Westpac New Zealand Limited's general short form disclosure statement

for the nine months ended 30 June 2008

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General information and definitions

The information contained in this General Short Form Disclosure Statement is as required by section 81 of the Reserve Bank of New Zealand Act 1989 and the Registered Bank Disclosure Statement (Off-Quarter – New Zealand Incorporated Registered Banks) Order 2008 ('**Order**'). Westpac New Zealand Limited's General Short Form Disclosure Statement for the nine months ended 30 June 2008 was first published on 29 August 2008. In accordance with a requirement of the Reserve Bank of New Zealand under section 83 of the Reserve Bank of New Zealand Act 1989, Westpac New Zealand Limited has reissued this General Short Form Disclosure Statement. See Note 14 Capital adequacy for further details.

In this General Short Form Disclosure Statement reference is made to:

- Westpac New Zealand Limited (otherwise referred to as the '**Bank**').
- Westpac New Zealand Limited and its subsidiaries (otherwise referred to as the '**Banking Group**'). As at 30 June 2008, the Bank has the following subsidiaries:
  - Westpac NZ Operations Limited - Holding company
  - Westpac Securities NZ Limited - Funding company
  - The Home Mortgage Company Limited - Residential mortgage company
  - Westpac (NZ) Investments Limited - Property owning and capital funding company
  - The Warehouse Financial Services Limited - Financial services company

Words and phrases defined by the Order have the same meaning when used in this General Short Form Disclosure Statement. All amounts referred to in this General Short Form Disclosure Statement are in New Zealand dollars unless otherwise stated.

General matters

Registered Bank

The Bank was incorporated as Westpac New Zealand Limited under the Companies Act 1993 (company number 1763882) on 14 February 2006. The head office of the Bank is situated at, and the address for service of the Bank is, Level 15, 188 Quay Street, Auckland, New Zealand.

The Bank is a subsidiary of Westpac New Zealand Group Limited, a New Zealand company, which in turn is a wholly-owned subsidiary of Westpac Overseas Holdings No. 2 Pty Limited, an Australian company. Westpac Overseas Holdings No. 2 Pty Limited is, in turn, a wholly-owned subsidiary of Westpac Banking Corporation ('**Ultimate Parent Bank**'). The Ultimate Parent Bank is incorporated in Australia under the Australian Corporations Act 2001, and its address for service is Level 20, Westpac Place, 275 Kent Street, Sydney, New South Wales 2000, Australia.

Westpac New Zealand Group Limited has a direct qualifying interest in 80% of the voting securities in the Bank. Westpac Overseas Holdings No. 2 Pty Limited has a direct qualifying interest in 20% of the voting securities of the Bank. The Ultimate Parent Bank has an indirect qualifying interest in 100% of the securities of the Bank.

Westpac New Zealand Group Limited has the ability to directly appoint up to 100% of the Board of Directors of the Bank (the '**Board**') and, as indirect holding companies of the Bank, each of the Ultimate Parent Bank and Westpac Overseas Holdings No. 2 Pty Limited has the ability to indirectly appoint up to 100% of the Board.

In addition, the Ultimate Parent Bank has the power under the Bank's constitution to directly appoint up to 100% of the Board from time to time by giving written notice to the Bank.

All appointments to the Board must be approved by the Reserve Bank of New Zealand (please refer to the Bank's conditions of registration on page 3 of this General Short Form Disclosure Statement for details of the Reserve Bank of New Zealand's approval process).

The Bank commenced trading on 1 November 2006 (see the section on Westpac in New Zealand on page 2 for more information). Consequently, while the comparatives in this General Short Form Disclosure Statement have been prepared for the nine months ended 30 June 2007 and for the year ended 30 September 2007, financial disclosure in respect of the Bank over this period includes only 8 and 11 months of trading respectively.

Limits on material financial support by the Ultimate Parent Bank

The Ultimate Parent Bank is an Authorised Deposit-taking Institution under the Banking Act 1959 (Australia), and as such is subject to prudential supervision by the Australian Prudential Regulatory Authority ('**APRA**'). APRA has the power to prescribe prudential requirements, which may affect the ability of the Ultimate Parent Bank to provide material financial support to the Bank. Pursuant to current APRA requirements, the Ultimate Parent Bank must comply with the following:

- the level of exposure to the Bank must not exceed:
  - 50% on an individual exposure basis; and
  - 150% in aggregate (being exposures to all similar regulated entities related to the Ultimate Parent Bank);

  of the Ultimate Parent Bank's capital base;
- the Ultimate Parent Bank should not undertake any third party dealings with the prime purpose of supporting the business of the Bank;
- the Ultimate Parent Bank should not hold unlimited exposures (such as a general guarantee covering any of the Bank's obligations) in the Bank;
- the Ultimate Parent Bank should not enter into cross-default clauses whereby a default by the Bank on an obligation (whether financial or otherwise) is deemed to trigger a default of the Ultimate Parent Bank in its obligations; and
- when determining limits on acceptable levels of exposure to the Bank, the Board of the Ultimate Parent Bank should have regard to:
  - the level of exposure that would be approved to third parties of broadly equivalent credit status. In this regard, prior consultation (and in some cases approval) is required before entering exceptionally large exposures; and
  - the impact on the Ultimate Parent Bank's capital and liquidity position and its ability to continue operating in the event of a failure by the Bank.

General matters (continued)

The Ultimate Parent Bank complies with the requirements set by APRA on the extent of financial support the Ultimate Parent Bank may provide to the Bank.

In addition, pursuant to the Banking Act 1959 (Australia), in the event that the Ultimate Parent Bank is unable to meet its obligations or suspends payment, the Australian assets of the Ultimate Parent Bank are to be available to meet the deposit liabilities of the Ultimate Parent Bank in Australia in priority to all its other liabilities.

Directorate

The Directors of the Bank at the time this General Short Form Disclosure Statement was signed were:

Peter David Wilson, CA
Bradley John Cooper, Dip. BM, MBA, FAIM
Elizabeth Blomfield Bryan, BA (Econ.), MA (Econ.)
Gail Patricia Kelly, Dip. ED, BA, MBA, Doctor of Bus (Charles Sturt University)
Harold Maffey Price
Ralph Graham Waters, C.P.Eng, F.I.E (AUST) M.Bus

There have been no changes to the composition of the Board since publication of the Bank's General Disclosure Statement for the six months ended 31 March 2008.

Westpac in New Zealand

Until 1 November 2006, the Ultimate Parent Bank operated as a branch in New Zealand. On and from 1 November 2006 the Ultimate Parent Bank has operated in New Zealand through both a branch of the Ultimate Parent Bank ('**NZ Branch**') (carrying on wholesale banking and financial markets business) and the Bank (a locally incorporated subsidiary of the Ultimate Parent Bank carrying on the Ultimate Parent Bank's New Zealand consumer and business banking operations). The Bank is a subsidiary of the Ultimate Parent Bank.

Further information on the NZ Branch is available in Westpac Banking Corporation's General Short Form Disclosure Statement for the nine months ended 30 June 2008.

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. On 4 May 2007, Moody's Investors Service raised its long term credit rating from 'Aa3' to 'Aa2'. On 22 February 2007, Standard & Poor's raised its long term credit rating from 'AA-' to 'AA'.

These credit ratings are given without any qualifications.

Rating Agency	Current Credit Rating
Moody's Investors Service	**Aa2**
Standard & Poor's	**AA**

Descriptions of credit rating scales

	Moody's Investors Service	Standard & Poor's
The following grades display investment grade characteristics:		
Ability to repay principal and interest is extremely strong. This is the highest investment category.	Aaa	AAA
Very strong ability to repay principal and interest.	Aa	AA
Strong ability to repay principal and interest although somewhat susceptible to adverse changes in economic, business or financial conditions.	A	A
Adequate ability to repay principal and interest. More vulnerable to adverse changes.	Baa	BBB
The following grades have predominantly speculative characteristics:		
Significant uncertainties exist which could affect the payment of principal and interest on a timely basis.	Ba	BB
Greater vulnerability and therefore greater likelihood of default.	B	B
Likelihood of default now considered high. Timely repayment of principal and interest is dependent on favourable financial conditions.	Caa	CCC
Highest risk of default.	Ca to C	CC to C
Obligations currently in default.	-	D

Moody's Investors Service applies numeric modifiers 1 (higher end), 2 or 3 (lower end) to ratings from Aa to B to show relative standing within major categories. Credit ratings by Standard & Poor's may be modified by the addition of a plus (higher end) or minus (lower end) sign.

Supplemental disclosure statement

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

The Bank's most recent Supplemental Disclosure Statement contains a copy of the bilateral netting agreement (refer Note 21).

Guarantee arrangements

The material obligations of the Bank are not guaranteed.

Conditions of registration

The conditions of registration imposed on the Bank, which applied from 27 June 2008, are as follows:

1. That the Banking Group complies with the following requirements:

   (a) the Total Capital ratio of the Banking Group calculated in accordance with the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008 is not less than 8%;

   (b) the Tier One Capital ratio of the Banking Group calculated in accordance with the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008 is not less than 4%; and

   (c) the Capital of the Banking Group calculated in accordance with the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008 is not less than $15 million.

   For the purposes of this condition of registration, the scalar referred to in the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008 is 1.06.

   For the purposes of this condition of registration, the supervisory adjustment referred to in the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008 is the sum of:

   (a) 15% of risk-weighted exposures secured by residential mortgages as defined in the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008; and

   (b) 12.5 times the greater of: zero; and 90% of adjusted Basel I capital, less adjusted Basel II capital; where

      (i) "adjusted Basel I capital" means 8% of total risk-weighted exposures, plus deductions from Tier One Capital, plus deductions from Total Capital, all calculated in accordance with the Reserve Bank of New Zealand document 'Capital adequacy framework (Basel I approach)' (BS2) dated March 2008;

      (ii) "adjusted Basel II capital" means 8% of total Basel II risk-weighted exposures plus deductions from Tier One Capital, plus deductions from Total Capital, less any amount included in Tier Two Capital arising from the excess of eligible allowances for impairment over EL (expected losses), all calculated in accordance with the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008; and

      (iii) "total Basel II risk-weighted exposures" means scalar x (risk-weighted on and off-balance sheet credit exposures) +12.5 x total capital charge for market risk exposure +12.5 x total capital requirement for operational risk + 15% of risk-weighted exposures secured by residential mortgages as defined in the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008.

1A. That –

   (a) the Bank has an internal capital adequacy assessment process ('**ICAAP**') that accords with the requirements set out in the document 'Guidelines on a bank's internal capital adequacy assessment process ('**ICAAP**')' (BS12) dated December 2007;

   (b) under its ICAAP the Bank identifies and measures its "other material risks" defined as all material risks of the Banking Group that are not explicitly captured in the calculation of Tier One and Total Capital ratios under the requirements set out in the document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008; and

   (c) the Bank determines an internal capital allocation for each identified and measured "other material risk".

1B. That the Banking Group complies with all requirements set out in the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B) dated March 2008.

2. That the Banking Group does not conduct any non-financial activities that in aggregate are material relative to its total activities, where the term material is based on generally accepted accounting practice as defined in the Financial Reporting Act 1993.

Conditions of registration (continued)

3. That the Banking Group's insurance business is not greater than 1% of its total consolidated assets. For the purposes of this condition:
    (i) Insurance business means any business of the nature referred to in section 4 of the Insurance Companies (Ratings and Inspections) Act 1994 (including those to which the Act is disapplied by sections 4(1)(a) and (b) and 9 of that Act), or any business of the nature referred to in section 3(1) of the Life Insurance Act 1908;
    (ii) In measuring the size of a Banking Group's insurance business:
        (a) where insurance business is conducted by any entity whose business predominantly consists of insurance business, the size of that insurance business shall be:
            - the total consolidated assets of the group headed by that entity;
            - or if the entity is a subsidiary of another entity whose business predominantly consists of insurance business, the total consolidated assets of the group headed by the latter entity;
        (b) otherwise, the size of each insurance business conducted by any entity within the Banking Group shall equal the total liabilities relating to that insurance business, plus the equity retained by the entity to meet the solvency or financial soundness needs of the insurance business;
        (c) the amounts measured in relation to parts (a) and (b) shall be summed and compared to the total consolidated assets of the Banking Group. All amounts in parts (a) and (b) shall relate to on-balance sheet items only, and shall be determined in accordance with generally accepted accounting practice, as defined in the Financial Reporting Act 1993;
        (d) where products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets shall be considered part of the insurance business.
4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the Banking Group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit rating[1]	**Connected exposure limit (% of the Banking Group's Tier One Capital)**
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

   Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons shall not exceed 15% of the Banking Group's Tier One Capital.

   For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled 'Connected exposures policy' (BS8) dated March 2008.
5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the board of the registered bank contains at least two independent directors. In this context an independent director is a director who is not an employee of the registered bank, and who is not a director, trustee or employee of any holding company of the registered bank, or any other entity capable of controlling or significantly influencing the registered bank.
7. That the chairperson of the Bank's Board is not an employee of the registered bank.
8. That the Bank's constitution does not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the Bank).
9. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, shall be made unless:
    (i) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
    (ii) the Reserve Bank has advised that it has no objection to that appointment.
10. That a substantial proportion of the Bank's business is conducted in and from New Zealand.

[1] This table uses the rating scales of Standard & Poor's and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

Conditions of registration (continued)

11. That the Bank has legal and practical ability to control and execute any business, and any functions relating to any business, of the Bank that are carried on by a person other than the Bank, sufficient to achieve, under normal business conditions and in the event of stress or failure of the Bank or of a service provider to the Bank, the following outcomes:

    (a) that the Bank's clearing and settlement obligations due on a day can be met on that day;

    (b) that the Bank's financial risk positions on a day can be identified on that day;

    (c) that the Bank's financial risk positions can be monitored and managed on the day following any failure and on subsequent days; and

    (d) that the Bank's existing customers can be given access to payments facilities on the day following any failure and on subsequent days.

    For the purposes of this condition of registration, the term "legal and practical ability to control and execute" is explained in the Reserve Bank of New Zealand document entitled 'Outsourcing Policy' (BS11) dated January 2006.

    Until 31 December 2008, functions provided to the Bank by Electronic Transaction Services Limited and Interchange and Settlement Limited are not covered by this condition.

12. (a) that the business and affairs of the Bank are managed by, or under the direction or supervision of, the Board of the Bank.

    (b) that the employment contract of the chief executive officer of the Bank or person in an equivalent position (together 'CEO') is with the Bank, and the terms and conditions of the CEO's employment agreement are determined by, and any decisions relating to the employment or termination of employment of the CEO are made by, the Board of the Bank.

    (c) that by 31 December 2007 all staff employed by the Bank will have their remuneration determined by (or under the delegated authority of) the Board or the CEO of the Bank and be accountable (directly or indirectly) to the CEO of the Bank.

13. That, for the purposes of calculating the Bank's Capital ratios on a solo basis, a credit conversion factor of zero is only applied to a guarantee of a financing subsidiary's financial obligations if, in substance, the guarantee does not create a risk of loss for the Bank.

For the purposes of these conditions of registration, the term "Banking Group" means Westpac New Zealand Limited's financial reporting group as defined in section 2(1) of the Financial Reporting Act 1993.

The Bank's conditions of registration were changed on 25 June 2008, with effect from 27 June 2008, with respect to the date until which the functions provided to the Bank by Electronic Transaction Services Limited and Interchange and Settlement Limited are not covered by condition 11 above. The date which was previously 30 June 2008 has been changed to 31 December 2008.

Directors' statement

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

a. the General Short Form Disclosure Statement contains all the information that is required by the Order; and

b. the General Short Form Disclosure Statement is not false or misleading.

Each Director of the Bank believes, after due enquiry, that, over the nine months ended 30 June 2008:

a. the Bank has complied with the conditions of registration imposed on it pursuant to section 74 of the Reserve Bank of New Zealand Act 1989, except as stated in (b) below;

b. the Bank has not complied with condition 4 of its conditions of registration, relating to credit exposures to connected persons (see Note 21 Credit exposures to connected persons and non-bank connected persons for further details);

c. credit exposures to connected persons were not contrary to the interests of the Banking Group;

d. except as stated in (e) below, 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; and

e. the Bank did not have systems in place to monitor and control adequately the Banking Group's material risks relating to credit exposures to connected persons.

The Directors are working on measures to resolve the compliance issues identified in this statement. Subsequent to 30 June 2008, an additional $750 million of Tier One Capital has been raised from the Ultimate Parent Banking Group. See Note 21 Credit exposures to connected persons and non-bank connected persons for further details.

This Directors' Statement has been signed by all the Directors:

Peter David Wilson

Bradley John Cooper

Elizabeth Blomfield Bryan

Gail Patricia Kelly

Harold Maffey Price

Ralph Graham Waters

Dated the 22nd day of October 2008

Consolidated short form financial statements

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Consolidated income statement for the nine months ended 30 June 2008

	Note	The Banking Group Nine Months Ended 30 June 2008 Unaudited $m	Nine Months Ended 30 June 2007 Unaudited $m	Year Ended 30 September 2007 Audited $m
Interest income		**3,193**	2,348	3,337
Interest expense		**(2,239)**	(1,607)	(2,297)
Net interest income		**954**	741	1,040
Non-interest income:				
Fees and commissions		**249**	226	308
Trading income/(loss)		**-**	-	-
Loss on ineffective hedges		**(4)**	(3)	(4)
Share of net profits of associate		**48**	-	-
Loss on disposal of assets		**-**	(1)	(1)
Other non-interest income		**25**	18	27
Total non-interest income		**318**	240	330
Net operating income		**1,272**	981	1,370
Operating expenses		**(501)**	(435)	(605)
Impairment charges on loans	2	**(97)**	(63)	(85)
Profit before income tax expense		**674**	483	680
Income tax expense		**(210)**	(133)	(231)
Profit after income tax expense		**464**	350	449
Profit after income tax expense attributable to minority interests		**(2)**	(2)	(3)
Profit after income tax expense attributable to equity holders of the Banking Group		**462**	348	446

The accompanying notes (numbered 1 to 25) form part of, and should be read in conjunction with, these Financial Statements.

As set out in Note 25, certain New Zealand assets and liabilities of the Ultimate Parent Bank vested in the Bank on 1 November 2006. The income statement includes the trading results of the Bank as a registered bank, for 8 months (for the nine months ended 30 June 2007) and 11 months (for the year ended 30 September 2007).

Consolidated statement of changes in equity for the nine months ended 30 June 2008

	The Banking Group					
	Share Capital $m	Retained Profits $m	Cash Flow Hedge Reserve $m	Available for Sale $m	Minority Interests $m	Total $m
Opening balance as at 1 October 2006	1,700	7	-	-	-	1,707
Period from 1 October 2006 to 30 June 2007						
Net gains from changes in fair value of cash flow hedges	-	-	36	-	-	36
Income tax effect	-	-	(12)	-	-	(12)
Transferred to income statement	-	-	-	-	-	-
Income tax effect	-	-	-	-	-	-
Profit after income tax expense	-	348	-	-	2	350
Total recognised income and expenses for the nine months ended 30 June 2007	-	348	24	-	2	374
Share capital issued	715	-	-	-	-	715
Share-based payment	-	-	-	-	-	-
Dividends paid or provided for on ordinary shares	-	(217)	-	-	-	(217)
Other minority interests	-	-	-	-	7	7
As at 30 June 2007 (unaudited)	2,415	138	24	-	9	2,586
Period from 1 October 2006 to 30 September 2007						
Net gains from changes in fair value of cash flow hedges	-	-	31	-	-	31
Income tax effect	-	-	(10)	-	-	(10)
Transferred to income statement	-	-	-	-	-	-
Income tax effect	-	-	-	-	-	-
Profit after income tax expense	-	446	-	-	3	449
Total recognised income and expenses for the year ended 30 September 2007	-	446	21	-	3	470
Share capital issued	715	-	-	-	-	715
Dividends paid or provided for on ordinary shares	-	(217)	-	-	-	(217)
Other minority interests	-	-	-	-	6	6
As at 30 September 2007 (audited)	2,415	236	21	-	9	2,681
Nine months ended 30 June 2008						
Net gains from changes in available-for-sale investments (net of tax)	**-**	**-**	**-**	**22**	**-**	**22**
Net losses from changes in fair value of cash flow hedges	**-**	**-**	**(18)**	**-**	**-**	**(18)**
Income tax effect	**-**	**-**	**6**	**-**	**-**	**6**
Transferred to income statement	**-**	**-**	**-**	**-**	**-**	**-**
Income tax effect	**-**	**-**	**-**	**-**	**-**	**-**
Profit after income tax expense	**-**	**462**	**-**	**-**	**2**	**464**
Total recognised income and expenses for the nine months ended 30 June 2008	**-**	**462**	**(12)**	**22**	**2**	**474**
Share capital issued	**1,385**	**-**	**-**	**-**	**-**	**1,385**
Dividends paid or provided for on ordinary shares	**-**	**(431)**	**-**	**-**	**-**	**(431)**
Other minority interests	**-**	**-**	**-**	**-**	**(4)**	**(4)**
As at 30 June 2008 (unaudited)	**3,800**	**267**	**9**	**22**	**7**	**4,105**

The accompanying notes (numbered 1 to 25) form part of, and should be read in conjunction with, these Financial Statements.

Consolidated balance sheet as at 30 June 2008

		The Banking Group		
	Note	**30 June 2008 Unaudited $m**	30 June 2007 Unaudited $m	30 September 2007 Audited $m
Assets				
Cash		**104**	100	102
Due from other financial institutions		**-**	-	-
Derivative financial instruments		**-**	-	-
Other trading securities	3	**1,316**	2,993	2,382
Other financial assets designated at fair value	3	**-**	-	-
Available-for-sale securities		**41**	-	-
Loans	4,5	**45,965**	41,421	42,559
Due from related entities		**2,588**	1,050	1,022
Investment in associate		**48**	-	-
Goodwill and other intangible assets		**592**	605	603
Property, plant and equipment		**81**	91	88
Deferred tax assets		**97**	84	87
Other assets		**183**	203	174
Total assets		**51,015**	46,547	47,017
Liabilities				
Due to other financial institutions		**-**	-	-
Deposits at fair value	6	**4,507**	4,388	3,535
Deposits at amortised cost	6	**27,943**	25,155	25,876
Derivative financial instruments		**-**	-	-
Other trading liabilities at fair value		**-**	-	-
Debt issues	7	**11,469**	10,726	11,699
Current tax liabilities		**39**	9	31
Deferred tax liabilities		**-**	-	-
Provisions		**54**	51	54
Other liabilities		**566**	496	594
Total liabilities excluding subordinated debentures and due to related entities		**44,578**	40,825	41,789
Perpetual subordinated notes	8	**970**	970	970
Total liabilities excluding due to related entities		**45,548**	41,795	42,759
Due to related entities		**1,362**	2,166	1,577
Total liabilities		**46,910**	43,961	44,336
Net assets		**4,105**	2,586	2,681
Represented by:				
Equity				
Ordinary share capital		**2,500**	2,415	2,415
Preference share capital		**1,300**	-	-
Retained profits		**267**	138	236
Available-for-sale securities revaluation reserve		**22**	-	-
Cash flow hedge reserve		**9**	24	21
Total equity attributable to equity holders of Westpac New Zealand Limited		**4,098**	2,577	2,672
Other minority interests		**7**	9	9
Total equity		**4,105**	2,586	2,681

The accompanying notes (numbered 1 to 25) form part of, and should be read in conjunction with, these Financial Statements.

As set out in Note 25, certain New Zealand assets and liabilities of the Ultimate Parent Bank vested in the Bank on 1 November 2006.

Consolidated statement of cash flows for the nine months ended 30 June 2008

	The Banking Group		
	Nine Months Ended 30 June 2008 Unaudited $m	Nine Months Ended 30 June 2007 Unaudited $m	Year Ended 30 September 2007 Audited $m
Cash flows from operating activities			
Interest received	**3,183**	2,327	3,298
Interest paid	**(2,254)**	(1,499)	(2,080)
Other non-interest income received	**268**	242	333
Net disposal/(acquisition) of other trading securities	**1,067**	(3,004)	(2,382)
Non-interest expenses paid	**(423)**	(394)	(543)
Income tax paid	**(103)**	(138)	(211)
Net cash flows from operating activities	**1,738**	(2,466)	(1,585)
Cash flows from investing activities			
Net disposal of available-for-sale securities	**30**	-	-
Net loans advanced to customers	**(3,503)**	(4,527)	(5,687)
Net (increase)/decrease in due from related entities	**(1,637)**	1,563	1,586
Net decrease/(increase) in other assets	**3**	(50)	(21)
Payment for purchase of subsidiary, net of cash acquired	**-**	(236)	(236)
Purchase of capitalised computer software	**(24)**	(22)	(32)
Purchase of property, plant and equipment	**(10)**	(16)	(17)
Proceeds from disposal of property, plant and equipment	**-**	2	-
Net cash used in investing activities	**(5,141)**	(3,286)	(4,407)
Cash flows from financing activities			
Issue of ordinary share capital	**85**	715	715
Issue of preference shares	**1,300**	-	-
Cash vested from parent entity	**-**	123	123
Net increase in deposits	**3,039**	2,029	1,897
Net (payment)/proceeds from debt issues/(redemptions)	**(230)**	10,726	11,699
Net decrease in other liabilities	**(88)**	(14)	(18)
Net proceeds from perpetual subordinated notes	**-**	270	270
Net decrease in due to related entities	**(266)**	(7,780)	(8,375)
Payment of dividends on ordinary shares	**(435)**	(217)	(217)
Net cash provided by financing activities	**3,405**	5,852	6,094

The accompanying notes (numbered 1 to 25) form part of, and should be read in conjunction with, these Financial Statements.

As set out in Note 25, certain New Zealand assets and liabilities of the Ultimate Parent Bank vested in the Bank on 1 November 2006. The statement of cash flow includes the trading results of the Bank as a registered bank for 8 months (for the nine months ended 30 June 2007) and 11 months (for the year ended 30 September 2007).

Consolidated statement of cash flows (continued) for the nine months ended 30 June 2008

	The Banking Group		
	Nine Months Ended 30 June 2008 Unaudited $m	Nine Months Ended 30 June 2007 Unaudited $m	Year Ended 30 September 2007 Audited $m
Net increase in cash and cash equivalents	**2**	100	102
Cash and cash equivalents at beginning of the period/year	**102**	-	-
Cash and cash equivalents at end of the period/year	**104**	100	102
Cash and cash equivalents comprise			
Cash	**104**	100	102
Due from other financial institutions – at call	**-**	-	-
Due to other financial institutions – at call	**-**	-	-
Cash and cash equivalents at end of the period/year	**104**	100	102
Reconciliation of profit after income tax expense to net cash flows from operating activities			
Profit after income tax expense attributable to equity holders of the Banking Group	**462**	348	446
Adjustments:			
Amortisation of intangible assets	**35**	23	35
Impairment charges on loans	**97**	63	85
Depreciation/amortisation	**17**	19	25
Loss on sale of property, plant and equipment	**-**	(1)	(1)
Share of net profits in associate	**(48)**	-	-
Share-based payments	**2**	3	3
Minority interests in subsidiary companies	**2**	2	3
Movement in accrued assets	**(12)**	(22)	(36)
Movement in accrued liabilities	**113**	109	223
Movement in income tax provisions	**4**	(6)	14
Net disposal/(acquisition) of other trading securities	**1,066**	(3,004)	(2,382)
Net cash flows from operating activities	**1,738**	(2,466)	(1,585)

The accompanying notes (numbered 1 to 25) form part of, and should be read in conjunction with, these Financial Statements.

As set out in Note 25, certain New Zealand assets and liabilities of the Ultimate Parent Bank vested in the Bank on 1 November 2006. The statement of cash flow includes the trading results of the Bank as a registered bank for 8 months (for the nine months ended 30 June 2007) and 11 months (for the year ended 30 September 2007).

Notes to the consolidated short form financial statements

Note 1 Statement of accounting policies

General accounting policies

Statutory base

These interim consolidated short form financial statements ('**Financial Statements**') are prepared and presented in accordance with the Financial Reporting Act 1993 (New Zealand), the Order, the Reserve Bank of New Zealand Act 1989, New Zealand equivalent to International Financial Reporting Standard 34 *Interim Financial Reporting* ('**NZ IFRS 34**') and other authoritative pronouncements of the Accounting Standards Review Board, as appropriate for profit-oriented entities. Compliance with NZ IFRS 34 ensures that the financial report, comprising the Financial Statements and accompanying notes of the Banking Group complies with the International Financial Reporting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

Insofar as these Financial Statements relate to matters set out in Note 14, these Financial Statements were authorised for reissue on 22nd October 2008. See Note 14 for further details.

Basis of preparation

The Financial Statements are based on the general principles of historical cost accounting, as modified by the fair value accounting for financial assets and liabilities held for trading and all derivative contracts. The going concern concept and the accrual basis of accounting have been adopted. All amounts are expressed in New Zealand dollars unless otherwise stated.

The same accounting policies have been followed in preparing these Financial Statements that were disclosed in the General Disclosure Statements for the year ended 30 September 2007 and the six months ended 31 March 2008.

The prior period comparatives for amounts due from and due to related entities have been restated as outlined in the explanation in Note 21.

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

Note 2 Impairment on loans

	The Banking Group		
	Nine Months Ended 30 June 2008 Unaudited $m	Nine Months Ended 30 June 2007 Unaudited $m	Year Ended 30 September 2007 Audited $m
Collectively assessed provision	**33**	43	47
Collective write-off	**40**	23	36
Individually assessed provisions	**33**	5	15
Individually assessed write-off	**6**	2	2
Interest adjustments	**(15)**	(10)	(15)
Total impairment charges on loans	**97**	63	85

	The Banking Group			
	Nine Months Ended 30 June 2008 – Unaudited			
	Housing $m	**Retail $m**	**Corporate $m**	**Total $m**
Collectively assessed provision	**9**	**9**	**15**	**33**
Collective write-off	**-**	**40**	**-**	**40**
Individually assessed provisions	**13**	**-**	**20**	**33**
Individually assessed write-off	**1**	**-**	**5**	**6**
Interest adjustments	**(1)**	**(7)**	**(7)**	**(15)**
Total impairment charges on loans	**22**	**42**	**33**	**97**

	The Banking Group			
	Nine Months Ended 30 June 2007 – Unaudited			
	Housing $m	Retail $m	Corporate $m	Total $m
Collectively assessed provision	8	4	31	43
Collective write-off	-	23	-	23
Individually assessed provisions	2	-	3	5
Individually assessed write-off	1	-	1	2
Interest adjustments	(1)	(4)	(5)	(10)
Total impairment charges on loans	10	23	30	63

	The Banking Group			
	Year Ended 30 September 2007 – Audited			
	Housing $m	Retail $m	Corporate $m	Total $m
Collectively assessed provision	7	9	31	47
Collective write-off	-	36	-	36
Individually assessed provisions	12	-	3	15
Individually assessed write-off	-	-	2	2
Interest adjustments	(1)	(7)	(7)	(15)
Total impairment charges on loans	18	38	29	85

Notes to the consolidated short form financial statements

Note 3 Other trading securities and other financial assets designated at fair value

	The Banking Group		
	30 June 2008 Unaudited $m	30 June 2007 Unaudited $m	30 September 2007 Audited $m
Other trading securities			
Trading securities	**1,316**	2,993	2,382
Securities purchased under agreement to resell	**-**	-	-
Total other trading securities	**1,316**	2,993	2,382
Other financial assets designated at fair value	**-**	-	-
Total other trading securities and other financial assets designated at fair value	**1,316**	2,993	2,382
Trading securities			
Listed			
NZ Government securities	**-**	142	24
NZ corporate securities	**-**	-	-
Other	**-**	-	-
Total listed trading securities	**-**	142	24
Unlisted			
NZ Government securities	**-**	-	-
NZ corporate securities:			
Certificates of deposit	**1,316**	1,179	2,342
Corporate bonds	**-**	200	-
Commercial paper	**-**	222	16
Mortgage-backed securities	**-**	-	-
Other	**-**	1,250	-
Total unlisted trading securities	**1,316**	2,851	2,358
Total trading securities	**1,316**	2,993	2,382

Note 4 Loans

	The Banking Group		
	30 June 2008 Unaudited $m	30 June 2007 Unaudited $m	30 September 2007 Audited $m
Overdrafts	**1,121**	1,015	1,067
Credit card outstandings	**1,117**	1,051	1,062
Money market loans	**727**	623	677
Term loans:			
Housing	**30,967**	28,347	28,989
Non-housing	**12,028**	10,359	10,778
Other	**251**	213	186
Total gross loans	**46,211**	41,608	42,759
Provisions for impairment on loans	**(246)**	(187)	(200)
Total net loans	**45,965**	41,421	42,559

Movements in impaired assets and provisions for impairment on loans are outlined in Note 5.

Note 5 Impaired assets

	The Banking Group		
	Nine Months Ended 30 June 2008 Unaudited $m	Nine Months Ended 30 June 2007 Unaudited $m	Year Ended 30 September 2007 Unaudited $m
Individually impaired assets			
Balance at beginning of the period/year	**116**	-	-
Impaired assets vested during the period/year	**-**	64	64
Movement for the period/year	**83**	9	52
Balance at end of the period/year	**199**	73	116
Undrawn balance	**-**	-	-
Interest forgone for the period/year on the above impaired assets	**-**	-	-
Restructured assets			
Balance at beginning of the period/year	**2**	-	-
Restructured assets vested during the period/year	**-**	-	-
Movement for the period/year	**(1)**	-	2
Balance at end of the period/year	**1**	-	2
Undrawn balance	**-**	-	-
Interest forgone for the period/year on the above restructured assets	**-**	-	-
Past due assets 1 to 89 days[1]			
Balance at beginning of the period/year	**3,297**	-	-
Past due assets vested during the period/year	**-**	2,644	2,644
Movement for the period/year	**(779)**	462	653
Balance at end of the period/year	**2,518**	3,106	3,297
Past due assets 90+ days[1]			
Balance at beginning of the period/year	**156**	-	-
Past due assets vested during the period/year	**-**	119	119
Movement for the period/year	**115**	20	37
Balance at end of the period/year	**271**	139	156
Undrawn balance	**-**	-	-
Interest forgone for the period/year on the above past due assets	**-**	-	-
Other assets under administration[1]			
Balance at beginning of the period/year	**-**	-	-
Assets under administration vested during the period/year	**-**	-	-
Movement for the period/year	**-**	-	-
Balance at end of the period/year	**-**	-	-
Undrawn balance	**-**	-	-
Individually assessed provisions			
Balance at beginning of the period/year	**26**	-	-
Provision vested during the period/year	**-**	15	15
Movement for the period/year	**12**	3	11
Balance at end of the period/year	**38**	18	26
Collectively impaired provision			
Balance at beginning of the period/year	**194**	-	-
Provision vested during the period/year	**-**	147	147
Movement for the period/year	**33**	43	47
Balance at end of the period/year	**227**	190	194
Total impairment provisions	**265**	208	220
Provisions for impairment on loans	**246**	187	200
Provisions for impairment on off-balance sheet credit exposures	**19**	21	20
Total impairment provisions	**265**	208	220

[1] Past due assets and other assets under administration are not impaired assets.

The Banking Group does not have any financial, real estate or other assets acquired through enforcement of security.

Note 5 Impaired assets (continued)

The above table is further analysed by major type of credit exposure in the following tables.

Housing

	The Banking Group		
	Nine Months Ended 30 June 2008 Unaudited $m	Nine Months Ended 30 June 2007 Unaudited $m	Year Ended 30 September 2007 Unaudited $m
Individually impaired assets			
Balance at beginning of the period/year	**79**	-	-
Impaired assets vested during the period/year	**-**	45	45
Additions	**173**	61	107
Amounts written off	**(5)**	(1)	(2)
Returned to performing or repaid	**(92)**	(53)	(71)
Balance at end of the period/year	**155**	52	79
Undrawn balance	**-**	-	-
Past due assets 1 to 89 days[1]			
Balance at beginning of the period/year	**2,584**	-	-
Past due assets vested during the period/year	**-**	2,076	2,076
Additions	**1,924**	5,007	7,229
Deletions	**(2,889)**	(4,645)	(6,721)
Balance at end of the period/year	**1,619**	2,438	2,584
Past due assets 90+ days[1]			
Balance at beginning of the period/year	**60**	-	-
Past due assets vested during the period/year	**-**	42	42
Additions	**66**	141	194
Deletions	**(8)**	(133)	(176)
Balance at end of the period/year	**118**	50	60
Undrawn balance	**-**	-	-
Individually assessed provisions			
Balance at beginning of the period/year	**15**	-	-
Provision vested during the period/year	**-**	5	5
Impairment charges on loans:			
New provisions	**20**	6	18
Recoveries	**(7)**	(4)	(6)
Impairment charges on loans written off	**(10)**	(1)	(2)
Balance at end of the period/year	**18**	6	15
Collectively impaired provision			
Balance at beginning of the period/year	**20**	-	-
Provision vested during the period/year	**-**	13	13
Impairment charges on loans	**9**	8	7
Balance at end of the period/year	**29**	21	20
Total impairment provisions	**47**	27	35
Provisions for impairment on loans	**47**	27	35
Provisions for impairment on off-balance sheet credit exposures	**-**	-	-
Total impairment provisions	**47**	27	35

[1] Past due assets are not impaired assets.

Note 5 Impaired assets (continued)

Retail

	The Banking Group		
	Nine Months Ended 30 June 2008 Unaudited $m	Nine Months Ended 30 June 2007 Unaudited $m	Year Ended 30 September 2007 Unaudited $m
Past due assets 1 to 89 days[1]			
Balance at beginning of the period/year	**154**	-	-
Past due assets vested during the period/year	**-**	146	146
Additions	**637**	585	840
Deletions	**(641)**	(568)	(832)
Balance at end of the period/year	**150**	163	154
Past due assets 90+ days[1]			
Balance at beginning of the period/year	**15**	-	-
Past due assets vested during the period/year	**-**	11	11
Additions	**53**	45	59
Deletions	**(47)**	(40)	(55)
Balance at end of the period/year	**21**	16	15
Undrawn balance	**-**	-	-
Collectively impaired provision			
Balance at beginning of the period/year	**49**	-	-
Provision vested during the period/year	**-**	40	40
Impairment charges on loans	**9**	4	9
Balance at end of the period/year	**58**	44	49
Total impairment provisions	**58**	44	49
Provisions for impairment on loans	**58**	44	49
Provisions for impairment on off-balance sheet credit exposures	**-**	-	-
Total impairment provisions	**58**	44	49

[1] Past due assets are not impaired assets.

Note 5 Impaired assets (continued)

Corporate

	The Banking Group		
	Nine Months Ended 30 June 2008 Unaudited $m	Nine Months Ended 30 June 2007 Unaudited $m	Year Ended 30 September 2007 Unaudited $m
Individually impaired assets			
Balance at beginning of the period/year	**37**	-	-
Impaired assets vested during the period/year	**-**	19	19
Additions	**43**	13	31
Amounts written off	**(3)**	(11)	(5)
Returned to performing or repaid	**(33)**	-	(8)
Balance at end of the period/year	**44**	21	37
Undrawn balance	**-**	-	-
Restructured assets			
Balance at beginning of the period/year	**2**	-	-
Restructured assets vested during the period/year	**-**	-	-
Additions	**1**	-	2
Deletions	**(2)**	-	-
Balance at end of the period/year	**1**	-	2
Undrawn balance	**-**	-	-
Past due assets 1 to 89 days[1]			
Balance at beginning of the period/year	**559**	-	-
Past due assets vested during the period/year	**-**	422	422
Additions	**3,022**	1,828	2,595
Deletions	**(2,832)**	(1,745)	(2,458)
Balance at end of the period/year	**749**	505	559
Past due assets 90+ days[1]			
Balance at beginning of the period/year	**81**	-	-
Past due assets vested during the period/year	**-**	66	66
Additions	**262**	105	134
Deletions	**(211)**	(98)	(119)
Balance at end of the period/year	**132**	73	81
Undrawn balance	**-**	-	-
Individually assessed provisions			
Balance at beginning of the period/year	**11**	-	-
Provision vested during the period/year	**-**	10	10
Impairment charges on loans:			
New provisions	**29**	8	11
Recoveries	**(9)**	(5)	(8)
Impairment charges on loans written off	**(11)**	(1)	(2)
Balance at end of the period/year	**20**	12	11
Collectively impaired provision			
Balance at beginning of the period/year	**125**	-	-
Provision vested during the period/year	**-**	94	94
Impairment charges on loans	**15**	31	31
Balance at end of the period/year	**140**	125	125
Total impairment provisions	**160**	137	136
Provisions for impairment on loans	**141**	116	116
Provisions for impairment on off-balance sheet credit exposures	**19**	21	20
Total impairment provisions	**160**	137	136

[1] Past due assets are not impaired assets.

Note 6 Deposits

	The Banking Group		
	30 June 2008 Unaudited $m	30 June 2007 Unaudited $m	30 September 2007 Audited $m
Deposits at fair value			
Certificates of deposit	**4,507**	4,388	3,535
Total deposits at fair value	**4,507**	4,388	3,535
Deposits at amortised cost			
Non-interest bearing, repayable at call	**2,074**	2,103	2,097
Other interest bearing:			
At call	**10,465**	10,169	10,353
Term	**15,404**	12,883	13,426
Total deposits at amortised cost	**27,943**	25,155	25,876
Total deposits	**32,450**	29,543	29,411

Note 7 Debt issues

	The Banking Group		
	30 June 2008 Unaudited $m	30 June 2007 Unaudited $m	30 September 2007 Audited $m
Short term debt			
Commercial paper	**7,130**	9,651	9,349
Total short term debt	**7,130**	9,651	9,349
Long term debt			
Euro medium term notes	**4,298**	1,075	2,350
Corporate bonds	**41**	-	-
Total long term debt	**4,339**	1,075	2,350
Total debt issues	**11,469**	10,726	11,699

Movement in debt issues during the nine months ended 30 June 2008

	$m
Balance at beginning of the period	**11,699**
Issuance	**25,529**
Repayments	**(25,759)**
Total debt issues	**11,469**

The reconciliation of the debt issues balance is not available for the comparative periods.

Note 8 Perpetual subordinated notes

These notes have been issued to Westpac New Zealand Group Limited. The notes have no final maturity date, but may be redeemed at par only at the option of the Bank. The notes pay quarterly distributions provided that at the time payment is made the Bank will be solvent immediately after payment. The notes are direct and unsecured obligations of the Bank and are subordinated to the claims of all creditors (including depositors) of the Bank other than those creditors whose claims against the Bank are expressed to rank equally with or after the claims of the note holder.

	The Banking Group		
	30 June 2008 Unaudited $m	30 June 2007 Unaudited $m	30 September 2007 Audited $m
Perpetual subordinated debentures	**970**	970	970
Total subordinated debentures	**970**	970	970

On 31 August 2006, the Bank issued $700,000,000 perpetual subordinated notes and on 31 October 2006, the Bank issued a further $270,000,000 perpetual subordinated notes to Westpac New Zealand Group Limited under the same terms and conditions outlined above.

Note 9 Interest earning assets and interest bearing liabilities

	The Banking Group		
	30 June 2008 Unaudited $m	30 June 2007 Unaudited $m	30 September 2007 Audited $m
Interest earning and discount bearing assets	**49,868**	45,651	46,088
Interest and discount bearing liabilities	**44,017**	40,957	41,517

Note 10 Commitments and contingent liabilities

The Banking Group is party to financial instruments with off-balance sheet credit risk in the normal course of business to meet the financing needs of its customers and in managing its own risk profile. These financial instruments include commitments to extend credit, bill endorsements, financial guarantees, standby letters of credit and underwriting facilities.

The Banking Group's exposure to credit loss in the event of non-performance by the other party to such financial instruments is represented by the contract or notional amount of those instruments. However, some commitments to extend credit and provide underwriting facilities can be cancelled or revoked at any time at the Banking Group's option.

The Banking Group uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

The Banking Group takes collateral where it is considered necessary to support, both on and off-balance sheet, financial instruments with credit risk. The Banking Group evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral taken, if deemed necessary, on the provision of a financial facility is based on management's credit evaluation of the counterparty. The collateral taken varies, but may include cash deposits, receivables, inventory, plant and equipment, real estate and investments.

Where the Bank enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Banking Group, the Bank considers these to be insurance arrangements, and accounts for them as such. In this respect, the Bank treats the guarantee contract as a contingent liability until such time as it becomes probable that the Bank will be required to make payment under the guarantee. The Bank guarantees commercial paper and other debt securities issued by Westpac Securities NZ Limited, the proceeds of which, in accordance with Reserve Bank of New Zealand guidelines, are immediately on lent to the Bank. Guarantees outstanding as at 30 June 2008 were $10,026 million (30 June 2007: $10,251 million, 30 September 2007: $11,064 million).

Off-balance sheet credit risk related financial instruments were as follows:

	The Banking Group		
	30 June 2008 Unaudited $m	30 June 2007 Unaudited $m	30 September 2007 Audited $m
Contingent liabilities			
Direct credit substitutes	**54**	61	62
Underwriting and sub-underwriting facilities	**-**	-	-
Transaction related contingent items	**286**	269	282
Short term, self liquidating trade related contingent liabilities	**702**	623	687
Total contingent liabilities	**1,042**	953	1,031

Other contingent liabilities

The Banking Group has other contingent liabilities in respect of actual and potential claims and proceedings. An assessment of the Banking Group's likely loss in respect of these matters has been made on a case-by-case basis and provision has been made in these Financial Statements, where appropriate.

The New Zealand Commerce Commission's proceedings against the Bank, The Warehouse Financial Services Limited (a member of the Banking Group), Visa International, Cards NZ Limited, MasterCard International and all New Zealand issuers of Visa and MasterCard credit cards are ongoing. The proceedings allege that the setting of interchange rates and rules (relating to honour all cards, no surcharge, access and no discrimination) amount to price fixing or alternatively have the effect of substantially lessening competition in the New Zealand market in breach of the Commerce Act 1986. The proceedings seek to declare the conduct illegal and impose unspecified monetary penalties. In addition, proceedings issued by a number of New Zealand retailers, similar to the Commerce Commission's (as described above), against the Bank, The Warehouse Financial Services Limited, Visa International, Cards NZ Limited, MasterCard International and New Zealand issuers of Visa and MasterCard credit cards are ongoing. These proceedings also seek to declare the conduct illegal and an enquiry into damages. Any damages awarded, if any, would be in addition to any penalties imposed under the Commerce Act 1986 in the event the Commerce Commission is successful in the proceedings described above. The Bank is considering its position in relation to both proceedings. As at the date of this General Short Form Disclosure Statement, no provision had been made in the Financial Statements in relation to these proceedings.

The New Zealand Inland Revenue Department is reviewing a number of structured finance transactions undertaken by the NZ Branch and a number of subsidiaries of the Ultimate Parent Bank in New Zealand. The review includes transactions in which The Home Mortgage Company Limited and Westpac (NZ) Investments Limited, members of the Banking Group, participated. Liability for tax reassessment, if any, arising from the review will rest with the Ultimate Parent Bank. See Westpac Banking Corporation's General Short Form Disclosure Statement for the nine months ended 30 June 2008 (Note 13 Commitments and contingent liabilities) for further information on the New Zealand Inland Revenue Department review.

Note 10 Commitments and contingent liabilities (continued)

The Bank leases the majority of the properties it occupies. As is normal practice, the lease agreements contain 'make good' provisions, which require the Bank, upon termination of the lease, to return the premises to the lessor in the original condition. The maximum amount payable by the Bank upon vacation of all leased premises subject to these provisions as at 30 June 2008 was estimated to be $21 million (30 June 2007: $14 million, 30 September 2007: $21 million). The Bank believes it is highly unlikely it would incur a material operating loss as a result of this in the normal course of its business operations.

Other commitments

As at 30 June 2008, the Banking Group had commitments in respect of interest swap transactions, provision of credit, underwriting facilities and other engagements entered into in the normal course of business. The Banking Group has management systems and operational controls in place to manage interest rate risk. Accordingly, it is not envisaged that any liability resulting in material loss to the Banking Group will arise from these transactions.

Note 11 Segment information

The Banking Group operates predominantly in the finance and residential mortgage industries within New Zealand.

The basis of segment reporting reflects the management of the business within the Banking Group. Management consider the Banking Group to operate in one business segment, Retail Banking. The Retail Banking segment is responsible for servicing and product development for consumer and smaller to medium sized business banking customers within New Zealand, and includes the Corporate Head Office functions and funding activities that exist within New Zealand.

Note 12 Securitisation, funds management, other fiduciary activities and the marketing and distribution of insurance products

Securitisation

As at 30 June 2008, the Banking Group has securitised assets amounting to $643 million (30 June 2007: $620 million, 30 September 2007: $715 million), all having been sold by the Banking Group to the Westpac Home Loan Trust ('**HLT**'), and the Westpac Mortgage Investment Fund ('**MIF**') via the HLT. HLT and MIF were established, pursuant to trust deeds between BT Funds Management (NZ) Limited and The New Zealand Guardian Trust Company Limited with the principal purpose of investing in home loans originated by the Bank. The purchase of these home loans has been funded with the proceeds of units subscribed for, and issued to, retail investors in New Zealand. The Banking Group receives fees for various services provided to HLT and MIF on an arm's length basis, including servicing fees and management fees. These fees are recognised over the years in which the costs are borne.

Funds management and other fiduciary activities

The Bank distributes the products of BT Funds Management (NZ) Limited, (a member of the group of companies comprising the Ultimate Parent Bank and its subsidiaries ('**Ultimate Parent Banking Group**')), through its branch network. The Bank derives distribution fees from the sale of managed fund products, superannuation and unit trusts distributed on behalf of BT Funds Management (NZ) Limited. The Bank also provides investment advice to a number of clients, this includes the provision of other fiduciary activities.

Marketing and distribution of insurance products

The Bank markets and distributes both life and general insurance products. The life insurance products are underwritten by Westpac Life - NZ - Limited (a member of the Ultimate Parent Banking Group). The general insurance products are underwritten by external third party insurance companies. Disclosure statements are made in all marketing material that the products are underwritten by those companies and that the Bank does not guarantee the obligations of, or any products issued by, those companies.

Involvement with other fiduciary activities

During the nine months ended 30 June 2008:

- financial services provided by any member of the Banking Group to entities which conduct the securitisation, funds management and other fiduciary activities described above, or on whose behalf insurance products are marketed or distributed, have been provided on arm's length terms and conditions and at fair value; and
- assets purchased from entities which conduct the securitisation, funds management and other fiduciary activities specified above, or on whose behalf insurance products are marketed or distributed, have been purchased on arm's length terms and conditions and at fair value.

Peak aggregate funding provided to entities

The Banking Group did not provide any funding to entities conducting the securitisation activities, funds management and other fiduciary activities or insurance product marketing and distribution activities described in this note (or to any other parties on whose behalf the marketing and distribution of insurance is conducted) during the three months ended 30 June 2008 (30 June 2007: nil, 30 September 2007: nil).

Risk management

The Ultimate Parent Banking Group has in place policies and procedures to ensure that difficulties arising from the activities identified above will not impact adversely on the Banking Group. The policies and procedures referred to include comprehensive and prominent disclosure of information regarding products, and formal and regular review of operations and policies by management and auditors. Should adverse investment or liquidity conditions arise it is considered that these policies and procedures will minimise the possibility that those conditions would impact adversely on the Ultimate Parent Banking Group.

Notes to the consolidated short form financial statements

Note 13 Insurance business

The Banking Group does not conduct any insurance business (as that term is defined in the Order).

Note 14 Capital adequacy

The information contained in this note has been derived in accordance with the Banking Group's conditions of registration which relate to capital adequacy and the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B).

Summary of internal capital adequacy assessment process

The Banking Group's ICAAP outlines the Banking Group's approach to ensuring that it has sufficient available capital to meet minimum capital requirements, even under stressed scenarios. The Reserve Bank of New Zealand's document 'Prudential standard' (BS12) reinforces this internal discipline by incorporating a specific requirement that the Board of a New Zealand incorporated bank has a duty to ensure that capital held by the bank is commensurate with the level and extent of its risks. The Banking Group's ICAAP is founded on the core principle that its target level of capital is directly related to its risk appetite and corresponding risk profile. The connection between these two concepts is provided by economic capital, which the Ultimate Parent Banking Group believes to be the best single measure of overall risk profile. The economic capital requirement is calibrated to the Banking Group's target senior debt rating which is one of the key parameters defined in the risk appetite statement. In addition to the economic capital based principles outlined above, the ICAAP also takes account of stress testing, prudential minimum capital ratios, thin capitalisation requirements and peer group comparatives.

Internal capital for other material risk

	The Banking Group
	30 June 2008 Unaudited $m
Internal capital allocation	
Other material risk	**326**

Other material risk is a combination of business risk, liquidity risk and other asset risk.

Basel II

The table below is disclosed in accordance with Schedule 4B, Clause 13 of the Order and represents capital adequacy calculation based on the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B).

	The Banking Group
	30 June 2008 Unaudited
Capital adequacy ratios	
Tier One Capital expressed as a percentage of risk-weighted exposures	**6.5%**
Total Capital expressed as a percentage of the risk-weighted exposures	**10.0%**
Reserve Bank of New Zealand minimum ratios	
Tier One Capital expressed as a percentage of risk-weighted exposures	**4.0%**
Total Capital expressed as a percentage of risk-weighted exposures	**8.0%**

Basel I

The table below is disclosed in accordance with Schedule 4B, Clause 14 of the Order and represents capital adequacy calculation based on the Basel I Capital adequacy framework.

	The Banking Group	
	30 June 2008 Unaudited	30 June 2007 Unaudited
Capital adequacy ratios		
Tier One Capital expressed as a percentage of risk-weighted exposures	**5.8%**	6.0%
Total Capital expressed as a percentage of the risk-weighted exposures	**9.1%**	9.6%
Reserve Bank of New Zealand minimum ratios		
Tier One Capital expressed as a percentage of risk-weighted exposures	**N/A**	4.0%
Total Capital expressed as a percentage of risk-weighted exposures	**N/A**	8.0%
Total risk-weighted exposures ($m)	**34,908**	30,509

Note 14 Capital adequacy (continued)

	The Bank	
	30 June 2008 Unaudited	30 June 2007 Unaudited
Capital adequacy ratios		
Tier One Capital expressed as a percentage of risk-weighted exposures	**5.6%**	5.8%
Total Capital expressed as a percentage of the risk-weighted exposures	**8.8%**	9.4%
Reserve Bank of New Zealand minimum ratios		
Tier One Capital expressed as a percentage of risk-weighted exposures	**N/A**	4.0%
Total Capital expressed as a percentage of risk-weighted exposures	**N/A**	8.0%
Total risk-weighted exposures ($m)	**34,913**	31,010

The Banking Group capital summary

	The Banking Group 30 June 2008 Unaudited $m
Tier One Capital	
Paid up share capital	**2,500**
Revenue and similar reserves[1]	**(164)**
Current period's retained profits	**299**
Minority interests	**7**
Less deductions from Tier One Capital	
Goodwill	**(477)**
Other intangible assets	**(115)**
Cash flow hedge reserve	**(9)**
Expected loss excess over eligible allowance	**(65)**
Total Tier One Capital	**1,976**
Tier Two Capital – Upper Tier Two Capital	
Perpetual subordinated notes	**970**
Current period's unaudited retained profits	**163**
Total Upper – Tier Two Capital	**1,133**
Less deductions from Tier Two Capital	
Expected loss excess over eligible allowance	**(65)**
Total Tier Two Capital	**1,068**
Total Tier One Capital plus Tier Two Capital	**3,044**

[1] Revenue and similar reserves consists of cash flow hedge reserve, available-for-sale securities revaluation reserve and prior period retained profits.

Reissue of general short form disclosure statement

As a result of discussions with the Reserve Bank of New Zealand, the Directors have determined that the redeemable preference shares totalling $1.3 billion issued during the year do not meet the definition of Lower Tier Two Capital. As a result, the Directors have removed the redeemable preference shares from the calculation of Total Capital and Lower Tier Two Capital. Capital adequacy ratios remain well above prudential limits at 6.5% Tier One and 10.0% Total Capital.

In addition, at the date of reissue, a further $750 million of Tier One Capital has been raised from the Ultimate Parent Banking Group.

The Banking Group total capital requirement for the nine months ended 30 June 2008

	Total Exposure After Credit Risk Mitigation $m	Risk-weighted Exposure or Implied Risk-weighted Exposure $m	Total Capital Requirement $m
Total credit risk	**61,317**	**26,058**	**2,084**
Operational risk	**N/A**	**2,116**	**169**
Market risk	**N/A**	**914**	**73**
Supervisory adjustment	**N/A**	**1,485**	**119**
Total		**30,573**	**2,445**

The supervisory adjustment comprises the 15% scalar applied to residential mortgages and 12.5 times the greater of: zero; and 90% of adjusted Basel I capital, less adjusted Basel II capital, as per the Bank's conditions of registration.

Notes to the consolidated short form financial statements

Note 15 Risk management policies

There have been no material changes to the risk management policies and no new categories of risk to which the Banking Group has become exposed since the publication of the Bank's General Disclosure Statement for the six months ended 31 March 2008.

Credit risk mitigation

The Banking Group includes the effect of credit risk mitigation through eligible guarantees within the calculation applied to Loss Given Default ('**LGD**'). The value of the guarantees is not separately recorded, and therefore not available for disclosure.

Provision for impairment on loans

Changes to the allowances for loan impairment and changes to the provisions for undrawn contractually committed facilities and guarantees are reported in the income statement as part of the impairment charges on loans.

Note 16 Credit risk exposure by asset class

Credit risk exposure by asset class as at 30 June 2008

Banking Group – Residential mortgages

PD Band	EAD $m	Average PD %	Average LGD %	Average CCF %	Average Risk Weight %	Risk-weighted Assets $m (scaled)	Required Regulatory Capital $m
0.00 to 0.10	-	-	-	-	-	-	-
0.10 to 0.25	2,662	0.2	22	50	7	197	16
0.25 to 1.0	9,647	0.5	22	84	18	1,784	143
1.0 to 2.5	16,137	1.3	22	100	34	5,433	437
2.5 to 10.0	2,075	4.4	22	101	69	1,435	115
10.0 to 99.99	450	21.8	22	101	128	576	46
Default	496	100.0	22	99	215	1,068	85
Total	31,467	3.0	22	87	33	10,493	842
Of which is off-balance sheet	-						
Committed undrawn	5,101						

Banking Group – Other retail (credit cards, personal loans, personal overdrafts)

PD Band	EAD $m	Average PD %	Average LGD %	Average CCF %	Average Risk Weight %	Risk-weighted Assets $m (scaled)	Required Regulatory Capital $m
0.00 to 0.10	-	-	-	-	-	-	-
0.10 to 0.25	-	-	-	-	-	-	-
0.25 to 1.0	903	0.4	63	37	41	368	29
1.0 to 2.5	677	1.8	67	83	87	588	47
2.5 to 10.0	715	4.5	67	89	104	746	60
10.0 to 99.99	225	22.1	67	104	152	341	27
Default	50	100.0	66	81	546	274	22
Total	2,570	5.8	66	60	90	2,317	185
Of which is off-balance sheet	-						
Committed undrawn	2,715						

Banking Group – Small business

PD Band	EAD $m	Average PD %	Average LGD %	Average CCF %	Average Risk Weight %	Risk-weighted Assets $m (scaled)	Required Regulatory Capital $m
0.00 to 0.10	-	-	-	-	-	-	-
0.10 to 0.25	-	-	-	-	-	-	-
0.25 to 1.0	399	0.5	17	56	14	55	4
1.0 to 2.5	1,453	2.0	17	90	24	352	29
2.5 to 10.0	667	5.0	20	73	32	216	17
10.0 to 99.99	90	27.2	21	111	53	48	4
Default	96	100.0	19	92	225	215	17
Total	2,705	6.8	18	79	33	886	71
Of which is off-balance sheet	125						
Committed undrawn	920						

Note 16 Credit risk exposure by asset class (continued)

Banking Group – Corporate

PD Band	EAD $m	Average PD %	Average LGD %	Average CCF %	Average Risk Weight %	Risk-weighted Assets $m (scaled)	Required Regulatory Capital $m
AAA	-	-	-	-	-	-	-
AA	25	-	60	100	14	3	-
A	147	-	35	100	12	17	1
BBB	766	0.3	38	100	41	317	25
BB	1,289	1.5	50	100	111	1,430	116
B	327	13.2	42	100	178	583	47
Other	27	25.8	27	100	153	42	3
Default	20	100.0	30	100	137	27	2
Total	2,601	3.5	44	100	93	2,419	194
Of which is off-balance sheet	152						
Committed undrawn	518						

Banking Group – Business lending

PD Band	EAD $m	Average PD %	Average LGD %	Average CCF %	Average Risk Weight %	Risk-weighted Assets $m (scaled)	Required Regulatory Capital $m
AAA	-	-	-	-	-	-	-
AA	9	-	60	100	19	2	-
A	122	0.1	55	100	28	35	3
BBB	926	0.3	30	100	32	296	24
BB	4,957	1.4	32	100	63	3,138	251
B	537	9.8	34	100	117	629	50
Other	38	25.8	39	100	177	67	5
Default	8	100.0	34	100	446	37	3
Total	6,597	2.2	32	100	64	4,204	336
Of which is off-balance sheet	202						
Committed undrawn	887						

Banking Group – Sovereign

PD Band	EAD $m	Average PD %	Average LGD %	Average CCF %	Average Risk Weight %	Risk-weighted Assets $m (scaled)	Required Regulatory Capital $m
AAA	9	-	60	100	17	1	-
AA	6	-	60	100	15	1	-
A	214	-	31	100	14	30	3
BBB	92	0.2	23	100	34	31	2
BB	1	2.1	44	100	133	1	-
B	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-
Total	322	0.1	30	100	20	64	5
Of which is off-balance sheet	1						
Committed undrawn	131						

Bank

PD Band	EAD $m	Average PD %	Average LGD %	Average CCF %	Average Risk Weight %	Risk-weighted Assets $m (scaled)	Required Regulatory Capital $m
AAA	-	-	-	-	-	-	-
AA	1,316	0.02	60	100	11	143	11
A	-	-	-	-	-	-	-
BBB	-	-	-	-	-	-	-
BB	-	-	-	-	-	-	-
B	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-
Total	1,316	0.02	60	100	11	143	11
Of which is off-balance sheet	-						
Committed undrawn	-						

Note 16 Credit risk exposure by asset class (continued)

Equity

PD Band	EAD $m	Average PD %	Average LGD %	Average CCF %	Average Risk Weight %	Risk-weighted Assets $m (scaled)	Required Regulatory Capital $m
Equity	41	-	-	-	300	123	10

Note 17 Credit risk exposures by specialised lending

The Banking Group – Specialised lending: Project and property finance as at 30 June 2008

PD Band	EAD $m	Average PD %	Average LGD %	Average CCF %	Average Risk Weight %	Risk-weighted Assets $m (scaled)	Required Regulatory Capital $m
Strong	1,032	0.3	28	100	70	723	58
Good	1,905	1.1	27	100	90	1,714	137
Satisfactory	1,558	2.1	29	100	115	1,792	144
Weak	152	16.8	31	100	250	380	30
Default	3	100.0	46	100	-	-	-
Total	4,650	1.8	28	100	99	4,609	369
Of which is off-balance sheet	31						
Committed undrawn	650						

Note 18 Credit risk exposures subject to the standardised approach

Credit risk exposures subject to the standardised approach as at 30 June 2008

Calculation of on-balance sheet exposures

	Total Exposure After Credit Risk Mitigation $m	Average Risk Weight %	Risk-weighted Exposure $m	Minimum Capital Requirement $m
Property, plant and equipment and other assets	264	100	264	21
Related parties	1,179	31	370	30
Total on-balance sheet exposures	1,443		634	51

Calculation of off-balance sheet exposures

	Total Principal Amount $m	Credit Equivalent Amount $m	Average Risk Weight %	Risk-weighted Exposure $m	Minimum Capital Requirement $m
Market related contracts subject to the standardised approach					
Foreign exchange contracts	9,376	336	21	71	6
Interest rate contracts	55,394	201	25	50	4
Total market related contracts subject to the standardised approach	64,770	537		121	10
Standardised sub-total				755	
After adjustment for scalar				800	

Note 19 Additional mortgage information for credit risk

The Banking Group – Residential mortgages by loan-to-value ratio ('LVR') as at 30 June 2008

LVR range	0-60%	61-70%	71-80%	81-90%	Over 90%
Value of exposures	13,366	5,367	4,591	6,567	1,576

Note 20 Concentration of credit exposures to individual counterparties

Analysis of credit exposures to individual counterparties

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

- as at 30 June 2008 was nil (30 June 2007: nil, 30 September 2007: nil); and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 30 June 2008 was nil (30 June 2007: nil, 30 September 2007: nil).

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

- as at 30 June 2008 was nil (30 June 2007: nil, 30 September 2007: nil); and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 30 June 2008 was nil (30 June 2007: nil, 30 September 2007: nil).

The peak end-of-day aggregate credit exposure has been calculated by determining the maximum end-of-day aggregate credit exposure over the relevant three month period and then dividing that by the Banking Group's equity as at the end of the period. Credit exposure used in the above calculations is determined with reference to actual credit exposures. Credit exposures to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties do not include exposures to those counterparties if they are recorded outside New Zealand nor exposures to connected persons or to the central government of any country 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.

Note 21 Credit exposures to connected persons and non-bank connected persons

The limits on aggregate credit exposures to all connected persons in condition 4 of the Bank's conditions of registration have not been complied with during the three months ended 30 June 2008. Recent analysis has also shown that these limits have not been complied with at various times since the Bank's registration on 1 November 2006.

The Bank is working to resolve this compliance issue. To address the issue, the Bank has proposed:

- to enter into a new netting agreement with the Ultimate Parent Bank, and to seek independent third party validation of such agreement to the satisfaction of the Reserve Bank of New Zealand; and
- to manage the cash balances component of credit exposures to connected persons to ensure compliance with condition 4 of its conditions of registration.

Subsequent to 30 June 2008, an additional $750 million of Tier One Capital has been raised from the Ultimate Parent Banking Group.

These measures should ensure that the limits on aggregate credit exposures to all connected persons in condition 4 of the Bank's conditions of registration will be complied with as soon as possible and, in any event, no later than 30 September 2008.

The Bank will commission an independent third party to provide a full review of the Bank's systems to monitor and control risks in respect of credit exposures to connected persons. The Bank will consider carefully the findings of this review, with a view to enhancing these systems and ensuring that the systems in place are appropriate.

The Banking Group's credit exposure to connected persons is derived in accordance with the Reserve Bank of New Zealand document 'Connected exposures policy' (BS8) and is net of individual credit impairment allowances.

The Reserve Bank of New Zealand defines connected persons to be other members of the Ultimate Parent Banking Group and Directors of the Bank. Controlled entities of the Bank are not connected persons. Credit exposures to connected persons are based on actual credit exposures rather than internal limits, net of specific provisions and exclude advances to connected persons of a capital nature. Peak end-of-day aggregate credit exposures to connected persons have been derived by determining the maximum end-of-day aggregate amount of credit exposure over the relevant three month period and then dividing that amount by the Banking Group's Tier One Capital as at the end of the period. Credit exposures to connected persons reported in the table below have been calculated partially on a bilateral net basis, and partially on a gross basis. Netting has occurred in respect of certain transactions which are the subject of a bilateral netting agreement disclosed in the Bank's most recent Supplemental Disclosure Statement. On this basis, there is a limit of 125% of the Banking Group Tier One Capital in respect of the gross amount of aggregate credit exposure to connected persons that can be netted off in determining the net exposure.

Note 21 Credit exposures to connected persons and non-bank connected persons (continued)

	The Banking Group			
	As at 30 June 2008 Unaudited $m	**Peak End-of-Day for the Three Months Ended 30 June 2008 Unaudited $m**	As at 30 June 2007 Unaudited $m	Peak End-of-Day for the Three Months Ended 30 June 2007 Unaudited $m
Credit exposures to connected persons (on gross basis, before netting)	**2,629**	**3,267**	1,050	1,224
Credit exposures to connected persons expressed as a percentage of Tier One Capital of the Banking Group at end of the period (on gross basis, before netting)	**133.0%**	**165.3%**	57.4%	67.0%
Credit exposures to connected persons (netted amount)	**197**	**167**	-	-
Credit exposures to connected persons expressed as a percentage of Tier One Capital of the Banking Group at end of the period (netted amount)	**10.0%**	**8.5%**	0.0%	0.0%
Credit exposures to connected persons (on partial bilateral net basis)	**2,432**	**3,100**	1,050	1,224
Credit exposures to connected persons expressed as a percentage of Tier One Capital of the Banking Group at end of the period (on partial bilateral net basis)	**123.1%**	**156.9%**	57.4%	67.0%
Credit exposures to non-bank connected persons	**-**	**-**	-	-
Credit exposures to non-bank connected persons expressed as a percentage of Tier One Capital of the Banking Group at end of the period	**0.0%**	**0.0%**	0.0%	0.0%

As at 30 June 2008, the rating-contingent limit applicable to the Bank, under condition 4 of its conditions of registration, was 75% of Tier One Capital. Within this overall rating-contingent limit there is a sub-limit of 15% of Tier One Capital which applies to the aggregate credit exposure to non-bank connected persons. There have not been any changes in these limits during the three months ended 30 June 2008.

As shown in the table above, the end of period and peak end-of-day aggregate credit exposures to connected persons expressed as a percentage of Tier One Capital of the Banking Group for the three months ended 30 June 2008, of 123.1% and 156.9% respectively, have exceeded the 75% rating-contingent limit.

The following table provides restated figures for credit exposures to connected persons, for the three month periods ended 31 December 2007 and 31 March 2008. The comparative period disclosure in the table above, for the three months ended 30 June 2007, has also been restated. The previous calculations for these three month periods (disclosed in the Bank's General Short Form Disclosure Statements for the nine months ended 30 June 2007 and the three months ended 31 December 2007, and the Bank's General Disclosure Statement for the six months ended 31 March 2008) incorrectly reported credit exposures to connected persons, as certain amounts were being netted in accordance with generally accepted accounting practice which were not permitted to be netted under the Reserve Bank of New Zealand document 'Connected exposures policy' (BS8). The rating-contingent limit applicable to the Bank for these three month periods was 75% of Tier One Capital. The restated figures show that the limits on aggregate credit exposures to all connected persons in the Bank's conditions of registration were complied with during the three months ended 30 June 2007 (the comparative period for which restated disclosure is made in the table above), but have not been complied with during the three month periods ended 31 December 2007 and 31 March 2008 (as disclosed in the table below).

Restatement of credit exposures to connected persons in prior periods

	The Banking Group			
	As at 31 March 2008 Unaudited $m	Peak End-of-Day for the Three Months Ended 31 March 2008 Unaudited $m	As at 31 December 2007 Unaudited $m	Peak End-of-Day for the Three Months Ended 31 December 2007 Unaudited $m
Credit exposures to connected persons (on gross basis, before netting)	2,594	3,732	1,578	2,387
Credit exposures to connected persons expressed as a percentage of Tier One Capital of the Banking Group at end of the period (on gross basis, before netting)	120.1%	172.8%	85.8%	129.8%
Credit exposures to connected persons (netted amount)	166	142	-	-
Credit exposures to connected persons expressed as a percentage of Tier One Capital of the Banking Group at end of the period (netted amount)	7.7%	6.6%	0.0%	0.0%
Credit exposures to connected persons (on partial bilateral net basis)	2,428	3,590	1,578	2,387
Credit exposures to connected persons expressed as a percentage of Tier One Capital of the Banking Group at end of the period (on partial bilateral net basis)	112.4%	166.2%	85.8%	129.8%

Note 21 Credit exposures to connected persons and non-bank connected persons (continued)

The non-compliance with the limits on aggregate credit exposures to connected persons shown in the tables above has been caused by the Banking Group's credit exposure to the NZ Branch in relation to (a) foreign currency deposits that the Bank has with the NZ Branch, representing the proceeds of foreign currency deposits placed with the Bank by its customers and (b) various cash balances held by the Bank with the NZ Branch.

For the three month periods ended 31 March 2008 and 30 June 2008, the non-compliance was also partially caused by a $1,300 million deposit that the Bank made with the NZ Branch in the three month period ended 31 March 2008, relating to a funding transaction entered into by the Bank and the Ultimate Parent Bank. There is a netting agreement between the Bank and the Ultimate Parent Bank relating to the $1,300 million deposit. The Bank has obtained an opinion from an independent third party expert in relation to this netting agreement, and the Reserve Bank of New Zealand has accepted the opinion as validation of the robustness of the netting agreement with effect from 24 July 2008. This allows credit exposures to the NZ Branch in relation to the $1,300 million deposit to be calculated on a bilateral net basis from 24 July 2008. Accordingly, with effect from 24 July 2008, on a bilateral net basis, the credit exposure to the NZ Branch in relation to the $1,300 million deposit was nil.

The limits on aggregate credit exposures to non-bank connected persons in the Bank's conditions of registration have been complied with at all times over the three months ended 30 June 2008.

Where a bank is funding a large loan it is common practice to share the risk of a customer default with a syndicate of banks. These arrangements are called risk lay-off arrangements. As at 30 June 2008, the Banking Group had no aggregate contingent exposures to connected persons arising from risk lay-off arrangements in respect of credit exposures to counterparties (other than counterparties which are connected persons) (30 June 2007: nil, 30 September 2007: nil). There were no allowances for impairment losses on individual financial assets against credit exposures to connected persons as at 30 June 2008 (30 June 2007: nil, 30 September 2007: nil).

The aggregate amount of the Banking Group's specific provisions provided against credit exposures to connected persons was nil as at 30 June 2008 (30 June 2007: nil, 30 September 2007: nil).

Note 22 Market risk

The Banking Group's aggregate market risk exposure is derived in accordance with the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B).

For each category of market risk, the Banking Group's peak end-of-day aggregate capital charge is the maximum over the period of the aggregate capital charge at the close of each business day for that category of market risk derived in accordance with the Reserve Bank of New Zealand document 'Capital adequacy framework (internal models based approach)' (BS2B).

For each category of market risk, the Banking Group's peak end-of-day aggregate capital charge as a percentage of the Banking Group's equity is the peak end-of-day aggregate capital charge for that category of market risk divided by the Banking Group's equity as at 30 June 2008.

Market Risk	**Implied Risk-weighted Exposure $m**	**Aggregate Capital Charge $m**	**Aggregate Capital Charge as a % of the Banking Group's Equity %**
Interest rate risk – as at 30 June 2008	**838**	**67**	**1.63**
Interest rate risk – peak end-of-day for the three months ended 30 June 2008	**875**	**70**	**1.71**
Foreign exchange risk – as at 30 June 2008	**38**	**3**	**0.07**
Foreign exchange risk – peak end-of-day for the three months ended 30 June 2008	**38**	**3**	**0.07**
Equity risk – as at 30 June 2008	**38**	**3**	**0.07**
Equity risk – peak end-of-day for the three months ended 30 June 2008	**38**	**3**	**0.07**

Market Risk	Implied Risk-weighted Exposure $m	Aggregate Capital Charge $m	Aggregate Capital Charge as a % of the Banking Group's Equity %
Interest rate risk – as at 30 June 2007	1,988	159	6.20
Interest rate risk – peak end-of-day for the three months ended 30 June 2007	5,138	411	15.90
Foreign exchange risk – as at 30 June 2007	-	-	-
Foreign exchange risk – peak end-of-day for the three months ended 30 June 2007	-	-	-
Equity risk – as at 30 June 2007	-	-	-
Equity risk – peak end-of-day for the three months ended 30 June 2007	-	-	-

Note 23 Foreign currency risk

With the exception of the available-for-sale investment in VISA Inc shares, neither the Banking Group nor the Bank carries material foreign currency risk due to the risk being hedged with the Ultimate Parent Bank.

Note 24 Operational risk

The Banking Group's operational risk capital requirement for the nine months ended 30 June 2008

	Implied Risk-weighted Exposure $m	Total Operational Risk Capital Requirement $m
Approach implemented:		
Advanced measurement approach		
Operational risk	**2,116**	**169**

Note 25 Vested assets and liabilities

Certain New Zealand assets and liabilities of the Ultimate Parent Bank vested in the Bank on 1 November 2006. This note has been prepared to provide guidance on the impact of the vesting as at 1 November 2006 by presenting a balance sheet prepared by reconciling the opening position before vesting to the new position following vesting on 1 November 2006.

As set out in the section on Westpac in New Zealand on page 2, the Ultimate Parent Bank established the Bank to assume and carry on the New Zealand consumer and business banking operations of the NZ Branch. Wholesale banking and financial markets business remain with the NZ Branch.

The reorganisation of the Ultimate Parent Bank's business was facilitated by legislation. The Westpac New Zealand Act 2006 provided for the vesting of designated NZ Branch assets and liabilities in the Bank on 1 November 2006.

The Bank commenced business as a registered bank on 1 November 2006.

The assets and liabilities that vested in the Bank included all deposits and other liabilities, loans, securities and interests in land in relation to business banking (being financial services provided by the NZ Branch to small, medium and corporate business customers, agricultural businesses, and property investment and development customers) and consumer banking (being the financial services provided by the NZ Branch in relation to consumers). In addition, on 1 November 2006, the Bank acquired Westpac (NZ) Investments Limited, The Home Mortgage Company Limited and a 51% investment in The Warehouse Financial Services Limited from Westpac Holdings - NZ - Limited, a fellow subsidiary of the Ultimate Parent Bank.

The accounting policies in Note 1, as disclosed in the Bank's General Disclosure Statement for the six months ended 31 March 2008, have been applied in the preparation of this disclosure.

Note 25 Vested assets and liabilities (continued)

	The Banking Group As at 31 October 2006 Unaudited $m	Vesting Assets and Liabilities As at 1 November 2006 Unaudited $m	Related Entities Acquired As at 1 November 2006 Unaudited $m	Total Banking Group As at 1 November 2006 Unaudited $m
Assets				
Cash	-	123	-	123
Due from other financial institutions	-	-	2	2
Derivative financial instruments	-	3	-	3
Other trading securities	-	-	-	-
Other financial assets designated at fair value	-	-	-	-
Available-for-sale securities	-	-	-	-
Loans	-	36,719	238	36,957
Due from related entities	3,416	2	164	3,582
Goodwill and other intangible assets	-	606	-	606
Property, plant and equipment	-	23	74	97
Income tax receivable	-	-	-	-
Deferred tax assets	-	72	11	83
Other assets	-	114	5	119
Total assets	3,416	37,662	494	41,572
Less:				
Liabilities				
Due to other financial institutions	-	-	-	-
Deposits at fair value	-	4,084	-	4,084
Deposits at amortised cost	-	23,430	-	23,430
Derivative financial instruments	-	7	-	7
Other trading liabilities at fair value	-	-	-	-
Debt issues	-	-	-	-
Current tax liabilities	7	-	-	7
Deferred tax liabilities	-	-	-	-
Due to related entities	-	-	-	
Provisions	-	58	-	58
Other liabilities	-	382	8	390
Total liabilities excluding perpetual subordinated notes and due to related entities	7	27,961	8	27,976
Perpetual subordinated notes	970	-	-	970
Due to related entities	9	9,701	479	10,189
Total liabilities	986	37,662	487	39,135
Net assets	2,430	-	7	2,437
Represented by:				
Equity				
Ordinary share capital	2,415	-	-	2,415
Reserves	-	-	-	-
Minority interests	-	-	7	7
Retained profits	15	-	-	15
Total equity	2,430	-	7	2,437

Note 25 Vested assets and liabilities (continued)

Consideration paid for the acquisition of subsidiary entities of the Banking Group

	The Banking Group
	$m
Net assets acquired	
Due from other financial institutions	2
Loans	238
Due from related entities	164
Property, plant and equipment	74
Deferred tax assets	11
Other assets	5
Other liabilities	(8)
Other amounts due to related entities	(241)
Minority interests	(7)
Net assets acquired	238
Intangible assets acquired	-
Total consideration	238
Less: Balances acquired	
Cash	-
Due from other financial institutions	(2)
Total cash and cash equivalents	236