13	28,924
Net transfers in to each stage	-	297	9	-	306
New and increased facilities and drawn amounts repaid	3,625	240	3	-	3,868
Additions	3,625	537	12	-	4,174
Net transfers out of each stage	(306)	-	-	-	(306)
Reduced facilities and amounts drawn	(3,792)	(158)	(9)	(5)	(3,964)
Deletions	(4,098)	(158)	(9)	(5)	(4,270)
As at 31 March 2024	27,286	1,516	18	8	28,828
Loss allowance as at 31 March 2024	72	57	3	1	133

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

Overall, loss allowances are 0.48% of gross balances as at 31 March 2024, unchanged from 0.48% as at 30 September 2023. The NZ$13 million (1.5%) increase in loss allowances was driven by an increase in the proportion of gross balances in Stage 2 and Stage 3, and changes in the forward-looking economic scenarios as described in Note 5 Allowance for expected credit losses, offset by a release of management temporary adjustments.

REGISTERED BANK DISCLOSURES

Movements in components of loss allowance - residential mortgages

Net loans and advances - residential mortgages	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 2023	42	131	48	14	235
Transfer between stages	16	(18)	2	-	-
New and increased provisions (net of releases)	(12)	8	6	4	6
Write-backs	-	-	-	(4)	(4)
Recoveries of amounts previously written off	-	-	-	-	-
Credit impairment charge / (release)	4	(10)	8	-	2
Bad debts written-off (excluding recoveries)	-	-	-	-	-
Add back recoveries of amounts previously written off	-	-	-	-	-
Discount unwind	-	-	-	-	-
As at 31 March 2024	46	121	56	14	237
Off-balance sheet credit related commitments - residential mortgages					
As at 1 October 2023	-	-	-	-	-
Transfer between stages	-	-	-	-	-
New and increased provisions (net of releases)	-	-	-	-	-
Credit impairment charge	-	-	-	-	-
As at 31 March 2024	-	-	-	-	-

Impacts of changes in gross financial assets on loss allowances - residential mortgages

Gross loans and advances - residential mortgages	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 2023	100,579	4,451	661	40	105,731
Net transfers in to each stage	-	386	159	11	556
Amounts drawn from new or existing facilities	11,871	198	9	6	12,084
Additions	11,871	584	168	17	12,640
Net transfers out of each stage	(556)	-	-	-	(556)
Amounts repaid	(9,354)	(477)	(103)	(18)	(9,952)
Deletions	(9,910)	(477)	(103)	(18)	(10,508)
Amounts written off	-	-	-	-	-
As at 31 March 2024	102,540	4,558	726	39	107,863
Loss allowance as at 31 March 2024	46	121	56	14	237
Off-balance sheet credit related commitments - residential mortgages					
As at 1 October 2023	9,528	73	1	-	9,602
Net transfers in to each stage	-	16	-	-	16
New and increased facilities and drawn amounts repaid	1,264	8	-	-	1,272
Additions	1,264	24	-	-	1,288
Net transfers out of each stage	(16)	-	-	-	(16)
Reduced facilities and amounts drawn	(1,277)	(11)	-	-	(1,288)
Deletions	(1,293)	(11)	-	-	(1,304)
As at 31 March 2024	9,499	86	1	-	9,586
Loss allowance as at 31 March 2024	-	-	-	-	-

Explanation of how changes in the gross carrying amounts of residential mortgages contributed to changes in loss allowance

The NZ$2 million (0.9%) increase in loss allowances on residential mortgage exposures is primarily driven by an increase in the proportion of gross balances in Stage 2 and Stage 3, partially offset by changes in the forward-looking economic scenarios as described in Note 5 Allowance for expected credit losses. Overall loss allowances and individually impaired exposures remain low, reflecting that approximately 93% of on-balance sheet residential mortgage exposures have loan to valuation ratios not exceeding 80% (refer to page 40).

Movements in components of loss allowance - other retail exposures

Net loans and advances - other retail exposures	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 2023	5	31	19	2	57
Transfer between stages	3	(3)	-	-	-
New and increased provisions (net of releases)	(3)	-	(1)	19	15
Write-backs	-	-	-	(2)	(2)
Recoveries of amounts previously written off	-	-	-	(4)	(4)
Credit impairment charge / (release)	-	(3)	(1)	13	9
Bad debts written-off (excluding recoveries)	-	-	-	(18)	(18)
Add back recoveries of amounts previously written off	-	-	-	4	4
Discount unwind	-	-	-	-	-
As at 31 March 2024	5	28	18	1	52
Off-balance sheet credit related commitments - other retail exposures					
As at 1 October 2023	13	9	3	-	25
Transfer between stages	2	(2)	-	-	-
New and increased provisions (net of releases)	(2)	2	-	-	-
Credit impairment charge	-	-	-	-	-
As at 31 March 2024	13	9	3	-	25

Impacts of changes in gross financial assets on loss allowances - other retail exposures

Gross loans and advances - other retail exposures	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 2023	2,191	116	32	5	2,344
Net transfers in to each stage	-	14	10	1	25
Amounts drawn from new or existing facilities	283	10	2	24	319
Additions	283	24	12	25	344
Net transfers out of each stage	(25)	-	-	-	(25)
Amounts repaid	(258)	(17)	(13)	(4)	(292)
Deletions	(283)	(17)	(13)	(4)	(317)
Amounts written off	-	-	-	(18)	(18)
As at 31 March 2024	2,191	123	31	8	2,353
Loss allowance as at 31 March 2024	5	28	18	1	52
Off-balance sheet credit related commitments - other retail exposures					
As at 1 October 2023	4,605	28	9	-	4,642
Net transfers in to each stage	-	5	2	-	7
New and increased facilities and drawn amounts repaid	164	2	1	-	167
Additions	164	7	3	-	174
Net transfers out of each stage	(7)	-	-	-	(7)
Reduced facilities and amounts drawn	(229)	(6)	(4)	-	(239)
Deletions	(236)	(6)	(4)	-	(246)
As at 31 March 2024	4,533	29	8	-	4,570
Loss allowance as at 31 March 2024	13	9	3	-	25

Explanation of how changes in the gross carrying amounts of other retail exposures contributed to changes in loss allowance

The NZ$5 million (6.1%) decrease in loss allowances is driven by changes in the forward-looking economic scenarios as described in Note 5 Allowance for expected credit losses and a release of management temporary adjustments.

REGISTERED BANK DISCLOSURES

Movements in components of loss allowance - corporate exposures[1]

			Stage 3		
Net loans and advances - corporate exposures	Stage 1 NZ$m	Stage 2 NZ$m	Collectively assessed NZ$m	Individually assessed NZ$m	Total NZ$m
As at 1 October 2023	146	236	12	44	438
Transfer between stages	16	(21)	1	4	-
New and increased provisions (net of releases)	(12)	1	37	17	43
Write-backs	-	-	-	(25)	(25)
Recoveries of amounts previously written off	-	-	-	(2)	(2)
Credit impairment charge / (release)	4	(20)	38	(6)	16
Bad debts written-off (excluding recoveries)	-	-	-	(2)	(2)
Add back recoveries of amounts previously written off	-	-	-	2	2
Discount unwind	-	-	-	(6)	(6)
As at 31 March 2024	150	216	50	32	448

Off-balance sheet credit related commitments - corporate exposures					
As at 1 October 2023	67	30	-	5	102
Transfer between stages	2	(2)	-	-	-
New and increased provisions (net of releases)	(10)	20	-	(4)	6
Credit impairment charge / (release)	(8)	18	-	(4)	6
As at 31 March 2024	59	48	-	1	108

Impacts of changes in gross financial assets on loss allowances - corporate exposures

Gross loans and advances - corporate exposures					
As at 1 October 2023	34,572	6,534	197	242	41,545
Net transfers in to each stage	-	694	427	13	1,134
Amounts drawn from new or existing facilities	4,597	495	4	140	5,236
Additions	4,597	1,189	431	153	6,370
Net transfers out of each stage	(1,134)	-	-	-	(1,134)
Amounts repaid	(4,813)	(835)	(29)	(149)	(5,826)
Deletions	(5,947)	(835)	(29)	(149)	(6,960)
Amounts written off	-	-	-	(2)	(2)
As at 31 March 2024	33,222	6,888	599	244	40,953
Loss allowance as at 31 March 2024	150	216	50	32	448

Off-balance sheet credit related commitments - corporate exposures					
As at 1 October 2023	13,626	1,036	5	13	14,680
Net transfers in to each stage	-	276	7	-	283
New and increased facilities and drawn amounts repaid	2,197	230	2	-	2,429
Additions	2,197	506	9	-	2,712
Net transfers out of each stage	(283)	-	-	-	(283)
Reduced facilities and amounts drawn	(2,286)	(141)	(5)	(5)	(2,437)
Deletions	(2,569)	(141)	(5)	(5)	(2,720)
As at 31 March 2024	13,254	1,401	9	8	14,672
Loss allowance as at 31 March 2024	59	48	-	1	108

1 Also includes all other non-retail exposure classes in net loans and advances and off-balance sheet credit related commitments to reconcile to the respective totals for the Banking Group.

Explanation of how changes in the gross carrying amounts of corporate exposures contributed to changes in loss allowance

The NZ$16 million (3.0%) increase in loss allowances is driven by an increase in the proportion of gross balances in Stage 2 and Stage 3, and changes in the forward-looking economic scenarios as described in Note 5 Allowance for expected credit losses, offset by a release of management temporary adjustments.

Past due assets and other asset quality information

As at 31 March 2024	Residential mortgages NZ$m	Other retail exposures NZ$m	Corporate exposures NZ$m	Total NZ$m
Past due assets				
Less than 30 days past due	708	83	337	1,128
At least 30 days but less than 60 days past due	292	12	119	423
At least 60 days but less than 90 days past due	291	7	68	366
At least 90 days past due	659	21	194	874
Total past due but not individually impaired	1,950	123	718	2,791

Other asset quality information				
Undrawn facilities with individually impaired customers	-	-	8	8
Other assets under administration	8	1	-	9

The Banking Group does not have any loans and advances designated at fair value.

REGISTERED BANK DISCLOSURES

B4. CAPITAL ADEQUACY UNDER THE INTERNAL MODELS BASED APPROACH, AND REGULATORY LIQUIDITY RATIOS

RBNZ capital ratios

	RBNZ minimum		Banking Group		Bank (Solo Consolidated)	
As at 31 March	2024	2023	2024	2023	2024	2023
Common equity tier 1 capital	4.5%	4.5%	12.8%	12.2%	12.6%	12.0%
Tier 1 capital	6.0%	6.0%	14.7%	13.8%	14.5%	13.6%
Total capital	8.0%	8.0%	16.2%	15.2%	15.9%	15.0%
Prudential capital buffer ratio	4.5%	3.5%	8.2%	7.2%	n/a	n/a

Capital

As at 31 March 2024	NZ$m
Tier 1 capital	
Common equity tier 1 (CET1) capital	
Paid up ordinary shares issued by the Bank	11,588
Retained earnings (net of appropriations)[1]	6,001
Accumulated other comprehensive income and other disclosed reserves[2]	(61)
Less deductions from common equity tier 1 capital	
Goodwill and intangible assets, net of associated deferred tax liabilities	(3,096)
Deferred tax assets less deferred tax liabilities relating to temporary differences	(465)
Cash flow hedge reserve	48
Defined benefit superannuation plan surplus	(25)
Expected losses to the extent greater than total eligible allowances for impairment	(288)
CET 1 capital	13,702
Additional tier 1 (AT1) capital	
NZD 825m preference shares[3]	825
Transitional AT1 capital	
NZD 300m preference shares[3]	300
NZD 938m ANZ New Zealand Internal Capital Notes (ANZ NZ ICN2)[4]	938
AT1 capital	2,063
Total tier 1 capital	15,765
Tier 2 capital	
NZD 600m subordinated notes[4]	600
USD 500m subordinated notes[4]	838
Eligible impairment allowance in excess of expected loss	66
Tier 2 capital	1,504
Total capital	17,269

1 Includes a deduction for dividends on AT1 capital instruments approved by the Bank's board, but not yet paid as at 31 March 2024, as required by BPR110 *Capital Definitions*. These dividends are not recognised under NZ GAAP because the payment of the dividends remains at the Bank's discretion until payment is made.
2 Includes the FVOCI reserve of NZ$(13) million and the cash flow hedging reserve of NZ$(48) million as at 31 March 2024.
3 Classified as equity on the balance sheet under NZ GAAP.
4 Classified as a liability on the balance sheet under NZ GAAP.

Capital requirements of the Banking Group

As at 31 March 2024	Total exposure after credit risk mitigation NZ$m	Risk weighted exposure or implied risk weighted exposure NZ$m	Total capital requirement NZ$m
Exposures subject to internal ratings based approach	170,338	57,389	4,591
Specialised lending exposures subject to slotting approach	11,332	11,306	904
Exposures subject to standardised approach	37,884	4,546	363
Credit risk supervisory adjustment	n/a	15,719	1,258
Total credit risk	219,554	88,960	7,116
Market risk	n/a	6,045	484
Operational risk, calculated using the standardised approach	n/a	11,884	951
Total	n/a	106,889	8,551

Capital structure

Ordinary shares– CET1 capital

Ordinary shares have no par value. Each fully paid ordinary share gives the holder the right to one vote on a poll at a general meeting of the Bank. Ordinary shares are recognised at the amount paid per ordinary share net of directly attributable costs. They entitle holders to receive dividends, and surplus assets available in a liquidation of the Bank, in proportion to the number of fully paid ordinary shares held.

Preference shares – AT1 capital

PPS do not carry any voting rights. They are classified as equity instruments as there is no contractual obligation for the Bank to either deliver cash or another financial instrument or to exchange financial instruments on a potentially unfavourable basis.

In the event of liquidation, holders of PPS are entitled to a maximum amount equal to the issue price of the PPS. Holders of PPS rank behind the claims of all depositors and other creditors of the Bank (other than creditors that rank equally with the PPS), equally with the rights of other holders of PPS, AT1 capital notes and other equal ranking securities and obligations, and in priority to the rights of holders of ordinary shares.

Holders of PPS are entitled to receive dividends that are discretionary, non-cumulative and subject to conditions. If a PPS dividend is not paid, there are certain restrictions on the ability of the Bank to pay a dividend on its ordinary shares. Holders of the PPS have no other rights to participate in the profits or property of the Bank.

Holders of PPS have no right to require that the PPS be redeemed.

The Bank has three classes of PPS: PPS issued in 2022 and 2024 that are quoted on the NZX Debt Market (Quoted PPS), and PPS issued to the Immediate Parent Company in 2013 (2013 PPS).

The key terms of the Quoted PPS are as follows:

	2022 PPS	2024 PPS
Issue date	18 July 2022	19 March 2024
Issue amount	NZ$550 million	NZ$275 million
First optional redemption date	18 July 2028	19 March 2030
Final maturity date	Perpetual	Perpetual
Dividend amount	6.95% per annum until 18 July 2028 (after which it changes to a floating rate equal to the aggregate of the New Zealand 3-month bank bill rate plus 3.25%), multiplied by one minus the New Zealand company tax rate (where the PPS dividend is fully imputed).	7.60% per annum until 19 March 2030 (after which it changes to a floating rate equal to the aggregate of the New Zealand 3-month bank bill rate plus 3.25%), multiplied by one minus the New Zealand company tax rate (where the PPS dividend is fully imputed).

As at 31 March 2024, the Quoted PPS carried a BBB credit rating from S&P Global Ratings. S&P Global Ratings upgraded the credit rating on the Quoted PPS from BBB to BBB+ on 3 April 2024.

The Bank may, at its option, redeem a class of Quoted PPS on an optional redemption date (being each scheduled quarterly dividend payment date from the first optional redemption date), or at any time following the occurrence of a tax event or regulatory event, subject to prior written approval of RBNZ and certain other conditions being met.

The key terms of the 2013 PPS are as follows:

The Bank issued NZ$300 million of PPS to the Immediate Parent Company in 2013. The dividend amount is based on a floating rate equal to the aggregate of the New Zealand 6-month bank bill rate plus 3.25%, multiplied by one minus the New Zealand company tax rate (where the 2013 PPS dividend is fully imputed).

The 2013 PPS provide the Bank with a redemption option on specified dates and in certain other circumstances. Redemption is subject to RBNZ's prior written approval. The 2013 PPS must be redeemed for nil consideration if a non-viability trigger event occurs.

REGISTERED BANK DISCLOSURES

AT1 capital notes

AT1 capital notes are convertible non-cumulative perpetual subordinated debt securities. Holders of AT1 capital notes do not have any right to vote in general meetings of the Bank. AT1 capital notes are classified as debt given there are circumstances beyond the Bank's control where the principal is converted into a variable number of ordinary shares of the Bank. Interest payments on AT1 capital notes are discretionary, non-cumulative and subject to conditions.

In the event of liquidation, holders of AT1 capital notes are entitled to claim an amount equal to the issue price of the AT1 capital notes. Holders of AT1 capital notes rank behind the claims of all depositors and other creditors of the Bank (other than creditors that rank equally with the AT1 capital notes), equally with the rights of holders of PPS, and other equal ranking securities and obligations, and in priority to the rights of holders of ordinary shares.

The Bank issued $938 million of AT1 capital notes to NZ Branch in 2016 (ANZ NZ ICN2). The key terms of the ANZ NZ ICN2 notes are as follows:

The interest amount is based on a floating rate equal to the aggregate of the New Zealand 6 month bank bill rate plus 6.29% per annum.

ANZ NZ ICN2 notes provide the Bank with a redemption option on specified dates and a redemption or conversion option in certain other circumstances. Redemption is subject to RBNZ's prior written approval. The ANZ NZ ICN2 notes will immediately convert into ordinary shares of the Bank if:

- the Banking Group's common equity tier 1 capital ratio is equal to or less than 5.125% - known as a Common Equity Capital Trigger Event; or
- RBNZ directs the Bank to convert or write-off the ANZ NZ ICN2 notes, or a statutory manager is appointed to the Bank and decides that the Bank must convert or write-off the ANZ NZ ICN2 notes.

Transitional AT1 capital

RBNZ has revised its capital adequacy requirements for New Zealand banks, that are being progressively implemented until July 2028. Under the revised requirements, the ANZ NZ ICN2 notes and the 2013 PPS are subject to a progressive reduction in their regulatory capital recognition.

Fixing the base at the aggregate nominal amount of such instruments outstanding as at 30 September 2021 (NZ$2,741 million), their aggregate recognition is capped at 62.5% from 1 January 2024; 50% from 1 January 2025; 37.5% from 1 January 2026; 25% from 1 January 2027; 12.5% from 1 January 2028; and from 1 July 2028 onwards these instruments will not be included in regulatory capital.

The Bank has determined that a regulatory event has occurred in respect of these transitional AT1 capital instruments. The occurrence of a regulatory event means that the Bank may choose to redeem the transitional AT1 capital instruments at its discretion. Any redemption of the transitional AT1 capital instruments is subject to certain conditions, including prior written approval of RBNZ. As at 6 May 2024, no decision has been made on whether the Bank will redeem the transitional AT1 capital instruments.

Tier 2 capital

Tier 2 capital notes are fully paid unsecured subordinated notes. Interest payments are subject to the Bank being solvent at the time of, and immediately following, the payment. Unpaid interest accumulates, and will be paid at the earlier of when the Bank is solvent again or at maturity. The Bank may repay the notes early (the next optional call dates are specified below), or in certain other circumstances (such as a tax or regulatory event). Early repayment is subject to certain conditions, including approval from RBNZ.

Currency	Face value	Issue date	Maturity	Next optional call date - subject to RBNZ's approval	Interest rate	Interest reset date	Credit rating[2]	31 Mar 24 NZ$m
NZD	600m	Sep 2021	Sep 2031	Sep 2026	2.999%	Sep 2026	A-	596
USD	500m	Aug 2022	Aug 2032	Aug 2027	5.548%	Aug 2027	A-	796
Total tier 2 capital[1]								1,392

1 Carrying amounts are net of issuance costs and fair value hedging adjustments.
2 Credit rating assigned by S&P Global Ratings. S&P Global Ratings upgraded the credit rating on the tier 2 capital notes from A- to A on 3 April 2024.

Credit risk subject to the Internal Ratings Based (IRB) approach

IRB credit exposures by exposure class and customer credit rating

As at 31 March 2024	Probability of default %	Total value NZ$m	Exposure at default NZ$m	Exposure-weighted LGD used for the capital calculation %	Exposure-weighted risk weight %	Risk weighted assets NZ$m	Minimum capital requirement NZ$m
Corporate							
0 - 2	0.05	80,925	7,899	59	28	2,644	212
3 - 4	0.35	41,708	17,916	38	41	8,794	704
5	1.00	13,946	12,069	31	54	7,880	630
6	2.25	4,503	4,299	31	72	3,736	299
7 - 8	13.23	4,100	2,623	36	144	4,537	363
Default	100.00	431	436	27	75	391	31
Total corporate exposures	2.36	145,613	45,242	39	52	27,982	2,239
Residential mortgages							
0 - 3	0.19	42,032	42,438	12	5	2,619	209
4	0.45	47,064	47,184	20	16	8,907	713
5	0.91	24,414	24,491	24	32	9,321	746
6	1.95	3,041	3,047	26	61	2,225	178
7 - 8	4.76	123	123	26	93	137	11
Default	100.00	775	773	17	12	113	8
Total residential mortgages exposures[1]	1.15	117,449	118,056	18	16	23,322	1,865
Other retail							
0 - 2	0.10	500	503	77	49	298	24
3 - 4	0.26	4,055	4,129	78	56	2,764	221
5	1.09	1,056	1,048	78	84	1,051	84
6	2.61	427	452	79	101	545	44
7 - 8	7.55	844	866	89	136	1,413	113
Default	100.00	41	42	80	30	14	1
Total other retail exposures	2.01	6,923	7,040	79	72	6,085	487
Total credit risk exposures subject to the IRB approach[2]	1.51	269,985	170,338	26	28	57,389	4,591

1 The credit risk supervisory adjustment on page 37 totals NZ$15,719 million of RWA for residential mortgage exposures. This increases the pre-scalar IRB exposure-weighted risk weight to 28% and the minimum capital requirement to NZ$3,123 million.
2 The credit risk supervisory adjustment increases the total pre-scalar IRB exposure-weighted risk weight to 36% and the related minimum capital requirement to NZ$5,849 million.

IRB credit exposures include the following undrawn commitments and other off-balance sheet contingent liabilities:

As at 31 March 2024	Total value NZ$m	Exposure at default NZ$m
Undrawn commitments and other off-balance sheet contingent liabilities		
Corporate	11,664	10,939
Residential mortgages	9,586	10,050
Other retail	4,570	4,629
Counterparty credit risk on derivatives and securities financing transactions		
Corporate	101,710	1,731
Total	127,530	27,349

REGISTERED BANK DISCLOSURES

Additional mortgage information

As required by RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by the Banking Group'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 2024	On-balance sheet NZ$m	Off-balance sheet NZ$m	Total NZ$m
LVR range			
Does not exceed 60%	57,747	7,242	64,989
Exceeds 60% and not 70%	19,932	1,037	20,969
Exceeds 70% and not 80%	22,799	1,026	23,825
Does not exceed 80%	100,478	9,305	109,783
Exceeds 80% and not 90%	5,677	108	5,785
Exceeds 90%	1,708	173	1,881
Total	107,863	9,586	117,449

Specialised lending subject to the slotting approach

As at 31 March 2024	Exposures after credit risk mitigation NZ$m	Risk weight %	Risk weighted assets NZ$m	Minimum capital requirement NZ$m
On-balance sheet exposures				
Strong	5,415	70	4,549	364
Good	3,559	90	3,844	307
Satisfactory	853	115	1,177	94
Weak	346	250	1,036	83
Default	415	-	-	-
Off-balance sheet exposures by average risk weight				
Undrawn commitments and other off-balance sheet exposures	744	78	700	56
Total exposures subject to the slotting approach	11,332	83	11,306	904

The supervisory categories of specialised lending above are associated with specific risk-weights. These categories broadly correspond to the following external credit assessments using S&P Global Ratings' rating scale, Strong: BBB- or better, Good: BB+ or BB, Satisfactory: BB- or B+ and Weak: B to C-.

Credit risk exposures subject to the standardised approach

As at 31 March 2024	Exposure or principal amount NZ$m	Average credit conversion factor %	Exposure after credit risk mitigation NZ$m	Average risk weight %	Risk weighted exposure NZ$m	Minimum capital requirement NZ$m
On-balance sheet exposures						
Cash and gold bullion			197	-	-	-
Sovereign and central banks			21,148	-	-	-
Multilateral development banks and other international organisations			5,365	-	-	-
Public sector entities			1,155	20	231	18
Banks			1,450	39	571	46
Corporate			77	114	87	7
Past due assets			-	-	1	-
Other assets			1,200	100	1,200	96
Equity exposures						
Unlisted equity holdings			1	400	6	-
Off-balance sheet exposures						
Total off-balance sheet exposures	2,091	58	1,219	48	580	46
Counterparty credit risk						
Foreign exchange contracts	324,185	n/a	4,087	20	809	65
Interest rate contracts	1,262,856	n/a	1,626	10	156	12
Other	3,462	n/a	359	38	136	11
Credit valuation adjustment	n/a	n/a	n/a	n/a	769	62
Total exposures subject to the standardised approach			37,884	12	4,546	363

Credit valuation adjustment

The IRB and standardised tables above include an aggregate Credit Valuation Adjustment (CVA) capital charge of NZ$98 million, and aggregate implied risk weighted exposures for the CVA of NZ$1,225 million.

Credit risk mitigation

As at 31 March 2024, under the IRB approach, the Banking Group had NZ$317 million of corporate exposures covered by guarantees where the presence of the guarantees was judged to reduce the underlying credit risk of the exposures. Information on the value of other exposures covered by financial guarantees and eligible financial collateral is not disclosed, as the effect of these guarantees and collateral on the underlying credit risk exposures is not considered to be material.

Effect of standardised floor on total risk-weighted exposures for credit risk

	Risk weighted assets	
As at 31 March 2024	Calculated for compliance purposes NZ$m	Calculated using standardised approach NZ$m
Exposures subject to the IRB or slotting approaches[1]	68,695	97,992
Credit risk supervisory adjustment[1]	15,719	n/a
Subtotal[1]	84,414	97,992
Standardised floor at 85% of standardised RWA	n/a	83,293
IRB and slotting RWA with standardised floor applied	84,414	83,293
Exposures subject to the standardised approach	4,546	
Total credit risk	88,960	

1 RWA calculated for compliance purposes includes a scalar of 1.2 as required by BPR 130 *Credit Risk RWAs Overview.*

In accordance with BPR 130 *Credit Risk RWAs Overview*, IRB and slotting RWA with standardised floor applied is calculated as the greater of RWA for compliance purposes, and 85% of the total RWA for such exposures calculated using the standardised approach.

REGISTERED BANK DISCLOSURES

Market risk

The aggregate market risk exposures below have been calculated in accordance with BPR140: *Market Risk*. The peak end-of-day market risk exposures are for the six months ended 31 March 2024.

	Implied risk weighted exposure		Aggregate capital charge	
	Period end	Peak	Period end	Peak
As at 31 March 2024	NZ$m	NZ$m	NZ$m	NZ$m
Interest rate risk	6,000	6,507	480	521
Foreign currency risk	44	83	4	7
Equity risk	1	1	-	-

Capital for other material risks

The Banking Group has an Internal Capital Adequacy Assessment Process (ICAAP) which complies with the requirements of the Bank's Conditions of Registration. The Banking Group's ICAAP identifies and measures all "other material risks", which are those material risks that are not explicitly captured in the calculation of the Banking Group's tier 1 and total capital ratios. Other material risks identified by the Banking Group include fixed asset risk, deferred acquisition cost risk, credit concentration risk and climate change risk. As at 31 March 2024, the Banking Group's internal capital allocation for these other material risks is NZ$416 million (March 2023: NZ$468 million, updated from NZ$292 million for revised methodology).

Information about Ultimate Parent Bank and Overseas Banking Group

APRA Basel III capital ratios

	Overseas Banking Group		Ultimate Parent Bank (Extended Licensed Entity)	
As at 31 March	2024	2023	2024	2023
Common equity tier 1 capital	13.5%	13.2%	13.4%	12.9%
Tier 1 capital	15.4%	15.1%	15.7%	15.2%
Total capital	21.9%	20.6%	23.3%	21.6%

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 2024 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 31 March 2024. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 31 March 2024, 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.

Regulatory liquidity ratios

RBNZ requires banks to hold minimum amounts of liquid assets to help ensure that they are effectively managing their liquidity risk. The mismatch ratio is a measure of a bank's liquid assets, adjusted for expected cash inflows and outflows during a 1-month or 1-week period of stress. It is expressed as a ratio over the bank's total funding. The Banking Group must maintain its 1-month and 1-week mismatch ratios above zero on a daily basis. The 1-month and 1-week mismatch ratios are averaged over the quarter.

RBNZ requires banks to get a minimum amount of funding from stable sources called core funding. The minimum amount of core funding is 75% of a bank's total loans. The Banking Group must maintain its core funding ratio above the regulatory minimum on a daily basis. This measure of the core funding ratio is averaged over the quarter.

For the three months ended	31 Mar 24	31 Dec 23
Quarterly average 1-week mismatch ratio	9.2%	9.3%
Quarterly average 1-month mismatch ratio	8.1%	8.1%
Quarterly average core funding ratio	90.6%	91.0%

B5. CONCENTRATION OF CREDIT EXPOSURES TO INDIVIDUAL COUNTERPARTIES

The Banking Group measures its concentration of credit exposures to individual counterparties at the reporting date on the basis of actual exposures. Peak end-of-day aggregate credit exposures are measured on the basis of internal limits that were not materially exceeded between the reporting date for the previous disclosure statement and the reporting date for the Disclosure Statement.

The exposure information in the table below excludes exposures to:

- connected persons (i.e. other members of the Overseas Banking Group and Directors of the Bank);
- the central government or central bank of any country with a long-term credit rating of A- or A3 or above, or its equivalent; and
- any supranational or quasi-sovereign agency with a long-term credit rating of A- or A3 or above, or its equivalent.

	As at 31 Mar 24	Peak end of day over 6 months to 31 Mar 24
Exposures to banks		
Total number of exposures to banks that are greater than 10% of CET1 capital	-	-
with a long-term credit rating of A- or A3 or above, or its equivalent	-	-
with a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent	-	-
Exposures to non-banks		
Total number of exposures to non-banks that are greater than 10% of CET1 capital	1	1
with a long-term credit rating of A- or A3 or above, or its equivalent	1	1
- 10% to less than 15% of CET1 capital	1	1
with a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent	-	-

B6. INSURANCE BUSINESS

As at 31 March 2024, the Banking Group does not conduct any insurance business.

B7. RISK MANAGEMENT POLICIES

During the six months ended 31 March 2024, the Banking Group elevated Climate Risk to Material Risk status. A dedicated Climate Risk Management team, with oversight from the Material Risk Owners, are working to integrate and embed Climate Risk into the Banking Group's Risk Management Framework through existing policies, processes and governance frameworks.

Climate Risk is the risk that arises from the changing climate and from the global transition towards a lower emissions economy. The key elements of Climate Risk are:

- Physical Risk – Includes both longer-term changes in climate (chronic risk) as well as changes to the frequency and magnitude of extreme weather events (acute risk). Examples of chronic physical risk drivers include rising sea levels, rising average temperatures and ocean acidification. Examples of acute physical risk drivers include heatwaves, floods, bushfires, and cyclones.

- Transition Risk – The risk of transitioning to a lower emissions economy, including changes in domestic and international policy and regulatory settings, technological innovation, social adaptation, the market, as well as the heightened risk of litigation (e.g. greenwashing).

Climate Risk is considered a 'cross-cutting' risk; while Climate Risk primarily manifests as a Financial Risk, notably through Credit Risk, it may also heighten other Financial Risks and Non-Financial Risks. For example, non-financial impacts could arise from non-compliance with current and emerging regulatory expectations, damage to the Banking Group's physical assets or business disruption caused by extreme weather events or chronic changes to weather patterns. The Banking Group may also face legal proceedings and suffer reputational damage, for example, if it acts or is perceived to act inconsistently with public commitments in relation to climate change.

DIRECTORS' STATEMENT

As at the date on which this Disclosure Statement is signed, after due enquiry, each Director believes that:

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

Over the six months ended 31 March 2024, after due enquiry, each Director believes that:

- The Bank has complied in all material respects with each condition of registration that applied during that period[1];
- Credit exposures to connected persons were not contrary to the interests of the Banking Group; and
- The Bank had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

1. In accordance with the Order, the 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 the Bank of any material breach.

This Disclosure Statement is dated, and has been signed by all Directors of the Bank on, 6 May 2024.

Shayne Elliott

Gerard Florian

Alison Gerry

Scott St John

Mark Tume

Antonia Watson

Joan Withers

LIMITED ASSURANCE REPORTS

INDEPENDENT AUDITOR'S REPORTS ON THE REGISTERED BANK DISCLOSURES

TO THE SHAREHOLDER OF ANZ BANK NEW ZEALAND LIMITED

REVIEW REPORT ON THE REGISTERED BANK DISCLOSURES IN SECTIONS B2, B3, B5, B6 AND B7

CONCLUSION

We have completed a review of the accompanying registered bank disclosures of ANZ Bank New Zealand Limited (the Bank) and its subsidiaries (the Banking Group) in sections B2, B3, B5, B6 and B7 on pages 26 to 35 and 43. These comprise the information that is required to be disclosed in accordance with schedules 5, 7, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand 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, B5, B6 and B7:

- 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, 13, 16 and 18 of the Order.

BASIS FOR CONCLUSION

A review of the registered bank disclosures in sections B2, B3, B5, B6 and B7 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 the Banking Group, 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 the Banking Group 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 the Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as reviewer of the Banking Group. The firm has no other relationship with, or interest in, the Banking Group.

USE OF THIS INDEPENDENT REVIEW REPORT

This independent review report is made solely to the Bank's shareholder. Our review work has been undertaken so that we might state to the shareholder 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 shareholder 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, B5, B6 AND B7

The Directors, on behalf of the Banking Group, are responsible for:

- the preparation and fair presentation of the registered bank disclosures in accordance with schedules 3, 5, 7, 13, 16 and 18 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, B5, B6 AND B7

Our responsibility is to express a conclusion on the registered bank disclosures in sections B2, B3, B5, B6 and B7 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, B5, B6 and B7:

- 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, 13, 16 and 18 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 (the Bank 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, B5, B6 and B7.

KPMG

KPMG
Auckland

6 May 2024

LIMITED ASSURANCE REPORTS

LIMITED ASSURANCE REPORT ON THE CAPITAL ADEQUACY AND REGULATORY LIQUIDITY RATIOS DISCLOSURES IN SECTION B4

CONCLUSION

We have reviewed the capital adequacy and regulatory liquidity ratios disclosures in section B4 on pages 36 to 42 (the Capital Adequacy and Liquidity Disclosures), which comprise the information that is required to be disclosed in accordance with schedule 11 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 and Liquidity Disclosures are not, in all material respects disclosed in accordance with schedule 11 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 and Liquidity 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 11 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 and Liquidity 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 and Liquidity 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 the Bank's shareholder. Our assurance work has been undertaken so that we might state to the shareholder 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 shareholder 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 AND LIQUIDITY DISCLOSURES

The Directors are responsible for the preparation of the Capital Adequacy and Liquidity Disclosures that are required to be disclosed in accordance with schedule 11 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 and Liquidity Disclosures that are free from material misstatement and non-compliance whether due to fraud or error.

OUR RESPONSIBILITY FOR THE CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES

Our responsibility is to express a conclusion on whether anything has come to our attention that the Capital Adequacy and Liquidity Disclosures have not, in all material respects, been disclosed in accordance with schedule 11 of the Order for the six-month period ended 31 March 2024.

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 the Banking Group 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 the Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as assurance providers of the Banking Group for this engagement. The firm has no other relationship with, or interest in, the Banking Group.

KPMG

KPMG
Auckland

6 May 2024