

Bank of New Zealand

Supplemental Information

For the year ended September 30, 2023



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Presentation of Information

Basis of Presentation

Bank of New Zealand's financial reporting group consists of Bank of New Zealand ("BNZ"), all of its wholly owned entities and other entities consolidated for financial reporting purposes (together, the "Banking Group"). The consolidated financial statements of the Banking Group are prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"), the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

Certain differences exist between accounting principles generally accepted in the United States of America ("US GAAP") and NZ GAAP, NZ IFRS, IFRS and interpretations adopted by the IASB which might be material to the financial information presented in this document. The Banking Group has not prepared a reconciliation of its consolidated financial statements and related notes to the financial statements between NZ GAAP, NZ IFRS and US GAAP. In making an investment decision, investors must rely upon their own examination of the Banking Group and the terms of the offering. Potential investors should consult their own professional advisors for an understanding of these differences, and whether or not they affect the financial information presented in this document.

Information disclosed in this document is based on the Banking Group. It is different from the information disclosed under the New Zealand Banking segment ("NZ Banking") in the Annual Report and Full Year Results of National Australia Bank Limited ("NAB"), the Banking Group's ultimate parent. In those documents, NZ Banking excludes the group central operation units and markets trading operations of the Banking Group and includes in all relevant periods, BNZ Life Insurance Limited, NAB's former insurance operation in New Zealand. On September 30, 2022, NAB completed the sale of BNZ Life Insurance Limited to Partners Life Limited.

The consolidated full year financial statements of the Banking Group are audited by an external auditor in accordance with International Standards on Auditing (New Zealand), which differ from those applicable in the United States.

Certain Definitions

The Banking Group's financial year ends on September 30. The financial year ended September 30, 2023 is referred to as 2023 and other financial years are referred to in a corresponding manner.

Some information in this document has been derived from the consolidated financial statements of the Banking Group. Where certain items are not shown in the Banking Group's consolidated financial statements, they have been prepared for the purpose of this document. Accordingly, this information should be read in conjunction with and is qualified in its entirety by reference to the Banking Group's audited consolidated financial statements, which are included in the Disclosure Statement for the year ended September 30, 2023. In addition, in connection with an offer of notes by BNZ, under BNZ's Rule 144A sub-program which is associated with its US\$100,000,000,000 Global Medium Term Note Program, this information should be read in conjunction with the offering circular, as supplemented by the offering circular supplement (including the documents incorporated by reference into the offering circular supplement), for such notes, including the consolidated financial statements of the Banking Group contained in the Disclosure Statements incorporated therein.

In this document, unless the context otherwise requires:

- references to "Banking Group" are to Bank of New Zealand's financial reporting group, which consists of Bank of New Zealand, all of its wholly owned entities and other entities consolidated for financial reporting purposes;
- references to "BNZ" or the "Bank" are to Bank of New Zealand;
- references to "Disclosure Statements" are to the disclosure statements the Banking Group prepared for the relevant period in compliance with Reserve Bank of New Zealand requirements, which contain consolidated financial statements of BNZ for the periods specified and have been published and filed with the Commission de Surveillance du Secteur Financier (the "CSSF");
- references to "RBNZ" are to the Reserve Bank of New Zealand;
- references to "US\$", "USD" or "U.S. dollars" are to the lawful currency of the United States;
- references to "wholly owned" are to an entity when a parent company holds 100% of the voting securities of the entity; and
- references to "\$", "New Zealand dollars", "NZD", "NZ\$" or "NZ dollars" are to the lawful currency of New Zealand.

Currency of Presentation and Exchange Rates

All currency amounts are expressed in New Zealand dollars unless otherwise stated. All amounts have been rounded to the nearest million dollars, except where otherwise indicated.

Average Balance Sheet and Related Interest

The following tables show the major categories of interest earning assets and interest bearing liabilities, together with their respective interest rates earned or incurred by the Banking Group. Averages are predominantly daily averages.

Dollars in Millions	Banking Group								
	Average Balance	Interest	Average Rate (% p.a.)	Average Balance	Interest	Average Rate (% p.a.)	Average Balance	Interest	Average Rate (% p.a.)
	2023	2023	2023	2022	2022	2022	2021	2021	2021
Average interest earning assets									
Cash and due from central banks and other institutions	12,202	583	4.8%	12,034	177	1.5%	9,182	24	0.3%
Trading assets	7,801	288	3.7%	7,440	98	1.3%	8,346	44	0.5%
Loans and advances to customers	98,912	6,103	6.2%	95,804	3,623	3.8%	89,352	2,879	3.2%
Other interest earning assets ¹	1,612	110	N/A	1,256	18	N/A	1,151	21	N/A
Total average interest earning assets and interest income	120,527	7,084	5.9%	116,534	3,916	3.4%	108,031	2,968	2.7%
Total average non-interest earning assets	10,592			10,162			10,099		
Allowance for expected credit losses and credit risk adjustments	(858)			(776)			(843)		
Total average assets	130,261			125,920			117,287		
Average interest bearing liabilities									
Due to central banks and other institutions	6,462	195	3.0%	4,765	39	0.8%	3,607	5	0.1%
Deposits and other borrowings	66,042	2,563	3.9%	67,303	762	1.1%	65,010	427	0.7%
Bonds and notes	19,947	1,139	5.7%	18,671	483	2.6%	17,956	257	1.4%
Subordinated notes due to external investors	-	-	0.0%	-	-	0.0%	390	14	3.6%
Other interest bearing liabilities ²	5,086	290	N/A	5,221	128	N/A	4,043	84	N/A
Total average interest bearing liabilities and interest expense	97,537	4,187	4.3%	95,960	1,412	1.5%	91,006	787	0.9%
Total average non-interest bearing liabilities	21,640			19,515			16,588		
Total average liabilities	119,177			115,475			107,594		

¹Includes net due from related entities and collateral paid.

²Includes net due to related entities (including subordinated debt) and collateral received. Includes lease liabilities under NZ IFRS 16 *Leases* for the purposes of the calculation. Under the New Zealand Registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014 (as amended), these are classified as non-interest bearing in BNZ's Disclosure Statements for the respective periods.

	Banking Group		
	2023	2022	2021
Net yield on interest earning assets			
Net yield on interest earning assets ³	2.40%	2.15%	2.02%

³Net interest income divided by total average interest earning assets.

Average Balance Sheet and Related Interest

Volume and Rate Analysis

The following table attributes variances in interest income and interest expense to changes in volume and rate. Volume and rate variances have been calculated on the movement in average balances and the change in the interest rates on average interest earning assets and average interest bearing liabilities.

Dollars in Millions	Banking Group					
	Increase/(Decrease) due to			Increase/(Decrease) due to		Total
	Change in Average Volume 2023	Change in Average Rate 2023	Total 2023	Change in Average Volume 2022	Change in Average Rate 2022	
Interest earning assets						
Cash and due from central banks and other institutions	8	398	406	42	111	153
Trading assets	13	177	190	(12)	66	54
Loans and advances to customers (including impaired loans)	192	2,288	2,480	244	500	744
Other interest earning assets	92	-	92	(3)	-	(3)
Change in interest income	305	2,863	3,168	271	677	948
Interest bearing liabilities						
Due to central banks and other institutions	51	105	156	9	25	34
Deposits and other borrowings	(49)	1,850	1,801	26	309	335
Bonds and notes	73	583	656	18	208	226
Subordinated notes due to external investors	-	-	-	-	(14)	(14)
Other interest bearing liabilities	162	-	162	44	-	44
Change in interest expense	237	2,538	2,775	97	528	625
Change in net interest income/(expense)	68	325	393	174	149	323

Investment Portfolio

Total Investments

The following table shows the total value of the Banking Group's investment portfolio.

Dollars in Millions	Banking Group		
	2023	2022	2021
Trading assets	8,362	7,414	7,348
Total investments	8,362	7,414	7,348

Trading Assets

The following table shows the fair value of the Banking Group's holdings of trading assets.

Dollars in Millions	Banking Group		
	2023	2022	2021
Government bonds, notes and securities ¹	2,737	3,509	4,673
Semi-government bonds, notes and securities ²	3,593	2,804	1,336
Corporate and other institutions bonds, notes and securities	1,966	1,101	1,339
Securities purchased under agreements to resell with other institutions	66	-	-
Total trading assets	8,362	7,414	7,348

¹Government refers to the New Zealand Government.

²Includes securities issued by entities related to the New Zealand Government and overseas governments.

Maturity Profile of Trading Assets

The following table shows the contractual maturity and weighted average yield of the Banking Group's trading assets.

Dollars in Millions	Banking Group (2023)				Total	Average Rate (% p.a.) ³
	Up to 1 Year	Over 1 Year and up to 5 Years	Over 5 Years and up to 10 Years	Over 10 Years		
Trading assets						
Government bonds, notes and securities	700	1,506	498	33	2,737	2.0%
Semi-government bonds, notes and securities	144	3,042	383	24	3,593	3.6%
Corporate and other institutions bonds, notes and securities	1,308	647	11	-	1,966	6.4%
Securities purchased under agreements to resell with other institutions	66	-	-	-	66	5.3%
Total trading assets	2,218	5,195	892	57	8,362	3.7%

³ For the purposes of this table, average rate is calculated as interest income divided by average volume.

Loan Portfolio

Loan Portfolio by Industry

The following table shows the Banking Group's portfolio of net loans and advances to customer by the customer's industry sector.

Dollars in Millions	Banking Group				
	2023	2022	2021	2020	2019
Agriculture	14,355	14,158	13,792	14,003	14,963
Forestry and fishing	1,062	976	957	943	1,011
Mining	214	285	284	367	463
Manufacturing	3,528	3,418	3,237	3,186	3,371
Electricity, gas and water	512	533	557	714	740
Construction	1,571	1,316	1,125	1,054	1,300
Wholesale and retail trade	4,455	4,248	3,571	3,189	3,690
Accommodation, restaurants, culture and recreation	1,552	1,555	1,476	1,504	1,447
Transport and storage	1,922	1,914	1,923	1,953	2,166
Communications	392	332	344	287	242
Financial, investment and insurance	2,214	3,057	2,525	2,207	1,841
Property, business and personal services	9,840	10,542	10,178	10,036	10,727
Government, education, health and community services	2,296	2,099	1,847	1,864	1,894
Real estate - housing loans	57,746	54,823	52,728	45,850	42,883
Personal lending	800	836	855	1,061	1,385
Total gross loans and advances to customers	102,459	100,092	95,399	88,218	88,123
Deduct:					
Individually assessed allowance for credit impairment and credit risk adjustments on individual financial assets	77	92	134	237	157
Collectively assessed allowance for credit impairment and credit risk adjustments on groups of financial assets	855	720	644	673	500
Deferred and other unearned future income	(88)	(53)	(56)	(39)	(35)
Capitalised brokerage costs	(168)	(43)	(43)	(29)	(24)
Fair value hedge adjustments on housing loans	14	30	29	(142)	(149)
Total deductions	690	746	708	700	449
Total net loans and advances to customers	101,769	99,346	94,691	87,518	87,674

Maturity Profile on Gross Loans and Advances to Customers

The following table shows the Banking Group's contractual maturity distribution of gross loans and advances to customers.

Dollars in Millions	Banking Group (2023)			
	Up to 1 Year	Over 1 Year and up to 5 Years	Over 5 Years	Total
Agriculture	5,018	8,600	737	14,355
Forestry and fishing	792	260	10	1,062
Mining	161	52	1	214
Manufacturing	2,105	1,370	53	3,528
Electricity, gas and water	417	95	-	512
Construction	634	850	87	1,571
Wholesale and retail trade	2,383	1,979	93	4,455
Accommodation, restaurants, culture and recreation	622	874	56	1,552
Transport and storage	1,287	613	22	1,922
Communications	339	51	2	392
Financial, investment and insurance	1,970	235	9	2,214
Property, business and personal services	6,402	3,271	167	9,840
Government, education, health and community services	1,657	598	41	2,296
Real estate - housing loans	1,014	1,145	55,587	57,746
Personal lending	787	12	1	800
Total gross loans and advances to customers	25,588	20,005	56,866	102,459

Loan Portfolio

Sensitivities of Loans to Changes in Interest Rates

The following table shows the type of interest rate applicable to the Banking Group's contractual maturity distribution of loans and advances to customers.

Dollars in Millions	Banking Group (2023)			Total
	Up to 1 Year	Over 1 Year and up to 5 Years	Over 5 Years	
Variable interest rates	21,470	13,522	5,397	40,389
Fixed interest rates	4,118	6,483	51,469	62,070
Total gross loans and advances to customers	25,588	20,005	56,866	102,459

Risk Elements

The Banking Group continuously monitors its credit risk to counterparties through the examination of key risk indicators such as days past due, utilization, and behavioral scoring. In addition, the Strategic Business Services unit has specific responsibility for the management of accounts classified as categorized assets. These processes enable credit impairments to be identified at the earliest possible time. Credit impairment allowance are raised based on an expected credit loss model in line with the requirements of NZ IFRS 9 *Financial Instruments*. Recoverable amounts for impaired assets take into account the current market value of collateral held and the realizability of securities. The changes in value of financial assets designated at fair value through profit or loss that are attributable to changes in credit risk have been calculated using a statistical-based calculation that estimates expected losses attributable to adverse movement in credit risks.

Impaired Assets

The following table shows the Banking Group's impaired assets.

Dollars in Millions	Banking Group				
	2023	2022	2021	2020	2019
Gross impaired assets¹					
Balance at beginning of year	167	231	600	653	265
Amounts written off	(39)	(68)	(92)	(78)	(66)
Loans newly classified into impaired assets categories during the year	198	61	152	350	580
Loans recovered or reclassified as non-impaired assets during the year	(182)	(57)	(429)	(325)	(126)
Total gross impaired assets balance at end of year	144	167	231	600	653
Deduct: Individually assessed allowance for credit impairment and credit risk adjustments on individual financial assets	77	92	134	237	157
Total net impaired assets	67	75	97	363	496

¹ Gross amounts are shown before taking into account any collateral held or other credit enhancements.

Past Due Assets Not Impaired

The following table shows the Banking Group's 90 days past due non-impaired assets.

Dollars in Millions	Banking Group				
	2023	2022	2021	2020	2019
Total 90 days past due non-impaired assets	364	264	146	175	146

Additional Information on Impaired Assets

The following table shows additional information on impaired assets.

Dollars in Millions	Banking Group				
	2023	2022	2021	2020	2019
Fair value of security ²	67	75	97	363	496

² For the purposes of this disclosure, where security held is valued at more than the corresponding credit exposure, coverage is capped at the value of the credit exposure.

Potential problem loans are those loans which are not impaired or past due, where the customer is in receivership, liquidation, statutory management or any other form of administration in New Zealand, or is in an equivalent form of voluntary or involuntary administration in an overseas jurisdiction. As at September 30, 2023, included within the Banking Group's loans and advances to customers were potential problem loans of \$2 million.

Loan Portfolio

Cross Border Outstandings

The following table shows cross border outstandings due from countries other than New Zealand where such outstandings individually exceed 0.75% of the Banking Group's total assets for the period specified.

Dollars in Millions	Banking Group		
	2023	2022	2021
United Kingdom			
Banks and other financial institutions	579	1,053	464
Commercial and industrial	60	57	57
Total cross border outstanding	639	1,110	521
As a percentage of total assets	0.49%	0.84%	0.44%
United States			
Banks and other financial institutions	1,638	1,257	262
Commercial and industrial	50	51	65
Total cross border outstanding	1,688	1,308	327
As a percentage of total assets	1.30%	1.00%	0.27%

For the purposes of the above disclosure, cross border outstandings are based on the country of domicile of the counterparty or guarantor of the ultimate risk, and comprise loans and advances to customers, balances due from other institutions, acceptances and other monetary assets including trading derivative assets and reverse repurchase agreements. Local currency activities with local residents by foreign branches and subsidiaries are excluded.

The reporting threshold used above is for disclosure guidance only and is not intended as an indicator of a prudent level of lending by the Banking Group to any one country.

Summary of Loan Loss Experience

Allowance for Expected Credit Losses and Credit Risk Adjustments on Financial Assets

The following table shows the reconciliation of movements in the Banking Group's allowance for expected credit losses ("ECL") and credit risk adjustments on financial assets.

Dollars in Millions	Banking Group				
	2023	2022	2021	2020	2019
Individually assessed allowance for ECL and credit risk adjustments on individual financial assets					
Balance at beginning of year	92	134	237	157	105
Charge to income statement	18	18	(21)	148	107
Amounts written off	(39)	(68)	(92)	(78)	(66)
Recovery of amounts written off	7	9	12	12	15
Discount unwind	(1)	(1)	(2)	(2)	(4)
Balance at end of year	77	92	134	237	157
Collectively assessed allowance for ECL and credit risk adjustments on groups of financial assets					
Balance at beginning of year	720	644	673	500	498
Charge/(credit) to income statement	135	76	(29)	173	2
Balance at end of year	855	720	644	673	500
Total allowance for ECL and credit risk adjustments on financial assets	932	812	778	910	657

Allowance for Expected Credit Losses and Credit Risk Adjustments on Financial Assets by Industry

The following table shows the Banking Group's allowance for ECL and credit risk adjustments on financial assets by the customer's industry sector.

Dollars in Millions	Banking Group (2023)					Total	Percentage of Loans in Each Category to Gross Loans and Advances (%)
	Collectively assessed allowance		Stage 3	Individually assessed allowance Stage 3	Credit Risk Adjustment on Financial Assets		
	Stage 1	Stage 2					
Agriculture	8	154	95	11	-	268	14.0
Forestry and fishing	1	18	3	-	-	22	1.0
Mining	-	4	-	-	-	4	0.2
Manufacturing	5	73	2	1	3	84	3.4
Electricity, gas and water	2	4	-	-	-	6	0.5
Construction	4	24	1	1	-	30	1.5
Wholesale and retail trade	7	74	5	9	-	95	4.3
Accommodation, restaurants, culture and recreation	2	13	-	-	-	15	1.5
Transport and storage	5	23	1	6	2	37	1.9
Communications	1	5	-	-	-	6	0.4
Financial, investment and insurance	4	10	1	-	1	16	2.2
Property, business and personal services	6	93	6	46	-	151	9.6
Government, education, health and community services	3	20	4	-	-	27	2.2
Real estate - housing loans	17	102	24	2	-	145	56.5
Personal lending	6	12	7	1	-	26	0.8
Total allowance for ECL and credit risk adjustments on financial assets	71	629	149	77	6	932	100.0

Summary of Loan Loss Experience

Allowance for Expected Credit Losses and Credit Risk Adjustments on Financial Assets by Industry *continued*

Banking Group (2022)							
Dollars in Millions	Collectively assessed allowance		Stage 3	Individually assessed allowance Stage 3	Credit Risk Adjustment on Financial Assets	Total	Percentage of Loans in Each Category to Gross Loans and Advances (%)
	Stage 1	Stage 2					
Agriculture	9	119	30	6	-	164	14.1
Forestry and fishing	1	16	-	-	-	17	1.0
Mining	1	1	-	-	-	2	0.3
Manufacturing	6	73	1	2	3	85	3.4
Electricity, gas and water	2	1	-	-	-	3	0.5
Construction	3	34	1	-	-	38	1.3
Wholesale and retail trade	7	67	7	5	-	86	4.2
Accommodation, restaurants, culture and recreation	2	22	1	4	-	29	1.6
Transport and storage	4	37	4	14	13	72	1.9
Communications	1	10	-	-	-	11	0.3
Financial, investment and insurance	5	10	-	-	1	16	3.1
Property, business and personal services	6	86	4	40	8	144	10.5
Government, education, health and community services	3	17	-	-	-	20	2.1
Real estate - housing loans	12	66	19	1	-	98	54.9
Personal lending	5	12	9	1	-	27	0.8
Total allowance for ECL and credit risk adjustments on financial assets	67	571	76	73	25	812	100.0

Banking Group (2021)							
Dollars in Millions	Collectively assessed allowance		Stage 3	Individually assessed allowance Stage 3	Credit Risk Adjustment on Financial Assets	Total	Percentage of Loans in Each Category to Gross Loans and Advances (%)
	Stage 1	Stage 2					
Agriculture	5	127	9	17	1	159	14.5
Forestry and fishing	1	6	2	-	-	9	1.0
Mining	1	3	1	-	-	5	0.3
Manufacturing	6	56	2	4	2	70	3.4
Electricity, gas and water	2	2	-	-	-	4	0.6
Construction	2	29	1	4	-	36	1.2
Wholesale and retail trade	6	63	1	7	-	77	3.7
Accommodation, restaurants, culture and recreation	2	24	2	5	-	33	1.5
Transport and storage	2	35	1	18	12	68	2.0
Communications	1	8	-	-	-	9	0.4
Financial, investment and insurance	4	7	-	-	-	11	2.6
Property, business and personal services	6	70	6	63	5	150	10.7
Government, education, health and community services	4	19	-	-	-	23	1.9
Real estate - housing loans	1	44	50	-	-	95	55.3
Personal lending	4	14	10	1	-	29	0.9
Total allowance for ECL and credit risk adjustments on financial assets	47	507	85	119	20	778	100.0

Summary of Loan Loss Experience

Allowance for Expected Credit Losses and Credit Risk Adjustments on Financial Assets by Industry *continued*

Banking Group (2020)

Dollars in Millions	Collectively assessed allowance		Stage 3	Individually assessed allowance Stage 3	Credit Risk Adjustment on Financial Assets	Total	Percentage of Loans in Each Category to Gross Loans and Advances (%)
	Stage 1	Stage 2					
Agriculture	6	112	9	55	2	184	15.9
Forestry and fishing	2	6	2	-	-	10	1.1
Mining	2	2	-	5	-	9	0.4
Manufacturing	6	54	8	39	4	111	3.6
Electricity, gas and water	2	-	-	-	-	2	0.8
Construction	3	19	3	11	-	36	1.2
Wholesale and retail trade	6	54	7	22	-	89	3.6
Accommodation, restaurants, culture and recreation	1	26	4	6	-	37	1.7
Transport and storage	5	24	1	12	23	65	2.2
Communications	2	1	-	-	-	3	0.3
Financial, investment and insurance	5	7	-	23	-	35	2.5
Property, business and personal services	6	93	8	36	4	147	11.3
Government, education, health and community services	2	24	-	1	-	27	2.1
Real estate - housing loans	5	33	53	3	-	94	52.1
Personal lending	4	43	12	2	-	61	1.2
Total allowance for ECL and credit risk adjustments on financial assets	57	498	107	215	33	910	100.0

Banking Group (2019)

Dollars in Millions	Collectively assessed allowance		Stage 3	Individually assessed allowance Stage 3	Credit Risk Adjustment on Financial Assets	Total	Percentage of Loans in Each Category to Gross Loans and Advances (%)
	Stage 1	Stage 2					
Agriculture	7	69	8	64	4	152	17.0
Forestry and fishing	1	5	1	-	-	7	1.1
Mining	2	4	-	10	-	16	0.5
Manufacturing	11	41	3	8	4	67	3.8
Electricity, gas and water	2	1	-	-	-	3	0.8
Construction	4	18	1	7	1	31	1.5
Wholesale and retail trade	9	38	3	12	-	62	4.2
Accommodation, restaurants, culture and recreation	2	11	2	1	-	16	1.6
Transport and storage	3	15	1	1	1	21	2.4
Communications	2	1	-	-	-	3	0.3
Financial, investment and insurance	5	6	-	23	1	35	2.1
Property, business and personal services	8	77	10	27	1	123	12.1
Government, education, health and community services	4	14	-	-	-	18	2.1
Real estate - housing loans	1	53	7	2	-	63	48.9
Personal lending	10	16	13	1	-	40	1.6
Total allowance for ECL and credit risk adjustments on financial assets	71	369	49	156	12	657	100.0

Summary of Loan Loss Experience

Allowance for Expected Credit Losses and Credit Risk Adjustments on Financial Assets by Industry *continued*

	Banking Group				
Dollars in Millions	2023	2022	2021	2020	2019
Individually assessed allowance for ECL and credit risk adjustments on individual financial assets					
Agriculture	12	6	16	56	64
Mining	-	-	-	5	10
Manufacturing	1	2	4	39	8
Construction	1	-	4	11	7
Wholesale and retail trade	9	5	7	22	12
Accommodation, restaurants, culture and recreation	-	4	5	6	1
Transport and storage	6	25	30	33	1
Financial, investment and insurance	-	-	-	23	23
Property, business and personal services	45	48	65	37	27
Government, education, health and community services	-	-	1	1	-
Real estate - housing loans	2	1	1	2	3
Personal lending	1	1	1	2	1
Total individually assessed allowance for ECL and credit risk adjustments on individual financial assets	77	92	134	237	157
Total collectively assessed allowance for ECL and credit risk adjustments on groups of financial assets	855	720	644	673	500
Total allowance for ECL and credit risk adjustments on financial assets	932	812	778	910	657

	Banking Group				
As a Percentage of Total Loans	2023	2022	2021	2020	2019
Gross loans and advances to customers					
Agriculture	14.0	14.1	14.5	15.9	17.0
Forestry and fishing	1.0	1.0	1.0	1.1	1.1
Mining	0.2	0.3	0.3	0.4	0.5
Manufacturing	3.4	3.4	3.4	3.6	3.8
Electricity, gas and water	0.5	0.5	0.6	0.8	0.8
Construction	1.5	1.3	1.2	1.2	1.5
Wholesale and retail trade	4.3	4.2	3.7	3.6	4.2
Accommodation, restaurants, culture and recreation	1.5	1.6	1.5	1.7	1.6
Transport and storage	1.9	1.9	2.0	2.2	2.4
Communications	0.4	0.3	0.4	0.3	0.3
Financial, investment and insurance	2.2	3.1	2.6	2.5	2.1
Property, business and personal services	9.6	10.5	10.7	11.3	12.1
Government, education, health and community services	2.2	2.1	1.9	2.1	2.1
Real estate - housing loans	56.5	54.9	55.3	52.1	48.9
Personal lending	0.8	0.8	0.9	1.2	1.6
Total gross loans and advances to customers	100.0	100.0	100.0	100.0	100.0

Summary of Loan Loss Experience

Net Charge-Offs to Gross Average Loans

The following table shows the details of the Banking Group's ratio of net charge-offs to gross average loans outstanding. Net charge-offs are total bad debts written off less bad debts recovered.

As a percentage of total gross average loans	Banking Group				
	2023	2022	2021	2020	2019
Ratio of net charge-offs to gross average loans outstanding during the year ¹	-	0.1	0.1	0.1	0.1

¹ Net charge-offs divided by gross average interest earning loans outstanding.

Bad Debts Written Off

The following table shows bad debts written off by customer industry sector.

Dollars in Millions	Banking Group				
	2023	2022	2021	2020	2019
Agriculture	1	11	24	21	4
Forestry and fishing	-	-	-	-	2
Mining	-	-	3	5	-
Manufacturing	1	1	12	3	1
Construction	2	3	7	3	3
Wholesale and retail trade	6	5	7	5	13
Accommodation, restaurants, culture and recreation	3	1	2	2	2
Transport and storage	-	1	1	1	1
Property, business and personal services	4	26	10	2	4
Government, education, health and community services	-	-	-	-	1
Real estate - housing loans	1	1	1	2	4
Personal lending	21	19	25	34	31
Total bad debts written off	39	68	92	78	66

Bad Debts Recovered

The following table shows bad debts recovered by customer industry sector.

Dollars in Millions	Banking Group				
	2023	2022	2021	2020	2019
Agriculture	-	-	3	-	-
Mining	-	-	1	2	2
Financial, investment and insurance	-	1	1	-	3
Real estate - housing loans	-	1	-	-	-
Personal lending	7	7	7	10	10
Total bad debts recovered	7	9	12	12	15

Deposits and Other Borrowings

The following table shows the Banking Group's liabilities in respect to deposits and other borrowings.

Dollars in Millions	Banking Group		
	2023	2022	2021
Term deposits	34,802	28,126	24,386
Certificates of deposit	1,587	1,661	2,435
On-demand and short-term deposits bearing interest	30,014	33,295	34,668
Deposits not bearing interest	13,686	12,784	12,077
Commercial paper	917	2,288	4,429
Total deposits and other borrowings	81,006	78,154	77,995

The following table shows the maturity profile of all certificates of deposit and term deposits issued with a value of \$100,000 or more.

Dollars in Millions	Banking Group (2023)					Total
	Up to 3 Months	Over 3 Months and up to 6 Months	Over 6 Months and up to 1 Year	Over 1 Year	Total	
		6 Months	1 Year	1 Year		
Term deposits	10,814	8,044	8,586	1,868	29,312	
Certificates of deposit	1,398	168	21	-	1,587	
Total	12,212	8,212	8,607	1,868	30,899	

Details of average deposits and short term borrowings are provided in the following table for the dates indicated. Averages are predominantly daily averages.

Dollars in Millions	Banking Group					
	Average Balance	Average Rate (% p.a.) ¹	Average Balance	Average Rate (% p.a.) ¹	Average Balance	Average Rate (% p.a.) ¹
	2023	2023	2022	2022	2021	2021
Term deposits	30,992	4.32%	25,704	1.77%	26,129	1.40%
Certificates of deposit	1,975	4.86%	2,483	1.50%	1,356	0.35%
On-demand and short-term deposits bearing interest	31,248	3.33%	35,388	0.70%	33,353	0.14%
Deposits not bearing interest	14,746	0.00%	12,960	0.00%	10,605	0.00%
	78,961		76,535		71,443	

¹For the purposes of this disclosure, average rate is calculated as interest expense divided by average volume.

Short Term Borrowings

The table below shows the Banking Group's commercial paper short term borrowings.

Dollars in Millions	Banking Group		
	2023	2022	2021
Balance outstanding at end of year	917	2,288	4,429
Maximum outstanding at any month end	2,374	4,816	5,358
Approximate average amount outstanding during the year	1,827	3,728	4,172
Approximate weighted average rate on average amount outstanding	4.98%	0.79%	0.23%

Return on Equity and Assets

The following table shows return on equity, return on assets and other ratios of the Banking Group.

	Banking Group		
	2023	2022	2021
Return on assets ¹	1.16%	1.12%	1.13%
Return on equity ²	13.61%	13.54%	13.64%
Dividend payout ratio ³	388.87% ⁵	39.59%	0.00% ⁶
Equity to assets ratio ⁴	8.51%	8.29%	8.26%

¹ Net profit after tax divided by total average assets.

² Net profit after tax divided by total average equity (total average equity calculated by total average assets minus total average liabilities).

³ Dividend per ordinary share divided by net profit per ordinary share.

⁴ Total average equity divided by total average assets.

⁵ Includes \$5,000 million dividend on ordinary shares and equivalent share issue. Refer to Note 23 Contributed Equity in BNZ's Disclosure Statement for the year ended September 30, 2023 for further information.

⁶ No dividends were paid in the year ended September 30, 2021.

