



WESTPAC NEW ZEALAND LIMITED

Disclosure Statement.
For the six months ended 31 March 2025.



This page has been intentionally left blank

Contents

Glossary of terms			4
Directors' statement			5
Financial statements			
Income statement	6	Note 6 Loans	13
Statement of comprehensive income	6	Note 7 Provision for expected credit losses	13
Balance sheet	7	Note 8 Deposits and other borrowings	16
Statement of changes in equity	8	Note 9 Debt issues	17
Statement of cash flows	9	Note 10 Related entities	17
Note 1 Financial statements preparation	10	Note 11 Fair values of financial assets and financial liabilities	17
Note 2 Net interest income	11	Note 12 Credit related commitments, contingent assets and contingent liabilities	20
Note 3 Non-interest income	12		
Note 4 Operating expenses	12	Note 13 Segment reporting	20
Note 5 Impairment charges/(benefits)	13		
Registered bank disclosures			
i. General information	22	v. Concentration of credit exposures to individual counterparties	44
ii. Additional financial disclosures	23	vi. Insurance business	45
iii. Asset quality	28	vii. Risk management policies	45
iv. Capital adequacy and regulatory liquidity ratios	32		
Conditions of Registration			45
Independent auditor's review report			46
Independent assurance report			48

Glossary of terms

Certain information contained in this Disclosure Statement is required by the Order.

In this Disclosure Statement, reference is made to:

- Westpac New Zealand Limited (otherwise referred to as the '**Bank**');
- Westpac New Zealand Limited and its controlled entities (otherwise referred to as the '**Banking Group**');
- Westpac Banking Corporation (otherwise referred to as the '**Ultimate Parent Bank**');
- Ultimate Parent Bank and its controlled entities (otherwise referred to as the '**Ultimate Parent Bank Group**'); and
- New Zealand Branch of the Ultimate Parent Bank (otherwise referred to as the '**NZ Branch**').

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.

The Disclosure Statement also uses the following terms as defined below.

ANZSIC	Australian and New Zealand Standard Industrial Classification	Internal PPS	Perpetual preference shares issued to the NZ Branch
APRA	Australian Prudential Regulation Authority	IRB	Internal ratings-based
ATI	Additional Tier 1 capital	LGD	Loss given default
BPR	Banking Prudential Requirement	LVR	Loan-to-value ratio
CAP	Collectively assessed provisions	NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
CB Programme	The Bank's Global Covered Bond Programme	Order	Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended)
CCCFA	Credit Contracts and Consumer Finance Act 2003	PD	Probability of default
EAD	Exposure at default	PPS	Perpetual preference shares
ECL	Expected credit losses	Reserve Bank	Reserve Bank of New Zealand
Financial statements	Condensed consolidated interim financial statements	RMBS	Residential mortgage-backed securities
FVIS	Fair value through income statement	RWAs	Risk weighted assets/risk weighted exposures
FX	Foreign exchange	SPV	Special purpose vehicle
GDP	Gross domestic product	WSNZL	Westpac Securities NZ Limited
IAP	Individually assessed provisions		

Directors' statement

Each Director of the Bank believes, after due enquiry, that, as at the date on which this Disclosure Statement is signed, the Disclosure Statement:

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

Each Director of the Bank believes, after due enquiry, that over the six months ended 31 March 2025:

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

This Disclosure Statement has been signed by all the Directors:

Philippa Greenwood

Catherine McGrath

Debra Birch

David Green

Robert Hamilton

David Havercroft

Ian Samuel Knowles

Christine Parker

Michael Rowland

Dated this 4th day of May 2025

Income statement for the six months ended 31 March 2025

	Note	THE BANKING GROUP	
		Six Months Ended 31 Mar 25 Unaudited	Six Months Ended 31 Mar 24 Unaudited
\$ millions			
Interest income:			
Calculated using the effective interest method	2	3,588	3,603
Other	2	57	73
Total interest income	2	3,645	3,676
Interest expense	2	(2,218)	(2,292)
Net interest income		1,427	1,384
Non-interest income			
Net fees and commissions	3	115	116
Other	3	6	(1)
Total non-interest income		121	115
Net operating income		1,548	1,499
Operating expenses	4	(730)	(694)
Impairment (charges)/benefits	5	(33)	(23)
Profit before income tax expense		785	782
Income tax expense		(220)	(220)
Profit after income tax expense		565	562

The above income statement should be read in conjunction with the accompanying notes.

Statement of comprehensive income for the six months ended 31 March 2025

	THE BANKING GROUP	
	Six Months Ended 31 Mar 25 Unaudited	Six Months Ended 31 Mar 24 Unaudited
\$ millions		
Profit after income tax expense	565	562
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Gains/(losses) recognised in equity on:		
Investment securities	25	149
Cash flow hedging instruments	(12)	(232)
Transferred to income statement:		
Cash flow hedging instruments	(4)	(54)
Income tax on items taken to or transferred from equity:		
Investment securities	(7)	(42)
Cash flow hedging instruments	4	80
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation recognised in equity (net of tax)	1	-
Net other comprehensive income/(expense) (net of tax)	7	(99)
Total comprehensive income	572	463

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance sheet as at 31 March 2025

\$ millions	Note	THE BANKING GROUP	
		31 Mar 25	30 Sep 24
		Unaudited	Audited
Assets			
Cash and balances with central banks		6,524	7,456
Collateral paid		18	76
Trading securities and financial assets measured at FVIS		2,781	2,372
Derivative financial instruments		859	225
Investment securities		8,164	7,535
Loans	6,7	103,185	102,150
Other financial assets		403	461
Due from related entities		1,473	1,189
Property and equipment		431	449
Deferred tax assets		192	187
Intangible assets		916	939
Other assets		180	157
Total assets		125,126	123,196
Liabilities			
Collateral received		721	156
Deposits and other borrowings	8	83,026	81,539
Other financial liabilities		4,229	4,257
Derivative financial instruments		85	199
Due to related entities		1,690	2,070
Debt issues	9	22,014	21,619
Current tax liabilities		54	188
Provisions		180	217
Other liabilities		332	364
Loan capital		1,715	1,710
Total liabilities		114,046	112,319
Net assets		11,080	10,877
Shareholders' equity			
Ordinary share capital		7,300	7,300
PPS		1,369	1,369
Reserves		(56)	(62)
Retained profits		2,467	2,270
Total shareholders' equity		11,080	10,877

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity for the six months ended 31 March 2025

THE BANKING GROUP

\$ millions	Note			Reserves		Retained Profits	Total Shareholders' Equity
		Ordinary Share Capital	PPS	Investment Securities Reserve	Cash Flow Hedge Reserve		
As at 30 September 2023 (Audited)							
		7,300	-	(287)	377	1,754	9,144
Six months ended 31 March 2024 (Unaudited)							
Profit after income tax expense		-	-	-	-	562	562
Net gains/(losses) from changes in fair value		-	-	149	(232)	-	(83)
Income tax effect		-	-	(42)	65	-	23
Transferred to income statement		-	-	-	(54)	-	(54)
Income tax effect		-	-	-	15	-	15
Total comprehensive income/(expense)		-	-	107	(206)	562	463
Transactions with equity holders:							
PPS issued (net of issue costs)		-	1,000	-	-	-	1,000
Dividends paid on ordinary shares	10	-	-	-	-	(314)	(314)
Dividends paid on PPS		-	-	-	-	(17)	(17)
Supplementary dividends paid on PPS		-	-	-	-	(3)	(3)
Tax credit on supplementary dividends		-	-	-	-	3	3
As at 31 March 2024 (Unaudited)		7,300	1,000	(180)	171	1,985	10,276
As at 30 September 2024 (Audited)							
		7,300	1,369	(115)	53	2,270	10,877
Six months ended 31 March 2025 (Unaudited)							
Profit after income tax expense		-	-	-	-	565	565
Net gains/(losses) from changes in fair value		-	-	25	(12)	-	13
Income tax effect		-	-	(7)	3	-	(4)
Transferred to income statement		-	-	-	(4)	-	(4)
Income tax effect		-	-	-	1	-	1
Remeasurement of defined benefit obligations		-	-	-	-	1	1
Income tax effect		-	-	-	-	-	-
Total comprehensive income/(expense)		-	-	18	(12)	566	572
Transactions with equity holders:							
Dividends paid on ordinary shares	10	-	-	-	-	(328)	(328)
Dividends paid on PPS		-	-	-	-	(41)	(41)
Supplementary dividends paid on PPS		-	-	-	-	(5)	(5)
Tax credit on supplementary dividends		-	-	-	-	5	5
As at 31 March 2025 (Unaudited)		7,300	1,369	(97)	41	2,467	11,080

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

for the six months ended 31 March 2025

	Note	THE BANKING GROUP	
		Six Months Ended 31 Mar 25 Unaudited	Six Months Ended 31 Mar 24 Unaudited
\$ millions			
Cash flows from operating activities			
Interest received		3,571	3,664
Interest paid		(2,252)	(2,172)
Non-interest income received		87	132
Operating expenses paid		(639)	(633)
Income tax paid		(357)	(323)
Cash flows from operating activities before changes in operating assets and liabilities		410	668
Net (increase)/decrease in:			
Collateral paid		58	8
Trading securities and financial assets measured at FVIS		(410)	336
Loans		(1,119)	(1,384)
Other financial assets		60	7
Due from related entities ¹		12	540
Other assets		-	1
Net increase/(decrease) in:			
Collateral received		565	26
Deposits and other borrowings ¹		1,446	(742)
Other financial liabilities		4	39
Due to related entities		(66)	272
Other liabilities		7	16
Net movement in external and related entity derivative financial instruments		386	353
Net cash provided by/(used in) operating activities		1,353	140
Cash flows from investing activities			
Proceeds from investment securities		10	358
Purchase of investment securities		(522)	(591)
Purchase of intangible assets		(44)	(50)
Purchase of property and equipment		(46)	(21)
Net cash provided by/(used in) investing activities		(602)	(304)
Cash flows from financing activities			
Proceeds from debt issues		2,759	3,901
Repayments of debt issues		(4,256)	(3,083)
Payments for the principal portion of lease liabilities		(32)	(21)
Dividends paid on ordinary shares	10	(328)	(314)
Dividends paid on PPS		(46)	(20)
Net movement in due to related entities		22	15
Net cash provided by/(used in) financing activities		(1,881)	478
Net increase/(decrease) in cash and cash equivalents		(1,130)	314
Cash and cash equivalents at the beginning of the period ¹		8,243	9,772
Effect of exchange rate changes on cash and cash equivalents ¹		44	10
Cash and cash equivalents at the end of the period¹		7,157	10,096
Cash and cash equivalents at the end of the period comprise:			
Cash on hand		185	213
Balances with central banks		6,339	9,044
Total cash and balances with central banks		6,524	9,257
Amounts due from related entities classified as cash and cash equivalents ¹		629	839
Cash and cash equivalents at the end of the period		7,157	10,096

¹ Comparatives have been revised to align to the current period presentation of cash held with related entities as cash and cash equivalents, resulting in a \$300 million increase in net decrease in due from related entities, a \$539 million increase in cash and cash equivalents at the beginning of the period, and a \$839 million increase in cash and cash equivalents at the end of the period. Comparatives have also been revised to present the impact of foreign exchange on cash and cash equivalents, resulting in a \$10 million increase in net decrease in deposits and other borrowings and a corresponding increase in effect of exchange rate changes on cash and cash equivalents.

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Note 1 Financial statements preparation

These financial statements have been prepared in accordance with the Order and Generally Accepted Accounting Practice, as appropriate for for-profit entities, and the New Zealand equivalent to International Accounting Standard 34 *Interim Financial Reporting*. They also comply with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board. These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, they should be read in conjunction with the annual financial statements included in the Disclosure Statement for the year ended 30 September 2024.

The financial statements were authorised for issue by the Board of Directors of the Bank on 4 May 2025.

Accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those in the annual financial statements for the year ended 30 September 2024. The going concern concept has been applied.

All amounts in these financial statements are presented in New Zealand dollars and have been rounded to the nearest million dollars unless otherwise stated.

Comparative information has been revised where appropriate to enhance comparability. Where there has been a material restatement of comparative information, the nature of, and the reason for, the restatement is disclosed in these financial statements.

Critical accounting assumptions and estimates

In preparing these financial statements, the application of the Banking Group's accounting policies requires the use of judgement, assumptions and estimates.

The areas of judgement, estimates and assumptions in these financial statements, including the key sources of estimation uncertainty, are consistent with those in the Disclosure Statement for the year ended 30 September 2024 with the exception of the below.

Geopolitical developments in the lead up to and following 31 March 2025, including in relation to international trade and tariff policies, have led to heightened uncertainty as to future economic forecasts and potential impact on the Banking Group and its customers. Responding to this heightened uncertainty, the Banking Group has increased the weighting of the downside scenario used in the estimate of ECL from 42.5% to 45%. Notwithstanding this change, estimates of ECL are subject to a higher than usual level of uncertainty. Further details on specific judgements in relation to the calculation of the provision for ECL, including overlays, are included in Note 7.

Amendments to Accounting Standards effective this period

No new accounting standards have been adopted by the Banking Group for the six months ended 31 March 2025. There have been no amendments to existing accounting standards that have had a material impact on the Banking Group.

Notes to the financial statements

Note 2 Net interest income

	THE BANKING GROUP	
	Six Months Ended 31 Mar 25 Unaudited	Six Months Ended 31 Mar 24 Unaudited
\$ millions		
Interest income		
Calculated using the effective interest method		
Cash and balances with central banks	184	270
Collateral paid	-	1
Investment securities	140	99
Loans	3,259	3,230
Due from related entities	5	3
Total interest income calculated using the effective interest method	3,588	3,603
Other		
Trading securities and financial assets measured at FVIS	57	69
Due from related entities	-	4
Total other	57	73
Total interest income	3,645	3,676
Interest expense		
Calculated using the effective interest method		
Collateral received	13	9
Deposits and other borrowings	1,475	1,653
Due to related entities	16	23
Debt issues	279	185
Loan capital	61	86
Other financial liabilities	69	137
Total interest expense calculated using the effective interest method	1,913	2,093
Other		
Deposits and other borrowings	46	82
Due to related entities	9	10
Debt issues	87	43
Other interest expense ¹	163	64
Total other	305	199
Total interest expense	2,218	2,292
Net interest income	1,427	1,384

¹ Includes the net impact of Treasury's interest rate and liquidity management activities.

Notes to the financial statements

Note 3 Non-interest income

	THE BANKING GROUP	
	Six Months Ended 31 Mar 25 Unaudited	Six Months Ended 31 Mar 24 Unaudited
	\$ millions	
Net fees and commissions		
Facility fees	23	22
Transaction fees and commissions	122	122
Other non-risk fee income	10	8
Fees and commissions income	155	152
Credit card loyalty programmes	(16)	(17)
Transaction fees and commissions related expenses	(24)	(19)
Fees and commissions expenses	(40)	(36)
Net fees and commissions	115	116
Other		
Net ineffectiveness on qualifying hedges	(1)	(9)
Other	7	8
Total other	6	(1)
Total non-interest income	121	115

Note 4 Operating expenses

	THE BANKING GROUP	
	Six Months Ended 31 Mar 25 Unaudited	Six Months Ended 31 Mar 24 Unaudited
	\$ millions	
Staff expenses	372	370
Lease expenses	10	10
Depreciation	59	46
Technology services and telecommunications	135	130
Purchased services	26	24
Software amortisation	67	54
Related entities - management fees	5	2
Other ¹	56	58
Total operating expenses	730	694

¹'Other' includes expenses such as advertising, property related costs, postage and freight and non-lending losses.

Notes to the financial statements

Note 5 Impairment charges/(benefits)

\$ millions	THE BANKING GROUP	
	Six Months Ended 31 Mar 25 Unaudited	Six Months Ended 31 Mar 24 Unaudited
Provisions raised/(released):		
Performing	5	(24)
Non-performing	24	41
Bad debts written off/(recovered) directly to the income statement	4	6
Impairment charges/(benefits)	33	23
<i>of which relates to:</i>		
Loans and credit commitments	33	23
Impairment charges/(benefits)	33	23

Impairment charges/(benefits) on all other financial assets are not material to the Banking Group.

Note 6 Loans

\$ millions	THE BANKING GROUP	
	31 Mar 25 Unaudited	30 Sep 24 Audited
Residential mortgages	69,525	68,028
Other retail	2,576	2,563
Corporate	31,409	31,764
Other	204	293
Total gross loans	103,714	102,648
Provision for ECL on loans (refer to Note 7)	(529)	(498)
Total net loans	103,185	102,150

As at 31 March 2025, \$7,546 million of residential mortgages, accrued interest (representing accrued interest on the outstanding residential mortgages) and cash (representing collections of principal and interest from the underlying residential mortgages) were used by the Banking Group to secure the obligations of WSNZL under the CB Programme (30 September 2024: \$7,545 million). In addition, \$4,058 million of residential mortgages and accrued interest have been pledged as collateral as part of the repurchase agreements with the Reserve Bank, under the Funding for Lending Programme and Term Lending Facility (30 September 2024: \$4,039 million). These pledged assets were not derecognised from the Banking Group's balance sheet in accordance with the accounting policies outlined in Note 1 Financial statements preparation included in the Disclosure Statement for the year ended 30 September 2024. As at 31 March 2025, the New Zealand dollar equivalent of bonds issued by WSNZL under the CB Programme was \$4,750 million (30 September 2024: \$4,353 million) and the cash value of the repurchase agreements with the Reserve Bank was \$3,014 million (30 September 2024: \$3,023 million).

Note 7 Provision for expected credit losses

Loans and credit commitments

Movements in components of loss allowance

The reconciliation of the provision for ECL for loans and credit commitments has been determined by an aggregation of monthly movements over the period. The key line items in the reconciliation represent the following:

- "Transfers between stages" lines represent transfers between Stage 1, Stage 2 and Stage 3 prior to remeasurement of the provision for ECL.
- "New facilities originated" line represents new accounts originated during the period.
- "Facilities derecognised" line represents loans derecognised due to final repayments during the period.
- "Other charges/(credits) to the income statement" line represents the impact on the provision for ECL due to changes in credit quality during the period (including transfers between stages), changes in portfolio overlays, changes in key economic assumptions and partial repayments and additional drawdowns on existing facilities over the period.
- Amounts written off represent a reduction in the provision for ECL as a result of derecognition of exposures where there is no reasonable expectation of full recovery.

Notes to the financial statements

Note 7 Provision for expected credit losses (continued)

The following table reconciles the provision for ECL on loans and credit commitments for the Banking Group.

\$ millions	THE BANKING GROUP					Total
	31 Mar 25					
	Unaudited					
	Performing		Non-performing			
	Stage 1	Stage 2	Stage 3	Stage 3		
	CAP	CAP	CAP	IAP		
Provision for ECL on loans and credit commitments as at 30 September 2024	76	325	82	72	555	
Transfers to Stage 1	76	(75)	(1)	-	-	
Transfers to Stage 2	(8)	34	(26)	-	-	
Transfers to Stage 3 CAP	-	(31)	32	(1)	-	
Transfers to Stage 3 IAP	-	-	(9)	9	-	
Reversals of previously recognised impairment charges	-	-	-	(21)	(21)	
New facilities originated	13	-	-	-	13	
Facilities derecognised	(5)	(18)	(21)	-	(44)	
Changes in CAP due to amounts written off	-	-	(11)	-	(11)	
Other charges/(credits) to the income statement	(63)	82	53	20	92	
Total charges/(credits) to the income statement for ECL	13	(8)	17	7	29	
Amounts written off from IAP	-	-	-	(4)	(4)	
Total provision for ECL on loans and credit commitments as at 31 March 2025	89	317	99	75	580	
<i>Presented as:</i>						
Provision for ECL on loans (refer to Note 6)	75	287	98	69	529	
Provision for ECL on credit commitments ¹	14	30	1	6	51	
Total provision for ECL on loans and credit commitments as at 31 March 2025	89	317	99	75	580	

¹ Includes provision for ECL on related entity credit commitments of \$5 million classified as Due to Related Entities in the Balance Sheet.

The following table provides further details of the provision for ECL by types of exposure and stage:

\$ millions	THE BANKING GROUP									
	31 Mar 25					30 Sep 24				
	Unaudited					Audited				
	Performing		Non-performing			Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	Total	Stage 1	Stage 2	Stage 3	Stage 3	
	CAP	CAP	CAP	IAP		CAP	CAP	CAP	IAP	Total
Provision for ECL on loans and credit commitments										
Residential mortgages	41	158	58	27	284	33	159	49	21	262
Other retail	13	37	12	3	65	12	37	11	4	64
Corporate	35	122	29	45	231	31	129	22	47	229
Total provision for ECL on loans and credit commitments	89	317	99	75	580	76	325	82	72	555

Notes to the financial statements

Note 7 Provision for expected credit losses (continued)

Impact of overlays on the provision for ECL on loans and credit commitments

The following table attributes the provision for ECL on loans and credit commitments between modelled ECL and portfolio overlays.

Portfolio overlays are used to capture areas of potential risks and uncertainties that are not captured in the underlying modelled ECL. These risks may result in under or overestimation of the modelled provision for ECL.

\$ millions	THE BANKING GROUP	
	31 Mar 25 Unaudited	30 Sep 24 Audited
Modelled provision for ECL on loans and credit commitments (a)	613	588
Overlays (b)	(33)	(33)
Total provision for ECL on loans and credit commitments	580	555

Details of changes related to forward-looking economic inputs and portfolio overlays, based on reasonable and supportable information up to the date of this disclosure statement, are provided below.

(a) Modelled provision for ECL on loans and credit commitments

The modelled provision for ECL on loans and credit commitments is a probability weighted estimate based on three scenarios which together represent the Banking Group's view of the forward-looking distribution of potential loss outcomes. The changes in provisions as a result of changes in modelled ECL are reflected through the "Other charges/(credits) to the income statement" line in the "Movements in components of loss allowance" table. Overlays are used to capture potential risks and uncertainties that are not captured in the underlying modelled ECL. These risks may result in under or overestimation of the modelled provision for ECL.

The base case scenario uses the latest Westpac Economics forecast. Certain data points from this forecast are shown below:

Key economic assumptions for base case scenario	31 Mar 25 Unaudited	30 Sep 24 Audited
Annual GDP	Forecast growth of 2.5% for calendar year 2025 and 3.0% for calendar year 2026.	Forecast growth of 0.1% for calendar year 2024 and 2.0% for calendar year 2025.
Residential property prices	Forecast annual price appreciation of +7.2% for calendar year 2025 and +5.1% for calendar year 2026.	Forecast annual price appreciation of +0.7% for calendar year 2024 and +6.4% for calendar year 2025.
Cash rate	Forecast cash rate of 3.25% at December 2025 and 3.75% at December 2026.	Forecast cash rate of 4.75% at December 2024 and 3.75% at December 2025.
Unemployment rate	Forecast rate of 5.3% at December 2025 and 4.6% at December 2026.	Forecast rate of 5.3% at December 2024 and 5.6% at December 2025.

The downside scenario is an economic downturn scenario with ECL higher than the base case. This scenario assumes a recession with a combination of negative GDP growth, declines in residential property prices and an increase in the unemployment rate, which simultaneously impact ECL across all portfolios from the reporting date. The assumptions used in this scenario and relativities to the base case will be monitored having regard to the emerging economic conditions and updated where necessary. The upside scenario represents a modest economic improvement to the base case.

The following sensitivity table shows the reported provision for ECL on loans and credit commitments based on the probability weighted scenarios and what the provision for ECL on loans and credit commitments would be assuming a 100% weighting is applied to the base case scenario and to the downside scenario (with all other assumptions held constant).

\$ millions	THE BANKING GROUP	
	31 Mar 25 Unaudited	30 Sep 24 Audited
Reported probability-weighted ECL	580	555
100% base case ECL	332	341
100% downside ECL	889	850

Notes to the financial statements

Note 7 Provision for expected credit losses (continued)

If 1% of the stage 1 gross exposure from loans and credit commitments (calculated on a 12 month ECL) were transferred to stage 2 (calculated on a lifetime ECL) the provision for ECL on loans and credit commitments would increase by \$17 million (30 September 2024: \$14 million) based on applying the average provision coverage ratios by stage to the movement in the gross exposure by stage.

The following table discloses the macroeconomic scenario weightings applied by the Banking Group as at 31 March 2025 and 30 September 2024. In March 2025, the downside scenario weighting was increased by 2.5% and the base case scenario weighting decreased by the same value, reflecting greater uncertainty in international trading relations and geopolitical instability.

	THE BANKING GROUP	
	31 Mar 25 Unaudited	30 Sep 24 Audited
Macroeconomic scenario weightings (%)		
Upside	5.0	5.0
Base	50.0	52.5
Downside	45.0	42.5

(b) Portfolio overlays

Portfolio overlays are used to address areas of risk, including significant uncertainties that are not captured in the underlying modelled ECL. These risks may result in under or overestimation of the modelled provision for ECL. Determination of portfolio overlays requires expert judgement and is thoroughly documented and subject to comprehensive internal governance and oversight. Portfolio overlays are continually reassessed and if the risk is judged to have changed (increased or decreased), or is subsequently captured in the modelled ECL, the portfolio overlays will be released or remeasured.

The Banking Group's total portfolio overlays as at 31 March 2025 were \$(33) million (30 September 2024: \$(33) million), held on the provision for ECL for residential mortgages to adjust for observed conservatism in the modelled outcome identified through model monitoring.

Impact of changes in gross carrying amount on the provision for ECL

- Stage 1 gross carrying amount had a net increase of \$4.8 billion (30 September 2024: increased by \$3.5 billion), primarily driven by new lending, and underlying portfolio movement from residential mortgages and corporate lending during the period, partially offset by repayments. The Stage 1 ECL increase is primarily driven by underlying portfolio movements and new lending with an increase in downside scenario weightings.
- Stage 2 gross carrying amount decreased by \$3.9 billion (30 September 2024: decreased by \$0.9 billion), primarily driven by repayments, and underlying portfolio movement from residential mortgages and corporate lending. The Stage 2 ECL decrease is driven by underlying portfolio movements, partially offset by the increase in downside scenario weightings from residential mortgages and corporate lending.
- Stage 3 gross carrying amount increased by \$0.1 billion (30 September 2024: increased by \$0.2 billion), driven by increases in 90 days past due exposures from the residential mortgages lending and customer downgrades in corporate lending, partially offset by repayments and releases due to write-offs from the other retail lending. The Stage 3 ECL increases are in line with the increase in Stage 3 exposures.

Refer to Note iii. Asset quality of the Registered bank disclosures for further details.

Note 8 Deposits and other borrowings

	THE BANKING GROUP	
	31 Mar 25 Unaudited	30 Sep 24 Audited
\$ millions		
Certificates of deposit	2,076	1,863
Non-interest bearing, repayable at call	12,028	11,196
Other interest bearing:		
At call	30,086	29,028
Term	38,836	39,452
Total deposits and other borrowings	83,026	81,539
Deposits at fair value	2,076	1,863
Deposits at amortised cost	80,950	79,676
Total deposits and other borrowings	83,026	81,539

Notes to the financial statements

Note 9 Debt issues

\$ millions	THE BANKING GROUP	
	31 Mar 25 Unaudited	30 Sep 24 Audited
Short-term debt		
Commercial paper	2,589	3,726
Total short-term debt	2,589	3,726
Long-term debt		
Non-domestic medium-term notes	11,198	9,795
Covered bonds	4,692	4,310
Domestic medium-term notes	3,535	3,788
Total long-term debt	19,425	17,893
Total debt issues	22,014	21,619
Debt issues at fair value	2,589	3,726
Debt issues at amortised cost	19,425	17,893
Total debt issues	22,014	21,619

Note 10 Related entities

Controlled entities of the Bank are set out in Note 23 to the financial statements included in the Disclosure Statement for the year ended 30 September 2024.

On 19 February 2025, the Bank declared and paid a cash dividend of \$328 million to its immediate parent company, Westpac New Zealand Group Limited, with imputation credits of \$128 million attached (31 March 2024: \$314 million dividend with \$122 million imputation credits attached).

On 23 December 2024 and 21 March 2025, the Bank paid quarterly AT1 PPS distributions on the Internal PPS of \$19 million (including supplementary dividends of \$3 million) and \$17 million (including supplementary dividends of \$3 million) to the NZ Branch, with imputation credits of \$3 million and \$3 million, respectively (31 March 2024: \$20 million distribution (including supplementary dividends of \$3 million) with \$4 million imputation credits attached).

Note 11 Fair values of financial assets and financial liabilities

Fair Valuation Control Framework

The Banking Group uses a Fair Valuation Control Framework where the fair value is either determined or validated by a function independent of the transaction. This framework formalises the policies and procedures used to achieve compliance with relevant accounting, industry and regulatory standards. The framework includes specific controls relating to:

- the revaluation of financial instruments;
- independent price verification;
- fair value adjustments; and
- financial reporting.

A key element of the framework is the Revaluation Committee, comprising senior valuation specialists from within the Ultimate Parent Bank Group. The Revaluation Committee reviews the application of the agreed policies and procedures to assess that a fair value measurement basis has been applied.

The method of determining fair value differs depending on the information available.

Fair value hierarchy

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

The Banking Group categorises all fair value instruments according to the hierarchy described below.

Valuation techniques

The Banking Group applies market accepted valuation techniques in determining the fair valuation of over-the-counter derivatives. This includes credit valuation adjustments and funding valuation adjustments, which incorporate credit risk and funding costs and benefits that arise in relation to uncollateralised derivative positions, respectively.

The specific valuation techniques, the observability of the inputs used in valuation models and the subsequent classification for each significant product category are outlined as follows:

Notes to the financial statements

Note 11 Fair values of financial assets and financial liabilities (continued)

Financial instruments measured at fair value

Level 1 instruments

The fair value of financial instruments traded in active markets is based on recent unadjusted quoted prices. These prices are based on actual arm's length basis transactions.

The valuations of Level 1 instruments require little or no management judgement.

Instrument	Balance sheet category	Includes	Valuation
Debt instruments	Trading securities and financial assets measured at FVIS Investment securities	New Zealand Government bonds	These instruments are traded in liquid, active markets where prices are readily observable. No modelling or assumptions are used in the valuation.

Level 2 instruments

The fair value for financial instruments that are not actively traded is determined using valuation techniques which maximise the use of observable market prices. Valuation techniques include:

- the use of market standard discounting methodologies;
- option pricing models; and
- other valuation techniques widely used and accepted by market participants.

Instrument	Balance sheet category	Includes	Valuation
Interest rate products	Derivative financial instruments Due from related entities Due to related entities	Interest rate swaps, forwards and options – derivative financial instruments	Industry standard valuation models are used to calculate the expected future value of payments by product, which is discounted back to a present value. The model's interest rate inputs are benchmark interest rates and active broker quoted interest rates in the swap, bond and futures markets. Interest rate volatilities are sourced from brokers and consensus data providers. If consensus prices are not available, these are classified as Level 3 instruments.
FX products	Derivative financial instruments Due from related entities Due to related entities	FX swaps – derivative financial instruments	Derived from market observable inputs or consensus pricing providers using industry standard models. If consensus prices are not available, these are classified as Level 3 instruments.
Non-asset backed debt instruments	Trading securities and financial assets measured at FVIS Investment securities Due from related entities Due to related entities	Local authority and NZ public securities, other bank issued certificates of deposit, commercial paper, other government securities, off-shore securities and corporate bonds Repurchase agreements and reverse repurchase agreements over non-asset backed debt securities	Valued using observable market prices which are sourced from independent pricing services, broker quotes or inter-dealer prices. If prices are not available from these sources, these are classified as Level 3 instruments.
Deposits and other borrowings at fair value	Deposits and other borrowings	Certificates of deposit	Discounted cash flow using market rates offered for deposits of similar remaining maturities.
Debt issues at fair value	Debt issues	Commercial paper	Discounted cash flows, using a discount rate which reflects the terms of the instrument and the timing of cash flows adjusted for market observable changes in the Banking Group's implied creditworthiness.

Level 3 instruments

Financial instruments valued where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data due to illiquidity or complexity of the product.

As at 31 March 2025, the Banking Group has no financial instruments valued under this category (30 September 2024: nil).

Notes to the financial statements

Note 11 Fair values of financial assets and financial liabilities (continued)

The following table summarises the attribution of financial instruments measured at fair value to the fair value hierarchy:

\$ millions	THE BANKING GROUP							
	31 Mar 25 Unaudited				30 Sep 24 Audited			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis								
Trading securities and financial assets measured at FVIS	944	1,837	-	2,781	469	1,903	-	2,372
Derivative financial instruments	-	859	-	859	-	225	-	225
Investment securities	3,620	4,544	-	8,164	3,211	4,324	-	7,535
Due from related entities	-	828	-	828	-	374	-	374
Total financial assets measured at fair value	4,564	8,068	-	12,632	3,680	6,826	-	10,506
Financial liabilities measured at fair value on a recurring basis								
Deposits and other borrowings at fair value	-	2,076	-	2,076	-	1,863	-	1,863
Derivative financial instruments	-	85	-	85	-	199	-	199
Due to related entities	-	652	-	652	-	1,059	-	1,059
Debt issues at fair value	-	2,589	-	2,589	-	3,726	-	3,726
Total financial liabilities measured at fair value	-	5,402	-	5,402	-	6,847	-	6,847

Analysis of movements between fair value hierarchy levels

The Banking Group considers transfers between levels, if any, to have occurred at the end of the reporting period. During the period, there were no material transfers between levels of the fair value hierarchy.

Financial instruments not measured at fair value

The following table summarises the estimated fair value of the Banking Group's financial instruments not measured at fair value:

\$ millions	THE BANKING GROUP			
	31 Mar 25 Unaudited		30 Sep 24 Audited	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets not measured at fair value				
Cash and balances with central banks	6,524	6,524	7,456	7,456
Collateral paid	18	18	76	76
Loans	103,185	103,363	102,150	102,158
Other financial assets	403	403	461	461
Due from related entities	645	645	815	815
Total financial assets not measured at fair value	110,775	110,953	110,958	110,966
Financial liabilities not measured at fair value				
Collateral received	721	721	156	156
Deposits and other borrowings	80,950	81,059	79,676	79,779
Other financial liabilities	4,229	4,229	4,257	4,257
Due to related entities	1,038	1,038	1,011	1,011
Debt issues ¹	19,425	19,549	17,893	17,988
Loan capital ¹	1,715	1,792	1,710	1,758
Total financial liabilities not measured at fair value	108,078	108,388	104,703	104,949

¹ The estimated fair value of debt issues and loan capital includes the impact of changes in the Banking Group's credit spreads since origination.

A detailed description of how fair value is derived for financial instruments not measured at fair value is disclosed in Note 25 of the financial statements included in the Disclosure Statement for the year ended 30 September 2024.

Notes to the financial statements

Note 12 Credit related commitments, contingent assets and contingent liabilities

\$ millions	THE BANKING GROUP	
	31 Mar 25 Unaudited	30 Sep 24 Audited
Letters of credit and guarantees	1,734	1,631
Commitments to extend credit	27,591	26,901
Total undrawn credit commitments	29,325	28,532

Contingent assets

The Banking Group enters into various arrangements with customers that constitute contingent assets. If a specified contingent event occurs, these commitments will be called upon and recognised on the balance sheet as loans.

Contingent liabilities

The Banking Group has contingent risks and liabilities arising from the conduct of its business, including: actual and potential disputes, claims and legal proceedings; investigations, inquiries and reviews (formal and informal) carried out by regulatory authorities (including into the Banking Group's processes for some products relating to the requirements of the CCCFA); and internal investigations and reviews.

The scope of reviews (internal and external), investigations and inquiries, including those relating to the requirements of the CCCFA, can be wide-ranging and can result in litigation (including class action proceedings and enforcement proceedings), fines and penalties, customer remediation and/or other sanctions and reputational damage.

All potential claims and other liabilities are assessed on a case-by-case basis. A provision will be recognised where the Banking Group has conducted an assessment which determines the likelihood of loss as probable and where its potential loss can be reliably estimated. A contingent liability exists in respect of actual or potential claims where the likely loss is not assessed as probable, where the law is uncertain or, in rare circumstances, where the outflow of resources cannot be reliably estimated.

Note 13 Segment reporting

The Banking Group's segment reporting incorporates Consumer Banking and Wealth and Institutional and Business Banking sectors within New Zealand. On this basis, no geographical segment reporting is provided.

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

Segment comparative information for the six months ended 31 March 2024 has been revised to align to the current period's basis for reporting, and is consistent with the information provided internally to the Banking Group's chief operating decision-maker.

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

- Consumer Banking and Wealth provides financial services predominantly for individuals; and
- Institutional and Business Banking provides a broad range of financial services for small to medium enterprise, corporate, property finance, agricultural, institutional and government customers.

Other primarily represents:

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

Notes to the financial statements

Note 13 Segment reporting (continued)

\$ millions	THE BANKING GROUP			Total
	Consumer Banking and Wealth	Institutional and Business Banking	Other	
Six months ended 31 March 2025 (Unaudited)				
Net interest income	675	655	97	1,427
Net fees and commissions				
Facility fees	13	9	1	23
Transaction fees and commissions	82	41	(1)	122
Other non-risk fee income	2	6	2	10
Fees and commissions income	97	56	2	155
Fees and commissions expenses	(40)	-	-	(40)
Net fees and commissions	57	56	2	115
Other non-interest income	-	-	6	6
Total non-interest income	57	56	8	121
Net operating income	732	711	105	1,548
Operating expenses	(437)	(263)	(30)	(730)
Impairment (charges)/benefits	(26)	(7)	-	(33)
Profit before income tax expense	269	441	75	785
Income tax expense	(75)	(125)	(20)	(220)
Profit after income tax expense	194	316	55	565
Six months ended 31 March 2024 (Unaudited) (Revised)				
Net interest income	597	636	151	1,384
Net fees and commissions				
Facility fees	12	9	1	22
Transaction fees and commissions	82	39	1	122
Other non-risk fee income	2	7	(1)	8
Fees and commissions income	96	55	1	152
Fees and commissions expenses	(36)	-	-	(36)
Net fees and commissions	60	55	1	116
Other non-interest income	-	-	(1)	(1)
Total non-interest income	60	55	-	115
Net operating income	657	691	151	1,499
Operating expenses	(406)	(260)	(28)	(694)
Impairment (charges)/benefits	(22)	(1)	-	(23)
Profit before income tax expense	229	430	123	782
Income tax expense	(64)	(119)	(37)	(220)
Profit after income tax expense	165	311	86	562
As at 31 March 2025 (Unaudited)				
Total gross loans	63,684	39,816	214	103,714
Total deposits and other borrowings	47,796	33,154	2,076	83,026
As at 30 September 2024 (Audited)				
Total gross loans	62,190	40,217	241	102,648
Total deposits and other borrowings	46,616	33,060	1,863	81,539

Registered bank disclosures

Unaudited

This section contains the additional disclosures required by the Order.

i. General information

Guarantee arrangements

No material obligations of the Bank are guaranteed as at the date the Directors signed this Disclosure Statement.

Neither Westpac New Zealand Group Limited nor the Ultimate Parent Bank guarantees any of the obligations of the Bank or any member of the Banking Group.

Changes to the Board of Directors

There has been no change to the Board of Directors of the Bank since 30 September 2024.

Auditor

KPMG

18 Viaduct Harbour Avenue
Auckland, New Zealand

Pending proceedings or arbitration

No pending legal proceedings or arbitration concerning any member of the Banking Group is expected to have a material adverse effect on the Bank or the Banking Group.

Credit ratings

The 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 the Directors signed this Disclosure Statement:

Rating Agency	Current Credit Rating	Rating Outlook
Fitch Ratings	A+	Stable
Moody's Investors Services	A1	Stable
S&P Global Ratings	AA-	Stable

Other material matters

Technology programme

The Bank has committed to the Reserve Bank, APRA and Financial Markets Authority to address various technology issues. Material progress has been made in addressing these technology issues including improving system resilience. The Bank is undertaking further work to meet its expectations and those of the regulators.

Reserve Bank review of overseas bank branches

On 21 August 2024, the Reserve Bank released the proposed Branch Standard under the Deposit Takers Act 2023 which will implement decisions made as part of the review of its policy for branches of overseas banks. The proposed Branch Standard will require that overseas bank branches only conduct business with wholesale clients; the total size of an overseas bank's branch cannot exceed NZ\$15 billion in total assets; and dual-operating branches (such as the NZ Branch) only conduct business with "large" corporate and institutional clients.

It is proposed that "large" means those with consolidated annual turnover of over NZ\$50 million, total assets of over NZ\$75 million or total assets under management of over NZ\$1 billion (for funds management entities only). The implementation date is expected to be in July 2028.

The NZ Branch currently provides financial markets, trade finance and international payment products and services to customers referred by the Bank. We expect the Reserve Bank's Branch Standard will require changes to the activities the NZ Branch undertakes and as a result, the Bank may also make changes to the scope of activities it undertakes.

Reserve Bank review of capital settings for deposit takers

On 31 March 2025, the Reserve Bank announced it intends to conduct a review of the capital settings for deposit takers. The planned Prudential Capital Buffer increase of 1% will proceed on 1 July 2025, with the review to be conducted to allow for any changes to be signalled prior to the next capital requirement increase scheduled for 1 July 2026. The review will include:

- An assessment of how New Zealand's capital settings compare internationally;
- A reassessment of the appropriate risk appetite for capital settings in New Zealand;
- Reviewing the degree of proportionality in the framework and considering changes; and
- Considering the balance between going concern and gone concern capital and the role of AT1 capital.

Registered bank disclosures

Unaudited

ii. Additional financial disclosures

Additional information on balance sheet

\$ millions	THE BANKING GROUP	
	31 Mar 25 Unaudited	30 Sep 24 Audited
Interest earning and discount bearing assets	120,027	119,170
Interest and discount bearing liabilities	99,922	98,358
Total amounts due from related entities	1,473	1,189
Total amounts due to related entities	1,690	2,070

Financial assets pledged as collateral

The Banking Group is required to provide collateral to other financial institutions, as part of standard terms, to secure liabilities. In addition to assets supporting the CB Programme disclosed in Note 6, the carrying value of these financial assets pledged as collateral is:

\$ millions	THE BANKING GROUP	
	31 Mar 25 Unaudited	30 Sep 24 Audited
Cash	18	76
Securities pledged as collateral for derivative contracts:		
Investment securities	199	166
Securities pledged under repurchase agreements:		
Trading securities and financial assets measured at FVIS ¹	214	-
Investment securities ²	-	273
Residential mortgage-backed securities ³	4,058	4,039
Total amount pledged to secure liabilities (excluding CB Programme)	4,489	4,554

¹ As at 31 March 2025, \$214 million of trading securities were pledged as collateral to the NZ Branch, which is recorded within due to related entities on the balance sheet (30 September 2024: nil).

² As at 31 March 2025, nil investment securities were pledged as collateral to the NZ Branch, which is recorded within due to related entities on the balance sheet (30 September 2024: \$273 million).

³ As at 31 March 2025, the Banking Group has undertaken repurchase agreements with the Reserve Bank, under the Funding for Lending Programme and Term Lending Facility, using RMBS. For the Funding for Lending Programme, the repurchase cash amount at 31 March 2025 is \$2,981 million (30 September 2024: \$2,981 million), which is recorded within other financial liabilities on the balance sheet, with underlying securities to the value of \$4,019 million provided under the arrangement (30 September 2024: \$3,989 million). For the Term Lending Facility, the repurchase cash amount at 31 March 2025 is \$33 million (30 September 2024: \$42 million), which is recorded within other financial liabilities on the balance sheet, with underlying securities to the value of \$39 million provided under the arrangement (30 September 2024: \$50 million).

Additional information on concentrations of credit risk

The maximum exposure to credit risk (excluding collateral received) is represented by the carrying amount of on-balance sheet financial assets and undrawn credit commitments as set out in the following table.

\$ millions	THE BANKING GROUP
	31 Mar 25
Financial assets	
Cash and balances with central banks	6,524
Collateral paid	18
Trading securities and financial assets measured at FVIS	2,781
Derivative financial instruments	859
Investment securities	8,164
Loans	103,185
Other financial assets	403
Due from related entities	1,473
Total financial assets	123,407
Undrawn credit commitments	
Letters of credit and guarantees	1,734
Commitments to extend credit	27,591
Total undrawn credit commitments	29,325
Total maximum credit risk exposure	152,732

Registered bank disclosures

Unaudited

ii. Additional financial disclosures (continued)

	THE BANKING GROUP
\$ millions	31 Mar 25
Analysis of on-balance sheet credit exposures by geographical areas	
New Zealand	119,077
Overseas	4,859
Subtotal	123,936
Provision for ECL on loans	(529)
Total on-balance sheet credit exposures	123,407
Analysis of on-balance sheet credit exposures by industry sector	
Accommodation, cafes and restaurants	371
Agriculture	8,512
Construction	491
Finance and insurance	7,947
Forestry and fishing, agriculture support services	325
Government, administration and defence	14,597
Manufacturing	1,758
Mining	108
Property	9,237
Property services and business services	1,150
Services	1,808
Trade	2,165
Transport and storage	614
Utilities	2,329
Retail lending	70,880
Subtotal	122,292
Provision for ECL on loans	(529)
Due from related entities	1,473
Other financial assets	171
Total on-balance sheet credit exposures	123,407
Analysis of off-balance sheet credit exposures by geographical areas	
New Zealand	28,700
Overseas	625
Total off-balance sheet credit exposures	29,325
Analysis of off-balance sheet credit exposures by industry sector	
Accommodation, cafes and restaurants	78
Agriculture	734
Construction	618
Finance and insurance	2,063
Forestry and fishing, agriculture support services	111
Government, administration and defence	738
Manufacturing	1,458
Mining	120
Property	1,599
Property services and business services	534
Services	1,016
Trade	1,868
Transport and storage	413
Utilities	1,717
Retail lending	16,258
Total off-balance sheet credit exposures	29,325

ANZSIC has been used as the basis for disclosing industry sectors.

Registered bank disclosures

Unaudited

ii. Additional financial disclosures (continued)

Additional information on concentrations of funding

	THE BANKING GROUP
\$ millions	31 Mar 25
Funding consists of	
Collateral received	721
Deposits and other borrowings	83,026
Other financial liabilities ¹	3,014
Due to related entities ²	1,225
Debt issues ³	22,014
Loan capital	1,715
Total funding	111,715
Analysis of funding by geographical areas³	
New Zealand	88,556
Overseas	23,159
Total funding	111,715
Analysis of funding by industry sector	
Accommodation, cafes and restaurants	356
Agriculture, forestry and fishing	1,665
Construction	1,926
Finance and insurance	39,393
Government, administration and defence	3,454
Manufacturing	1,657
Mining	37
Property services and business services	6,993
Services	5,459
Trade	1,580
Transport and storage	933
Utilities	812
Households	42,226
Other ⁴	3,999
Subtotal	110,490
Due to related entities ²	1,225
Total funding	111,715

¹ Other financial liabilities, as presented above, are in respect of repurchase agreements and interbank placements.

² Amounts due to related entities, as presented above, are in respect of deposits and borrowings and repurchase agreements, and exclude amounts which relate to derivative financial instruments and other liabilities.

³ The geographic region used for debt issues is based on the nature of the debt programmes. The nature of the debt programmes is used as a proxy for the location of the original purchaser.

⁴ Includes deposits from non-residents.

ANZSIC has been used as the basis for disclosing industry sectors.

Registered bank disclosures

Unaudited

ii. Additional financial disclosures (continued)

Additional information on interest rate sensitivity

The following table presents a breakdown of the earlier of the contractual repricing or maturity dates of the Banking Group's net asset position as at 31 March 2025. The Banking Group uses this contractual repricing information as a base, which is then altered to take account of customer behaviour, to manage its interest rate risk.

THE BANKING GROUP							
31 Mar 25							
\$ millions	Up to 3 Months	Over 3 Months and Up to 6 Months	Over 6 Months and Up to 1 Year	Over 1 Year and Up to 2 Years	Over 2 Years	Non-interest Bearing	Total
Financial assets							
Cash and balances with central banks	6,339	-	-	-	-	185	6,524
Collateral paid	18	-	-	-	-	-	18
Trading securities and financial assets measured at FVIS	1,919	342	23	381	116	-	2,781
Derivative financial instruments	-	-	-	-	-	859	859
Investment securities	849	71	-	1,364	5,880	-	8,164
Loans	54,814	12,806	17,852	12,265	4,359	1,089	103,185
Other financial assets	-	-	-	-	-	403	403
Due from related entities	629	-	-	-	-	844	1,473
Total financial assets	64,568	13,219	17,875	14,010	10,355	3,380	123,407
Non-financial assets							1,719
Total assets							125,126
Financial liabilities							
Collateral received	721	-	-	-	-	-	721
Deposits and other borrowings	48,903	11,615	8,414	1,101	965	12,028	83,026
Other financial liabilities	3,014	-	-	-	-	1,215	4,229
Derivative financial instruments	-	-	-	-	-	85	85
Due to related entities	1,151	-	1	7	67	464	1,690
Debt issues	2,690	109	4,285	4,402	10,777	(249)	22,014
Loan capital	500	-	-	-	1,200	15	1,715
Total financial liabilities	56,979	11,724	12,700	5,510	13,009	13,558	113,480
Non-financial liabilities							566
Total liabilities							114,046
On-balance sheet interest rate repricing gap	7,589	1,495	5,175	8,500	(2,654)		
Net derivative notional principals							
Net interest rate contracts (notional):							
Receivable/(payable)	6,765	(3,139)	(4,690)	(3,468)	4,532		
Net interest rate repricing gap	14,354	(1,644)	485	5,032	1,878		

Registered bank disclosures

Unaudited

ii. Additional financial disclosures (continued)

Additional information on liquidity risk

Contractual maturity of financial liabilities

The following table presents cash flows associated with financial liabilities, payable at the balance sheet date, by remaining contractual maturity. The amounts disclosed in the table are the future contractual undiscounted cash flows, whereas the Banking Group manages inherent liquidity risk based on expected cash flows.

Cash flows associated with these financial liabilities include both principal payments as well as fixed or variable interest payments incorporated into the relevant coupon period. Principal payments reflect the earliest contractual maturity date. Derivative financial instruments designated in hedge accounting relationships and used as economic hedges are expected to be held for their remaining contractual lives, and reflect gross cash flows over the remaining contractual term.

Derivatives held for trading (excluding economic hedges) and certain liabilities classified in "Other financial liabilities" which are measured at FVIS are not managed for liquidity purposes on the basis of their contractual maturity, and accordingly these liabilities are presented in the up to 1 month column. Only the liabilities that the Banking Group manages based on their contractual maturity are presented on a contractual undiscounted basis in the following table.

THE BANKING GROUP							
31 Mar 25							
\$ millions	On Demand	Up to 1 Month	Over 1 Month and Up to 3 Months	Over 3 Months and Up to 1 Year	Over 1 and Up to 5 Years	Over 5 Years	Total
Financial liabilities							
Collateral received	-	723	-	-	-	-	723
Deposits and other borrowings	43,784	6,404	11,219	20,575	2,237	-	84,219
Other financial liabilities	123	80	1,513	1,966	89	-	3,771
Derivative financial instruments:							
Held for hedging purposes (gross settled):							
Cash outflow	-	7	61	146	685	162	1,061
Cash inflow	-	(6)	(31)	(153)	(624)	(162)	(976)
Due to related entities:							
Non-derivative balances	927	204	35	-	75	-	1,241
Derivative financial instruments:							
Held for hedging purposes (gross settled):							
Cash outflow	-	765	355	1,924	492	-	3,536
Cash inflow	-	(693)	(268)	(1,741)	(380)	-	(3,082)
Debt issues	-	71	964	5,679	17,076	391	24,181
Loan capital	-	-	19	58	294	1,928	2,299
Total undiscounted financial liabilities	44,834	7,555	13,867	28,454	19,944	2,319	116,973
Total contingent liabilities and commitments							
Letters of credit and guarantees	1,734	-	-	-	-	-	1,734
Commitments to extend credit	27,591	-	-	-	-	-	27,591
Total undiscounted contingent liabilities and commitments	29,325	-	-	-	-	-	29,325

Registered bank disclosures

Unaudited

ii. Additional financial disclosures (continued)

Liquid assets

The following table shows the Banking Group's qualifying liquid assets held for the purpose of managing liquidity risk. These assets are eligible for repurchase agreements with the Reserve Bank and are held in cash, government, local government and highly rated investment grade securities. The level of liquid asset holdings is reviewed frequently and is consistent with regulatory, balance sheet and market condition requirements.

	THE BANKING GROUP
\$ millions	31 Mar 25
Cash and balances with central banks	6,524
Supranational securities	2,236
NZ Government securities	4,380
NZ public securities	2,722
NZ corporate securities	1,421
Total on-balance sheet liquid assets	17,283

In addition, the Banking Group has \$6,859 million (30 September 2024: \$8,203 million) of own originated loans that are self-securitised via the Bank's internal residential mortgage-backed securitisation programme. The AAA rated internal RMBS held are eligible for repurchase agreements with the Reserve Bank under certain circumstances.

Reconciliation of mortgage-related amounts

The following table provides the Banking Group's reconciliation between any amounts disclosed in this Disclosure Statement that relate to mortgages on residential property.

	THE BANKING GROUP
\$ millions	31 Mar 25
Residential mortgages - total gross loans (as disclosed in Note 6 and Note iii. Asset quality of the Registered bank disclosures)	69,525
Reconciling items:	
Unamortised deferred fees and expenses	(453)
Fair value hedge adjustments	(97)
EAD for undrawn commitments and other off-balance sheet exposures	9,732
Residential mortgages by LVR (as disclosed in Additional mortgage information in Note iv. Capital adequacy and regulatory liquidity ratios of the Registered bank disclosures)	78,707
Accrued interest receivable	117
Partial write-offs	3
Residential mortgages - EAD (as disclosed in Credit risk exposures by asset class in Note iv. Capital adequacy and regulatory liquidity ratios of the Registered bank disclosures)	78,827

iii. Asset quality

Past due assets

	THE BANKING GROUP			
	31 Mar 25			
\$ millions	Residential Mortgages	Other Retail	Corporate	Total
Past due but not individually impaired assets				
Less than 30 days past due	1,147	72	137	1,356
At least 30 days but less than 60 days past due	219	12	12	243
At least 60 days but less than 90 days past due	126	6	-	132
At least 90 days past due	309	22	104	435
Total past due but not individually impaired assets	1,801	112	253	2,166

Registered bank disclosures

Unaudited

iii. Asset quality (continued)

Movements in components of loss allowance

Refer to Note 7 for movements in the components for loss allowance on loans and credit commitments for total exposure. The provision for ECL on loans and credit commitments can be further disaggregated into the following types of credit exposures:

\$ millions	THE BANKING GROUP				Total
	Performing		Non-performing		
	Stage 1 CAP	Stage 2 CAP	Stage 3 CAP	Stage 3 IAP	
Residential mortgages					
Provision for ECL as at 30 September 2024	33	159	49	21	262
Transfers to Stage 1	43	(43)	-	-	-
Transfers to Stage 2	(3)	24	(21)	-	-
Transfers to Stage 3 CAP	-	(11)	12	(1)	-
Transfers to Stage 3 IAP	-	-	(9)	9	-
Reversals of previously recognised impairment charges	-	-	-	(9)	(9)
New facilities originated	6	-	-	-	6
Facilities derecognised	(2)	(9)	(15)	-	(26)
Changes in CAP due to amounts written off	-	-	-	-	-
Other charges/(credits) to the income statement	(36)	38	42	7	51
Total charges/(credits) to the income statement for ECL	8	(1)	9	6	22
Amounts written off from IAP	-	-	-	-	-
Total provision for ECL on loans and credit commitments as at 31 March 2025	41	158	58	27	284
Other retail					
Provision for ECL as at 30 September 2024	12	37	11	4	64
Transfers to Stage 1	24	(23)	(1)	-	-
Transfers to Stage 2	(3)	5	(2)	-	-
Transfers to Stage 3 CAP	-	(6)	6	-	-
Transfers to Stage 3 IAP	-	-	-	-	-
Reversals of previously recognised impairment charges	-	-	-	-	-
New facilities originated	3	-	-	-	3
Facilities derecognised	(1)	(4)	(1)	-	(6)
Changes in CAP due to amounts written off	-	-	(11)	-	(11)
Other charges/(credits) to the income statement	(22)	28	10	-	16
Total charges/(credits) to the income statement for ECL	1	-	1	-	2
Amounts written off from IAP	-	-	-	(1)	(1)
Total provision for ECL on loans and credit commitments as at 31 March 2025	13	37	12	3	65
Corporate					
Provision for ECL as at 30 September 2024	31	129	22	47	229
Transfers to Stage 1	9	(9)	-	-	-
Transfers to Stage 2	(2)	5	(3)	-	-
Transfers to Stage 3 CAP	-	(14)	14	-	-
Transfers to Stage 3 IAP	-	-	-	-	-
Reversals of previously recognised impairment charges	-	-	-	(12)	(12)
New facilities originated	4	-	-	-	4
Facilities derecognised	(2)	(5)	(5)	-	(12)
Changes in CAP due to amounts written off	-	-	-	-	-
Other charges/(credits) to the income statement	(5)	16	1	13	25
Total charges/(credits) to the income statement for ECL	4	(7)	7	1	5
Amounts written off from IAP	-	-	-	(3)	(3)
Total provision for ECL on loans and credit commitments as at 31 March 2025	35	122	29	45	231

The above movements in components of loss allowance table does not include 'Other' credit exposures on the basis that the provision for ECL is nil.

Registered bank disclosures

Unaudited

iii. Asset quality (continued)

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

Refer to Note 7 for the impacts of changes in gross financial assets on loss allowances. The following table explains how changes in gross carrying amounts of loans during the period have contributed to changes in the provision for ECL on loans.

	THE BANKING GROUP				Total
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
\$ millions	CAP	CAP	CAP	IAP	
Total gross carrying amount as at 30 September 2024	79,638	22,021	799	190	102,648
Transfers:					
Transfers to Stage 1	7,237	(7,235)	(2)	-	-
Transfers to Stage 2	(5,213)	5,394	(177)	(4)	-
Transfers to Stage 3 CAP	(43)	(458)	506	(5)	-
Transfers to Stage 3 IAP	-	(7)	(56)	63	-
Net further lending/(repayment)	(2,020)	(273)	(18)	11	(2,300)
New facilities originated	9,503	-	-	-	9,503
Facilities derecognised	(4,682)	(1,281)	(131)	(28)	(6,122)
Amounts written off	-	-	(11)	(4)	(15)
Total gross carrying amount as at 31 March 2025	84,420	18,161	910	223	103,714
Provision for ECL as at 31 March 2025	(75)	(287)	(98)	(69)	(529)
Total net carrying amount as at 31 March 2025	84,345	17,874	812	154	103,185

Registered bank disclosures

Unaudited

iii. Asset quality (continued)

Impacts of changes in gross financial assets on loss allowances – by types of credit exposure

The gross carrying amounts of loans can be further disaggregated into the following types of credit exposures:

\$ millions	THE BANKING GROUP				Total
	Performing		Non-performing		
	Stage 1 CAP	Stage 2 CAP	Stage 3 CAP	Stage 3 IAP	
Residential mortgages					
Total gross carrying amount as at 30 September 2024	53,255	14,064	630	79	68,028
Transfers:					
Transfers to Stage 1	5,030	(5,030)	-	-	-
Transfers to Stage 2	(3,538)	3,695	(153)	(4)	-
Transfers to Stage 3 CAP	(32)	(351)	388	(5)	-
Transfers to Stage 3 IAP	-	(7)	(53)	60	-
Net further lending/(repayment)	(1,491)	(276)	(15)	(8)	(1,790)
New facilities originated	6,977	-	-	-	6,977
Facilities derecognised	(2,721)	(863)	(95)	(11)	(3,690)
Amounts written off	-	-	-	-	-
Total gross carrying amount as at 31 March 2025	57,480	11,232	702	111	69,525
Provision for ECL as at 31 March 2025	(37)	(148)	(58)	(27)	(270)
Total net carrying amount as at 31 March 2025	57,443	11,084	644	84	69,255
Other retail					
Total gross carrying amount as at 30 September 2024	1,839	667	52	5	2,563
Transfers:					
Transfers to Stage 1	461	(459)	(2)	-	-
Transfers to Stage 2	(422)	429	(7)	-	-
Transfers to Stage 3 CAP	(8)	(33)	41	-	-
Transfers to Stage 3 IAP	-	-	(3)	3	-
Net further lending/(repayment)	(93)	29	(2)	-	(66)
New facilities originated	268	-	-	-	268
Facilities derecognised	(114)	(51)	(12)	-	(177)
Amounts written off	-	-	(11)	(1)	(12)
Total gross carrying amount as at 31 March 2025	1,931	582	56	7	2,576
Provision for ECL as at 31 March 2025	(10)	(31)	(12)	(3)	(56)
Total net carrying amount as at 31 March 2025	1,921	551	44	4	2,520
Corporate					
Total gross carrying amount as at 30 September 2024	24,321	7,220	117	106	31,764
Transfers:					
Transfers to Stage 1	1,746	(1,746)	-	-	-
Transfers to Stage 2	(1,253)	1,270	(17)	-	-
Transfers to Stage 3 CAP	(3)	(74)	77	-	-
Transfers to Stage 3 IAP	-	-	-	-	-
Net further lending/(repayment)	(402)	44	(1)	19	(340)
New facilities originated	2,187	-	-	-	2,187
Facilities derecognised	(1,791)	(367)	(24)	(17)	(2,199)
Amounts written off	-	-	-	(3)	(3)
Total gross carrying amount as at 31 March 2025	24,805	6,347	152	105	31,409
Provision for ECL as at 31 March 2025	(28)	(108)	(28)	(39)	(203)
Total net carrying amount as at 31 March 2025	24,777	6,239	124	66	31,206

The above gross carrying amount table does not include 'Other' credit exposures (refer to Note 6) on the basis that the provision for ECL is nil.

Registered bank disclosures

Unaudited

iii. Asset quality (continued)

Other asset quality information

\$ millions	THE BANKING GROUP				Total
	Residential Mortgages	Other Retail	Corporate	Other	
Undrawn commitments with individually impaired counterparties	-	-	11	-	11
Other assets under administration	-	-	-	-	-

iv. Capital adequacy and regulatory liquidity ratios

The information regarding capital adequacy contained in this note has been derived in accordance with the Bank's Conditions of Registration which relate to capital adequacy and the Reserve Bank BPRs.

The Banking Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Banking Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Reserve Bank in supervising the Banking Group.

The Banking Group's capital summary as at 31 March 2025

\$ millions	THE BANKING GROUP
	31 Mar 25
Tier 1 capital	
Common Equity Tier 1 capital	
Paid-up ordinary shares issued by the Bank plus related share premium	7,300
Retained earnings (net of appropriations)	2,467
Accumulated other comprehensive income and other disclosed reserves ¹	(56)
Less deductions from Common Equity Tier 1 capital	
Goodwill	(477)
Other intangible assets ²	(458)
Cash flow hedge reserve	(41)
Deferred tax asset deduction	(192)
Expected loss excess over eligible allowance	(43)
Total Common Equity Tier 1 capital	8,500
Additional Tier 1 capital	
Additional Tier 1 loan capital ³	500
PPS ⁴	1,375
Total Additional Tier 1 capital	1,875
Total Tier 1 capital	10,375
Tier 2 capital	
Tier 2 capital instruments ³	1,200
Revaluation reserves	-
Eligible impairment allowance in excess of expected loss	-
Total Tier 2 capital	1,200
Total capital	11,575

¹ Accumulated other comprehensive income and other disclosed reserves consist of investment securities and cash flow hedge reserve as disclosed as reserves on the balance sheet.

² Includes capitalised transaction costs on PPS, loan capital and debt issues.

³ Classified as a liability under Generally Accepted Accounting Practice and excludes capitalised transaction costs. Additional Tier 1 loan capital and Tier 2 capital instruments are itemised on page 34 and 35. Further details on convertibility for Additional Tier 1 loan capital are noted in the 'Conversion' section.

⁴ Classified as equity under Generally Accepted Accounting Practice and excludes transaction costs. AT1 PPS are itemised on page 33.

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

Capital structure

Ordinary shares

In accordance with BPR110 Capital definitions, ordinary share capital is classified as Common Equity Tier 1 capital.

The ordinary shares have no par value. Subject to the constitution of the Bank, each ordinary share of the Bank carries the right to one vote on a poll at meetings of shareholders, the right to an equal share in dividends authorised by the Board and the right to an equal share in the distribution of the surplus assets of the Bank in the event of liquidation.

AT1 Perpetual preference shares (AT1 PPS)

On 21 December 2023, the Bank issued two classes of AT1 PPS to the NZ Branch, totalling \$1,000 million ('**Internal PPS**').

On 13 September 2024, the Bank issued \$375 million of AT1 PPS, which are quoted on the NZX Debt Market ('**Quoted PPS**').

The AT1 PPS qualify as AT1 under the Reserve Bank's capital adequacy framework. The AT1 PPS are classified as equity instruments as there is no contractual obligation for the Banking Group to either deliver cash or another financial instrument or to exchange financial instruments on a potentially unfavourable basis.

A summary of the key terms and features of each class of AT1 PPS is provided below:

\$	Issue date	Counterparty	AT1 PPS distribution rate	Optional redemption date
Internal PPS				
NZ\$500 million	21 December 2023	NZ Branch	NZ 3 month bank bill rate + 3.9723% p.a.	21 December 2028 and each quarterly scheduled distribution payment date after that date
NZ\$500 million	21 December 2023	NZ Branch	NZ 3 month bank bill rate + 4.0219% p.a.	21 December 2029 and each quarterly scheduled distribution payment date after that date
Quoted PPS				
NZ\$375 million	13 September 2024	External	Fixed at 7.10% p.a. until 13 September 2029 (when it resets to a floating rate equal to the NZ 3 month bank bill rate + 3.50% p.a.)	13 September 2029 and each quarterly scheduled distribution payment date after that date

Ranking and rights in liquidation

The AT1 PPS were issued by the Bank and, in a liquidation of the Bank, rank equally amongst themselves and the Bank's AT1 notes, are subordinated to the claims of depositors and other creditors of the Bank (including holders of Tier 2 loan capital), and rank ahead of the Bank's ordinary shares. The AT1 PPS do not carry any voting rights.

AT1 PPS distributions payable

Quarterly AT1 PPS distributions are payable at the absolute discretion of the Bank. In addition, AT1 PPS distributions will only be paid if the Bank is solvent on the payment date and remains solvent immediately after such payment is made and the payment will not result in a breach of the Bank's conditions of registration as at the time of the payment.

AT1 PPS distributions are non-cumulative. In respect of a class of AT1 PPS, if an AT1 PPS distribution is not paid in full, the Bank may not determine or pay any dividends on its ordinary shares or undertake a discretionary buy-back or capital reduction of the Bank's ordinary shares until a subsequent AT1 PPS distribution is paid in full on that class (except in limited circumstances).

Redemption

The Bank may elect to redeem all or some of each class of the Internal PPS, or all of the Quoted PPS, on a related optional redemption date, or at any time for certain tax or regulatory reasons. Redemption is subject to certain conditions, including the Reserve Bank's prior written approval and the Bank remaining solvent immediately after the redemption. Holders have no right to require redemption.

Conversion

The AT1 PPS have no conversion or exchange options and no non-viability triggers.

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

Additional Tier 1 loan capital (AT1 notes)

A summary of the key terms and features of the AT1 notes is provided below:

\$	Issue date	Counterparty	Interest rate	Optional redemption date
NZ\$500 million notes	22 September 2017	NZ Branch	NZ 90 day bank bill rate + 3.9594% p.a.	21 September 2027 and every fifth anniversary thereafter

Ranking and rights in liquidation

The AT1 notes were issued by the Bank and, in a liquidation of the Bank, rank equally amongst themselves and the Bank's AT1 PPS, are subordinated to the claims of depositors and senior or less subordinated creditors of the Bank, and rank ahead of the Bank's ordinary shares.

Transitional phase-out schedule

In accordance with BPR110 Capital definitions, the Bank's AT1 notes are subject to a transitional phase-out from 1 January 2022 until 1 July 2028, with the maximum eligible amount declining by 12.5% each year. The base amount was fixed at the total nominal amount of the Bank's AT1 notes outstanding as at 30 September 2021, being NZ\$1,500 million. The total value able to be recognised as AT1 is set out in BPR110 Capital definitions, with the lower of the outstanding amount or 50% of the base amount able to be recognised between 1 January 2025 and 31 December 2025 in line with the phase-out schedule. On 21 December 2023, the Bank exercised its option, for regulatory reasons, to redeem \$1,000 million of the AT1 notes for their face value, as approved by the Reserve Bank. As at 31 March 2025, the remaining outstanding amount of \$500 million is fully recognised as AT1 in accordance with the transitional phase-out schedule.

Interest payable

Quarterly interest payments on the AT1 notes are payable at the absolute discretion of the Bank and will only be paid if the payment conditions are satisfied, including that the interest payment will not result in the Bank becoming insolvent immediately following the interest payment; not result in a breach of the Reserve Bank's BPRs; and the payment date not falling on the date of a capital trigger event or non-viability trigger event. Interest payments are non-cumulative. If interest is not paid in full, the Bank may not determine or pay any dividends on its ordinary shares or undertake a discretionary buy back or capital reduction of the Bank's ordinary shares (except in limited circumstances).

Redemption

The Bank may elect to redeem all or some of the AT1 notes for their face value on 21 September 2027 and every fifth anniversary thereafter, subject to the Reserve Bank's prior written approval. Early redemption of all or some of the AT1 notes for certain tax or regulatory reasons is permitted subject to the Reserve Bank's prior written approval.

Conversion

If a capital trigger event or non-viability trigger event occurs, the Bank must convert some or all of the AT1 notes into a variable number of ordinary shares issued by the Bank (calculated with reference to the net assets of the Bank and the total number of ordinary shares on issue at the conversion date) that is sufficient, in the case of a capital trigger event, to return the Bank's Common Equity Tier 1 capital ratio to above 5.125% as determined by the Bank in consultation with the Reserve Bank; or, in the case of a non-viability trigger event, to satisfy the direction of the Reserve Bank or the decision of the statutory manager of the Bank. A capital trigger event occurs when the Bank determines, or the Reserve Bank notifies in writing that it believes, the Bank's Common Equity Tier 1 capital ratio is equal to or less than 5.125%. A non-viability trigger event occurs when the Reserve Bank or the statutory manager (appointed pursuant to section 117 of the Banking (Prudential Supervision) Act 1989) directs the Bank to convert or write off all or some of its AT1 notes.

If conversion of the AT1 notes does not occur within five business days of a capital trigger event or a non-viability trigger event, holders' rights in relation to the AT1 notes will be immediately and irrevocably terminated.

The Bank is able to elect to convert all the AT1 notes for certain tax or regulatory reasons (or in certain other circumstances).

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

Tier 2 loan capital

A summary of the key terms and features of the subordinated notes is provided below:

\$	Issue date	Interest rate	Maturity date	Optional redemption date
NZ\$600 million notes	16 September 2022	Fixed at 6.19% until 16 September 2027. Resets on 16 September 2027 to a floating rate: NZ 3 month bank bill rate + 2.10% p.a.	16 September 2032	16 September 2027 and every quarterly interest payment date thereafter
NZ\$600 million notes	14 August 2023	Fixed at 6.73% until 14 February 2029. Resets on 14 February 2029 to a floating rate: NZ 3 month bank bill rate + 2.00% p.a.	14 February 2034	14 February 2029 and every quarterly interest payment date thereafter

Ranking and rights in liquidation

The subordinated notes were issued by the Bank and, in a liquidation of the Bank, the 2022 and 2023 subordinated notes rank equally with each other and amongst themselves, are subordinated to the claims of depositors and senior or less subordinated creditors of the Bank, and rank ahead of the AT1 notes, AT1 PPS and the Bank's ordinary shares.

Common features of subordinated notes

Interest payable

Quarterly interest payments on the subordinated notes are subject to the Bank being solvent at the time of, and immediately following, the interest payment.

Early redemption

The Bank may elect to redeem all or some of the 2022 or 2023 subordinated notes for their face value together with accrued interest (if any) on an optional redemption date for the series specified above, subject to the Reserve Bank's prior written approval. Early redemption of all of the 2022 or 2023 subordinated notes for certain tax or regulatory reasons is permitted on an interest payment date subject to the Reserve Bank's prior written approval.

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

Credit risk subject to the IRB approach

Credit risk exposures by asset class

The Banking Group's credit risk exposures by asset class as at 31 March 2025

Exposure-weighted PD Grade (%)	Weighted Average PD %	EAD \$ millions	Exposure- weighted LGD %	Exposure- weighted Risk Weight %	RWA ¹ \$ millions
Residential mortgages					
Up to and including 0.10	-	-	-	-	-
Over 0.10 up to and including 0.50	0.47	34,874	14	11	4,783
Over 0.50 up to and including 1.0	0.70	27,637	22	23	7,750
Over 1.0 up to and including 2.5	1.53	14,570	24	48	8,469
Over 2.5 up to and including 10.0	3.78	929	26	90	1,002
Over 10.0 up to and including 99.99	-	-	-	-	-
Default	100.00	817	22	159	1,563
Total	1.82	78,827	19	25	23,567
Other retail					
Up to and including 0.10	0.05	731	46	7	60
Over 0.10 up to and including 0.50	0.26	1,737	40	18	367
Over 0.50 up to and including 1.0	0.79	806	40	35	340
Over 1.0 up to and including 2.5	1.81	829	53	65	646
Over 2.5 up to and including 10.0	5.05	476	61	91	516
Over 10.0 up to and including 99.99	19.03	67	66	135	108
Default	100.00	69	42	260	215
Total	2.80	4,715	46	40	2,252
Corporate					
Up to and including 0.04	0.03	6,648	47	19	1,485
Over 0.04 up to and including 0.10	0.07	3,268	47	24	927
Over 0.10 up to and including 0.40	0.22	7,730	37	35	3,279
Over 0.40 up to and including 3.0	1.20	15,035	33	64	11,530
Over 3.0 up to and including 10.0	4.78	686	30	91	749
Over 10.0 up to and including 99.99	24.34	1,258	36	174	2,626
Default	100.00	326	42	72	282
Total	2.48	34,951	38	50	20,878
Total credit risk exposures subject to the IRB approach		118,493			46,697

¹ RWAs includes a scalar of 1.2 as required by BPR130 Credit risk RWAs overview.

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

The following table summarises the Banking Group's credit risk exposures by asset class arising from undrawn commitments and other off-balance sheet contingent liabilities and counterparty credit risk on derivatives and securities financing transactions. These amounts are included in the previous tables.

THE BANKING GROUP				
31 Mar 25				
\$ millions	Undrawn commitments and other off-balance sheet contingent liabilities¹		Counterparty credit risk on derivatives and securities financing transactions	
	Value	EAD	Value	EAD
Residential mortgages	13,593	9,732	-	-
Other retail	3,400	2,118	-	-
Corporate	9,362	9,329	2,996	102
Total	26,355	21,179	2,996	102

¹ Certain balances which are part of the guarantee with the NZ Branch are not included as off-balance sheet contingent liabilities, reflecting their treatment in RWAs calculations as components of on-balance sheet or counterparty credit risk exposure.

Additional mortgage information

Residential mortgages by LVR as at 31 March 2025

LVRs are calculated as the current exposure divided by the Banking Group's valuation of the associated residential property at origination.

The Banking Group utilises data from its loan system to obtain origination valuations. For loans originated prior to 1 January 2008, or those originated outside of the loan system, the origination valuation is not recorded in the system and is therefore, due to system limitations, not available for disclosure. For these loans, the Banking Group utilises the earliest valuation recorded as the closest available alternative to estimate an origination valuation.

Exposures for which no LVR is available have been included in the 'Exceeds 90%' category in accordance with the requirements of the Order.

THE BANKING GROUP						
31 Mar 25						
LVR range (\$ millions)	Does not exceed 60%	Exceeds 60% and not 70%	Exceeds 70% and not 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
On-balance sheet exposures	31,509	14,530	16,084	4,938	1,914	68,975
Undrawn commitments and other off-balance sheet exposures	7,646	1,058	748	117	163	9,732
Value of exposures	39,155	15,588	16,832	5,055	2,077	78,707

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

Specialised lending subject to the slotting approach

The Banking Group's specialised lending: Project and property finance credit risk exposures as at 31 March 2025

On-balance sheet exposures subject to the slotting approach	Total Exposures After Credit Risk Mitigation (EAD) \$ millions	Risk Weight %	RWA¹ \$ millions
Supervisory slotting grade			
Strong	4,506	70	3,785
Good	2,593	90	2,801
Satisfactory	263	115	363
Weak	83	250	248
Default	3	-	-
Off-balance sheet exposures subject to the slotting approach			
	EAD \$ millions	Average Risk Weight %	RWA¹ \$ millions
Undrawn commitments and other off-balance sheet exposures	1,506	79	1,434
Total specialised lending exposures subject to the slotting approach	8,954	-	8,631

¹ RWAs includes a scalar of 1.2 as required by BPR130 Credit risk RWAs overview.

Standardised equivalents of IRB risk weighted assets

The following table shows the standardised equivalent RWAs of the IRB RWAs for each IRB exposure class, as used in the floor calculation.

THE BANKING GROUP				
31 Mar 25				
\$ millions	Exposure Under the IRB Approach	IRB RWA¹	Equivalent Exposure Under the Standardised Approach	Standardised Equivalents of RWA
IRB Exposure Class				
Residential mortgages	78,827	23,567	75,610	29,279
Other retail	4,715	2,252	2,696	2,474
Corporate	34,951	20,878	29,772	28,287
Specialised lending subject to the slotting approach	8,954	8,631	8,137	7,966
Total	127,447	55,328	116,215	68,006

¹ IRB RWAs includes a scalar of 1.2 as required by BPR130 Credit risk RWAs overview.

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

Credit risk exposures subject to the standardised approach

The Banking Group's credit risk exposures subject to the standardised approach as at 31 March 2025

On-balance sheet exposures by separate risk weight	Total Exposure After Credit Risk Mitigation \$ millions	Risk Weight %	RWA¹ \$ millions
Cash and gold bullion	185	0	-
Sovereigns and central banks	10,879	0	-
	-	20	-
	-	50	-
	-	100	-
	-	150	-
Multilateral development banks and other international organisations	1,969	0	-
	95	20	19
	-	50	-
	-	100	-
	-	150	-
Public sector entities	2,039	20	408
	-	50	-
	-	100	-
	-	150	-
Banks	625	20	125
	832	50	416
	12	100	12
	-	150	-

Other on-balance sheet exposures by average risk weight²	Total Exposure After Credit Risk Mitigation \$ millions	Average Risk Weight %	RWA¹ \$ millions
Past due assets	-	150	-
Other assets ³	1,492	65	976

Off-balance sheet exposures²	Total Exposure Or Principal Amount \$ millions	Average Credit Conversion Factor %	Credit Equivalent Amount \$ millions	Average Risk Weight %	RWA¹ \$ millions
Total off-balance sheet exposures subject to the standardised approach	881	42.22	372	25	94

Counterparty credit risk for counterparties subject to the standardised approach	Total Exposure Or Principal Amount \$ millions	Credit Equivalent Amount \$ millions	Average Risk Weight %	RWA¹ \$ millions
Foreign exchange contracts	20,232	1,011	20	202
Interest rate contracts	60,900	219	20	44
Other ²	4,037	1,072	-	-
Credit Valuation Adjustment capital charge ⁴	N/A	N/A	N/A	473

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

Equity exposures²	Total Exposure \$ millions	Risk Weight %	RWA¹ \$ millions
Equity holdings (not deducted from capital) not included in NZX50 or overseas equivalent	3	400	13
Total credit risk exposures subject to the standardised approach	20,805		2,782

¹ RWAs includes a scalar of 1.0 as required by BPR130 Credit risk RWAs overview.

² The Banking Group has no exposures to be disclosed under the following categories: Undrawn commitments to the Business Growth Fund; Other corporate or residential mortgage on-balance sheet exposures subject to the standardised approach; exposures arising from trades settled on qualifying central counterparties other than as a client of a clearing member where the exposures are risk weighted as exposures to the clearing member; Equity holdings in the Business Growth Fund; Equity holdings (not deducted from capital) included in the NZX 50 or overseas equivalent index.

³ Relate to property and equipment, other assets and related parties.

⁴ The Credit Valuation Adjustment (CVA) capital charge is \$38 million and the implied risk weighted exposure for CVA is \$473 million.

Credit risk mitigation

The Banking Group uses a variety of techniques to reduce the credit risk arising from its lending activities (refer to Note 13.5 to the financial statements included in the Disclosure Statement for the year ended 30 September 2024 for further details). This includes the Banking Group establishing that it has direct, irrevocable and unconditional recourse to collateral and other credit enhancements through obtaining legally enforceable documentation.

Portfolios subject to the standardised approach

The following table shows the value of exposures in portfolios subject to the standardised approach which are covered by eligible financial collateral as at 31 March 2025.

THE BANKING GROUP	
31 Mar 25	
\$ millions	Total value of exposures covered by eligible financial collateral (after haircutting)
Sovereign	-
Bank	708
Corporate (including specialised lending)	-
Residential mortgages	-
Other	-
Total for portfolios subject to the standardised approach	708

All portfolios

The Banking Group includes the effect of credit risk mitigation through eligible guarantees within the calculation applied to LGD. Due to system limitations, the value of the guarantee is not always separately recorded, and therefore, neither the total value of exposures covered by guarantees, nor a close alternative, is available for disclosure under Clause 7 of Schedule 11 to the Order. The Banking Group does not apply any credit risk mitigation from credit derivatives as at 31 March 2025.

Impact of the Standardised Floor on Total Credit Risk RWAs

BPR130 Credit risk RWAs overview requires IRB Banks to calculate total credit risk RWAs as the sum of:

- The greater of:
 - 1.2 x total RWAs subject to the IRB treatment (as shown in the tables in the sections Credit risk subject to the IRB approach and Specialised lending subject to the slotting approach on pages 36 and 38 respectively); and
 - 0.85 x total Standardised Equivalent RWAs for each credit risk exposure subject to the IRB treatment (commonly referred to as the standardised floor); and
- 1.0 x total RWAs subject to the Standardised treatment.

The following table shows the output from these calculations, and the resulting total credit risk RWAs used in the calculation of the Bank and the Banking Group's total capital requirements and capital ratios as at 31 March 2025.

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

THE BANKING GROUP		
31 Mar 25		
RWA		
\$ millions	Calculated for compliance purposes	Recalculated using the standardised approach
Total IRB and supervisory slotting exposures ¹	55,328	68,006
Standardised floor at 85% of standardised equivalents	N/A	57,805
IRB and slotting RWAs with floor applied	57,805	N/A
RWAs for standardised exposures ²	2,782	N/A
Total credit risk RWAs	60,587	N/A

¹ A scalar of 1.2 is applied when calculating the IRB RWAs for compliance purposes.

² A scalar of 1.0 is applied when calculating RWAs for standardised exposures.

Operational risk

Operational risk capital requirement

The following table sets out the Banking Group's implied risk-weighted exposures under the Standardised Approach for operational risk capital in accordance with BPR150 Standardised operational risk.

THE BANKING GROUP		
31 Mar 25		
\$ millions	Implied Risk Weighted Exposure	Total Operational Risk Capital Requirement
Standardised Approach		
Operational risk	7,990	639

Whilst the Bank has transitioned to the Standardised Approach for calculating Operational Risk capital in line with BPR150 Standardised operational risk, it continues to comply with the qualitative requirements set out in section B1 of BPR151 Advanced Measurement Approach operational risk.

Market risk

The Banking Group's aggregate market risk exposure is derived in accordance with BPR140 Market risk exposure and is calculated on a monthly basis. The end-of-period aggregate market risk exposure is calculated from the period end balance sheet information.

For each category of market risk, the Banking Group's peak end-of-day aggregate capital charge is derived by determining the maximum over the six months ended 31 March 2025 of the aggregate capital charge for that category of market risk derived in accordance with BPR140 Market risk exposure.

The following table provides a summary of the Banking Group's capital charges by risk type as at the reporting date and the peak end-of-day capital charges by risk type for the six months ended 31 March 2025:

THE BANKING GROUP		
31 Mar 25		
\$ millions	Implied Risk Weighted Exposure	Aggregate Capital Charge
End-of-period		
Interest rate risk	2,083	167
Foreign currency risk	-	-
Equity risk	-	-
Peak end-of-day		
Interest rate risk	7,291	583
Foreign currency risk	-	-
Equity risk	-	-

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

Total capital requirements

Banking Group Pillar 1 Total Capital Requirement

\$ millions	THE BANKING GROUP		
	31 Mar 25		
	Total Exposure After Credit Risk Mitigation	Risk Weighted Exposure or Implied Risk Weighted Exposure	Total Capital Requirement ¹
Total credit risk	137,020	60,587	5,453
Operational risk	N/A	7,990	719
Market risk	N/A	2,083	187
Total	137,020	70,660	6,359

¹ Calculated based on 9.0% Reserve Bank minimum total capital ratio requirement effective from 1 July 2024.

Capital ratios

The following table is disclosed under the Reserve Bank's Basel III framework in accordance with Clauses 15 and 16 of Schedule 11 to the Order and represents the capital adequacy calculation based on the Reserve Bank BPRs.

For the purpose of calculating the capital adequacy ratios for the Bank on a solo basis, non-SPV subsidiaries are consolidated within the Bank if they are either funded exclusively and wholly owned by the Bank, or if there is a full, unconditional and irrevocable cross guarantee between the non-SPV subsidiary and the Bank. An SPV must be consolidated with the Bank if it is either a covered bond SPV or an internal RMBS SPV.

%	THE BANKING GROUP			THE BANK	
	Reserve Bank Minimum Ratios ¹	31 Mar 25	31 Mar 24	31 Mar 25	31 Mar 24 ²
Common Equity Tier 1 capital ratio	4.5	12.0	11.4	12.0	11.4
Tier 1 capital ratio	7.0	14.7	13.5	14.7	13.5
Total capital ratio	9.0	16.4	15.2	16.4	15.2
	Buffer Trigger Ratio				
Prudential capital buffer ratio	4.5	7.4	6.9	N/A	N/A

¹ The minimum Tier 1 capital ratio and total capital ratio increased from 6.0% to 7.0% and from 8.0% to 9.0% respectively on 1 July 2024.

² The comparative amount for total Common Equity Tier 1 capital ratio has been restated to reflect a correction which increases this ratio from 11.3% to 11.4%.

Capital for other material risks

The Banking Group's internal capital adequacy assessment process identifies, reviews and measures additional material risks that must be captured within the Banking Group's capital adequacy assessment process. The additional material risks considered are those not captured by Pillar 1 regulatory capital requirements and include compliance and conduct risk, liquidity and funding risk, reputational and sustainability risk, financial crime risk, other assets risk, strategic risk and cyber risk. The internal capital adequacy assessment process also takes account of future strategic objectives, stress testing and regulatory developments.

The Banking Group's internal capital allocation for 'other material risks' is \$315 million as at 31 March 2025 (31 March 2024: \$289 million).

Standardised equivalent capital ratios

The following table is disclosed in accordance with Clause 17B of Schedule 11 to the Order. The Banking Group's standardised equivalent capital ratios are for disclosure purposes and do not form part of the Bank's Conditions of Registration. Refer to the Capital ratios section above for the Banking Group's capital adequacy ratios for compliance purposes.

The RWAs and capital amounts have been calculated in line with the Reserve Bank BPR standardised requirements. The capital amount has been recalculated to exclude any capital adjustments related to the expected loss provisions that only apply under the IRB approach. The credit risk RWAs of these exposures have been recalculated under the requirements of BPR131 Standardised credit risk RWAs. The credit risk RWAs that are currently calculated using the standardised methodology, market risk RWAs, and operational risk RWAs remain unchanged.

	THE BANKING GROUP		
	31 Mar 25		
	CET1 capital	Tier 1 capital	Total capital
Standardised equivalent capital amount (\$ millions)	8,543	10,418	11,618
Standardised equivalent total RWAs (\$ millions)	80,860	80,860	80,860
Ratio (%)	10.6	12.9	14.4

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

Historical comparison with standardised capital ratios and risk weights

The following table discloses total capital ratios and average risk weights under the IRB and standardised approaches for comparative purpose, as at 31 March 2025 and full-year reporting dates on or after 30 June 2024:

%	THE BANKING GROUP	
	31 Mar 25	30 Sep 24
IRB Approach		
Total capital ratio ¹	16.4	16.2
Actual average risk weight for all modelled credit risk exposures ²	43.4	43.4
Standardised Approach		
Total capital ratio ³	14.4	14.2
Average risk weight for all modelled credit risk exposures ⁴	58.5	59.5

¹ This represents the proportion of eligible capital the Banking Group holds against its total RWAs as calculated under its Conditions of Registration.

² This represents the ratio of the total RWAs for all exposures that are subject to the IRB modelling approach or the supervisory slotting approach (including any applicable scalar) to the total EAD for the modelled exposure classes.

³ This represents the proportion of the standardised equivalent of eligible capital the Banking Group holds against its total RWAs as calculated under the Reserve Bank standardised approach.

⁴ This represents the ratio of the total RWAs for all exposures that are subject to the IRB modelling approach or the supervisory slotting approach, recalculated using the standardised approach, to the total on-balance sheet and credit equivalent amounts for these exposures.

Ultimate Parent Bank Group and Ultimate Parent Bank capital adequacy

The following table represents the capital adequacy calculation for the Ultimate Parent Bank Group and Ultimate Parent Bank based on APRA's application of the Basel III capital adequacy framework.

%	31 Mar 25 Unaudited	31 Mar 24 Unaudited
Ultimate Parent Bank Group (excluding entities specifically excluded by APRA)^{1,2}		
Common Equity Tier 1 capital ratio	12.2	12.5
Additional Tier 1 capital ratio	2.3	2.5
Tier 1 capital ratio	14.5	15.0
Tier 2 capital ratio	7.1	6.4
Total regulatory capital ratio	21.6	21.4
Ultimate Parent Bank (Extended Licensed Entity)^{1,3}		
Common Equity Tier 1 capital ratio	12.5	12.8
Additional Tier 1 capital ratio	2.5	2.7
Tier 1 capital ratio	15.0	15.5
Tier 2 capital ratio	7.9	7.1
Total regulatory capital ratios	22.9	22.6

¹ The capital ratios represent information mandated by APRA. The capital ratios of the Ultimate Parent Bank Group are publicly available in the Ultimate Parent Bank Group's Pillar 3 report. This information is made available to users via the Ultimate Parent Bank's website (www.westpac.com.au).

² Ultimate Parent Bank Group (excluding entities specifically excluded by APRA regulations) comprises the consolidation of the Ultimate Parent Bank and its subsidiary entities except for those entities specifically excluded by APRA regulations for the purposes of measuring capital adequacy (Level 2). The head of the Level 2 group is the Ultimate Parent Bank.

³ Ultimate Parent Bank (Extended Licensed Entity) comprises the Ultimate Parent Bank and its subsidiary entities that have been approved by APRA as being part of a single Extended Licensed Entity for the purposes of measuring capital adequacy (Level 1).

Under APRA's Prudential Standards, Australian authorised deposit-taking institutions, including the Ultimate Parent Bank Group and the Ultimate Parent Bank, are required to maintain minimum ratios of capital to risk weighted assets, as determined by APRA, which are at least equal to those specified under the Basel III capital framework. For the calculation of RWAs, the Ultimate Parent Bank Group and Ultimate Parent Bank is accredited by APRA to apply advanced models. The Ultimate Parent Bank Group and Ultimate Parent Bank uses the Advanced IRB approach for credit risk, the Standardised Measurement Approach (SMA) for operational risk and the internal model approach for interest rate risk in the banking book for calculating regulatory capital.

APRA has set a Total Common Equity Tier 1 (CET1) Requirement for Domestic Systemically Important Banks (D-SIBs), including the Ultimate Parent Bank of at least 10.25% (noting that APRA may apply higher CET1 requirements for an individual bank). This requirement includes a capital conservation buffer of 4.75% applicable to D-SIBs and a base level for the countercyclical capital buffer of 1.0% for Australian exposures which APRA may vary between 0% and 3.5%. From 1 January 2027, the Total CET1 Requirement will increase to 10.50%.

Registered bank disclosures

Unaudited

iv. Capital adequacy and regulatory liquidity ratios (continued)

The Ultimate Parent Bank Board has determined that the Ultimate Parent Bank Group and Ultimate Parent Bank will target a CET1 operating capital range of between 11.0% and 11.5%, in normal operating conditions.

APRA's prudential standards are generally consistent with the International Regulatory Framework for Banks, also known as Basel III, issued by the Basel Committee on Banking Supervision, except where APRA has exercised certain discretions.

The Ultimate Parent Bank Group is required to disclose additional detailed information on its risk management practices and capital adequacy on a quarterly basis. This information is made available to users via the Ultimate Parent Bank's website (www.westpac.com.au).

The Ultimate Parent Bank Group (excluding entities specifically excluded by APRA regulations) and Ultimate Parent Bank (Extended Licensed Entity as defined by APRA) exceeded the minimum capital adequacy requirements as specified by APRA as at 31 March 2025.

Regulatory liquidity ratios

The Bank calculates liquidity ratios in accordance with the Reserve Bank document 'Liquidity Policy'. Ratios are calculated daily and are part of the Bank's management of liquidity risk. Quarterly average ratios are produced in line with the Reserve Bank rules and guidance.

%	THE BANKING GROUP	
	31 Mar 25	31 Dec 24
Average for the three months ended		
One-week mismatch ratio	10.1	10.1
One-month mismatch ratio	9.5	10.1
Core funding ratio	86.8	87.3

v. 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 non-bank counterparties to which the Banking Group has an aggregate credit exposure or peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Banking Group's Common Equity Tier 1 capital:

	THE BANKING GROUP	
	Exposure as at 31 March 2025 ¹	Peak end-of-day exposure over six months to 31 March 2025
Exposures to non-bank counterparties²		
With a long-term credit rating of A- or A3 or above, or its equivalent		
Exceeds 10% and not 15%	2	1
Exceeds 15% and not 20%	-	1

¹ There are no bank counterparties with an aggregate credit exposure that equals or exceeds 10% of the Banking Group's Common Equity Tier 1 capital. There are no non-bank counterparties with an aggregate credit exposure that equals or exceeds 10% of the Banking Group's Common Equity Tier 1 capital and with a long-term credit rating of less than A- or A3, or its equivalent, or unrated.

² A counterparty is a non-bank counterparty if it is a non-bank that is not a member of a group of closely related counterparties or it is a group of closely related counterparties of which a bank is not the parent.

The peak end-of-day aggregate credit exposure to each individual counterparty (which are not members of a group of closely related counterparties) or a group of closely related counterparties has been calculated by determining the maximum end-of-day aggregate amount of actual credit exposure over the six-month period ending 31 March 2025, and then dividing that amount by the Banking Group's Common Equity Tier 1 capital as at 31 March 2025.

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 connected persons, to the central government or central banks of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any supranational or quasi-sovereign agency 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 Banking Group and were calculated net of individually assessed provisions.

Registered bank disclosures

Unaudited

vi. Insurance business

The Banking Group does not conduct any insurance business.

vii. Risk management policies

Refer to Note viii. Risk management policies of the Registered bank disclosures, Note 13 Credit risk management and Note 32 Risk management, funding and liquidity risk and market risk included in the Banking Group Disclosure Statement for the year ended 30 September 2024 for further details on the Banking Group's risk management policies.

Conditions of Registration

Changes to Conditions of Registration

No changes to the Bank's Conditions of Registration have occurred between the reporting date for the previous disclosure statement and the reporting date for this disclosure statement.



Independent Auditor's Review Report

To the shareholder of Westpac New Zealand Limited (the **Bank**)

Report on the consolidated interim disclosure statement

Conclusion

Within the consolidated interim disclosure statement we have completed a review of the accompanying consolidated half-year financial statements and the supplementary information (excluding supplementary information relating to Capital Adequacy and Liquidity Requirements) (the **financial statements and supplementary information**) which comprise:

- the consolidated half-year financial statements comprised of:
 - the balance sheet as at 31 March 2025;
 - the income statement, statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
 - notes, including material accounting policy information and other explanatory information (excluding the information disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the **Order**) and is included within notes ii, iii, v, vi and vii);
- the supplementary information, within notes ii, iii, v, vi and vii of the registered bank disclosures, that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order.

Based on our review, the accompanying consolidated half-year financial statements and supplementary information of Westpac New Zealand Limited and its controlled entities (the **Banking Group**) on pages 6 to 21, 23 to 32 and 44 to 45, nothing has come to our attention that causes us to believe that:

- the half-year financial statements have not been prepared, in all material respects, with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34); and
- the supplementary information (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements) that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order:
 - does not present fairly, in all material respects, the matters to which it relates;
 - is not disclosed, in all material respects, in accordance with those schedules; and
 - has not been prepared, in all material respects, in accordance with any condition of registration relating to disclosure requirements, imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

Basis for conclusion

We conducted our review of the consolidated interim disclosure statement in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity (**NZ SRE 2410 (Revised)**). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the consolidated interim disclosure statement* section of our report.

We are independent of the Banking Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual disclosure statement and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Our firm has provided other services to the Banking Group in relation to review of regulatory compliance, climate report limited assurance, and agreed upon procedures. Subject to certain restrictions, partners and employees of our firm may also deal with the Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as auditor of the Banking Group. The firm has no other relationship with, or interest in, the Banking Group.



Other matter

The consolidated financial statements and supplementary information of the Banking Group, for the period ended 31 March 2024 were reviewed, and for the year ended 30 September 2024 were audited by another auditor who expressed unmodified opinion on the financial statements and supplementary information on 5 May 2024 and 3 November 2024 respectively.

Use of this Independent Auditor's Review Report

This report is made solely to the shareholder of Westpac New Zealand Limited. Our review work has been undertaken so that we might state to the shareholder of Westpac New Zealand Limited those matters we are required to state to them in the Independent Auditor's Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder of Westpac New Zealand Limited for our review work, this report, or any of the conclusions we have formed.

Responsibilities of Directors for the consolidated interim disclosure statement

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

- the preparation and fair presentation of the Banking Group consolidated interim disclosure statement in accordance with NZ IAS 34 and Schedules 3, 5, 7, 13, 16 and 18 of the Order; and
- implementing necessary internal control to enable the preparation of consolidated interim disclosure statement that is fairly presented and free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated interim disclosure statement

Our responsibility is to express a conclusion on the consolidated interim disclosure statement based on our review.

NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the:

- consolidated half-year financial statements, taken as a whole, does not present fairly, in all material respects, the Banking Group's financial position as at 31 March 2025 and its financial performance and cash flows for the 6 month period ended on that date;
- consolidated half-year financial statements, taken as a whole, does not, in all material respects, comply with NZ IAS 34; and
- the supplementary information does not, fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order.

A review of the consolidated interim disclosure statement in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the consolidated interim disclosure statement.

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

For and on behalf of:

KPMG
Auckland

4 May 2025



Independent Limited Assurance Report

To the shareholder of Westpac New Zealand Limited (the **Bank**)

Report on the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report:

Based on our limited assurance engagement, which is not a reasonable assurance engagement or audit, nothing has come to our attention that would lead us to believe that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, disclosed in note iv of the registered bank disclosures within the consolidated interim disclosure statement, is not, in all material respects disclosed in accordance with Schedule 11 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the **Order**).

Information subject to assurance

We have reviewed the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, as disclosed in note iv of the registered bank disclosures within the consolidated interim disclosure statement for the period ended 31 March 2025.

Criteria

The supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements comprises the information that is required to be disclosed in accordance with Schedule 11 of the Order.

Standards we followed

We conducted our limited assurance engagement in accordance with Standard on Assurance Engagements 3100 (Revised) Compliance Engagements (**SAE 3100 (Revised)**) issued by the New Zealand Auditing and Assurance Standards Board (**Standard**). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusion. In accordance with the Standard, we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, are free from material misstatement and non-compliance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies;
- obtained an understanding of the process, models, data and internal controls implemented over the preparation of the information relating to Capital Adequacy and Regulatory Liquidity Requirements;
- performed inquiry and analytical procedures over the Capital Adequacy and Regulatory Liquidity Requirements;
- obtained an understanding of the Bank's compliance framework and internal control environment over the information relating to Capital Adequacy and Regulatory Liquidity Requirements, including the Bank's assessment of any matters of non-compliance with the Reserve Bank of New Zealand's Prudential Requirements; and



- agreed the information relating to Capital Adequacy and Regulatory Liquidity Requirements, extracted from the Bank's models, accounting records or other supporting documentation to the consolidated interim disclosure statement

How to interpret limited assurance and material misstatement and non-compliance

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material misstatement and non-compliance with Schedule 11 of the Order.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

A limited assurance engagement for the six month period ended 31 March 2025 does not provide assurance on whether compliance with Schedule 11 of the Order will continue in the future.

Use of this assurance Report

This report is made solely for the Bank's shareholder. Our assurance work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the assurance report and for no other purpose.

Our report should not be regarded as suitable to be used or relied on by anyone other than the Bank and its shareholder for any purpose or in any context. Any other person who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to anyone other than the Bank for our work, for this independent assurance report, and/or for the opinions or conclusions we have reached.

Our conclusion is not modified in respect of this matter.

Westpac New Zealand Limited's responsibility for the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements

The Directors of the Bank are responsible for the disclosure of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements in accordance with Schedule 11 of the Order, which the Directors have determined meets the needs of the Bank. This responsibility includes such internal control as the Directors determine is necessary to enable compliance and to monitor ongoing compliance and to enable the disclosure of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements that is free from material misstatement and non-compliance whether due to fraud or error.



Our responsibility

Our responsibility is to express a conclusion to the Bank on whether anything has come to our attention that would lead us to believe that, in all material respects the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements has not been disclosed in accordance with Schedule 11 of the Order for the six month period ended 31 March 2025.

Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) (**PES 1**) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (**PES 3**), which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other services to the Bank in relation to review of regulatory compliance, climate report limited assurance and agreed upon procedures. Subject to certain restrictions, partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. These matters have not impaired our independence as assurance providers of the Bank for this engagement. The firm has no other relationship with, or interest in, the Bank.

For and on behalf of:

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

Auckland

4 May 2025

This page has been intentionally left blank



**TOGETHER
GREATER**