

Westpac Banking Corporation - New Zealand Banking Group **Disclosure Statement**

For the three months ended 31 December 2014



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General information and definitions

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

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

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

Words and phrases not defined in this Disclosure Statement, but defined by the Order, have the meaning given by the Order when used in this Disclosure Statement. All amounts referred to in this Disclosure Statement are in New Zealand dollars unless otherwise stated.

General matters

Directors

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

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

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

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

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

Catriona Alison Deans, BA, MBA, GAICD

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

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

Peter Ralph Marriott, BEc (Hons.), FCA

Changes to the Directorate

The following changes in the composition of the Overseas Bank's Board of Directors (the '**Board**') have been effected since 30 September 2014:

- Ann Pickard retired from the Board on 12 December 2014;
- Gail Kelly retired as Managing Director on 1 February 2015; and
- Brian Hartzer was appointed as Managing Director on 2 February 2015.

Chief Executive Officer, NZ Branch

Karen Lee Ann Silk, B.Com

Responsible person

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

Credit ratings

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

Rating Agency	Current Credit Rating	Rating Outlook
Fitch Ratings	AA-	Stable
Moody's Investors Service	Aa2	Stable
Standard & Poor's	AA-	Stable

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

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

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

The most recently published financial statements of the Overseas Bank and the Overseas Banking Group are for the year ended 30 September 2014 and can be accessed at the internet address www.westpac.com.au.

Guarantee arrangements

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

Pending proceedings or arbitration

There are no pending legal proceedings or arbitration at the date of this Disclosure Statement involving any member of the NZ Banking Group, whether in New Zealand or elsewhere, that may have a material adverse effect on the Overseas Bank or the NZ Banking Group.

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

On 12 December 2013, the Commerce Commission notified the Overseas Bank and Westpac New Zealand that it intended filing proceedings against them under the Fair Trading Act 1986 in relation to the marketing and sale of interest rate swaps to rural customers. The Overseas Bank and Westpac New Zealand entered into a settlement agreement with the Commerce Commission on 30 January 2015.

The Overseas Banking Group has worldwide contingent liabilities in respect of actual and potential claims and proceedings, which have not been determined. An assessment of the Overseas Banking Group's likely loss is made on a case-by-case basis and provisions are made where appropriate. Such contingencies are disclosed in the Overseas Banking Group's 30 September 2014 Annual Financial Report.

Conditions of registration

The conditions of registration were amended on 31 October 2014 with effect from 1 November 2014 to update the reference to BS19 to the latest version dated October 2014. BS19 was revised to update a reference to the Capital Adequacy Framework (Internal Models Based Approach) BS2B.

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

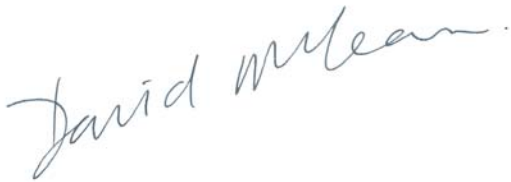
Each Director of the Overseas Bank believes and the Chief Executive Officer, NZ Branch, believes, after due enquiry, that, as at the date on which this Disclosure Statement is signed, the Disclosure Statement:

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

Each Director of the Overseas Bank believes and the Chief Executive Officer, NZ Branch, believes, after due enquiry, that, over the three months ended 31 December 2014:

- (a) the Overseas Bank has complied with the conditions of registration imposed on it pursuant to section 74 of the Reserve Bank Act; and
- (b) the NZ Branch and other members of the NZ Banking Group had systems in place to monitor and control adequately the material risks of relevant members of the NZ Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks and that those systems were being properly applied. For this purpose, a relevant member of the NZ Banking Group means a member of the NZ Banking Group that is not a member of Westpac New Zealand's banking group.

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



David Alexander McLean



Karen Lee Ann Silk

Dated this the 23rd day of February 2015

Consolidated income statement for the three months ended 31 December 2014

\$ millions	Note	NZ Banking Group		
		Three Months Ended 31-Dec-14 Unaudited	Three Months Ended 31-Dec-13 Unaudited	Year Ended 30-Sep-14 Audited
Interest income		1,109	964	4,037
Interest expense		(678)	(584)	(2,447)
Net interest income		431	380	1,590
Non-interest income	2	149	202	677
Net operating income		580	582	2,267
Operating expenses		(226)	(222)	(868)
Impairment charges on loans	3	(19)	(13)	(26)
Operating profit		335	347	1,373
Share of profit of associate accounted for using the equity method		-	-	1
Profit before income tax expense		335	347	1,374
Income tax expense		(91)	(81)	(355)
Profit after income tax expense		244	266	1,019
Profit after income tax expense attributable to:				
Head office account and owners of the NZ Banking Group		243	265	1,016
Non-controlling interests		1	1	3
		244	266	1,019

The accompanying notes (numbered 1 to 18) form part of, and should be read in conjunction with, these financial statements.

Consolidated statement of comprehensive income for the three months ended 31 December 2014

	NZ Banking Group		
	Three Months Ended 31-Dec-14 Unaudited	Three Months Ended 31-Dec-13 Unaudited	Year Ended 30-Sep-14 Audited
\$ millions			
Profit after income tax expense	244	266	1,019
Other comprehensive (expense)/income which may be reclassified subsequently to the income statement:			
Available-for-sale securities:			
Net unrealised gains from changes in fair value of available-for-sale securities	-	36	24
Transferred to the income statement (refer to Note 2)	-	(48)	(88)
Exchange differences	-	1	(3)
Income tax effect	-	(6)	(4)
Cash flow hedges:			
Net (losses)/gains from changes in fair value of cash flow hedges	(65)	34	(52)
Transferred to the income statement	6	(1)	49
Income tax effect	16	(9)	1
Total other comprehensive (expense)/income which may be reclassified subsequently to the income statement	(43)	7	(73)
Other comprehensive income which will not be reclassified subsequently to the income statement:			
Remeasurement of employee defined benefit obligations	-	-	4
Income tax effect	-	-	(1)
Total other comprehensive income which will not be reclassified subsequently to the income statement	-	-	3
Total other comprehensive (expense)/income, net of tax	(43)	7	(70)
Total comprehensive income	201	273	949
Total comprehensive income attributable to:			
Head office account and owners of NZ Banking Group	200	272	946
Non-controlling interests	1	1	3
	201	273	949

The accompanying notes (numbered 1 to 18) form part of, and should be read in conjunction with, these financial statements.

Consolidated statement of changes in equity for the three months ended 31 December 2014

\$ millions	NZ Banking Group								Total Equity
	NZ Branch		Other members of the NZ Banking Group						
	Head Office Account						Total		
	Branch Capital	Retained Profits	Ordinary Share Capital	Retained Profits	Available-for-sale Securities Reserve	Cash Flow Hedge Reserve	before Non-controlling Interests	Non-controlling Interests	
As at 1 October 2013 (Audited)	1,300	339	139	2,895	106	12	4,791	6	4,797
Three months ended 31 December 2013 (Unaudited)									
Profit after income tax expense	-	32	-	233	-	-	265	1	266
Net gains from changes in fair value	-	-	-	-	36	34	70	-	70
Income tax effect	-	-	-	-	(6)	(9)	(15)	-	(15)
Exchange differences	-	-	-	-	1	-	1	-	1
Income tax effect	-	-	-	-	-	-	-	-	-
Transferred to income statement	-	-	-	-	(48)	(1)	(49)	-	(49)
Income tax effect	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 31 December 2013	-	32	-	233	(17)	24	272	1	273
Transactions with owners:									
Aggregation of new entities	-	-	4	-	-	-	4	-	4
As at 31 December 2013 (Unaudited)	1,300	371	143	3,128	89	36	5,067	7	5,074
Year ended 30 September 2014 (Audited)									
Profit after income tax expense	-	111	-	905	-	-	1,016	3	1,019
Net losses from changes in fair value	-	-	-	-	24	(52)	(28)	-	(28)
Income tax effect	-	-	-	-	(4)	15	11	-	11
Exchange differences	-	-	-	-	(3)	-	(3)	-	(3)
Income tax effect	-	-	-	-	-	-	-	-	-
Transferred to income statement	-	-	-	-	(88)	49	(39)	-	(39)
Income tax effect	-	-	-	-	-	(14)	(14)	-	(14)
Remeasurement of employee defined benefit obligations	-	-	-	4	-	-	4	-	4
Income tax effect	-	-	-	(1)	-	-	(1)	-	(1)
Total comprehensive income for the year ended 30 September 2014	-	111	-	908	(71)	(2)	946	3	949
Transactions with owners:									
Aggregation of new entities	-	-	4	-	-	-	4	-	4
Dividends paid on ordinary shares	-	-	-	(248)	-	-	(248)	(3)	(251)
As at 30 September 2014 (Audited)	1,300	450	143	3,555	35	10	5,493	6	5,499
Three months ended 31 December 2014 (Unaudited)									
Profit after income tax expense	-	19	-	224	-	-	243	1	244
Net losses from changes in fair value	-	-	-	-	-	(65)	(65)	-	(65)
Income tax effect	-	-	-	-	-	18	18	-	18
Transferred to income statement	-	-	-	-	-	6	6	-	6
Income tax effect	-	-	-	-	-	(2)	(2)	-	(2)
Total comprehensive income for the three months ended 31 December 2014	-	19	-	224	-	(43)	200	1	201
As at 31 December 2014 (Unaudited)	1,300	469	143	3,779	35	(33)	5,693	7	5,700

The accompanying notes (numbered 1 to 18) form part of, and should be read in conjunction with, these financial statements.

Consolidated balance sheet as at 31 December 2014

\$ millions	Note	NZ Banking Group		
		31-Dec-14 Unaudited	31-Dec-13 Unaudited	30-Sep-14 Audited
Assets				
Cash and balances with central banks		2,047	1,546	1,927
Due from other financial institutions		569	367	591
Trading securities	4	4,948	4,121	3,514
Derivative financial instruments		3,890	3,361	4,180
Available-for-sale securities		3,091	2,724	3,010
Loans	5, 6	66,106	62,839	65,027
Life insurance assets		308	302	297
Due from related entities		852	899	1,770
Investment in associate		48	48	48
Property, plant and equipment		172	165	178
Deferred tax assets		144	134	120
Goodwill and other intangible assets		714	724	715
Other assets		267	301	301
Total assets		83,156	77,531	81,678
Liabilities				
Due to other financial institutions		490	423	1,141
Deposits	7	53,134	48,901	50,570
Trading liabilities	8	634	517	1,072
Derivative financial instruments		4,637	3,084	4,123
Debt issues	9	12,714	13,042	12,592
Current tax liabilities		36	28	30
Provisions		64	72	87
Other liabilities		595	889	697
Total liabilities excluding related entities liabilities		72,304	66,956	70,312
Subordinated debentures		701	693	710
Due to related entities		4,451	4,808	5,157
Total related entities liabilities		5,152	5,501	5,867
Total liabilities		77,456	72,457	76,179
Net assets		5,700	5,074	5,499
Equity				
Head office account				
Branch capital		1,300	1,300	1,300
Retained profits		469	371	450
Total head office account		1,769	1,671	1,750
NZ Banking Group equity				
Ordinary share capital		143	143	143
Retained profits		3,779	3,128	3,555
Available-for-sale securities reserve		35	89	35
Cash flow hedge reserve		(33)	36	10
Total equity attributable to owners of the NZ Banking Group		3,924	3,396	3,743
Non-controlling interests		7	7	6
Total equity		5,700	5,074	5,499
Interest earning and discount bearing assets		77,061	71,781	74,494
Interest and discount bearing liabilities		67,202	63,875	66,117

The accompanying notes (numbered 1 to 18) form part of, and should be read in conjunction with, these financial statements.

Consolidated statement of cash flows for the three months ended 31 December 2014

	NZ Banking Group		
	Three Months Ended 31-Dec-14 Unaudited	Three Months Ended 31-Dec-13 Unaudited ¹	Year Ended 30-Sep-14 Audited
\$ millions			
Cash flows from operating activities			
Interest income received	1,114	967	4,013
Interest expense paid	(627)	(526)	(2,441)
Non-interest income received	144	145	560
Operating expenses paid	(271)	(263)	(775)
Income tax paid	(92)	(71)	(318)
Cash flows from operating activities before changes in operating assets and liabilities	268	252	1,039
Net (increase)/decrease in:			
Due from other financial institutions	(139)	106	(2)
Trading securities	(1,505)	556	973
Loans	(1,098)	(835)	(3,036)
Due from related entities	14	(86)	(138)
Net increase/(decrease) in:			
Due to other financial institutions	(651)	88	806
Deposits	2,564	719	2,388
Trading liabilities	(438)	19	574
Net movement in external and related entity derivative financial instruments	810	(518)	(306)
Net cash (used in)/provided by operating activities	(175)	301	2,298
Cash flows from investing activities			
Purchase of available-for-sale securities	(81)	(42)	(430)
Proceeds from maturities/sale of available-for-sale securities	30	-	171
Net increase in life insurance assets	(11)	(13)	(8)
Purchase of capitalised computer software	(15)	(21)	(59)
Purchase of property, plant and equipment	(3)	(3)	(39)
Net cash used in investing activities	(80)	(79)	(365)
Cash flows from financing activities			
Net increase in debt issues	449	1,253	736
Net decrease in due to related entities	(235)	(1,477)	(1,923)
Payment of dividends	-	-	(251)
Net cash provided by/(used in) financing activities	214	(224)	(1,438)
Net (decrease)/increase in cash and cash equivalents	(41)	(2)	495
Cash and cash equivalents at beginning of the period/year	2,343	1,848	1,848
Cash and cash equivalents at end of the period/year	2,302	1,846	2,343
Cash and cash equivalents at end of the period/year comprise:			
Cash and balances with central banks	2,047	1,546	1,927
Due from other financial institutions	255	300	416
Cash and cash equivalents at end of the period/year	2,302	1,846	2,343

¹ The presentation of the statement of cash flows has been revised to improve the classification of movements in cash and cash equivalents. Certain cash flows have been reclassified between operating, investing and financing activities. Certain balances due from/to other financial institutions have been reclassified out of cash and cash equivalents. Comparative figures have been revised in order to ensure consistency.

The accompanying notes (numbered 1 to 18) form part of, and should be read in conjunction with, these financial statements.

Note 1 Statement of accounting policies

Statutory base

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

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

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

These financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, as appropriate for profit-oriented entities, and the New Zealand Equivalent to International Accounting Standard ('**NZ IAS**') 34 *Interim Financial Reporting* ('**NZ IAS 34**') and should be read in conjunction with the Disclosure Statement for the year ended 30 September 2014. These financial statements comply with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

As outlined in the Disclosure Statement for the year ended 30 September 2014, Amendments to NZ IAS 32 *Financial Instruments: Presentation* ('**NZ IAS 32**') - *Offsetting Financial Assets and Financial Liabilities* was issued in February 2012 and is effective for the 30 September 2015 financial year. The amendment provides application guidance to addressing inconsistencies applied to offsetting criteria provided in NZ IAS 32, including clarifying that the meaning of current legal enforceable rights of set-off is legally enforceable in all circumstances and that some gross settlement systems (such as through a clearing house) may be considered as the equivalent to net settlement. The amendment does not have a material impact on the financial statements of the NZ Banking Group.

These financial statements were authorised for issue by the Overseas Bank's Board of Directors ('**Board**') on 23 February 2015. The Board has the power to amend the financial statements after they are authorised for issue.

Basis of preparation

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

The same accounting policies and methods of computation have been followed in preparing these financial statements as were used in preparing the financial statements for the year ended 30 September 2014, except as amended for the changes required due to the adoption of the amended accounting standards as explained in the 'Statutory base' section.

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

Notes to the financial statements

Note 2 Non-interest income

\$ millions	NZ Banking Group		
	Three Months Ended 31-Dec-14 Unaudited	Three Months Ended 31-Dec-13 Unaudited	Year Ended 30-Sep-14 Audited
Fees and commissions			
Transaction fees and commissions	55	58	226
Lending fees (loan and risk)	17	16	68
Other non-risk fee income	10	10	38
Total fees and commissions	82	84	332
Wealth management revenue			
Fees from trust and other fiduciary activities	9	9	34
Net life insurance income and change in policy liabilities	27	21	97
Total wealth management revenue	36	30	131
Trading income			
Foreign exchange trading	26	23	88
Interest rate trading	1	15	29
Total trading income	27	38	117
Net ineffectiveness on qualifying hedges	(2)	1	3
Other non-interest income			
Dividend income	-	-	2
Gain on sale of available-for-sale securities ¹	-	48	88
Other	6	1	4
Total other non-interest income	6	49	94
Total non-interest income	149	202	677

¹ During the year ended 30 September 2014, Westpac New Zealand realised a gain of \$88 million upon the sale of its holding of available-for-sale overseas equity securities. Of this gain, \$48 million was realised in the three months ended 31 December 2013 in respect of available-for-sale overseas equity securities which were sold to third parties. The remaining gain was realised in respect of available-for-sale overseas equity securities which were sold to the Overseas Bank.

Note 3 Impairment charges on loans

\$ millions	NZ Banking Group			Total
	Residential Mortgages	Other Loans for Consumer Purposes	Loans for Business Purposes	
Three months ended 31 December 2014 (Unaudited)				
Collectively assessed provisions	2	2	(7)	(3)
Individually assessed provisions	4	-	17	21
Bad debts written-off/(recovered) directly to the income statement	1	8	(1)	8
Interest adjustments	(1)	(3)	(3)	(7)
Total impairment charges on loans	6	7	6	19
Three months ended 31 December 2013 (Unaudited)				
Collectively assessed provisions	1	2	12	15
Individually assessed provisions	4	-	(11)	(7)
Bad debts written-off directly to the income statement	1	9	1	11
Interest adjustments	(1)	(2)	(3)	(6)
Total impairment charges/(recoveries) on loans	5	9	(1)	13
Year ended 30 September 2014 (Audited)				
Collectively assessed provisions	(2)	4	(27)	(25)
Individually assessed provisions	7	-	32	39
Bad debts written-off/(recovered) directly to the income statement	2	38	(1)	39
Interest adjustments	(3)	(10)	(14)	(27)
Total impairment charges/(recoveries) on loans	4	32	(10)	26

Notes to the financial statements

Note 4 Trading securities

\$ millions	NZ Banking Group		
	31-Dec-14 Unaudited	31-Dec-13 Unaudited	30-Sep-14 Audited
Certificates of deposit	2,102	1,878	1,421
Corporate bonds and asset backed securities	364	657	455
Mortgage-backed securities	133	3	46
NZ Government securities	830	770	836
Local authority and NZ public securities	1,096	449	379
Offshore securities	-	16	-
Securities purchased under agreement to resell	423	348	377
Total trading securities	4,948	4,121	3,514

As at 31 December 2014, the NZ Banking Group had \$145 million of trading securities (31 December 2013: \$161 million, 30 September 2014: \$377 million) that were encumbered through repurchase agreements as part of standard terms of transactions with other banks.

Note 5 Loans

\$ millions	NZ Banking Group		
	31-Dec-14 Unaudited	31-Dec-13 Unaudited	30-Sep-14 Audited
Overdrafts	1,072	1,217	1,153
Credit card outstandings	1,471	1,421	1,405
Money market loans	1,041	854	1,082
Term loans:			
Housing	40,307	38,078	39,705
Non-housing	21,670	20,907	21,146
Other	1,000	847	978
Total gross loans	66,561	63,324	65,469
Provisions for impairment charges on loans	(455)	(485)	(442)
Total net loans	66,106	62,839	65,027

As at 31 December 2014, \$3,797 million of housing loans are used by the NZ Banking Group to secure the obligations of Westpac Securities NZ Limited ('WSNZL') under Westpac New Zealand's Global Covered Bond Programme ('CB Programme') (31 December 2013: \$3,926 million, 30 September 2014: \$4,002 million). These housing loans were not derecognised from Westpac New Zealand's financial statements in accordance with the accounting policies outlined in Note 1 to the financial statements included in the Disclosure Statement for the year ended 30 September 2014. As at 31 December 2014, the New Zealand dollar equivalent of bonds issued by WSNZL under the CB Programme was \$3,205 million (31 December 2013: \$2,209 million, 30 September 2014: \$3,360 million).

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

\$ millions	NZ Banking Group 31-Dec-14 (Unaudited)			
	Residential Mortgages	Other Loans for Consumer Purposes	Loans for Business Purposes	Total
Neither past due nor impaired	39,040	1,883	23,612	64,535
Past due assets:				
Less than 90 days past due	1,152	142	224	1,518
At least 90 days past due	54	14	29	97
Total past due assets	1,206	156	253	1,615
Individually impaired assets	61	-	350	411
Total gross loans	40,307	2,039	24,215	66,561
Individually assessed provisions	18	-	142	160
Collectively assessed provisions	68	73	185	326
Total provisions for impairment charges on loans and credit commitments	86	73	327	486
Provision for credit commitments	-	-	(31)	(31)
Total provisions for impairment charges on loans	86	73	296	455
Total net loans	40,221	1,966	23,919	66,106

Notes to the financial statements

Note 7 Deposits

\$ millions	NZ Banking Group		
	31-Dec-14 Unaudited	31-Dec-13 Unaudited	30-Sep-14 Audited
Deposits at fair value			
Certificates of deposit	1,537	1,244	1,154
Total deposits at fair value	1,537	1,244	1,154
Deposits at amortised cost			
Non-interest bearing, repayable at call	3,853	3,625	3,607
Other interest bearing:			
At call	22,211	19,753	20,620
Term	25,533	24,279	25,189
Total deposits at amortised cost	51,597	47,657	49,416
Total deposits	53,134	48,901	50,570

The NZ Branch held no retail deposits from individuals as at 31 December 2014 (31 December 2013: nil, 30 September 2014: nil).

Note 8 Trading liabilities

\$ millions	NZ Banking Group		
	31-Dec-14 Unaudited	31-Dec-13 Unaudited	30-Sep-14 Audited
Held for trading			
Securities sold short	418	356	605
Securities sold under agreements to repurchase	216	161	467
Total trading liabilities	634	517	1,072

Note 9 Debt issues

\$ millions	NZ Banking Group		
	31-Dec-14 Unaudited	31-Dec-13 Unaudited	30-Sep-14 Audited
Short-term debt			
Commercial paper	2,492	4,440	3,019
Total short-term debt	2,492	4,440	3,019
Long-term debt			
Non-domestic medium-term notes	3,918	3,029	3,063
Covered Bonds	3,205	2,209	3,360
Domestic medium-term notes	3,099	3,364	3,150
Total long-term debt	10,222	8,602	9,573
Total debt issues	12,714	13,042	12,592
Debt issues at amortised cost	10,222	8,602	9,573
Debt issues at fair value	2,492	4,440	3,019
Total debt issues	12,714	13,042	12,592
Movement in debt issues			
Balance at beginning of the period/year	12,592	11,645	11,645
Issuance during the period/year	1,927	3,022	10,023
Repayments during the period/year	(1,478)	(1,769)	(9,287)
Effect of foreign exchange movements during the period/year	(319)	158	218
Effect of fair value movements and amortisation adjustments during the period/year	(8)	(14)	(7)
Balance at end of the period/year	12,714	13,042	12,592

As at 31 December 2014, the NZ Banking Group had no New Zealand Government guaranteed debt on issue (31 December 2013: \$1,889 million, 30 September 2014: nil).

Note 10 Related entities

Controlled entities of the NZ Banking Group as at 30 September 2014 are set out in Note 25 to the financial statements included in the Overseas Bank's Disclosure Statement for the year ended 30 September 2014.

The total liabilities of the NZ Branch, net of amounts due to related entities as at 31 December 2014, amounted to \$5,180 million (31 December 2013: \$4,272 million, 30 September 2014: \$5,899 million).

Note 11 Fair value of financial instruments

Fair valuation control framework

The NZ Banking Group's control environment uses a well-established Fair Valuation Control Framework to ensure that fair value is either determined or validated by a function independent of the party that undertakes the transaction. The method of determining a fair value according to the Fair Valuation Control Framework differs depending on the information available.

Quoted price in an active market

The best evidence of fair value is a quoted price in an active market.

Valuation techniques

Where no direct quoted price in an active market is available, the NZ Banking Group applies present value estimates or other market accepted valuation techniques. The use of a market accepted valuation technique will typically involve the use of a valuation model and appropriate inputs to the model.

The majority of models used by the NZ Banking Group employ only observable market data as inputs. However, for certain financial instruments data may be employed which is not readily observable in current markets. Typically in these instances valuation inputs will be derived using alternative means (including extrapolation from other relevant market data) and tested against historical transactions. The use of these inputs will require a high degree of management judgment.

Fair value hierarchy

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

- **Quoted market price ('Level 1')**
Financial instruments valued using recent unadjusted quoted prices in active markets for identical assets or liabilities. Financial instruments included in the Level 1 category are certain NZ Government securities and spot and exchange traded derivatives (31 December 2013: exchange traded equities and spot and exchange traded derivatives).
- **Valuation techniques using observable inputs ('Level 2')**
Valuation techniques utilising observable market prices applied to these assets or liabilities include the use of market standard discounting methodologies, option pricing models and other valuation techniques widely used and accepted by market participants.
Financial instruments included in the Level 2 category are:
 - deposits at fair value, trading liabilities, debt issues at fair value, certain life insurance assets, securities purchased under agreement to resell with related parties, and trading and available-for-sale debt securities including certificates of deposit, corporate bonds, mortgage-backed securities, inflation-indexed government bonds, local authority and NZ public securities, off-shore securities and securities purchased under agreement to resell; and
 - derivatives including interest rate swaps, interest rate forwards, interest rate options and foreign exchange forwards and foreign exchange swaps, with external and related parties.
- **Valuation techniques with significant non-observable inputs ('Level 3')**
Financial instruments valued using at least one input that could have a significant effect on the instrument's valuation which is not based on observable market data (unobservable input). Unobservable inputs are those not readily available in an active market due to illiquidity or complexity of the product. These inputs are generally derived and extrapolated from other relevant market data and calibrated against current market trends and historic transactions.
These valuations are calculated using a high degree of management judgment.
Financial instruments included in the Level 3 category are NZ unlisted equity securities, RMBS, long-dated NZD caps, long-dated forward rate agreements and inflation indexed derivative instruments (31 December 2013: NZ unlisted equity securities, long-dated NZD caps, long-dated forward rate agreements and inflation indexed derivative instruments).

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

Notes to the financial statements

Note 11 Fair value of financial instruments (continued)

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

NZ Banking Group 31-Dec-14 (Unaudited)				
\$ millions	Level 1	Level 2	Level 3 ¹	Total
Financial assets				
Trading securities	185	4,717	46	4,948
Derivative financial instruments	3	3,881	6	3,890
Available-for-sale securities	1,992	1,057	42	3,091
Life insurance assets	32	276	-	308
Due from related entities	-	701	-	701
Total financial assets carried at fair value	2,212	10,632	94	12,938
Financial liabilities				
Deposits at fair value	-	1,537	-	1,537
Trading liabilities	277	357	-	634
Derivative financial instruments	3	4,634	-	4,637
Debt issues at fair value	-	2,492	-	2,492
Due to related entities	-	943	-	943
Total financial liabilities carried at fair value	280	9,963	-	10,243
NZ Banking Group 31-Dec-13 (Unaudited)				
\$ millions	Level 1	Level 2	Level 3 ¹	Total
Financial assets				
Trading securities	-	4,121	-	4,121
Derivative financial instruments	-	3,360	1	3,361
Available-for-sale securities	59	2,637	28	2,724
Life insurance assets	-	302	-	302
Due from related entities	-	786	-	786
Total financial assets carried at fair value	59	11,206	29	11,294
Financial liabilities				
Deposits at fair value	-	1,244	-	1,244
Trading liabilities	-	517	-	517
Derivative financial instruments	-	3,080	4	3,084
Debt issues at fair value	-	4,440	-	4,440
Due to related entities	-	626	-	626
Total financial liabilities carried at fair value	-	9,907	4	9,911
NZ Banking Group 30-Sep-14 (Audited)				
\$ millions	Level 1	Level 2	Level 3 ¹	Total
Financial assets				
Trading securities	390	3,078	46	3,514
Derivative financial instruments	11	4,166	3	4,180
Available-for-sale securities	1,975	993	42	3,010
Life insurance assets	31	266	-	297
Due from related entities	-	1,605	-	1,605
Total financial assets carried at fair value	2,407	10,108	91	12,606
Financial liabilities				
Deposits at fair value	-	1,154	-	1,154
Trading liabilities	695	377	-	1,072
Derivative financial instruments	9	4,114	-	4,123
Debt issues at fair value	-	3,019	-	3,019
Due to related entities	-	1,416	-	1,416
Total financial liabilities carried at fair value	704	10,080	-	10,784

¹ Balances within this category of the fair value hierarchy are not considered material to the total Trading securities, total Derivative financial instruments or total Available-for-sale securities balances.

Note 11 Fair value of financial instruments (continued)

There were no material amounts of changes in fair value estimated using a valuation technique incorporating significant non-observable inputs, that were recognised in the income statement of the NZ Banking Group during the three months ended 31 December 2014 (31 December 2013: no material changes in fair value, 30 September 2014: no material changes in fair value).

There have been no significant transfers into/out of Level 1, 2 or 3 during the three months ended 31 December 2014 (31 December 2013: nil). During the year ended 30 September 2014, Westpac Banking Corporation (the '**Overseas Bank**'), being a primary dealer, saw and participated in increased liquidity in the Government bond markets as part of its broader financial markets strategy. Therefore, financial assets (certain NZ Government securities) and financial liabilities (NZ Government securities sold short) relating to the NZ Banking Group as at 30 September 2014 of \$2,396 million and \$695 million respectively were transferred from Level 2 to Level 1 of the fair value hierarchy. There were no significant transfers into/out of Level 3 during the year ended 30 September 2014. Transfers in and transfers out are reported using the end-of-period fair values.

Financial instruments measured at fair value and their estimates of fair value

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. NZ IFRS 7 *Financial Instruments: Disclosures* requires the disclosure of the fair value of those financial instruments not already carried at fair value in the balance sheet. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value disclosure does not cover those assets and liabilities that are not considered to be financial instruments from an accounting perspective, such as income tax and intangible assets.

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

\$ millions	NZ Banking Group					
	31-Dec-14 (Unaudited)		31-Dec-13 (Unaudited)		30-Sep-14 (Audited)	
	Total Carrying Amount	Estimated Fair Value	Total Carrying Amount	Estimated Fair Value	Total Carrying Amount	Estimated Fair Value
Financial assets						
Loans	66,106	66,006	62,839	62,691	65,027	64,896
Total financial assets	66,106	66,006	62,839	62,691	65,027	64,896
Financial liabilities						
Deposits	51,597	51,650	47,657	47,727	49,416	49,459
Debt issues	10,222	10,332	8,602	9,013	9,573	9,704
Subordinated debentures	701	692	693	669	710	700
Total financial liabilities	62,520	62,674	56,952	57,409	59,699	59,863

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

Notes to the financial statements

Note 12 Commitments and contingent liabilities

\$ millions	NZ Banking Group		
	31-Dec-14 Unaudited	31-Dec-13 Unaudited	30-Sep-14 Audited
Commitments for capital expenditure			
Due within one year	3	3	3
Other expenditure commitments:			
One year or less	132	89	121
Between one and five years	378	226	308
Over five years	42	2	44
Total other expenditure commitments	552	317	473
Lease commitments (all leases are classified as operating leases)			
Premises and sites	264	293	277
Motor vehicles	7	8	7
Total lease commitments	271	301	284
Lease commitments are due as follows:			
One year or less	62	48	64
Between one and five years	157	170	162
Over five years	52	83	58
Total lease commitments	271	301	284
Other contingent liabilities and commitments			
Direct credit substitutes	359	326	354
Loan commitments with certain drawdown	274	200	236
Transaction-related contingent items	614	776	602
Short-term, self-liquidating trade-related contingent liabilities	532	409	528
Other commitments to provide financial services	21,341	19,741	21,367
Total other contingent liabilities and commitments	23,120	21,452	23,087

In addition to the Trading Securities pledged disclosed in note 4, as at 31 December 2014, \$71 million of available-for-sale securities were pledged as collateral for the NZ Banking Group's liabilities under repurchase agreements (31 December 2013: nil, 30 September 2014: \$90 million).

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

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

Note 13 Segment information

The NZ Banking Group operates predominantly in the consumer, business and institutional banking sectors within New Zealand. On this basis no geographical segment information is provided.

The basis of segment reporting reflects the management of the business, rather than the legal structure of the NZ Banking Group. The operating segment results have been presented on a management reporting basis and consequently internal charges and transfer pricing adjustments have been reflected in the performance of each operating segment. Intersegment pricing is determined on a cost recovery basis.

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

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

- Retail Banking provides financial services predominantly for individuals;
- Business Bank and Wealth provides financial services for small to medium sized enterprise customers and high net worth individuals, and provides funds management and insurance distribution services to a range of customers; and
- Corporate and Institutional provides a broad range of financial services to corporate, agricultural, institutional and government customers, and the supply of derivatives and risk management products to the entire Westpac customer base in New Zealand.

Reconciling items primarily represent:

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

Notes to the financial statements

Note 13 Segment information (continued)

\$ millions	NZ Banking Group				Total
	Retail Banking	Business Bank and Wealth	Corporate and Institutional	Reconciling Items ¹	
Three months ended 31 December 2014 (Unaudited)					
Net interest income	200	93	96	42	431
Non-interest income	49	48	51	1	149
Net operating income	249	141	147	43	580
Net operating income from external customers	331	153	251	(155)	580
Net internal interest expense	(82)	(12)	(104)	198	-
Net operating income	249	141	147	43	580
Operating expenses	(40)	(19)	(21)	(146)	(226)
Impairment charges on loans	(12)	(4)	(3)	-	(19)
Profit before income tax expense	197	118	123	(103)	335
Total gross loans	30,687	14,740	21,222	(88)	66,561
Total deposits	23,696	14,371	13,527	1,540	53,134
Three months ended 31 December 2013 (Unaudited)					
Net interest income	181	85	97	17	380
Non-interest income	49	46	55	52	202
Net operating income	230	131	152	69	582
Net operating income from external customers	302	137	249	(106)	582
Net internal interest expense	(72)	(6)	(97)	175	-
Net operating income	230	131	152	69	582
Operating expenses	(40)	(20)	(21)	(141)	(222)
Impairment (charges)/recoveries on loans	(12)	(2)	1	-	(13)
Profit before income tax expense	178	109	132	(72)	347
Total gross loans	29,043	14,137	20,285	(141)	63,324
Total deposits	22,600	13,346	11,711	1,244	48,901
Year ended 30 September 2014 (Audited)					
Net interest income	738	348	396	108	1,590
Non-interest income	198	190	197	92	677
Net operating income	936	538	593	200	2,267
Net operating income from external customers	1,248	584	980	(545)	2,267
Net internal interest expense	(312)	(46)	(387)	745	-
Net operating income	936	538	593	200	2,267
Operating expenses	(156)	(76)	(79)	(557)	(868)
Impairment charges on loans	(36)	(2)	-	12	(26)
Share of profit of associate accounted for using the equity method	-	-	-	1	1
Profit before income tax expense	744	460	514	(344)	1,374
Total gross loans	30,168	14,641	20,764	(104)	65,469
Total deposits	23,212	13,598	12,600	1,160	50,570

¹ Included in the reconciling items for total operating expenses is \$152 million (31 December 2013: \$144 million; 30 September 2014: \$569 million) of head office operating expenses, which are not allocated to a business unit that meets the definition of an operating segment.

Note 14 Insurance business

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

		NZ Banking Group 31-Dec-14 Unaudited
\$ millions		
Total assets		262
As a percentage of total assets of the NZ Banking Group		0.32%

Notes to the financial statements

Note 15 Risk management

15.1 Credit risk

The NZ Banking Group's residential mortgages by loan-to-value ratio ('LVR') as at 31 December 2014 (Unaudited)

In order to calculate origination LVR, the current exposure is that used in the internal ratings based approach for mortgage lending. For loans originated from 1 January 2008, the NZ Banking Group utilises its loan origination system. For loans originated prior to 1 January 2008, the origination LVR is not separately recorded, and therefore, is not available for disclosure as required under Clause 1 of Schedule 9 to the Order. For these loans, the NZ Banking Group utilises its dynamic LVR process to calculate an origination LVR. Exposures for which no LVR is available have been included in the 'Exceeds 90%' category in accordance with the requirements of the Order.

LVR range (\$ millions)	NZ Banking Group 31-Dec-14 (Unaudited)			Total
	Does not Exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	
On-balance sheet exposures	32,529	5,262	2,362	40,153
Undrawn commitments and other off-balance sheet exposures	7,431	434	166	8,031
Value of exposures	39,960	5,696	2,528	48,184

15.2 Market risk

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

\$ millions	NZ Banking Group 31-Dec-14 (Unaudited)	
	Implied Risk-weighted Exposure	Notional Capital Charge
End-of-period		
Interest rate risk	2,913	233
Foreign currency risk	63	5
Equity risk	42	3

15.3 Liquidity risk

Liquid assets

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

\$ millions	NZ Banking Group 31-Dec-14 Unaudited
Cash and balances with central banks	2,047
Due from other financial institutions	255
Supranational securities	526
NZ Government securities	2,480
NZ public securities	1,510
NZ corporate securities	2,453
Residential mortgage-backed securities	3,992
Total liquid assets	13,263

Note 16 Concentration of credit exposures to individual counterparties

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

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

- as at 31 December 2014 was nil; and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 31 December 2014 was nil.

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

- as at 31 December 2014 was nil; and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 31 December 2014 was nil.

The peak end-of-day exposures have been calculated by determining the maximum end-of-day aggregate amount of actual credit exposure over the relevant three-month period and then dividing that amount by the Overseas Banking Group's equity as at 30 September 2014.

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

Note 17 Overseas Bank and Overseas Banking Group capital adequacy

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

%	31-Dec-14 Unaudited	31-Dec-13 Unaudited
Overseas Banking Group ^{1,2}		
Common Equity Tier One Capital ratio	8.4	8.3
Additional Tier One Capital ratio	1.5	1.5
Tier One Capital ratio	9.9	9.8
Tier Two Capital ratio	1.7	1.5
Total Regulatory Capital ratio	11.6	11.3
Overseas Bank (Extended Licensed Entity) ^{1,2}		
Common Equity Tier One Capital ratio	8.4	8.5
Additional Tier One Capital ratio	1.7	1.6
Tier One Capital ratio	10.1	10.1
Tier Two Capital ratio	1.9	1.6
Total Regulatory Capital ratio	12.0	11.7

¹ The capital ratios represent information mandated by APRA.

² The capital ratios of the Overseas Banking Group and the Overseas Bank (Extended Licensed Entity) are publicly available in the Overseas Banking Group's Pillar 3 report. This information is made available to users via the Overseas Bank's website (www.westpac.com.au).

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

The Overseas Banking Group, and the Overseas Bank (Extended Licensed Entity as defined by APRA), exceeded the minimum capital adequacy requirements as specified by APRA as at 31 December 2014. APRA specifies a minimum prudential capital ratio for the Overseas Banking Group, which is not made publicly available.

Notes to the financial statements

Note 18 Other information on the Overseas Banking Group

Other information on the Overseas Banking Group is from the most recently published financial statements of the Overseas Banking Group for the year ended 30 September 2014.

Profitability	2014
Net profit after tax for the year ended 30 September 2014 (A\$ millions)	7,625
Net profit after tax (for the year ended 30 September 2014) as a percentage of average total assets	1.0%

Total assets and equity	2014
Total assets (A\$ millions)	770,842
Percentage change in total assets over the year ended 30 September 2014	9.9%
Total equity (A\$ millions)	49,337

Asset quality	2014
Total individually impaired assets ^{1, 2} (A\$ millions)	2,340
As a percentage of total assets	0.3%
Total individual credit impairment allowance ³ (A\$ millions)	1,047
As a percentage of total individually impaired assets	44.7%
Total collective credit impairment allowance ³ (A\$ millions)	2,614

¹ Total individually impaired assets are before allowances for credit impairment loss and net of interest held in suspense. Total individually impaired assets includes A\$353 million of assets which are determined to be impaired, but which are not individually significant, and therefore have been grouped into pools of assets for the purpose of collectively calculating an impairment provision.

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

³ Total individual credit impairment allowance and total collective credit impairment allowance include A\$180 million of credit impairment allowance that has been calculated collectively on groups of assets which have been determined to be impaired, but which are not individually significant.

