Westpac

Introductory statement for customers of registered bank

The purpose of this Key Information Summary is to provide customers and potential customers with information about the financial condition of their bank.

The information contained in the Key Information Summary is explained in the Reserve Bank of New Zealand ('**Reserve Bank**') publication "Your Bank's Disclosure Statement – What's In It For You?". This publication can be obtained from the Reserve Bank.

The information contained in this Key Information Summary is as required by section 81 of the Reserve Bank of New Zealand Act 1989 ('**Reserve Bank Act**') and the Registered Bank Disclosure Statement (Off-Quarter – Overseas Incorporated Registered Banks) Order 2008 ('**Order**').

In this Key Information Summary reference is made to four main reporting groups:

- Westpac Banking Corporation Group (otherwise referred to as the '**Overseas Banking Group**') – refers to the total worldwide business of Westpac Banking Corporation including its controlled entities.
- Westpac Banking Corporation (otherwise referred to as the '**Overseas Bank**') – refers to the worldwide activities of Westpac Banking Corporation excluding its controlled entities.
- Westpac Banking Corporation New Zealand Division (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 for the Overseas Banking Group's New Zealand business.
- 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 and Westpac Institutional Bank).

The financial year end of the above entities is 30 September.

All amounts referred to in this Key Information Summary are in New Zealand dollars unless otherwise stated.

Corporate information

The full name of the Overseas Bank is Westpac Banking Corporation. Westpac Banking Corporation is a company registered and domiciled in New South Wales, Australia and has its principal place of business in New Zealand at Level 15, 188 Quay Street, Auckland.

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.

Rating Agency	Current Credit Rating	Rating Outlook
Fitch Ratings	AA	Stable
Moody's Investors Service	Aa1	Negative
Standard & Poor's	AA	Stable

On 31 March 2010, the Overseas Bank's credit rating issued by Fitch Ratings changed from AA- to AA with a 'stable' outlook. In the two years prior to 31 March 2010 the rating issued by Fitch Ratings was AA-. The rating outlook at 30 June 2008 was 'positive' and changed to 'stable' on 3 December 2008. This position remained unchanged until 31 March 2010 when the credit rating was upgraded to AA with a 'stable' outlook.

In the two years prior to 30 June 2010 the Overseas Bank's credit rating issued by Moody's Investors Service has not changed. However, on 2 March 2009, Moody's Investors Service revised the outlook from 'stable' to 'negative'. In maintaining a 'negative' outlook for all the major Australian banks, Moody's Investors Service highlighted the sector's structural reliance on wholesale funding. Moody's Investors Service has also indicated that it is watching the changes proposed by the Basel Committee on Banking Supervision in relation to liquidity and stable funding and that the proposed changes, if implemented, could address its concerns and have a material impact on bank ratings.

In the two years prior to 30 June 2010, the Overseas Bank's credit rating issued by Standard & Poor's has not changed. The outlook for the rating has also remained unchanged at 'stable'.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities. Ratings may be changed, qualified, withdrawn or suspended at any time.

Westpac Banking Corporation Key Information Summary

For the nine months ended 30 June 2010

Government guarantees

The Overseas Bank has a guarantee under the financial claims scheme ('**FCS**') established under the Banking Act 1959 (Australia) ('**Australian Banking Act**'). This scheme provides for an Australian government guarantee of 'protected accounts' (including most deposits) up to A$1 million in the winding-up of the Overseas Bank. In addition, as at the date the General Short Form Disclosure Statement was signed by the Directors and Chief Executive Officer of the NZ Branch, certain deposits with the Overseas Bank are guaranteed for amounts over A$1 million, and certain wholesale term funding liabilities of the Overseas Bank are guaranteed, under the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding (the '**Guarantee Facility**'). The Australian Government announced the withdrawal of the Guarantee Facility on 7 February 2010, which ceased to have effect from 5pm on 31 March 2010. However, existing guaranteed liabilities of the Overseas Bank will continue to be covered by the Guarantee Facility to maturity (for term deposits), until October 2015 (for at call deposits) and to the terms of maturity of up to five years for wholesale liabilities.

Further information about the FCS may be obtained from the Australian Federal Treasurer's internet site www.treasurer.gov.au and information about the Guarantee Facility may be obtained from the Australian Government internet site www.guaranteescheme.gov.au.

More information on the government guarantees is available in the NZ Branch's most recent General Short Form Disclosure Statement and Supplemental Disclosure Statement.

No New Zealand government deposit guarantee

The Overseas Bank does not have a guarantee under the New Zealand deposit guarantee scheme as at 17 August 2010.

Profitability

	Overseas Banking Group	
	2010 Unaudited A$m	2009 Unaudited A$m
Net profit after tax for the six months ended 31 March	**2,875**	2,175
Net profit after tax (on a 12 month rolling basis) as a percentage of average total assets	**0.7%**	0.7%

	NZ Banking Group	
	2010 Unaudited NZ$m	2009 Unaudited NZ$m
Net profit after tax for the nine months ended 30 June	**646**	307
Net profit after tax (on a 12 month rolling basis) as a percentage of average total assets	**(0.2%)**	0.6%

Size

As at 31 March (unaudited)	Overseas Banking Group	
	2010 A$m	2009 A$m
Total assets	**600,775**	594,230
Increase in total assets (year-on-year)	**1.1%**	46.7%

As at 30 June (unaudited)	NZ Banking Group	
	2010 NZ$m	2009 NZ$m
Total assets	**71,324**	74,263
(Decrease)/increase in total assets (year-on-year)	**(4.0%)**	11.9%

Capital adequacy

As at 30 June (unaudited)	Overseas Banking Group[1]	
	2010 %	2009 %
Tier One Capital ratio	**8.9**	8.2
Total Capital ratio	**10.8**	11.0

As at 30 June (unaudited)	Overseas Bank (Extended Licensed Entity)[1]	
	2010 %	2009 %
Tier One Capital ratio	**9.1**	10.1
Total Capital ratio	**11.4**	12.7

1 The capital ratios represent information mandated by APRA.

The Overseas Banking Group received accreditation from the Australian Prudential Regulation Authority ('**APRA**') to apply the Advanced Internal Ratings Based ('**Advanced IRB**') and Advanced Measurement Approach ('**AMA**') methodologies 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.

The Overseas Banking Group, and the Overseas Bank (Extended Licensed Entity) (as defined by APRA), exceeded the minimum capital adequacy requirements specified by APRA as at 30 June 2010. APRA specifies a minimum prudential capital ratio for the Overseas Banking Group which is not made publicly available.

Asset quality

As at 31 March (unaudited)	Overseas Banking Group	
	2010 A$m	2009 A$m
Total individually impaired assets[1, 2]	**4,068**	3,111
As a percentage of total assets	**0.7%**	0.5%
Total individual credit impairment allowance	**1,576**	1,416
As a percentage of total impaired assets	**36.7%**	42.9%
Total collective credit impairment allowance	**3,697**	3,067

As at 30 June (unaudited)	NZ Banking Group	
	2010 NZ$m	2009 NZ$m
Total individually impaired assets[1, 2]	**789**	836
As a percentage of total assets	**1.1%**	1.1%
Total individual credit impairment allowance	**247**	378
As a percentage of total impaired assets	**31.3%**	45.2%
Total collective credit impairment allowance	**565**	465

1 Total individually impaired assets are before allowances for credit impairment loss and net of interest held in suspense and include restructured assets.

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

Peak credit exposure concentrations

For the three months ended 30 June 2010 the number of individual non-bank counterparties, or groups of closely related counterparties of which a bank is not the parent, to which the NZ Banking Group had a peak end-of-day aggregate credit exposure which equalled or exceeded 10% of the Overseas Banking Group's equity was nil (three months ended 30 June 2009: nil). For the three months ended 30 June 2010 the number of individual bank counterparties, or groups of closely related counterparties of which a bank is the parent, to which the NZ Banking Group had a peak end-of-day aggregate credit exposure which equalled or exceeded 10% of the Overseas Banking Group's equity was nil (three months ended 30 June 2009: 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 the end of the period.

This information excludes credit exposures to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent.

Ranking of local creditors in liquidation

There are material legislative restrictions in Australia (being the Overseas Bank's country of incorporation) which subordinate the claims of certain classes of unsecured creditors of the Overseas Bank on the Australian assets of the Overseas Bank (including a claim made or proved in an insolvent winding-up or liquidation of the Overseas Bank) to those of other classes of unsecured creditors of the Overseas Bank, in the event that the Overseas Bank becomes unable to meet its obligations or suspends payment.

The legislation described below is relevant to limitations on possible claims made by unsecured creditors of the NZ Branch (together with all other senior unsecured creditors of the Overseas Bank) and New Zealand depositors on the assets of the Overseas Bank (including a claim made or proved in an insolvent winding-up or liquidation of the Overseas Bank) relative to those of certain other classes of unsecured creditors of the Overseas Bank, in the event that the Overseas Bank becomes unable to meet its obligations or suspends payment.

The Overseas Bank is an authorised deposit-taking institution ('**ADI**') for the purposes of the Australian Banking Act. Prior to 27 July 2010, section 13A(3) of the Australian Banking Act provided that, in the event an ADI becomes unable to meet its obligations or suspends payment, the assets of the ADI in Australia are to be available to satisfy, in priority to all other liabilities of the ADI:

- first, certain obligations of the ADI to APRA (if any) arising under Division 2AA of Part II of the Australian Banking Act in respect of amounts payable by APRA to holders of "protected accounts" (as defined for the purposes of the Australian Banking Act) as part of the FCS;
- second, APRA's costs (if any) in exercising its powers and performing its functions relating to the ADI in connection with the FCS; and
- third, the ADI's deposit liabilities in Australia (other than any liabilities under the first priority listed above).

With effect from 27 July 2010, section 13A of the Australian Banking Act was amended so that in the event that the ADI becomes unable to meet its obligations or suspends payment, the assets of the ADI in Australia are to be available to satisfy the liabilities of the ADI in the following order:

- first and second, as above;
- third, the ADI's liabilities (if any) in Australia in relation to 'protected accounts' that account-holders keep with the ADI;
- fourth, the ADI's debts (if any) to the Reserve Bank of Australia;
- fifth, the ADI's liabilities (if any) under an emergency financial 'industry support contract' that is certified by APRA in accordance with the Australian Banking Act; and
- sixth, the ADI's other liabilities (if any) in the order of their priority apart from the above.

Section 13A of the Australian Banking Act affects all unsecured liabilities of the NZ Branch which as at 30 June 2010 amounted to $18,393 million (30 June 2009: $23,045 million).

Section 13A(4) of the Australian Banking Act also provides that it is an offence for an ADI not to hold assets (other than goodwill and, with effect from 27 July 2010, any assets or other amount excluded by the prudential standards) in Australia of a value that is equal to or greater than the total amount of its deposit liabilities in Australia, unless APRA has authorised the ADI to hold assets of a lesser value. During the nine months ended 30 June 2010, the Overseas Bank has at all times held assets (other than goodwill) in Australia of not less than the value of the Overseas Bank's total deposit liabilities in Australia.

Under section 16 of the Australian Banking Act, APRA's costs of being in control of an ADI's business, or having an administrator in control of an ADI's business, are a debt due to APRA. Debts due to APRA shall have, subject to section 13A(3) of the Australian Banking Act, priority over all other unsecured debts of that ADI.

The requirements of the above provisions have the potential to impact on the management of the liquidity of the NZ Banking Group.

Non-consolidated activities

The Overseas Bank does not conduct any insurance business or non-financial activities in New Zealand outside of the NZ Banking Group.

Financial statements of the Overseas Bank and the Overseas Banking Group

Copies of the most recent publicly available financial statements of the Overseas Bank and the Overseas Banking Group are contained in the NZ Branch's most recent Supplemental Disclosure Statement.

Availability of General Short Form Disclosure Statement and Supplemental Disclosure Statement

Copies of the NZ Branch's most recent General Short Form Disclosure Statement and Supplemental Disclosure Statement will be provided immediately, free of charge, to any person requesting a copy where the request is made at the NZ Branch's head office, Level 15, 188 Quay Street, Auckland. They are also available, free of charge, within five working days of any request, at any branch of the NZ Branch and at any staffed premises of any agency of the NZ Branch, primarily engaged in the business of the NZ Branch, or other staffed premises of the NZ Branch, to which its customers or potential customers have access in order to conduct banking business.

This Key Information Summary and the most recent General Short Form Disclosure Statement and Supplemental Disclosure Statement can also be accessed at the internet address www.westpac.co.nz and Disclosure Statements for each quarter for the previous two years are available at the internet address www.westpac.com.au.

Westpac

Westpac Banking Corporation ABN 33 007 457 141, incorporated in Australia (New Zealand division).