Westpac New Zealand Limited
General Short Form Disclosure Statement

For the nine months ended 30 June 2009

Index

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 ('**Reserve Bank Act**') and the Registered Bank Disclosure Statement (Off-Quarter – New Zealand Incorporated Registered Banks) Order 2008 ('**Order**').

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 2009, 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
  - Westpac NZ Securitisation Holdings Limited and its subsidiary company - Holding company and funding 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 85% of the voting securities in the Bank. Westpac Overseas Holdings No. 2 Pty Limited has a direct qualifying interest in 15% 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 ('**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 7 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 (refer to the section on Westpac in New Zealand on page 2 for more information).

Limits on material financial support by the Ultimate Parent Bank

The Ultimate Parent Bank is an authorised deposit-taking institution ('**ADI**') under the Banking Act 1959 of Australia ('**Australian Banking Act**') and, as such, is subject to prudential regulation and supervision by the Australian Prudential Regulation 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, unless APRA provides otherwise, the Ultimate Parent Bank must comply with, among other prudential requirements, APRA's Prudential Standard APS 222 (a copy of which is available on APRA's website, www.apra.gov.au). APS 222 includes the following prudential controls:

- the level of the Ultimate Parent Bank's exposure to the Bank (being a related ADI) must not exceed 50% of the Ultimate Parent Bank's Level 1 capital base (as defined in APS 222);
- the Ultimate Parent Bank must not hold unlimited exposures to the Bank (such as a general guarantee covering any of the Bank's obligations);
- the Ultimate Parent Bank must 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;
- when determining limits on acceptable levels of exposure to the Bank, the board of the Ultimate Parent Bank must have regard to:
  - the level of exposures that would be approved to third parties of broadly equivalent credit status; and
  - the impact on the Ultimate Parent Bank's stand-alone capital and liquidity positions, and its ability to continue operating, in the event of a failure by the Bank or any other related entity to which it is exposed.

The Ultimate Parent Bank complies with the requirements set by APRA in respect of the extent of financial support that is provided to the Bank.

General matters (continued)

Section 13A (3) of the Australian Banking Act provides that, in the event that the Ultimate Parent Bank becomes unable to meet its obligations or suspends payment, the assets of the Ultimate Parent Bank in Australia are to be available to satisfy, in priority to all other liabilities of the Ultimate Parent Bank:

- first, certain obligations of the Ultimate Parent Bank to APRA (if any) arising under Division 2AA of Part II of the Australian Banking Act in respect of amounts payable by APRA to holders of 'protected accounts' (as defined in the Australian Banking Act) as part of the financial claims scheme ('**FCS**') for the Australian Government guarantee of 'protected accounts' (including most deposits) up to A$1 million in the winding-up of the Ultimate Parent Bank;
- secondly, APRA's costs (if any) in exercising its powers and performing its functions relating to the Ultimate Parent Bank in connection with the FCS; and
- thirdly, the Ultimate Parent Bank's deposit liabilities in Australia (other than any liabilities under the first priority listed above).

Under section 16 of the Australian Banking Act, in the winding-up of an ADI, debts due to APRA shall have, subject to section 13A(3) of the Australian Banking Act, priority over all other unsecured debts of that ADI. Further, under section 86 of the Reserve Bank Act 1959 of Australia, debts due by an ADI to the Reserve Bank of Australia shall, in the winding-up of that ADI, have, subject to section 13A(3) of the Australian Banking Act, priority over all other debts, other than debts due to the Commonwealth of Australia.

Directorate

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

Peter David Wilson, CA

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

George Frazis, B. Eng. (Elec.) (Hons.), MBA

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 2009.

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 member of the Ultimate Parent Bank Group of companies.

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 2009.

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.

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

Since the rating was first assigned on 26 October 2007, the credit rating issued by Fitch Ratings has not changed. The rating was put on rating watch positive on 6 June 2008 and affirmed at AA- with a stable outlook on 3 December 2008.

In the two years prior to 30 June 2009, the Moody's Investors Service credit rating and qualification for the Bank remained at Aa2 and outlook stable.

In the two years prior to 30 June 2009, the Standard & Poor's credit rating and qualification for the Bank remained at AA and outlook stable.

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

Credit ratings (continued)

Descriptions of credit rating scales

	Fitch Ratings	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	AAA
Very strong ability to repay principal and interest.	AA	Aa	AA
Strong ability to repay principal and interest although somewhat susceptible to adverse changes in economic, business or financial conditions.	A	A	A
Adequate ability to repay principal and interest. More vulnerable to adverse changes.	BBB	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.	BB	Ba	BB
Greater vulnerability and therefore greater likelihood of default.	B	B	B
Likelihood of default now considered high. Timely repayment of principal and interest is dependent on favourable financial conditions.	CCC	Caa	CCC
Highest risk of default.	CC	Ca to C	CC to C
Obligations currently in default.	C	-	D

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

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, at the internet address www.westpac.co.nz or 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 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 to Note 22), a copy of the Crown Deed of Guarantee and Supplemental Deed to the Crown Deed of Guarantee between the Bank and the New Zealand Government (refer note below) and a copy of the Crown Wholesale Funding Guarantee granted by the New Zealand Government in respect of the Bank (refer note below).

Guarantee arrangements

Certain material obligations of the Bank are guaranteed as at the date the Directors signed this General Short Form Disclosure Statement.

Government guarantees

The Bank has a guarantee under the New Zealand deposit guarantee scheme ('**Deposit Guarantee Scheme**'). The Bank and the New Zealand Government ('**Crown**') entered into a Crown Deed of Guarantee on 11 November 2008 pursuant to the Deposit Guarantee Scheme, which was amended by a Supplemental Deed dated 24 November 2008 (together '**Deposit Guarantee**').

The Bank also has a guarantee under the New Zealand wholesale funding guarantee facility ('**Wholesale Funding Guarantee Facility**'). The Bank and the Crown have entered into a Crown Wholesale Funding Guarantee Facility Deed dated 23 February 2009. The Crown has also provided a Crown Wholesale Funding Guarantee in respect of the Bank by deed dated 23 February 2009 ('**Wholesale Guarantee**') and has issued Guarantee Eligibility Certificates in respect of certain liabilities of the Bank pursuant to the Wholesale Guarantee.

The following descriptions of the Deposit Guarantee and the Wholesale Guarantee ('**Government Guarantees**') are for general information purposes only, and do not purport to be exhaustive or definitive. For full information on the terms of the Government Guarantees, reference should be made to the Guarantees, a copy of each of which is included in the Bank's Supplemental Disclosure Statement.

The guarantor of the Bank's obligations under the Guarantees is the Crown. The Crown's address for service in relation to the Deposit Guarantee, is 1 The Terrace, Wellington, New Zealand.

Guarantee arrangements (continued)

The Crown's address for service in relation to the Wholesale Guarantee is:

(i) Minister of Finance, Parliament Buildings, Wellington; or

(ii) New Zealand High Commissioner in London at the address of the New Zealand High Commission in London for the time being; or

(iii) New Zealand Consul and Trade Commissioner at the address of the New Zealand Consulate-General in New York for the time being,

in each case with a copy (made by delivery by hand or facsimile) to The Treasurer, The New Zealand Debt Management Office, 1 The Terrace, Wellington, New Zealand.

Further information about the Guarantees may be obtained from the Treasury internet site www.treasury.govt.nz. The most recent audited financial statements of the Crown may also be obtained from the Treasury internet site.

The Crown has the following credit ratings in respect of its long-term obligations payable in New Zealand dollars. There have not been any changes to the ratings in the two years immediately before the latest balance date. The outlook for the ratings issued by Moody's Investors Service and Standard & Poor's is stable, and there have been no changes in the outlook for those ratings in the two years immediately before the latest balance date. The outlook for the rating issued by Fitch Ratings is negative, the outlook for that rating having changed from stable to negative on 16 July 2009.

Rating Agency	The Crown's Current Credit Rating
Fitch Ratings	AAA
Moody's Investors Service	Aaa
Standard & Poor's	AAA

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

For an explanation of the credit rating scales see the table under the sub-heading "Descriptions of credit rating scales" on page 3 of this General Short Form Disclosure Statement.

Deposit guarantee

Obligations guaranteed

The obligations guaranteed by the Crown under the Deposit Guarantee are obligations of the Bank to pay money (whether present or future) to a Creditor (as defined below) under debt securities ('**Indebtedness**').

Subject to the terms of the Deposit Guarantee, the Crown:

(i) guarantees to each Creditor from time to time, the due and punctual payment by the Bank of:

  (a) all Indebtedness that becomes due and payable between 12 October 2008 and 11 October 2010 (inclusive) ('**Guarantee Period**'); and

  (b) if a default event of any of the types specified in paragraphs (b) to (g) (inclusive) of the definition of "Default Event" in the Deposit Guarantee occurs during the Guarantee Period, all Indebtedness that exists on the date of that Default Event (whether or not that Indebtedness is due and payable during the Guarantee Period) and all interest accruing thereon in accordance with the terms of that Indebtedness; and

(ii) undertakes to each Creditor from time to time that, if the Bank does not pay to any Creditor any Indebtedness or interest guaranteed when due and payable, then the Crown will pay the amount of that Indebtedness or interest to the Creditor when due and payable (except to the extent that the Indebtedness or interest is not paid solely as a result of administrative or technical error and is subsequently paid within seven days of its due date).

In this context a '**Creditor**' is anyone to whom the Bank has an obligation to pay money (whether present or future) under a debt security, excluding:

(i) a 'Related Party' of the Bank, as that term is defined in section 157B of the Reserve Bank Act, as if:

  (a) the Bank was a 'deposit taker'; and

  (b) 'related party' included anyone who is a subsidiary of, or who is (or whose business or affairs are substantially) controlled by, any person of whom the Bank is a subsidiary or by whom the Bank is (or its business or affairs are substantially) controlled;

(ii) a 'financial institution', as that term is defined in section 2 of the Reserve Bank Act and including:

  (a) a 'collective investment scheme' as that term is defined in section 157B of the Reserve Bank Act (as if that term also included any 'superannuation fund' or 'superannuation scheme' as those terms are defined in section YA1 of the Income Tax Act 2007) or an issuer, trustee or manager of any such scheme acting in that capacity;

  (b) an 'insurer' as that term is defined in section 2 of the Insurance Companies (Ratings and Inspections) Act 1994 or anyone carrying on the business of providing insurance cover (of whatever nature);

  (c) anyone carrying on business as a sharebroker, an investment adviser or a fund manager (to the extent that person is acting in that capacity); or

  (d) anyone who is a subsidiary of, or who is (or whose business or affairs are substantially) controlled by, a financial institution within (a), (b) or (c) above; and

Guarantee arrangements (continued)

(iii) subject to (v) below, anyone acting (directly or indirectly) as a nominee of, or a trustee for, anyone referred to in (i) or (ii) above,

but including:

(iv) anyone designated by the Crown, in accordance with the Deposit Guarantee, to be a 'Nominated Beneficiary' for the purposes of the Deposit Guarantee; and

(v) if a person ('A') would be a Creditor if directly owed Indebtedness by the Bank, any person ('B') who is bare trustee for A (to the extent that B is acting in that capacity).

A debt security generally means any interest in or right to be paid money that is, or is to be, deposited with or lent to any person (whether or not the interest or right is secured by a charge over any property). It includes deposits, term deposits, current accounts, bonds, bank bills and debentures.

Subordinated debt is not covered by the Deposit Guarantee. Subordinated debt refers to obligations of the Bank which in terms of priority of payment and otherwise on a winding-up, dissolution or liquidation of the Bank would rank behind the unsecured unsubordinated obligations of the Bank.

Limits on the amount of obligations guaranteed

The maximum liability of the Crown to each Creditor under the Deposit Guarantee is $1 million, or such other amount as may be specified in respect of a 'Nominated Beneficiary' pursuant to the Deposit Guarantee. The $1 million cap is on individual Creditors (e.g. a natural person or company), not on individual bank accounts.

Material conditions applicable to the guarantee

The following is a summary of material conditions applicable to the Deposit Guarantee other than non-performance by the Bank.

Except to the extent agreed in writing by the Crown, the Crown will not be liable to any Creditor under the Deposit Guarantee if, as at 11 November 2008, a '**Default Event**' (as that term is defined in the Deposit Guarantee) with respect to the Bank has occurred and is continuing unremedied. Also, any Indebtedness which arises following a Default Event, other than interest accruing on Indebtedness existing at the Default Event, is not covered by the Deposit Guarantee, except to the extent otherwise agreed by the Crown in writing.

The Crown will not be obliged to make a payment to a Creditor under the Deposit Guarantee unless and until the Crown:

(i) receives a notice of claim from the Creditor in respect of relevant Indebtedness; and

(ii) has satisfied itself as to the amount of the Indebtedness and as to such other matters as the Crown reasonably considers appropriate in order to ascertain the extent of its liability under the Deposit Guarantee in respect of that Indebtedness.

Where the Bank's Indebtedness is or becomes the subject of any guarantee, indemnity or other arrangement under which it is effectively guaranteed, or the relevant Creditor is effectively indemnified in respect of any non-payment of that indebtedness by any other person, the Bank must notify the Crown of that arrangement. The Bank must also use all reasonable endeavours to ensure that Creditors claim under that other arrangement before claiming against the Crown under the Deposit Guarantee and/or that the Crown has the benefit of that other arrangement in respect of any amounts paid to Creditors under the Deposit Guarantee.

Expiry and withdrawal of the guarantee

The Deposit Guarantee, in its current form, is due to expire at the end of 11 October 2010. The Deposit Guarantee may be withdrawn by the Crown in certain circumstances. The Bank does not have an option to roll over or renew the Deposit Guarantee.

Where the Bank fails to comply with:

(i) certain information requests from the Crown;

(ii) any prudential supervision direction, notice or requirement under the Reserve Bank Act or otherwise; or

(iii) the terms of any trust deed for debt securities issued by the Bank,

and the appropriate notice has been given by the Crown pursuant to the Deposit Guarantee, the Crown may withdraw the Deposit Guarantee.

Under the Deposit Guarantee, if the Crown reasonably considers that the business or affairs of the Bank or any member of the Banking Group are being, or are intended or likely to be, carried on in a manner which will or may extend the effective benefit of the Deposit Guarantee to persons who are not intended to receive that benefit or is or would be otherwise inconsistent with the intentions of the Crown in entering into the Deposit Guarantee, the Crown may withdraw the Deposit Guarantee by written notice to the Bank. Upon such a withdrawal, the Deposit Guarantee will not cover Indebtedness to a Creditor who is concerned in, and has or ought to have knowledge of, the activities described in this paragraph.

The Crown may also withdraw the Deposit Guarantee for any other reason by written notice to the Bank provided that it first offers to enter into a new guarantee, effective from the date of withdrawal of the Deposit Guarantee, with the Bank on terms the Crown reasonably considers to be not materially adverse to Creditors generally as compared to the Deposit Guarantee.

The Deposit Guarantee does not cover Indebtedness which arises following the date of a withdrawal (other than interest accruing on Indebtedness existing at the date of withdrawal).

Guarantee fees

Under the Deposit Guarantee, the Bank was required to pay a fee of 10 basis points (or 0.1%) on the amounts owing to Creditors to the extent that the amount owing exceeded $5 billion as at 12 October 2008. An additional 10 basis point fee is payable in respect of the position as at 12 October 2009.

Guarantee arrangements (continued)

Wholesale guarantee

Obligations guaranteed

The obligations guaranteed by the Crown under the Wholesale Guarantee are obligations of the Bank to pay money to a Beneficiary (as defined below) under a Guaranteed Liability. A Guaranteed Liability is a liability to pay principal or interest in respect of which the Crown has issued a Guarantee Eligibility Certificate under the Wholesale Guarantee, but excluding any penalty interest or other amount only payable following a default.

For a liability of the Bank to be covered by the Wholesale Guarantee, the Bank must apply to the Crown for a Guarantee Eligibility Certificate in respect of that liability. A liability of the Bank is only a Guaranteed Liability if a Guarantee Eligibility Certificate has been issued in relation to it. The decision to issue a Guarantee Eligibility Certificate in respect of a liability of the Bank is at the sole and absolute discretion of the Crown.

Subject to the terms of the Wholesale Guarantee, including the material conditions described below under the heading "Material conditions applicable to the guarantee", under the Wholesale Guarantee the Crown irrevocably:

(i) guarantees to each Beneficiary the payment by the Bank of the Guaranteed Liabilities owed to that Beneficiary; and

(ii) undertakes to each Beneficiary that, if the Bank does not pay any Guaranteed Liability owed to that Beneficiary on its due date, the Crown will, within five business days of demand being made in accordance with the terms of the Wholesale Guarantee and following the expiry of any applicable grace period, pay that Guaranteed Liability.

In this context, a Beneficiary means each person to whom a Guaranteed Liability is from time to time owed, excluding:

(i) a 'Related Party' of the Bank as that term is defined in section 157B of the Reserve Bank Act, as if:

  (a) the Bank was a 'deposit taker'; and

  (b) 'related party' included anyone who is a subsidiary of, or who is (or whose business or affairs are substantially) controlled by, any person of whom the Bank is a subsidiary or by whom the Bank is (or its business or affairs are substantially) controlled; and

(ii) anyone acting (directly or indirectly) as a nominee of or trustee for anyone referred to in (i).

The Crown has issued Guarantee Eligibility Certificates in respect of payment obligations of the Bank under certain notes issued by the Bank. The Crown has also issued Guarantee Eligibility Certificates in respect of payment obligations of the Bank as guarantor of certain notes issued by Westpac Securities NZ Limited. Copies of the Guarantee Eligibility Certificates issued, which provide further details of the obligations of the Bank guaranteed by the Crown under the Wholesale Guarantee, are available on the New Zealand Treasury internet site www.treasury.govt.nz.

Limits on the amount of obligations guaranteed

The obligations of the Crown in respect of a Guaranteed Liability are limited to the relevant payment obligations of the Bank in respect of principal and interest under the particular debt securities which are specified in the relevant Guarantee Eligibility Certificate.

Material conditions applicable to the guarantee

The material conditions applicable to the Wholesale Guarantee, other than non-performance by the Bank, are summarised below.

(i) The Crown will not be liable in respect of any Guaranteed Liability which has been varied, amended, waived, released, novated, supplemented, extended or restated in any respect without the prior written consent of the Crown.

(ii) The Crown is not obliged to make a payment under the Wholesale Guarantee unless and until the Crown receives a written demand for that payment that is:

  (a) delivered to the Crown in accordance with the terms of the Wholesale Guarantee or in such other manner as the Crown may from time to time agree;

  (b) in the form set out in Schedule 2 of the Wholesale Guarantee; and

  (c) signed by a Beneficiary or, if there is a trustee in respect of the relevant Guaranteed Liability, by that trustee (or, as the case may be, a duly authorised agent of that Beneficiary or trustee).

(iii) Special conditions may be specified in the Guarantee Eligibility Certificate in respect of a particular Guaranteed Liability.

The Crown has also imposed a requirement that locally incorporated registered banks having the benefit of the Wholesale Funding Guarantee Facility maintain an additional 2% Tier One Capital buffer, above the regulatory minimum 4% Tier One Capital ratio. The Crown has indicated that, if this additional buffer is not maintained by a bank, no further Guarantee Eligibility Certificates will be issued in relation to the bank's liabilities. This requirement applies to the Bank.

Expiry and withdrawal of the guarantee

In respect of each Guaranteed Liability, the guarantee under the Wholesale Guarantee will expire at midnight on the date falling 30 days after the earlier of:

(i) the scheduled maturity date of the security under which that Guaranteed Liability arises; and

(ii) the date falling five years after the issue date of the security under which that Guaranteed Liability arises.

There is no provision for the withdrawal of the Wholesale Guarantee in respect of a Guaranteed Liability.

Guarantee fees

The Bank is required to pay a fee in respect of each Guarantee Eligibility Certificate, fixed at the discretion of the Crown. The Crown has published an indicative fee schedule on the Treasury internet site www.treasury.govt.nz, but this schedule is not binding on the Crown.

Conditions of registration

The conditions of registration imposed on the Bank, which applied from 1 July 2009, 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 $30 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.

3. That the Banking Group's insurance business is not greater than 1 percent 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.

Conditions of registration (continued)

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.
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 March 2010, 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 23 June 2009, with effect from 1 July 2009, 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 2009 has been changed to 31 March 2010.

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

Conditions of registration (continued)

Review of operating model

Consistent with its responsibilities as a host country regulator supervising a number of banks owned by foreign domiciled financial institutions, for systemically important banks such as the Bank, the Reserve Bank of New Zealand relies on prudential requirements intended to promote appropriate separation between the interests of the owners of such banks and the banks themselves. It does this through its local incorporation and outsourcing policies. These requirements include governance arrangements requiring the directors of locally incorporated banks to act in the best interests of the bank, and therefore in a way more likely to retain value in the New Zealand entity. There is also supervision of (amongst other things) exposures between the local bank and its parent and delegation of key management and board responsibilities from the local bank to its parent. Until 1 November 2006, the Ultimate Parent Bank conducted its operations within New Zealand in a branch structure. On that date, and after extensive consultation with the Reserve Bank of New Zealand, the Ultimate Parent Bank adopted a dual registration operating model including a locally incorporated subsidiary, the Bank, to conduct its retail and business banking activities in New Zealand; and a branch, the NZ Branch. The Bank and the NZ Branch's conditions of registration are consistent with these operating model arrangements. In 2008, it became apparent that both the Bank and the NZ Branch had been non-compliant with their conditions of registration. Consequently, the Reserve Bank of New Zealand has asked that the Ultimate Parent Bank reviews the structure of its operating model to ensure that it is able to sustain durable compliance with the Reserve Bank of New Zealand's prudential policies. Accordingly, it has been agreed that an independent review would take place, with the terms of reference for the review established through consultation between the Reserve Bank of New Zealand, the Bank and the NZ Branch. This review is being conducted under the well established processes and framework of section 95 of the Reserve Bank Act. The Board anticipates that any consequent operating model and governance changes will be appropriately outlined in the Bank's and the NZ Branch's General Disclosure Statements following the completion of the review.

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, the General Short Form Disclosure Statement:

a. contains all the information that is required by the Order; and

b. is not false or misleading.

Each Director of the Bank believes, after due enquiry that, over the nine months ended 30 June 2009:

a. subject to Review of operating model paragraph on page 9, the Bank has complied with the conditions of registration imposed on it pursuant to section 74 of the Reserve Bank Act;

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

c. the Bank had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

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

Peter David Wilson

Elizabeth Blomfield Bryan

George Frazis

Gail Patricia Kelly

Harold Maffey Price

Ralph Graham Waters

Dated the 29th day of July 2009

Consolidated short form financial statements

Contents

Consolidated income statement for the nine months ended 30 June 2009

	Note	The Banking Group Nine Months Ended 30 June 2009 Unaudited $m	Nine Months Ended 30 June 2008 Unaudited $m	Year Ended 30 September 2008 Audited $m
Interest income		**3,084**	3,193	4,327
Interest expense		**(2,063)**	(2,239)	(3,052)
Net interest income		**1,021**	954	1,275
Non-interest income:				
Fees and commissions		**233**	249	321
Loss on ineffective hedges		**(3)**	(4)	(1)
Share of net profit of associate		**-**	48	48
Other non-interest income		**43**	25	60
Total non-interest income		**273**	318	428
Net operating income		**1,294**	1,272	1,703
Operating expenses		**(513)**	(501)	(709)
Impairment charges on loans	2	**(515)**	(97)	(170)
Profit before income tax expense		**266**	674	824
Income tax expense		**(78)**	(210)	(262)
Profit after income tax expense		**188**	464	562
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		**186**	462	559

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

Consolidated statement of changes in equity for the nine months ended 30 June 2009

	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 2007 (audited)	2,415	236	21	-	9	2,681
Effect of change in accounting policy						
Adjustment on recognition of actuarial gains on employee defined benefit superannuation plans (Note 1.2)	-	19	-	-	-	19
Income tax effect	-	(6)	-	-	-	(6)
Total effect of change in accounting policy	-	13	-	-	-	13
Restated total equity as at 1 October 2007 (unaudited)	2,415	249	21	-	9	2,694
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
Share-based payment	-	-	-	-	-	-
Dividends paid or provided	-	(431)	-	-	-	(431)
Other minority interests	-	-	-	-	(4)	(4)
As at 30 June 2008 (unaudited)	3,800	280	9	22	7	4,118
Effect of change in accounting policy						
Adjustment on recognition of actuarial gains on employee defined benefit superannuation plans (Note 1.2)	-	(17)	-	-	-	(17)
Income tax effect	-	5	-	-	-	5
Total effect of change in accounting policy	-	(12)	-	-	-	(12)
Restated total equity as at 30 June 2008 (unaudited)	3,800	268	9	22	7	4,106

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

Consolidated statement of changes in equity (continued) for the nine months ended 30 June 2009

	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 2007 (audited)	2,415	236	21	-	9	2,681
Effect of change in accounting policy						
Adjustment on recognition of actuarial gains on employee defined benefit superannuation plans (Note 1.2)	-	19	-	-	-	19
Income tax effect	-	(6)	-	-	-	(6)
Total effect of change in accounting policy	-	13	-	-	-	13
Restated total equity as at 1 October 2007 (unaudited)	2,415	249	21	-	9	2,694
Year ended 30 September 2008						
Net gains from changes in available-for-sale securities (net of tax)	-	-	-	16	-	16
Net losses 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	-	559	-	-	3	562
Total recognised income and expenses for the year ended 30 September 2008	-	559	(24)	16	3	554
Share capital issued	2,135	-	-	-	-	2,135
Dividends paid or provided	-	(331)	-	-	-	(331)
Subvention distribution	-	(150)	-	-	-	(150)
Income tax effect	-	50	-	-	-	50
Other minority interests	-	-	-	-	(4)	(4)
As at 30 September 2008 (audited)	4,550	377	(3)	16	8	4,948
Effect of change in accounting policy						
Adjustment on recognition of actuarial losses on employee defined benefit superannuation plans (Note 1.2)	-	(49)	-	-	-	(49)
Income tax effect	-	16	-	-	-	16
Total effect of change in accounting policy	-	(33)	-	-	-	(33)
Restated total equity as at 30 September 2008 (unaudited)	4,550	344	(3)	16	8	4,915
Nine months ended 30 June 2009						
Net gains from changes in available-for-sale investments (net of tax)	**-**	**-**	**-**	**1**	**-**	**1**
Net losses from changes in fair value of cash flow hedges	**-**	**-**	**(23)**	**-**	**-**	**(23)**
Income tax effect	**-**	**-**	**7**	**-**	**-**	**7**
Transferred to income statement	**-**	**-**	**(2)**	**-**	**-**	**(2)**
Income tax effect	**-**	**-**	**-**	**-**	**-**	**-**
Profit after income tax expense	**-**	**186**	**-**	**-**	**2**	**188**
Total recognised income and expenses for the nine months ended 30 June 2009	**-**	**186**	**(18)**	**1**	**2**	**171**
Share capital issued	**220**	**-**	**-**	**-**	**-**	**220**
Share capital redeemed	**(1,300)**	**-**	**-**	**-**	**-**	**(1,300)**
Dividends paid or provided	**-**	**(324)**	**-**	**-**	**-**	**(324)**
Other minority interests	**-**	**-**	**-**	**-**	**(3)**	**(3)**
As at 30 June 2009 (unaudited)	**3,470**	**206**	**(21)**	**17**	**7**	**3,679**

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 2009

		The Banking Group		
	Note	**30 June 2009 Unaudited $m**	30 June 2008 Unaudited $m	30 September 2008 Audited $m
Assets				
Cash		**359**	104	110
Due from other financial institutions		**4**	-	3
Derivative financial instruments		**29**	-	12
Other trading securities	3	**4,982**	1,316	1,973
Available-for-sale securities		**36**	41	35
Loans	4,5	**47,623**	45,965	46,795
Due from related entities		**393**	2,588	2,349
Investment in associate		**48**	48	48
Goodwill and other intangible assets		**572**	592	579
Property, plant and equipment		**91**	81	76
Deferred tax assets		**270**	96	132
Other assets		**177**	183	183
Total assets		**54,584**	51,014	52,295
Liabilities				
Deposits at fair value	6	**4,427**	4,507	4,163
Deposits at amortised cost	6	**28,788**	27,943	28,064
Derivative financial instruments		**-**	2	-
Other trading liabilities at fair value	7	**2,123**	-	-
Debt issues	8	**10,376**	11,469	11,102
Current tax liabilities		**19**	39	69
Provisions		**74**	54	67
Other liabilities		**621**	564	696
Total liabilities excluding subordinated debentures and due to related entities		**46,428**	44,578	44,161
Perpetual subordinated notes	9	**970**	970	970
Total liabilities excluding due to related entities		**47,398**	45,548	45,131
Due to related entities		**3,507**	1,360	2,249
Total liabilities		**50,905**	46,908	47,380
Net assets		**3,679**	4,106	4,915
Represented by:				
Equity				
Ordinary share capital		**3,470**	2,500	3,250
Preference share capital		**-**	1,300	1,300
Retained profits		**206**	268	344
Available-for-sale securities reserve		**17**	22	16
Cash flow hedge reserve		**(21)**	9	(3)
Total equity attributable to equity holders of Westpac New Zealand Limited		**3,672**	4,099	4,907
Minority interests		**7**	7	8
Total equity		**3,679**	4,106	4,915

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

Consolidated statement of cash flows for the nine months ended 30 June 2009

	The Banking Group		
	Nine Months Ended 30 June 2009 Unaudited $m	Nine Months Ended 30 June 2008 Unaudited $m	Year Ended 30 September 2008 Audited $m
Cash flows from operating activities			
Interest income received	**3,125**	3,183	4,320
Interest paid	**(2,291)**	(2,254)	(3,010)
Other non-interest income received	**243**	268	378
Net (acquisition)/disposal of other trading securities	**(3,009)**	1,067	409
Net acquisition of other trading liabilities at fair value	**2,255**	-	-
Net (acquisition)/disposal of derivative financial instruments	**(17)**	(14)	21
Operating expenses paid	**(462)**	(423)	(584)
Income tax paid	**(169)**	(103)	(144)
Net cash flows from operating activities	**(325)**	1,724	1,390
Cash flows from investing activities			
Net disposal of available-for-sale securities	**-**	30	29
Net loans advanced to customers	**(1,343)**	(3,503)	(4,406)
Net decrease/(increase) in due from related entities	**1,930**	(1,637)	(1,493)
Net (increase)/decrease in other assets	**(6)**	3	-
Purchase of capitalised computer software	**(27)**	(24)	(38)
Purchase of property, plant and equipment	**(29)**	(10)	(20)
Net cash provided by/(used in) investing activities	**525**	(5,141)	(5,928)
Cash flows from financing activities			
Issue of ordinary share capital	**-**	85	835
(Redemption)/issue of preference share capital	**(1,300)**	1,300	1,300
Net increase in deposits	**988**	3,039	2,816
Net redemption from debt issues	**(726)**	(230)	(597)
Net increase/(decrease) in other liabilities and provisions	**11**	(88)	(37)
Net increase/(decrease) in due to related entities	**1,184**	(252)	667
Payment of dividends on ordinary shares	**(107)**	(435)	(335)
Payment of subvention distribution (net of tax)	**-**	-	(100)
Net cash provided by financing activities	**50**	3,419	4,549

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

Consolidated statement of cash flows (continued) for the nine months ended 30 June 2009

	The Banking Group		
	Nine Months Ended 30 June 2009 Unaudited $m	Nine Months Ended 30 June 2008 Unaudited $m	Year Ended 30 September 2008 Audited $m
Net increase in cash and cash equivalents	**250**	2	11
Cash and cash equivalents at beginning of the period/year	**113**	102	102
Cash and cash equivalents at end of the period/year	**363**	104	113
Cash and cash equivalents comprise			
Cash and balances with central banks	**359**	104	110
Due from other financial institutions – at call	**4**	-	3
Cash and cash equivalents at end of the period/year	**363**	104	113
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	**186**	462	559
Adjustments:			
Software amortisation costs	**34**	35	49
Impairment charges on intangible assets	**-**	-	13
Impairment charges on property, plant and equipment	**-**	-	8
Impairment charges on loans	**515**	97	170
Depreciation/amortisation	**14**	17	24
Share of net profit of associate	**-**	(48)	(48)
Share-based payments	**3**	2	5
Minority interests in subsidiary companies	**2**	2	3
Movement in accrued assets	**12**	(12)	(9)
Movement in accrued liabilities and provisions	**(140)**	113	70
Movement in income tax provisions	**(187)**	4	104
Net (acquisition)/disposal of other trading securities	**(3,009)**	1,066	409
Net acquisition of other trading liabilities at fair value	**2,255**	-	-
Net (acquisition)/disposal of derivative financial instruments	**(17)**	(14)	21
Tax effect of change in cash flow hedge reserve	**7**	-	12
Net cash flows from operating activities	**(325)**	1,724	1,390

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

Notes to the consolidated short form financial statements

Note 1 Statement of accounting policies

General accounting policies

Statutory base

These consolidated short form financial statements are prepared and presented in accordance with the Financial Reporting Act 1993 (New Zealand), the Order, the Reserve Bank Act, 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. These financial statements comply with NZ IFRS 34. The financial report of the Banking Group, comprising the financial statements and accompanying notes, complies with International Financial Reporting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

These financial statements were authorised for issue by the Board on 29 July 2009.

Basis of preparation

The financial statements are based on the general principles of historical cost accounting, as modified by the fair value accounting for available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss 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 used in preparing the General Disclosure Statements for the year ended 30 September 2008 and for the six months ended 31 March 2009, except as disclosed in Note 1.2 below.

The prior period comparatives for amounts due from and due to related entities have been restated as outlined in the explanation in Note 22.

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.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by the Bank and the results of all subsidiaries. The effects of all transactions between entities in the Banking Group are eliminated. Control exists when the parent entity has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

Subsidiaries are fully consolidated from the date on which control commences and they are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Banking Group.

The interest of minority shareholders is stated at minority's proportion of the net profit and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly by the Bank. Any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the Bank.

Westpac NZ Securitisation Holdings Limited ('**WNZSHL**') and its wholly-owned subsidiary company, Westpac NZ Securitisation Limited ('**WNZSL**'), were incorporated on 14 October 2008. The Banking Group, through its subsidiary, Westpac NZ Operations Limited, has a qualifying interest of 9.5% in WNZSHL. Through contractual arrangements put in place, the Banking Group is deemed to control both WNZSHL and WNZSL.

Foreign currency

Foreign currency assets and liabilities have been translated into New Zealand dollars at the rate of foreign exchange ruling as at balance date. Transactions denominated in a foreign currency are converted to New Zealand dollars at the exchange rates in effect at the date of the transaction.

Foreign exchange differences relating to monetary items and gains and losses arising from foreign exchange dealings by the Banking Group have been included in the income statement except where deferred in equity as qualifying cash flow hedges.

1.2 Change in accounting policies

With effect from 1 October 2007, the Banking Group changed its accounting treatment for actuarial gains and losses on its employee defined benefit superannuation plans. The revised policy brings to account all unrecognised actuarial gains/losses outside of the profit and loss directly in the statement of changes in equity. Previously the Banking Group applied the corridor approach. As at 1 October 2007, the cumulative change resulted in an increase in retained earnings of $12.7 million and a decrease in the retirement benefit deficit balance by $19.1 million (30 September 2008 decrease in retained earnings of $20.2 million and an increase in the retirement benefit deficit balance by $30.3 million; 30 June 2008 increase in retained earnings by $1.1 million and a decrease in the retirement benefit deficit balance by $1.6 million). As at 30 June 2009, the cumulative change resulted in a decrease in retained earnings of $19.5 million and an increase in the retirement benefit deficit balance by $27.9 million. Deferred tax entries account for the difference between the change to retained earnings and the retirement benefit deficit balance.

1.3 Past due assets for prior periods

As a result of continuing analysis of the Banking Group's credit data, it has been determined that past due assets 1 to 89 days and 90+ days were overstated in prior periods. The comparative periods' disclosures for the nine months ended 30 June 2008 and the year ended 30 September 2008 have been restated and disclosed in Note 5 of this General Short Form Disclosure Statement.

Note 2 Impairment on loans

	The Banking Group		
	Nine Months Ended 30 June 2009 Unaudited $m	Nine Months Ended 30 June 2008 Unaudited $m	Year Ended 30 September 2008 Audited $m
Collectively assessed provision	**126**	32	63
Collective write-off	**47**	40	55
Individually assessed provisions	**358**	32	64
Individually assessed write-off	**7**	7	9
Interest adjustments	**(23)**	(14)	(21)
Total impairment charges on loans	**515**	97	170

	The Banking Group			
	Nine Months Ended 30 June 2009 – Unaudited			
	Residential Mortgages $m	**Other Loans for Consumer Purposes $m**	**Loans for Business Purposes $m**	**Total $m**
Collectively assessed provision	**10**	**3**	**113**	**126**
Collective write-off	**-**	**47**	**-**	**47**
Individually assessed provisions	**60**	**-**	**298**	**358**
Individually assessed write-off	**2**	**-**	**5**	**7**
Interest adjustments	**(2)**	**(8)**	**(13)**	**(23)**
Total impairment charges on loans	**70**	**42**	**403**	**515**

	The Banking Group			
	Nine Months Ended 30 June 2008 – Unaudited			
	Residential Mortgages $m	Other Loans for Consumer Purposes $m	Loans for Business Purposes $m	Total $m
Collectively assessed provision	9	8	15	32
Collective write-off	-	40	-	40
Individually assessed provisions	17	-	15	32
Individually assessed write-off	1	-	6	7
Interest adjustments	(1)	(6)	(7)	(14)
Total impairment charges on loans	26	42	29	97

	The Banking Group			
	Year Ended 30 September 2008 – Audited			
	Residential Mortgages $m	Other Loans for Consumer Purposes $m	Loans for Business Purposes $m	Total $m
Collectively assessed provision	10	12	41	63
Collective write-off	-	55	-	55
Individually assessed provisions	23	-	41	64
Individually assessed write-off	2	-	7	9
Interest adjustments	(2)	(8)	(11)	(21)
Total impairment charges on loans	33	59	78	170

Notes to the consolidated short form financial statements

Note 3 Other trading securities

	The Banking Group		
	30 June 2009 Unaudited $m	30 June 2008 Unaudited $m	30 September 2008 Audited $m
Other trading securities			
Trading securities	**4,982**	1,316	1,973
Total other trading securities	**4,982**	1,316	1,973
Trading securities			
Listed			
NZ Government securities	**2,445**	-	-
Total listed trading securities	**2,445**	-	-
Unlisted			
NZ corporate securities:			
Certificates of deposit	**2,537**	1,316	1,973
Total unlisted trading securities	**2,537**	1,316	1,973
Total trading securities	**4,982**	1,316	1,973

As at 30 June 2009, included in trading securities of the Banking Group were $250 million encumbered through repurchase agreements.

Note 4 Loans

	The Banking Group		
	30 June 2009 Unaudited $m	30 June 2008 Unaudited $m	30 September 2008 Audited $m
Overdrafts	**1,080**	1,121	1,140
Credit card outstandings	**1,168**	1,117	1,149
Money market loans	**579**	727	594
Term loans:			
Housing	**32,294**	30,967	31,353
Non-housing	**12,937**	12,028	12,603
Other	**291**	251	256
Total gross loans	**48,349**	46,211	47,095
Provisions for impairment charges on loans	**(726)**	(246)	(300)
Total net loans	**47,623**	45,965	46,795

During the current reporting period, the Banking Group has undertaken repurchase agreements with the Reserve Bank of New Zealand using residential mortgage backed securities. The repurchase cash amount as at 30 June 2009 is $1,814 million with underlying securities to the value of $2,253 million provided under the arrangement.

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 2009 Unaudited $m	Nine Months Ended 30 June 2008 Unaudited $m	Year Ended 30 September 2008 Audited $m
Individually impaired assets			
Balance at beginning of the period/year	**278**	112	112
Movement for the period/year	**554**	85	166
Balance at end of the period/year	**832**	197	278
Undrawn balance	**-**	-	-
Restructured assets			
Balance at beginning of the period/year	**-**	2	2
Movement for the period/year	**-**	(1)	(2)
Balance at end of the period/year	**-**	1	-
Undrawn balance	**-**	-	-
Past due assets 1 to 89 days[1]			
Balance at beginning of the period/year	**2,139**	3,275	3,275
Movement for the period/year	**(287)**	(803)	(1,136)
Balance at end of the period/year	**1,852**	2,472	2,139
Past due assets 90+ days[1]			
Balance at beginning of the period/year	**221**	126	126
Movement for the period/year	**142**	88	95
Balance at end of the period/year	**363**	214	221
Undrawn balance	**-**	-	-
Other assets under administration[1]			
Balance at beginning of 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	**65**	26	26
Movement for the period/year	**312**	13	39
Balance at end of the period/year	**377**	39	65
Collectively assessed provision			
Balance at beginning of the period/year	**257**	194	194
Movement for the period/year	**126**	32	63
Balance at end of the period/year	**383**	226	257
Total impairment provisions	**760**	265	322
Provisions for impairment on loans	**726**	246	300
Provisions for impairment on off-balance sheet credit exposures	**34**	19	22
Total impairment provisions	**760**	265	322

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 security enforcement.

Comparative numbers for past due assets 1-89 days and 90+ days have been restated. Refer to Note 1.3 for further information.

The above table is further analysed by class in the following tables.

Notes to the consolidated short form financial statements

Note 5 Impaired assets (continued)

Residential mortgages

	The Banking Group		
	Nine Months Ended 30 June 2009 Unaudited $m	Nine Months Ended 30 June 2008 Unaudited $m	Year Ended 30 September 2008 Audited $m
Individually impaired assets			
Balance at beginning of the period/year	**190**	74	74
Additions	**347**	172	258
Amounts written off	**(14)**	(5)	(12)
Returned to performing or repaid	**(178)**	(87)	(130)
Balance at end of the period/year	**345**	154	190
Undrawn balance	**-**	-	-
Past due assets 1 to 89 days[1]			
Balance at beginning of the period/year	**1,394**	2,559	2,559
Additions	**5,460**	6,089	7,971
Deletions	**(5,741)**	(7,106)	(9,136)
Balance at end of the period/year	**1,113**	1,542	1,394
Past due assets 90+ days[1]			
Balance at beginning of the period/year	**75**	37	37
Additions	**296**	173	248
Deletions	**(245)**	(150)	(210)
Balance at end of the period/year	**126**	60	75
Undrawn balance	**-**	-	-
Individually assessed provisions			
Balance at beginning of the period/year	**24**	15	15
Impairment charges on loans:			
New provisions	**70**	30	34
Recoveries	**(10)**	(13)	(11)
Impairment charges on loans written off	**(14)**	(7)	(14)
Balance at end of the period/year	**70**	25	24
Collectively assessed provision			
Balance at beginning of the period/year	**30**	20	20
Impairment charges on loans	**10**	9	10
Balance at end of the period/year	**40**	29	30
Total impairment provisions	**110**	54	54
Provisions for impairment on loans	**110**	54	54
Provisions for impairment on off-balance sheet credit exposures	**-**	-	-
Total impairment provisions	**110**	54	54

1 Past due assets are not impaired assets.

Comparative numbers for past due assets 1-89 days and 90+ days have been restated. Refer to Note 1.3 for further information.

Note 5 Impaired assets (continued)

Other loans for consumer purposes

	The Banking Group		
	Nine Months Ended 30 June 2009 Unaudited $m	Nine Months Ended 30 June 2008 Unaudited $m	Year Ended 30 September 2008 Audited $m
Past due assets 1 to 89 days[1]			
Balance at beginning of the period/year	**156**	160	160
Additions	**670**	764	993
Deletions	**(685)**	(742)	(997)
Balance at end of the period/year	**141**	182	156
Past due assets 90+ days[1]			
Balance at beginning of the period/year	**25**	16	16
Additions	**73**	54	76
Deletions	**(67)**	(49)	(67)
Balance at end of the period/year	**31**	21	25
Undrawn balance	**-**	-	-
Collectively assessed provision			
Balance at beginning of the period/year	**61**	49	49
Impairment charges on loans	**3**	8	12
Balance at end of the period/year	**64**	57	61
Total impairment provisions	**64**	57	61
Provisions for impairment on loans	**64**	57	61
Provisions for impairment on off-balance sheet credit exposures	**-**	-	-
Total impairment provisions	**64**	57	61

1 Past due assets are not impaired assets.

Comparative numbers for past due assets 1-89 days and 90+ days have been restated. Refer to Note 1.3 for further information.

Note 5 Impaired assets (continued)

Loans for business purposes

	The Banking Group		
	Nine Months Ended 30 June 2009 Unaudited $m	Nine Months Ended 30 June 2008 Unaudited $m	Year Ended 30 September 2008 Audited $m
Individually impaired assets			
Balance at beginning of the period/year	**88**	38	38
Additions	**457**	44	90
Amounts written off	**(32)**	(3)	(28)
Returned to performing or repaid	**(26)**	(36)	(12)
Balance at end of the period/year	**487**	43	88
Undrawn balance	**-**	-	-
Restructured assets			
Balance at beginning of the period/year	**-**	2	2
Additions	**-**	1	-
Deletions	**-**	(2)	(2)
Balance at end of the period/year	**-**	1	-
Undrawn balance	**-**	-	-
Past due assets 1 to 89 days[1]			
Balance at beginning of the period/year	**589**	556	556
Additions	**3,016**	2,931	3,857
Deletions	**(3,007)**	(2,739)	(3,824)
Balance at end of the period/year	**598**	748	589
Past due assets 90+ days[1]			
Balance at beginning of the period/year	**121**	73	73
Additions	**387**	248	302
Deletions	**(302)**	(188)	(254)
Balance at end of the period/year	**206**	133	121
Undrawn balance	**-**	-	-
Individually assessed provisions			
Balance at beginning of the period/year	**41**	11	11
Impairment charges on loans:			
New provisions	**300**	19	52
Recoveries	**(2)**	(4)	(11)
Impairment charges on loans written off	**(32)**	(12)	(11)
Balance at end of the period/year	**307**	14	41
Collectively assessed provision			
Balance at beginning of the period/year	**166**	125	125
Impairment charges on loans	**113**	15	41
Balance at end of the period/year	**279**	140	166
Total impairment provisions	**586**	154	207
Provisions for impairment on loans	**552**	135	185
Provisions for impairment on off-balance sheet credit exposures	**34**	19	22
Total impairment provisions	**586**	154	207

1 Past due assets are not impaired assets.

Comparative numbers for past due assets 1-89 days and 90+ days have been restated. Refer to Note 1.3 for further information.

Note 6 Deposits

	The Banking Group		
	30 June 2009 Unaudited $m	30 June 2008 Unaudited $m	30 September 2008 Audited $m
Deposits at fair value			
Certificates of deposit	**4,427**	4,507	4,163
Total deposits at fair value	**4,427**	4,507	4,163
Deposits at amortised cost			
Non-interest bearing, repayable at call	**2,151**	2,074	2,030
Other interest bearing:			
At call	**10,709**	10,465	10,951
Term	**15,928**	15,404	15,083
Total deposits at amortised cost	**28,788**	27,943	28,064
Total deposits	**33,215**	32,450	32,227

Note 7 Other trading liabilities at fair value

	The Banking Group		
	30 June 2009 Unaudited $m	30 June 2008 Unaudited $m	30 September 2008 Audited $m
Held for trading			
Securities sold under agreements to repurchase	**2,123**	-	-
Total other trading liabilities at fair value	**2,123**	-	-

Note 8 Debt issues

	The Banking Group		
	30 June 2009 Unaudited $m	30 June 2008 Unaudited $m	30 September 2008 Audited $m
Short-term debt			
Commercial paper	**4,532**	7,130	6,517
Total short-term debt	**4,532**	7,130	6,517
Long-term debt			
Euro medium-term notes	**4,171**	4,298	4,585
Domestic medium-term notes	**1,673**	41	-
Total long-term debt	**5,844**	4,339	4,585
Total debt issues	**10,376**	11,469	11,102

Movement in the debt issues during the reporting periods

	The Banking Group		
	30 June 2009 Unaudited $m	30 June 2008 Unaudited $m	30 September 2008 Unaudited $m
Balance at beginning of the period/year	**11,102**	11,699	11,699
Issuance	**22,170**	25,529	28,545
Repayments	**(22,896)**	(25,759)	(29,142)
Balance at end of the period/year	**10,376**	11,469	11,102

Note 9 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 2009 Unaudited $m	30 June 2008 Unaudited $m	30 September 2008 Audited $m
Perpetual subordinated notes	**970**	970	970
Total subordinated notes	**970**	970	970

Note 10 Interest earning assets and interest bearing liabilities

	The Banking Group		
	30 June 2009 Unaudited $m	30 June 2008 Unaudited $m	30 September 2008 Audited $m
Interest earning and discount bearing assets	**53,898**	49,553	51,430
Interest and discount bearing liabilities	**46,387**	42,445	44,203

Note 11 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 2009 were New Zealand dollar equivalent $8,754 million (30 June 2008: $10,026 million, 30 September 2008: $9,520 million).

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

	The Banking Group		
	30 June 2009 Unaudited $m	30 June 2008 Unaudited $m	30 September 2008 Audited $m
Contingent liabilities			
Direct credit substitutes	**46**	54	52
Underwriting and sub-underwriting facilities	**-**	-	-
Transaction related contingent items	**276**	286	281
Short-term, self liquidating trade related contingent liabilities	**686**	702	788
Total contingent liabilities	**1,008**	1,042	1,121

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.

Note 11 Commitments and contingent liabilities (continued)

The New Zealand Commerce Commission's proceedings against the Bank and The Warehouse Financial Services Limited (a member of the Banking Group) are ongoing. Visa International, Cards NZ Limited, MasterCard International and all New Zealand issuers of Visa and MasterCard credit cards are also defendants. The proceedings allege that the setting of interchange fees 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, similar proceedings issued by a number of New Zealand retailers against the same defendants are also ongoing. These proceedings also seek to declare the conduct illegal and an enquiry into damages. 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. Both proceedings are being defended. The extent of any possible liability cannot be reliably calculated at this stage and accordingly no provision has been made. The proceedings are scheduled for hearing in October 2009.

The New Zealand Inland Revenue Department ('**NZIRD**') has reviewed 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 included 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.

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 2009 was estimated to be $22 million (30 June 2008: $21 million, 30 September 2008: $21 million). The Bank believes it is highly unlikely that 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 2009, 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 12 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 13 Securitisation, funds management, other fiduciary activities and the marketing and distribution of insurance products

Securitisation

As at 30 June 2009, the Banking Group had securitised assets amounting to $572 million (30 June 2008: $643 million, 30 September 2008: $596 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 Bank and the Banking Group receive fees for various services provided to HLT and MIF on an arm's length basis, including servicing fees. These fees are recognised over the financial periods in which the costs are borne.

In addition, the Bank executed a $5.0 billion internal mortgage backed securitisation in October 2008, which increased to $7.5 billion in December 2008. These securities are available for external issuance and the most senior rated securities ($7.25 billion) also qualify as eligible collateral for repurchase agreements with the Reserve Bank of New Zealand. Holding a portion of mortgages in securitised format enables the Bank to maintain a readily available source of cash should market conditions remain difficult. It takes advantage of the Reserve Bank of New Zealand's expanded guidelines for its open market operations, which allow banks in New Zealand to offer securitised residential mortgage assets from their own balance sheets as collateral for the Reserve Bank of New Zealand's repurchase agreements.

Funds management and other fiduciary activities

The Bank markets the products of BT Funds Management (NZ) Limited, a member of the Ultimate Parent Bank Group, through its branch, advisory network and private bank. The Bank derives distribution fees from the sale of managed fund products, superannuation and unit trusts marketed on behalf of BT Funds Management (NZ) Limited. The Bank also provides investment advice to a number of clients, which 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 Bank 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.

Note 13 Securitisation, funds management, other fiduciary activities and the marketing and distribution of insurance products (continued)

Involvement with other fiduciary activities

During the nine months ended 30 June 2009:

- 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 funds management and other fiduciary activities or insurance product marketing and distribution activities described in this note during the nine months ended 30 June 2009 (30 June 2008: nil, 30 September 2008: nil).

The Banking Group did provide funding to WNZSL, a member of the Banking Group involved in securitisation activities. This funding was provided on an intraday basis to facilitate the purchase of mortgages from the Bank in order to establish mortgage backed securities under the internal mortgage backed securitisation described above. As noted above, this was completed in two tranches, $5.0 billion and $2.5 billion. At all times during the quarter the end-of-day balance of funding provided was nil. The peak end-of-day aggregate amount of funding provided to WNZSL (which is also the peak end-of-day aggregate amount of funding provided to all entities conducting the activities described above), during the three months ended 30 June 2009, was nil (30 June 2008: nil, 30 September 2008: nil), and the peak end-of-day aggregate amount of funding provided to WNZSL expressed as percentage of the amount of WNZSL's assets was 0% (30 June 2008: 0%, 30 September 2008: 0%). The peak end-of-day aggregate amount of funding provided to all entities conducting the activities described above expressed as percentage of the Banking Group's Tier One capital was 0% (30 June 2008: 0%, 30 September 2008: 0%).

For this purpose, peak ratio information was derived by determining the maximum end-of-day aggregate amount of funding over the relevant three month period and then dividing that amount by the amount of WNZSL's assets or the Banking Group's Tier One capital (as the case required) as at the end of the quarter.

Risk management

The Ultimate Parent Bank 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 Bank Group.

Note 14 Insurance business

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

Note 15 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 document 'Capital adequacy framework (internal models based approach)' (BS2B) issued by the Reserve Bank of New Zealand.

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 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, 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.

Note 15 Capital adequacy (continued)

Internal capital for other material risk

	The Banking Group	
	30 June 2009 Unaudited $m	30 June 2008 Unaudited $m
Internal capital allocation		
Other material risk	**396**	326

Other material risk is a combination of business risk and liquidity 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 2009 Unaudited %	30 June 2008 Unaudited %
Capital adequacy ratios		
Tier One Capital expressed as a percentage of risk-weighted exposures	**9.4**	6.5
Total Capital expressed as a percentage of risk-weighted exposures	**12.4**	12.9
Reserve Bank of New Zealand minimum ratios		
Tier One Capital expressed as a percentage of risk-weighted exposures	**4.0**[1]	4.0
Total Capital expressed as a percentage of risk-weighted exposures	**8.0**	8.0

1 In addition to this minimum 4%, locally incorporated registered banks having the benefit of the Wholesale Funding Guarantee Facility are required to maintain an additional 2% Tier One Capital buffer. See the 'Wholesale Guarantee' section on page 6 for more information.

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		The Bank	
	30 June 2009 Unaudited %	30 June 2008 Unaudited %	**30 June 2009 Unaudited %**	30 June 2008 Unaudited %
Capital adequacy ratios				
Tier One Capital expressed as a percentage of risk-weighted exposures	**8.7**	5.8	**6.8**	5.6
Total Capital expressed as a percentage of risk-weighted exposures	**11.5**	9.1	**9.1**	8.8
Reserve Bank of New Zealand minimum ratios				
Tier One Capital expressed as a percentage of risk-weighted exposures	**N/A**	N/A	**N/A**	N/A
Total Capital expressed as a percentage of risk-weighted exposures	**N/A**	N/A	**N/A**	N/A
Total risk-weighted exposures ($m)	**35,523**	34,908	**43,484**	34,913

Note 15 Capital adequacy (continued)

The Banking Group capital summary

	The Banking Group 30 June 2009 Unaudited $m	30 June 2008 Unaudited $m
Tier One Capital		
Paid up share capital	**3,470**	2,500
Revenue and similar reserves[1]	**16**	(164)
Current period's retained profits	**160**	299
Minority interests	**7**	7
Less deductions from Tier One Capital		
Goodwill	**(477)**	(477)
Other intangible assets	**(95)**	(115)
Cash flow hedge reserve	**21**	(9)
Expected loss excess over eligible allowance	**(8)**	(65)
Total Tier One Capital	**3,094**	1,976
Tier Two Capital – Upper Tier Two Capital		
Perpetual subordinated notes	**970**	970
Current period's unaudited retained profits	**26**	163
Total Upper – Tier Two Capital	**996**	1,133
Less deductions from Tier Two Capital		
Expected loss excess over eligible allowance	**(8)**	(65)
Total Tier Two Capital	**988**	1,068
Total Tier One Capital plus Tier Two Capital	**4,082**	3,044

1 Revenue and similar reserves consist of cash flow hedge reserve, available-for-sale securities reserve and prior periods' retained profits.

The Banking Group total capital requirement for the nine months ended 30 June 2009

	Nine months ended 30 June 2009 – Unaudited			Nine months ended 30 June 2008 – Unaudited		
	Total Exposure After Credit Risk Mitigation $m	**Risk-weighted Exposure or Implied Risk-weighted Exposure $m**	**Total Capital Requirement $m**	Total Exposure After Credit Risk Mitigation $m	Risk-weighted Exposure or Implied Risk-weighted Exposure $m	Total Capital Requirement $m
Total credit risk	**65,061**	**27,929**	**2,234**	61,317	26,058	2,084
Operational risk	**N/A**	**2,615**	**209**	N/A	2,116	169
Market risk	**N/A**	**763**	**61**	N/A	914	73
Supervisory adjustment	**N/A**	**1,541**	**123**	N/A	1,485	119
Total	**65,061**	**32,848**	**2,627**	61,317	30,573	2,445

The supervisory adjustment comprises the 15% scalar applied to mortgages and an adjustment to bring risk-weighted assets to 90% of adjusted Basel I capital, as per the Bank's conditions of registration.

Note 16 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 2009.

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 guarantee 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 17 Credit risk exposures by asset class

Credit risk exposures by asset class as at 30 June 2009 (unaudited)

Banking Group – Residential mortgages

PD Band (%)	EAD $m	Average PD %	Average LGD %	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
0.00 to 0.10	-	-	-	-	-	-
0.10 to 0.25	2,996	-	22	7	222	18
0.25 to 1.0	10,126	1	22	18	1,865	149
1.0 to 2.5	16,183	1	22	34	5,445	437
2.5 to 10.0	1,702	4	22	67	1,142	91
10.0 to 99.99	324	22	22	128	415	33
Default	869	100	22	207	1,799	144
Total	32,200	4	22	34	10,888	872

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

PD Band (%)	EAD $m	Average PD %	Average LGD %	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
0.00 to 0.10	-	-	-	-	-	-
0.10 to 0.25	-	-	-	-	-	-
0.25 to 1.0	1,074	-	63	40	433	35
1.0 to 2.5	690	2	67	88	604	48
2.5 to 10.0	688	5	66	103	710	57
10.0 to 99.99	186	23	66	149	277	22
Default	68	100	66	524	355	28
Total	2,706	6	65	88	2,379	190

Banking Group – Small business

PD Band (%)	EAD $m	Average PD %	Average LGD %	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
0.00 to 0.10	-	-	-	-	-	-
0.10 to 0.25	-	-	-	-	-	-
0.25 to 1.0	610	1	18	14	87	7
1.0 to 2.5	1,474	2	17	24	350	28
2.5 to 10.0	576	5	20	31	180	14
10.0 to 99.99	44	26	21	52	23	2
Default	154	100	19	193	297	24
Total	2,858	8	18	33	937	75

Banking Group – Corporate

PD Band (%)	EAD $m	Average PD %	Average LGD %	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
AAA	-	-	-	-	-	-
AA	11	-	60	15	2	-
A	481	-	59	22	108	9
BBB	331	-	46	41	134	11
BB	955	1	48	101	967	77
B	4	3	60	168	7	1
Other	383	19	47	238	912	73
Default	222	100	56	162	361	29
Total	2,387	13	50	104	2,491	200

Note 17 Credit risk exposures by asset class (continued)

Credit risk exposures by asset class as at 30 June 2009 (unaudited) (continued)

Banking Group – Business lending

PD Band (%)	EAD $m	Average PD %	Average LGD %	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
AAA	-	-	-	-	-	-
AA	8	-	60	16	1	-
A	82	-	55	31	25	2
BBB	909	-	35	31	281	22
BB	5,259	1	29	57	2,993	239
B	142	3	34	79	112	9
Other	892	17	33	141	1,256	100
Default	46	100	48	305	140	12
Total	7,338	4	31	66	4,808	384

Banking Group – Sovereign

PD Band (%)	EAD $m	Average PD %	Average LGD %	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
AAA	2,475	-	5	-	12	1
AA	1	-	60	21	-	-
A	359	-	24	9	32	3
BBB	95	-	20	18	17	1
BB	5	2	34	83	4	-
B	-	-	-	-	-	-
Other	-	-	-	-	-	-
Default	-	-	-	-	-	-
Total	2,935	-	8	2	65	5

Banking Group – Bank

PD Band (%)	EAD $m	Average PD %	Average LGD %	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
AAA	-	-	-	-	-	-
AA	2,129	-	60	11	228	18
A	140	-	60	11	16	1
BBB	-	-	-	-	-	-
BB	-	-	-	-	-	-
B	-	-	-	-	-	-
Other	-	-	-	-	-	-
Default	-	-	-	-	-	-
Total	2,269	-	60	11	244	19

Banking Group – Equity

PD Band (%)	EAD $m	Average PD %	Average LGD %	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
Equity holdings (not deducted from capital) that are publicly traded	36	-	-	300	108	9

Note 17 Credit risk exposures by asset class (continued)

Credit risk exposures by asset class as at 30 June 2009 (unaudited) (continued)

	Undrawn Commitments and Other Off-balance Sheet Amounts		Market Related Contracts	
	Value	EAD	Value	EAD
Residential mortgages	5,177	512	-	-
Other retail (Credit cards, personal loans, personal overdrafts)	2,673	1,105	-	-
Small business	987	571	-	-
Corporate	705	705	-	-
Business lending	1,137	1,137	-	-
Sovereign	203	203	-	-
Bank	-	-	-	-
	10,882	4,233	-	-

Note 18 Credit risk exposures for specialised lending

The Banking Group – Specialised lending: Project and property finance as at 30 June 2009 (unaudited)

Supervisory slotting grade	EAD $m	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
Strong	944	70	660	53
Good	1,657	90	1,491	119
Satisfactory	921	115	1,060	85
Weak	882	250	2,204	176
Default	243	-	-	-
Total	4,647	117	5,415	433

Additional information for Specialised lending: Project and property finance as at 30 June 2009 (unaudited)

	EAD $m	Average Risk Weight %	Risk-weighted Assets (scaled) $m	Required Regulatory Capital $m
Undrawn commitments and other off-balance sheet amounts	334	111	370	30

Note 19 Credit risk exposures subject to the standardised approach

The Banking Group – Credit risk exposures subject to the standardised approach as at 30 June 2009 (unaudited)

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	268	100	268	21
Related parties	441	50	223	18
Total on-balance sheet exposures	709		491	39

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	9,087	230	20	46	4
Interest rate contracts	34,437	98	24	23	2
Total market related contracts subject to the standardised approach	43,524	328		69	6
Standardised subtotal				560	
After adjustment for scalar				594	

Note 20 Additional mortgage information for credit risk

The Banking Group – Residential mortgages by loan-to-value ratio ('LVR') as at 30 June 2009 (unaudited)

LVR range	0-60%	61-70%	71-80%	81-90%	Over 90%
Value of exposures	11,832	5,262	6,528	5,385	3,286

Note 21 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 2009 was nil (30 June 2008: nil, 30 September 2008: nil); and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 30 June 2009 was nil (30 June 2008: nil, 30 September 2008: 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 2009 was nil (30 June 2008: nil, 30 September 2008: nil); and
- in respect of peak end-of-day aggregate credit exposure for the nine months ended 30 June 2009 was nil (30 June 2008: nil, 30 September 2008: 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 22 Credit exposures to connected persons and non-bank connected persons

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 Bank 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, are 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.

	The Banking Group			
	As at 30 June 2009 Unaudited $m	Peak End-of-Day for the Three Months Ended 30 June 2009 Unaudited $m	As at 30 June 2008 Unaudited (Restated) $m	Peak End-of-Day for the Three Months Ended 30 June 2008 Unaudited (Restated) $m
Credit exposures to connected persons (on gross basis, before netting)	612	1,200	2,953	3,424
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)	19.8%	40.0%	149.5%	173.3%
Credit exposures to connected persons (netted amount)	123	656	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)	4.0%	21.8%	10.0%	8.5%
Credit exposures to connected persons (on partial bilateral net basis)	489	544	2,756	3,257
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)	15.8%	18.1%	139.5%	164.8%
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%

Note 22 Credit exposures to connected persons and non-bank connected persons (continued)

As at 30 June 2009, the rating-contingent limit applicable to the Banking Group 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 2009.

The limits on aggregate credit exposure to all connected persons and to non-bank connected persons in the Bank's conditions of registration have been complied with at all times over the nine months ended 30 June 2009.

The comparative period disclosure in the table above, for the three months ended 30 June 2008, has been restated. The restatement has been required as a result of the Banking Group's ongoing review of credit exposures to connected persons which identified further foreign currency deposits by the Bank with the NZ Branch that had not been previously captured by the connected persons exposure measurement process. The restatement does not significantly affect the relevant disclosure.

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 139.5% and 164.8% respectively, have exceeded the 75% rating-contingent limit. Accordingly, the limits on aggregate credit exposures to all connected persons in the Bank's conditions of registration for the comparative period have not been complied with.

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 2009, 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 2008: nil, 30 September 2008: nil).

The aggregate amount of the Banking Group's specific provisions provided against credit exposures to connected persons was nil as at 30 June 2009 (30 June 2008: nil, 30 September 2008: nil).

Note 23 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).

The end of quarter aggregate interest rate exposure is calculated from the period end balance sheet information. The peak end-of-day exposure is derived by taking the largest daily internal risk measure ('**VaR**') during the quarter, comparing this to the current and previous quarter end VaRs and calculating the peak risk by using the ratio of the peak to the quarter ends. This method is approximate only as the two methods differ in the assumed repricing characteristics of the balance sheet.

For each category of market risk, the Banking Group's peak end-of-day notional capital charge is the aggregate capital charge 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 notional capital charge as a percentage of the Banking Group's equity is the peak end-of-day notional capital charge for that category of market risk divided by the Banking Group's equity as at 30 June 2009.

Market risk notional capital charges

The following table provides a summary of notional capital charges by risk type for the Banking Group as at:

	30 June 2009 – Unaudited		
	Implied Risk-weighted Exposure $m	**Aggregate Capital Charge $m**	**Aggregate Capital Charge as a Percentage of the Banking Group's Equity %**
Interest rate risk – as at 30 June 2009	**688**	**55**	**1.49**
Interest rate risk – peak end-of-day for the three months ended 30 June 2009	**1,188**	**95**	**2.58**
Foreign currency risk – as at 30 June 2009	**38**	**3**	**0.08**
Foreign currency risk – peak end-of-day for the three months ended 30 June 2009	**38**	**3**	**0.08**
Equity risk – as at 30 June 2009	**38**	**3**	**0.08**
Equity risk – peak end-of-day for the three months ended 30 June 2009	**38**	**3**	**0.08**
	30 June 2008 – Unaudited		
	Implied Risk-weighted Exposure $m	Aggregate Capital Charge $m	Aggregate Capital Charge as a Percentage 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 currency risk – as at 30 June 2008	38	3	0.07
Foreign currency 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

Note 24 Foreign currency risk

With the exception of the available-for-sale investment in Visa 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 25 Operational risk

The Banking Group's operational risk capital requirement

	Nine Months Ended 30 June 2009 – Unaudited		Nine Months Ended 30 June 2008 – Unaudited	
	Implied Risk-weighted Exposure $m	**Total Operational Risk Capital Requirement $m**	Implied Risk-weighted Exposure $m	Total Operational Risk Capital Requirement $m
Approach implemented:				
Advanced measurement approach				
Operational risk	**2,615**	**209**	2,116	169

Westpac New Zealand Limited