



Westpac New Zealand Limited's general short form disclosure statement

for the nine months ended 30 June 2007

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General information and definitions

The information contained in this General Short Form Disclosure Statement is as required by section 81 of the Reserve Bank of New Zealand Act 1989 and the Registered Bank Disclosure Statement (Off-Quarter – New Zealand Incorporated Registered Banks) Order 2007 (New Zealand) (**'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 2007, the Bank has the following subsidiaries:
 - Westpac NZ Operations Limited - Holding company
 - Westpac Securities NZ Limited - Funding company
 - The Home Mortgage Company Limited - Residential mortgage company
 - Westpac (NZ) Investments Limited - Property owning and capital funding company
 - The Warehouse Financial Services Limited - Financial services company

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

General matters

Registered Bank

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

The Bank is a wholly-owned 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. By virtue of this holding structure:

- Westpac New Zealand Group Limited has a direct qualifying interest in 100% of the voting securities in the Bank and the ability to directly appoint 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 an indirect qualifying interest in 100% of the voting securities of the Bank and the ability to indirectly appoint 100% of the Board.

The Bank commenced trading on 1 November 2006 (see the Local incorporation section on page 2 for more information). Consequently, while this General Short Form Disclosure Statement is prepared for the nine months ended 30 June 2007, financial disclosure in respect of the Bank over this period includes only eight months of trading.

Limits on material financial support by the Ultimate Parent Bank

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

- the level of exposure to the Bank must not exceed:
 - 50% on an individual exposure basis; and
 - 150% in aggregate (being exposures to all similar regulated entities related to the Ultimate Parent Bank) of the Ultimate Parent Bank's capital base;
- the Ultimate Parent Bank should not undertake any third-party dealings with the prime purpose of supporting the business of the Bank;
- the Ultimate Parent Bank should not hold unlimited exposures (such as a general guarantee covering any of the Bank's obligations) in the Bank;
- the Ultimate Parent Bank should not enter into cross-default clauses whereby a default by the Bank on an obligation (whether financial or otherwise) is deemed to trigger a default of the Ultimate Parent Bank in its obligations; and
- when determining limits on acceptable levels of exposure to the Bank, the board of the Ultimate Parent Bank should have regard to:
 - the level of exposure that would be approved to third parties of broadly equivalent credit status. In this regard, prior consultation (and in some cases approval) is required before entering exceptionally large exposures; and
 - the impact on the Ultimate Parent Bank's capital and liquidity position and its ability to continue operating in the event of a failure by the Bank.

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

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

Directorate

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

David Raymond Morgan, BEc, MSc, PhD

Bradley John Cooper, Dip Bus Studies, MBA, FAIM

Elizabeth Blomfield Bryan, BA, MA (Econ)

Harold Maffey Price

Peter David Wilson, CA

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 2007.

Local incorporation

Until 1 November 2006, the Ultimate Parent Bank conducted its New Zealand operations through a branch ('**NZ Branch**'). The Reserve Bank of New Zealand's policy is that all systemically important banks must incorporate as a local entity rather than operate through a branch structure. The NZ Branch was deemed to be a systemically important bank and was therefore required to incorporate locally.

The Reserve Bank of New Zealand allows an overseas bank to operate in New Zealand as both a branch of its overseas parent and through a subsidiary. The Ultimate Parent Bank has determined that this type of 'dual registration' is the most effective option for it to comply with the Reserve Bank of New Zealand's policy, while minimising disruption to the NZ Branch's investors and customers.

Accordingly, the Ultimate Parent Bank established the Bank to assume and carry on the New Zealand consumer and business banking operations of the NZ Branch. The Bank commenced trading as a registered bank under the Reserve Bank of New Zealand Act 1989 on 1 November 2006. The NZ Branch continues to operate in New Zealand, retaining the Ultimate Parent Bank's New Zealand wholesale banking and financial markets business.

The reorganisation of the Ultimate Parent Bank's business was facilitated by legislation. Pursuant to the Westpac New Zealand Act 2006 ('**the Act**') designated assets and liabilities of the Ultimate Parent Bank relating to business banking and consumer business vested in the Bank on 1 November 2006. See Note 17: Vested assets and liabilities for more information.

Credit ratings

The Bank has the following credit ratings with respect to its long term senior unsecured obligations, including obligations payable in New Zealand in New Zealand dollars. On 22 February 2007, Standard & Poor's raised its long term credit rating to 'AA' from 'AA-'. On 4 May 2007, Moody's Investors Service raised its long term credit rating to 'Aa2' from 'Aa3'.

These credit ratings are given without any qualifications.

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

Descriptions of credit rating scales

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

Credit ratings by 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.

Risk management policies

There have been no 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 2007.

Market risk

The Banking Group's aggregate market risk exposure is derived in accordance with the ninth schedule (sub-clauses (1)(a), (8)(a) and (11)(a)) of the Order.

The peak end-of-day exposures below have been calculated by determining the maximum end-of-day aggregate market risk exposure over the relevant three-month period, and then dividing that amount by the Banking Group's equity as at the end of the period.

	The Banking Group		Peak End-of-Day for the Three Months Ended	
	As at 30 June 2007	Peak End-of-Day for the Three Months Ended 30 June 2007	As at 30 June 2006	Peak End-of-Day for the Three Months Ended 30 June 2006
	Unaudited \$m	Unaudited \$m	Unaudited \$m	Unaudited \$m
Aggregate interest rate exposure	159	411	-	-
As a percentage of the Banking Group's equity	6.20%	15.90%	0.00%	0.00%

The Banking Group has no material exposure to equity risk or foreign currency risk.

Guarantee arrangements

The material obligations of the Bank are not guaranteed.

Conditions of registration

The Conditions of registration imposed on the Bank, which applied from 30 March 2007, are as follows:

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

- Capital of the Banking Group is not less than 8 percent of risk weighted exposures.
- Tier One Capital of the Banking Group is not less than 4 percent of risk weighted exposures.
- Capital of the Banking Group is not less than NZ \$15 million.

For the purposes of this condition of registration, capital, Tier One Capital and risk weighted exposures shall be calculated in accordance with the Reserve Bank of New Zealand document entitled '*Capital Adequacy Framework*' (BS2) dated March 2007.

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 disappplied 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 specific provisions) of the Banking Group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit rating	Connected exposure limit (Percentage 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 specific provisions) to non-Bank connected persons shall not exceed 15 percent 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 2007.

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 Bank contains at least two independent directors. In this context an independent director is a director who is not an employee of the Bank, and who is not a director, trustee or employee of any holding company of the Bank, or any other entity capable of controlling or significantly influencing the Bank.
7. That the chairperson of the Bank's board is not an employee of the 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:
- the Reserve Bank of New Zealand has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - the Reserve Bank of New Zealand 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 by 31 December 2007 the Bank will have 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:
- that the Bank's clearing and settlement obligations due on a day can be met on that day;
 - that the Bank's financial risk positions on a day can be identified on that day;
 - that the Bank's financial risk positions can be monitored and managed on the day following any failure and on subsequent days; and
 - 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.
- 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.
- 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.
 - 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.

With respect to the seventh condition of registration stated above, please note that the chairperson of the Bank's board is an employee of Westpac Banking Corporation.

Directors' statement

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

- (a) the General Short Form Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statement (Off-Quarter – New Zealand Incorporated Registered Banks) Order 2007 (New Zealand); and
- (b) the General Short Form Disclosure Statement is not false or misleading.

Each Director of the Bank believes, after due enquiry, that, over the nine months ended 30 June 2007:

- (a) the Bank has complied with the Conditions of registration imposed on it pursuant to section 74 of the Reserve Bank of New Zealand Act 1989;
- (b) the credit exposures to connected persons (if any) 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 and other business risks, and that those systems were being properly applied.

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



David Raymond Morgan



Bradley John Cooper



Elizabeth Blomfield Bryan



Harold Maffey Price



Ralph Graham Waters



Peter David Wilson

Dated this the 27th day of August 2007

Consolidated short form financial statements

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Consolidated income statement for the nine months ended 30 June 2007

	Note	The Banking Group		
		Nine Months Ended 30 June 2007 Unaudited \$m	Period from 14 February 2006 to 30 June 2006 Unaudited \$m	Period from 14 February 2006 to 30 September 2006 Audited \$m
Interest income		2,348	-	15
Interest expense		(1,610)	-	(5)
Net interest income		738	-	10
Non-interest income:				
Fees and commissions		226	-	-
Gain on ineffective hedges		-	-	-
Loss on disposal of assets		(1)	-	-
Other non-interest income		18	-	-
Total non-interest income		243	-	-
Net operating income		981	-	10
Operating expenses		(435)	-	-
Impairment losses on loans	2	(63)	-	-
Profit before income tax expense		483	-	10
Income tax expense		(133)	-	(3)
Profit after income tax expense		350	-	7
Profit attributable to minority interests		(2)	-	-
Profit after income tax expense attributable to equity holders of the Banking Group		348	-	7

The accompanying notes (numbered 1 to 18) form part of, and should be read in conjunction with, these financial statements.

As the Bank was incorporated on 14 February 2006, the first accounting period for the Banking Group was the period from 14 February 2006 to 30 September 2006. Accordingly, this General Short Form Disclosure Statement contains comparative income statements for the periods from 14 February 2006 to 30 June 2006 and 14 February 2006 to 30 September 2006. Further detail on comparative information is contained in Note 18.

Consolidated statement of changes in equity for the nine months ended 30 June 2007

	The Banking Group Equity				Total \$m
	Share Capital \$m	Retained Profits \$m	Cash Flow Hedge Reserve \$m	Minority Interests \$m	
Opening balance as at 14 February 2006	-	-	-	-	-
Period from 14 February 2006 to 30 June 2006					
Profit from income tax expense	-	-	-	-	-
Total recognised income and expenses for the period 14 February 2006 to 30 June 2006	-	-	-	-	-
Dividends:					
Dividends paid or provided for convertible debentures (net of tax)	-	-	-	-	-
As at 30 June 2006 (unaudited)	-	-	-	-	-
Period from 14 February 2006 to September 2006					
Profit after income tax expense	-	7	-	-	7
Total recognised income and expenses for the period from 14 February 2006 to 30 September 2006	-	7	-	-	7
Share capital issued	1,700	-	-	-	1,700
As at 30 September 2006 (audited)	1,700	7	-	-	1,707
Opening balance as at 1 October 2006	1,700	7	-	-	1,707
Nine months ended 30 June 2007					
Change in cash flow hedges	-	-	36	-	36
Tax effect of change in cash flow hedges	-	-	(12)	-	(12)
Profit after income tax expense	-	348	-	2	350
Total recognised income and expenses for the nine months ended 30 June 2007	-	348	24	2	374
Share capital issued	715	-	-	-	715
Share based payments	3	-	-	-	3
Dividends:	-	-	-	-	-
Dividends paid or provided for on convertible debentures (net of tax)	-	-	-	-	-
Dividends paid or provided for on ordinary shares	-	(217)	-	-	(217)
Other minority interests	-	-	-	7	7
As at 30 June 2007 (unaudited)	2,418	138	24	9	2,589

The accompanying notes (numbered 1 to 18) form part of, and should be read in conjunction with, these financial statements.

As the Bank was incorporated on 14 February 2006, the first accounting period for the Banking Group was the period from 14 February 2006 to 30 September 2006. Accordingly, this General Short Form Disclosure Statement contains comparative statements of changes in equity for the periods from 14 February 2006 to 30 June 2006 and 14 February 2006 to 30 September 2006. Further detail on comparative information is contained in Note 18.

Consolidated balance sheet as at 30 June 2007

		The Banking Group		
		30 June 2007	30 June 2006	30 September 2006
		Unaudited \$m	Unaudited \$m	Audited \$m
Note				
Assets				
	Cash	100	-	-
	Due from other financial institutions	3	-	-
	Derivative financial instruments	-	-	-
	Other trading securities	2,993	-	-
3	Other financial assets designated at fair value	-	-	-
3		-	-	-
	Loans	41,421	-	-
4,7	Due from related entities	-	-	2,415
	Goodwill and other intangible assets	605	-	-
	Property, plant and equipment	91	-	-
	Income tax receivable	-	-	-
	Deferred tax assets	84	-	-
	Other assets	203	-	-
	Total assets	45,500	-	2,415
<i>Less:</i>				
Liabilities				
	Due to other financial institutions	7	-	-
	Deposits at fair value	4,388	-	-
6	Deposits at amortised cost	25,155	-	-
6	Derivative financial instruments	-	-	-
	Other trading liabilities	-	-	-
8	Debt issues	10,726	-	-
	Current tax liabilities	9	-	3
	Deferred tax liabilities	-	-	-
	Provisions	51	-	-
	Other liabilities	496	-	-
	Total liabilities excluding subordinated debentures and due to related entities	40,832	-	3
	Perpetual subordinated notes	970	-	700
9	Other amounts due to related entities	1,109	-	5
	Total liabilities	42,911	-	708
	Net assets	2,589	-	1,707
<i>Represented by:</i>				
Equity				
	Ordinary share capital	2,415	-	1,700
	Retained profits	138	-	7
	Share-based payment	3	-	-
	Cash flow hedge reserve	24	-	-
	Other minority interests	9	-	-
	Total equity	2,589	-	1,707

The accompanying notes (numbered 1 to 18) 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 2007

		The Banking Group		
	Note	Nine Months Ended 30 June 2007 Unaudited \$m	Period from 14 February 2006 to 30 June 2006 Unaudited \$m	Period from 14 February 2006 to 30 September 2006 Audited \$m
Cash flows from operating activities				
Interest income received		2,327	-	-
Interest paid		(1,499)	-	-
Other non-interest income received		242	-	-
Net acquisition of other trading securities		(3,004)	-	-
Net disposal of derivative financial instruments		-	-	-
Non-interest expenses paid		(394)	-	-
Income tax paid		(138)	-	-
Net cash flows from operating activities		(2,466)	-	-
Cash flows from investing activities				
Net decrease in due from other financial institutions - term		-	-	-
Net acquisition of other financial assets at fair value		-	-	-
Net acquisition of available-for-sale securities		-	-	-
Net loans advanced to customers		(4,527)	-	-
Net (acquisition)/disposal of life insurance assets		-	-	-
Net decrease/(increase) in due from related entities		2,613	-	(2,405)
Net (increase)/decrease in other assets		(50)	-	-
Payment for purchase of subsidiary, net of cash acquired	17(a)	(236)	-	-
Purchase of capitalised computer software		(22)	-	-
Purchase of property, plant and equipment		(16)	-	-
Proceeds from disposal of property, plant and equipment		2	-	-
Proceeds from disposal of computer software		-	-	-
Proceeds from disposal of investments in related entities		-	-	-
Net cash used in investing activities		(2,236)	-	(2,405)
Cash flows from financing activities				
Issue of ordinary share capital		715	-	1,700
Cash vested from parent entity	17	123	-	-
Net increase in due to other financial institutions - term		7	-	-
Net increase in deposits		2,029	-	-
Net proceeds from debt issues/(redemptions)		10,726	-	-
Net (decrease) in other liabilities		(11)	-	-
Net proceeds from perpetual subordinated notes		270	-	700
Net (decrease)/increase in due to related entities		(8,837)	-	5
Payment of dividends on ordinary shares		(217)	-	-
Net cash provided by financing activities		4,805	-	2,405

The accompanying notes (numbered 1 to 18) form part of, and should be read in conjunction with, these financial statements.

As the Bank was incorporated on 14 February 2006, the first accounting period for the Banking Group was the period from 14 February 2006 to 30 September 2006. Accordingly, this General Short Form Disclosure Statement contains comparative statements of cash flows for the periods from 14 February 2006 to 30 June 2006 and 14 February 2006 to 30 September 2006. Further detail on comparative information is contained in Note 18.

Consolidated statement of cash flows (continued) for the nine months ended 30 June 2007

	The Banking Group		
	Nine Months Ended 30 June 2007 Unaudited \$m	Period from 14 February 2006 to 30 June 2006 Unaudited \$m	Period from 14 February 2006 to 30 September 2006 Audited \$m
Net increase/(decrease) in cash and cash equivalents	103	-	-
Cash and cash equivalents at beginning of the period	-	-	-
Cash and cash equivalents at end of the period	103	-	-
Cash and cash equivalents comprise			
Cash	100	-	-
Due from other financial institutions - at call	3	-	-
Due to other financial institutions - at call	-	-	-
Cash and cash equivalents at end of the period	103	-	-
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	348	-	7
<i>Adjustments:</i>			
Amortisation of intangible assets	23	-	-
Impairment losses on loans	63	-	-
Depreciation/amortisation	19	-	-
Gain on sale of property, plant and equipment	(1)	-	-
Share-based payments	3	-	-
Intragroup minority interests in subsidiary companies	2	-	-
Movement in accrued assets	(22)	-	(15)
Movement in accrued liabilities	109	-	5
Movement in income tax provisions	(6)	-	3
Tax on convertible debentures dividends	-	-	-
Net acquisition of other trading securities	(3,004)	-	-
Net acquisition of other trading liabilities	-	-	-
Net disposal of derivative financial instruments	-	-	-
Net cash flows from operating activities	(2,466)	-	-

The accompanying notes (numbered 1 to 18) form part of, and should be read in conjunction with, these financial statements.

As the Bank was incorporated on 14 February 2006, the first accounting period for the Banking Group was the period from 14 February 2006 to 30 September 2006. Accordingly, this General Short Form Disclosure Statement contains comparative statements of cash flows for the periods from 14 February 2006 to 30 June 2006 and 14 February 2006 to 30 September 2006. Further detail on comparative information is contained in Note 18.

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 Registered Bank Disclosure Statement (Off-Quarter – New Zealand Incorporated Registered Banks) Order 2007 (New Zealand) ('Order'), the Reserve Bank of New Zealand Act 1989, applicable New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other authoritative pronouncements of the Accounting Standards Review Board, as appropriate for profit-oriented entities. Compliance with NZ IFRS ensures that the financial report comprising the financial statements and accompanying notes of the NZ Banking Group comply with International Financial Reporting Standards.

These consolidated short form financial statements were authorised for issue by the Board of Directors of the Bank ('Board') on 27th day of August 2007.

Basis of preparation

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

The consolidated short form financial statements have been prepared in accordance with NZ IAS 34 *Interim Financial Reporting*. The same accounting policies have been followed in preparing these consolidated short form financial statements that were disclosed in the General Disclosure Statement for the six months ended 31 March 2007.

As the Bank was incorporated on 14 February 2006, the first accounting period for the Banking Group was the period from 14 February 2006 to 30 September 2006. Accordingly, this General Short Form Disclosure Statement contains comparative figures for the periods from 14 February 2006 to 30 June 2006 and 14 February 2006 to 30 September 2006. Further detail on comparative information is contained in Note 18.

Change to corporate tax rate

In May 2007, the corporate tax rate in New Zealand was changed from 33% to 30% with effect from the 2008/09 income tax year. The impact of this will take effect for the Banking Group from 1 October 2008. This revised rate has not impacted the current tax liability balance for the current income tax year, but will do so in future periods. However, the impact of the change in the income tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period. The change in the income tax rate has resulted in a decrease in the deferred tax asset balance of \$6,694,014 and a decrease in the deferred tax liability balance of \$431,392. Of the adjustment arising from the change in tax rates \$6,694,014 has been recognised in the income statement, while a credit of \$431,392 has been recognised directly in equity as it relates to items previously charged to equity. As the deferred tax liability balance is offset against the deferred tax asset balance, the net deferred tax asset balance has decreased by \$6,262,622 on the face of the balance sheet.

Note 2 Impairment losses on loans

	The Banking Group		
	Nine Months Ended 30 June 2007 Unaudited \$m	Period from 14 February 2006 to 30 June 2006 Unaudited \$m	Period from 14 February 2006 to 30 September 2006 Audited \$m
Individually assessed provisions	14	-	-
Individually assessed provisions no longer required	(9)	-	-
Collectively assessed provision	65	-	-
Write-offs direct	2	-	-
Recoveries	-	-	-
Interest adjustments	(9)	-	-
Total impairment losses on loans	63	-	-

Notes to the consolidated short form financial statements

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

	The Banking Group		
	30 June 2007 Unaudited \$m	30 June 2006 Unaudited \$m	30 September 2006 Audited \$m
Other trading assets			
Trading securities	2,993	-	-
Securities purchased under agreement to resell	-	-	-
Total other trading assets	2,993	-	-
Other financial assets at fair value	-	-	-
Total other trading assets and other financial assets at fair value	2,993	-	-
Listed trading securities			
NZ Government securities	142	-	-
NZ corporate securities	-	-	-
Other	-	-	-
Total listed trading securities	142	-	-
Unlisted trading securities			
NZ Government securities	-	-	-
NZ corporate securities:			
Certificates of deposit	1,179	-	-
Corporate bonds	200	-	-
Commercial paper	222	-	-
Mortgage backed securities	-	-	-
Other securities	1,250	-	-
Total unlisted trading securities	2,851	-	-
Total trading securities	2,993	-	-

Note 4 Loans

	The Banking Group		
	30 June 2007 Unaudited \$m	30 June 2006 Unaudited \$m	30 September 2006 Audited \$m
Overdrafts	1,015	-	-
Credit card outstandings	1,051	-	-
Overnight and at call money market loans	623	-	-
Term loans:			
Housing	28,347	-	-
Non-housing	10,359	-	-
Other	213	-	-
Total gross loans	41,608	-	-
Provisions for impairment losses on loans	(187)	-	-
Total net loans	41,421	-	-

Note 5 Interest earning assets and interest bearing liabilities

	The Banking Group		
	30 June 2007 Unaudited \$m	30 June 2006 Unaudited \$m	30 September 2006 Audited \$m
Interest earning and discount bearing assets	44,772	-	2,415
Interest earning and discount bearing liabilities	39,941	-	705

Note 6 Deposits

	The Banking Group		
	30 June 2007 Unaudited \$m	30 June 2006 Unaudited \$m	30 September 2006 Audited \$m
Deposits at fair value			
Certificates of deposit	4,388	-	-
Total deposits at fair value	4,388	-	-
Deposits at amortised cost			
Non-interest bearing, repayable at call	2,103	-	-
Other interest bearing:			
At call	10,169	-	-
Term	12,883	-	-
Total deposits at amortised cost	25,155	-	-
Total deposits	29,543	-	-

Notes to the consolidated short form financial statements

Note 7 Impaired assets

	The Banking Group		
	Nine Months Ended 30 June 2007 Unaudited \$m	Period from 14 February 2006 to 30 June 2006 Unaudited \$m	Period from 14 February 2006 to 30 September 2006 Audited \$m
Gross individually impaired assets	72	-	-
Individually assessed provisions	(17)	-	-
Net individually impaired assets	55	-	-
Gross individually impaired assets			
Balance at beginning of the period	-	-	-
Impaired assets vested during the period	66	-	-
Additions	70	-	-
Amounts written off	(5)	-	-
Returned to performing or repaid	(59)	-	-
Balance at end of the period excluding restructured assets	72	-	-
Restructured assets			
Balance at beginning of the period	-	-	-
Transfer in vested restructured assets	-	-	-
Additions	-	-	-
Returned to performing or repaid	-	-	-
Balance at end of the period	-	-	-
Total gross individually impaired assets	72	-	-
Interest forgone for the period on the above impaired assets	2		
Individually assessed provisions			
Balance at beginning of the period	-	-	-
Provision vested during the period	14	-	-
Impairment losses on loans	14	-	-
Individually assessed provisions no longer required	(9)	-	-
Impairment losses on loans written off	(3)	-	-
Interest adjustments	1	-	-
Balance at end of the period	17	-	-
Collectively assessed provision			
Balance at beginning of the period	-	-	-
Provision vested during the period	144	-	-
Impairment losses on loans	47	-	-
Balance at end of the period	191	-	-
Total impairment provisions	208	-	-
Provisions for impairment losses on loans	187	-	-
Provisions for impairment losses on off-balance sheet credit exposures	21	-	-
Total impairment provisions	208	-	-
Past due assets¹			
Balance at beginning of the period	-	-	-
Past due assets vested during the period	28	-	-
Additions	73	-	-
Deletions	(57)	-	-
Balance at end of the period	44	-	-
Interest forgone for the period on the above past due assets	-		
Other assets under administration¹			
Balance at beginning of the period	-	-	-
Assets under administration vested during the period	3	-	-
Additions	2	-	-
Deletions	(1)	-	-
Balance at end of the period	4	-	-
Interest income accrued on impaired assets²	7	-	-

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

² Interest income accrued on impaired assets is included within interest income for the period.

There are no unrecognised impaired assets as at 30 June 2007 (30 June 2006: nil, 30 September 2006: nil).

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

Note 8 Other trading liabilities

	The Banking Group		
	30 June 2007 Unaudited \$m	30 June 2006 Unaudited \$m	30 September 2006 Audited \$m
Other trading liabilities			
Securities sold short	-	-	-
Securities sold under agreements to repurchase	-	-	-
Total other trading liabilities	-	-	-

Note 9 Perpetual subordinated notes

These notes have been issued to Westpac New Zealand Group Limited. The notes have no final maturity, 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 2007 Unaudited \$m	30 June 2006 Unaudited \$m	30 September 2006 Audited \$m
Perpetual subordinated debentures	970	-	700
Total subordinated debentures	970	-	700

Note 10 Commitments and contingent liabilities

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

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

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

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

Where the Bank enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Banking Group, the Bank considers these to be insurance arrangements, and accounts for them as such. In this respect, the Bank treats the guarantee contract as a contingent liability until such time as it becomes probable that the Bank will be required to make payment under the guarantee. The Bank guarantees commercial paper and other debt securities issued by Westpac Securities NZ Limited, the proceeds of which, in accordance with Reserve Bank of New Zealand guidelines, are immediately on lent to the Bank.

Other contingent liabilities

The Banking Group has other contingent liabilities in respect of actual and potential claims and proceedings, and obligations in respect of any action or enquiry that has been, or may be, made by the Bank's regulators. 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 made where appropriate.

The New Zealand Commerce Commission issued proceedings on 9 November 2006 against the Bank, The Warehouse Financial Services Limited (a member of the Banking Group), Visa International, Cards NZ Limited, MasterCard International and all New Zealand issuers of Visa and MasterCard credit cards alleging that the setting of interchange rates and rules (relating to honour all cards, no surcharge, access and no discrimination) amount to price fixing or alternatively have the effect of substantially lessening competition in the New Zealand market in breach of the Commerce Act 1986. The proceedings seek to declare the conduct illegal and impose unspecified monetary penalties. In addition, on 29 November 2006, a number of New Zealand retailers issued similar proceedings to the Commerce Commission, as described above, against the Bank, The Warehouse Financial Services Limited, Visa International, Cards NZ Limited, MasterCard International and New Zealand issuers of Visa and MasterCard credit cards. These proceedings also seek to declare the conduct illegal and an enquiry into damages. Any damages awarded, if any, would be in addition to any penalties imposed under the Commerce Act 1986 in the event the Commerce Commission is successful in the proceedings described above. The Bank is considering its position in relation to both proceedings. As at the date of this General Short Form Disclosure Statement, no provision has been made in the financial statements in relation to these proceedings.

Notes to the consolidated short form financial statements

Note 10 Commitments and contingent liabilities (continued)

The New Zealand Inland Revenue Department is reviewing a number of structured finance transactions undertaken by the NZ Branch and a number of subsidiaries of the Ultimate Parent Bank in New Zealand. The review includes transactions in which The Home Mortgage Company Limited and Westpac (NZ) Investments Limited, members of the Banking Group, participated. Liability for tax reassessment, if any, arising from the review will rest with the Ultimate Parent Bank. See Westpac Banking Corporation's General Short Form Disclosure Statement for the nine months ended 30 June 2007 (Note 12: Commitments and contingent liabilities) for further information on the New Zealand Inland Revenue Department review.

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 is estimated to be \$14 million. The Bank believes it is highly unlikely it would incur a material operating loss as a result of this in the normal course of its business operations.

	The Banking Group		
	30 June 2007 Unaudited \$m	30 June 2006 Unaudited \$m	30 September 2006 Audited \$m
Contingent liabilities			
Direct credit substitutes	61	-	-
Transaction related contingent items	269	-	-
Short term, self liquidating trade related contingent liabilities	623	-	-
Total contingent liabilities	953	-	-

Other commitments

As at 30 June 2007, 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.

The Bank guarantees certain obligations of Westpac Securities NZ Limited under funding programmes that provide funding to the Bank.

Note 11 Concentration of credit exposures to individual counterparties

Analysis of credit exposures to individual counterparties

The number of counterparties to which the Bank has a credit exposure equal to or greater than 10% of the Banking Group's equity is shown below.

	Peak End-of-Day for the Three As at Months Ended 30 June 2007 Unaudited		Peak End-of-Day for the Three As at Months Ended 30 June 2006 Unaudited		Peak End-of-Day for the Three As at Months Ended 30 September 2006 Audited	
	30 June 2007 Unaudited	30 June 2007 Unaudited	30 June 2006 Unaudited	30 June 2006 Unaudited	30 September 2006 Audited	30 September 2006 Audited
10 - 20% of Banking Group's equity						
Individual counterparties						
Bank counterparties	-	-	-	-	-	-
Non-bank counterparties	-	-	-	-	-	-
Closely related counterparties						
Bank counterparties	-	-	-	-	-	-
Non-bank counterparties	-	-	-	-	-	-

The peak end-of-day exposures have been calculated by determining the maximum end-of-day aggregate amount of 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 any OECD government. These calculations relate only to exposures held in the financial records of the Banking Group and were calculated net of specific provisions.

Note 11 Concentration of credit exposures to individual counterparties (continued)

The aggregate amount of the credit exposure and percentage of the Group's equity to which the Banking Group has a credit exposure equal to or greater than 10% of the equity is shown below.

10 - 20% of Banking Group's equity	As at 30 June 2007		As at 30 June 2006		As at 30 September 2006	
	Aggregate Credit Exposures Unaudited \$m	Percentage of Credit Exposures Unaudited %	Aggregate Credit Exposures Unaudited \$m	Percentage of Credit Exposures Unaudited %	Aggregate Credit Exposures Audited \$m	Percentage of Credit Exposures Audited %
Individual counterparties						
Bank counterparties:						
Credit rating of BBB- and above	-	-	-	-	-	-
Credit rating below BBB-	-	-	-	-	-	-
Without investment grade credit rating	-	-	-	-	-	-
Non-bank counterparties:						
Credit rating of BBB- and above	-	-	-	-	-	-
Credit rating below BBB-	-	-	-	-	-	-
Without investment grade credit rating	-	-	-	-	-	-
Closely related counterparties						
Bank counterparties:						
Credit rating of BBB- and above	-	-	-	-	-	-
Credit rating below BBB-	-	-	-	-	-	-
Without investment grade credit rating	-	-	-	-	-	-
Non-bank counterparties:						
Credit rating of BBB- and above	-	-	-	-	-	-
Credit rating below BBB-	-	-	-	-	-	-
Without investment grade credit rating	-	-	-	-	-	-

Note 12 Capital adequacy

The information contained in the tables below has been derived in accordance with the Bank's Conditions of registration which relate to capital adequacy and the Reserve Bank of New Zealand document entitled '*Capital Adequacy Framework*' (BS2) dated March 2007.

For the purposes of calculating the capital adequacy ratios for the Bank, wholly-owned and wholly-funded subsidiaries of the Banking Group are consolidated with the Bank. In this context, wholly-funded by the Bank means that there are no liabilities (including off-balance sheet obligations) to anyone other than the Bank, the Inland Revenue Department and trade creditors, where aggregate exposure to trade creditors does not exceed 5% of the subsidiary's shareholders' equity. Wholly-owned by the Bank means that all equity issued by the subsidiary is held by the Bank.

	The Banking Group	
	30 June 2007 Unaudited	30 June 2006 Unaudited
Capital adequacy ratios		
Tier One Capital expressed as a percentage of risk weighted exposures	6.0%	-
Capital expressed as a percentage of risk weighted exposures	9.6%	-
Reserve Bank of New Zealand minimum ratios:		
Tier One Capital expressed as a percentage of risk weighted exposures	4.0%	-
Capital expressed as a percentage of risk weighted exposures	8.0%	-

Notes to the consolidated short form financial statements

Note 12 Capital adequacy (continued)

	The Banking Group	
	30 June 2007 Unaudited	30 June 2006 Unaudited
Tier One Capital		
Paid in share capital	2,415	-
Revenue and similar reserves	34	-
Current period's profit after income tax and dividend payment (reviewed)	(1)	-
Minority interests	9	-
Less deductions from Tier One Capital		
Goodwill	(477)	-
Other intangible assets	(128)	-
Cash flow hedging reserve	(24)	-
Net deferred tax assets	-	-
Total Tier One Capital	1,828	-
Tier Two Capital - Upper level Tier Two Capital		
Perpetual subordinated notes	970	-
Current period's unaudited retained profits	132	-
Tier Two Capital - Lower level Tier Two Capital	-	-
Total Tier Two Capital	1,102	-
Total Tier One Capital plus Tier Two Capital	2,930	-
Less deductions from Capital	-	-
Capital	2,930	-
Total risk weighted exposures		
On-balance sheet exposures	28,200	-
Off-balance sheet exposures	2,309	-
	30,509	-

Note 12 Capital adequacy (continued)

Risk weighted exposures

The risk weighted exposures are derived in accordance with the Conditions of registration relating to capital adequacy and the Reserve Bank of New Zealand document entitled 'Capital Adequacy Framework' (BS2) dated March 2007.

The current exposure method has been used to calculate the credit equivalent of all market related contracts.

Calculation of on-balance sheet exposures

	The Banking Group		
	30 June 2007 – Unaudited		
	Principal Amount \$m	Risk Weighting	Risk Weighted Exposure \$m
Cash and short term claims on government	242	0%	-
Long term claims on government	-	10%	-
Claims on banks	2,632	20%	526
Claims on public sector entities	109	20%	22
Residential mortgages	28,352	50%	14,176
Other assets	13,476	100%	13,476
Non-risk weighted assets	689		-
Total on-balance sheet exposures	45,500		28,200

Calculation of off-balance sheet securitised mortgage exposures

Securitised mortgages	597	50%	299
Total off-balance sheet securitised mortgage exposures	597		299

Calculation of off-balance sheet and derivative exposures

	Principal Amount \$m	Credit Conversion Factor	Credit Equivalent Amount \$m	Average Counterparty Risk Weighting	Risk Weighted Exposure \$m
Direct credit substitutes	61	100%	61	100%	61
Total direct credit substitutes	61		61		61
Commitments					
Commitments with certain drawdown	31	100%	31	20%	6
Housing loan commitments with certain drawdown	165	100%	165	50%	83
Transaction related contingent items	269	50%	135	99%	133
Short term, self liquidating trade related contingent liabilities	623	20%	125	100%	125
Other commitments to provide financial services which have an original maturity of one year or more	5,632	50%	2,816	53%	1,492
Other commitments with original maturity of less than one year or which can be unconditionally cancelled at any time	4,449	0%	-	0%	-
Total commitments	11,169		3,272		1,839
Market related contracts (derivatives)					
Foreign exchange contracts:					
Forwards	-		-	0%	-
Options	-		-	0%	-
Swaps	11,454		105	20%	21
Interest rate contracts:					
Forwards	-		-	0%	-
Futures	-		-	0%	-
Options	-		-	0%	-
Swaps	17,130		340	26%	89
Total market related contracts (derivatives)	28,584		445		110
Total off-balance sheet and derivative exposures	39,814		3,778		2,010
Total risk weighted exposures					30,509

Notes to the consolidated short form financial statements

Note 12 Capital adequacy (continued)

Calculation of on-balance sheet exposures

The Banking Group

30 June 2006 – Unaudited

	Principal Amount \$m	Risk Weighting	Risk Weighted Exposure \$m
Cash and short term claims on government	-	0%	-
Long term claims on government	-	10%	-
Claims on banks	-	20%	-
Claims on public sector entities	-	20%	-
Residential mortgages	-	50%	-
Other assets	-	100%	-
Non-risk weighted assets	-		-
Total on-balance sheet exposures	-		-

Calculation of off-balance sheet securitised mortgage exposures

Securitised mortgages	-	50%	-
Total off-balance sheet securitised mortgage exposures	-		-

Calculation of off-balance sheet and derivative exposures

	Principal Amount \$m	Credit Conversion Factor	Credit Equivalent Amount \$m	Average Counterparty Risk Weighting	Risk Weighted Exposure \$m
Direct credit substitutes	-	100%	-	100%	-
Total direct credit substitutes	-		-		-
Commitments					
Commitments with certain drawdown	-	100%	-	20%	-
Housing loan commitments with certain drawdown	-	100%	-	50%	-
Transaction related contingent items	-	50%	-	99%	-
Short term, self liquidating trade related contingent liabilities	-	20%	-	100%	-
Other commitments to provide financial services which have an original maturity of one year or more	-	50%	-	53%	-
Other commitments with original maturity of less than one year or which can be unconditionally cancelled at any time	-	0%	-	0%	-
Total commitments	-		-		-
Market related contracts (derivatives)					
Foreign exchange contracts:					
Forwards	-		-	0%	-
Options	-		-	0%	-
Swaps	-		-	0%	-
Interest rate contracts:					
Forwards	-		-	0%	-
Futures	-		-	0%	-
Options	-		-	0%	-
Swaps	-		-	0%	-
Total market related contracts (derivatives)	-		-		-
Total off-balance sheet and derivative exposures	-		-		-
Total risk weighted exposures					-

Note 13 Credit exposures to connected persons and non-bank connected persons

The Reserve Bank of New Zealand defines connected persons to be other members of the Ultimate Parent Banking Group and Directors of the Bank. Controlled entities of the Bank are not connected persons. Credit exposures to connected persons are based on actual credit exposures rather than internal limits, net of specific provisions and exclude advances to connected persons of a capital nature. Peak end-of-day 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 on a gross basis.

	The Banking Group			
	As at 30 June 2007 Unaudited \$m	Peak Over the Three Months Ended 30 June 2007 Unaudited \$m	As at 30 June 2006 Unaudited \$m	Peak Over the Three Months Ended to 30 June 2006 Unaudited \$m
Credit exposures to connected persons	-	-	-	-
Credit exposures to 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%
Credit exposures to non-bank connected persons	-	-	-	-
Credit exposures to non-bank connected persons expressed as a percentage of Tier One Capital of the Banking Group at end of the period	0.0%	0.0%	0.0%	0.0%

As at 30 June 2007, the rating contingent limit applicable to the Bank 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 2007.

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 three months ended 30 June 2007.

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 2007, 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 2006: nil). There were no allowances for impairment losses on individual financial assets against credit exposures to connected persons as at 30 June 2007 (30 June 2006: nil).

The aggregate amount of the Banking Group's specific provisions provided against credit exposures to connected persons was nil as at 30 June 2007 (30 June 2006: nil).

Note 14 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.

Notes to the consolidated short form financial statements

Note 15 Securitisation, funds management, other fiduciary activities and the marketing and distribution of insurance products

Securitisation

As at 30 June 2007, the Banking Group has securitised assets amounting to \$597 million (30 June 2006: nil, 30 September 2006: nil), 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 Custodian Trust Company Limited with the principal purpose of investing in home loans originated by the Bank. The purchase of these home loans has been funded with the proceeds of units subscribed for, and issued to, retail investors in New Zealand. The Banking Group receives fees for various services provided to HLT and MIF on an arm's length basis, including servicing fees and management fees. These fees are recognised over the years in which the costs are borne.

Funds management and other fiduciary activities

The Bank markets the products of BT Funds Management (NZ) Limited, a member of the Ultimate Parent Banking Group, through its branch network. The Bank derives commission 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, this includes the provision of other fiduciary activities.

Involvement with other fiduciary activities

Financial services provided by, and assets purchased from, any member of the Ultimate Parent Bank Group are on arm's length terms and conditions at fair value.

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 of companies). 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.

Peak aggregate funding provided to entities

The Banking Group did not provide any funding to entities conducting the securitisation activities, funds management and other fiduciary activities or insurance product marketing and distribution activities described in this note (or to any other parties on whose behalf the marketing and distribution of insurance products is conducted) during the three months ended 30 June 2007 (30 June 2006: nil, 30 September 2006: nil).

Note 16 Insurance business

The Banking Group does not conduct any insurance business.

Note 17 Vested assets and liabilities

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

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

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

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

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

The accounting policies in Note 1, as disclosed in the Banking Group's 31 March 2007 General Disclosure Statement, have been applied in the preparation of this disclosure.

Note 17 Vested assets and liabilities (continued)

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

Notes to the consolidated short form financial statements

Note 17 Vested assets and liabilities (continued)

(a) Consideration paid for the acquisition of subsidiary entities of the Banking Group

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

Note 18 Proforma comparative

The Bank was incorporated on 14 February 2006, and did not trade as a registered bank prior to 1 November 2006. Therefore, it is not possible to provide comparative information. However, in order to provide additional information to readers, the following proforma consolidated income statement, balance sheet and supporting notes have been prepared.

This note provides a general indication of key financial statements of the Banking Group as at 30 June 2006 and 30 September 2006 as if the Bank had existed, and the vesting of assets and liabilities described in Note 17 had occurred, at 1 October 2005 (the beginning of the Bank's financial year). This note should not be construed in any way as a statement of the actual financial performance of the Banking Group over, or the financial position of the Banking Group as at the end of, the stated periods. The proforma comparative statements are prepared to assist users in their interpretation of the actual financial statements for the Banking Group disclosed in this General Short Form Disclosure Statement. In comparing the actual results for the eight months ended 30 June 2007 with the proforma results for the periods ended 30 June 2006 and 30 September 2006 note that, as at 30 June 2007, the Banking Group had only traded as a registered bank for eight months. Westpac Banking Corporation's General Disclosure Statements prepared for the periods ended 30 June 2006 and 30 September 2006 form the basis of this disclosure information and should be read in conjunction with this note.

The statement of cash flows and changes in equity have not been prepared due to the inherent uncertainty in the creation of this retrospective information and the view that this would not provide meaningful information to the users of this General Short Form Disclosure Statement.

In preparing the proforma income statement and balance sheet, the financial information has been extracted from the general ledger of the NZ Branch with an additional adjustment for subsequent related entity acquisitions by the Bank of Westpac (NZ) Investments Limited, The Home Mortgage Company Limited and a 51% interest in The Warehouse Financial Services Limited on 1 November 2006, each of whose business relates to retail banking operations. The difference between all assets and liabilities identified as vesting in the new entity has been assumed to be funded through the "Other amounts due to related entities" with a relevant funding cost adjustment in the income statement. Any other assets and liabilities and their related income and expenses which formed part of the actual vesting process on 1 November 2006, but were not part of the standard business and consumer banking products have been similarly adjusted in both the balance sheet and income statements for comparison purposes. It is also assumed that the ordinary share capital and perpetual subordinated notes were issued and remained on issue during the relevant periods in the amount stated in the Bank's balance sheet as at 30 June 2007. It has been assumed that all retained profits have been distributed to the parent entity and minority interest.

It has also been assumed that a balance of \$1,000 million of trading assets would be required to maintain the liquidity portfolio.

Comparative proforma consolidated income statement

	The Banking Group	
	Year Ended 30 September 2006 Proforma \$m	Nine Months Ended 30 June 2006 Proforma \$m
Interest income	3,015	2,220
Interest expense	(2,017)	(1,475)
Net interest income	998	745
Non-interest income:		
Fees and commissions	357	265
Trading income	3	2
Gain on ineffective hedges	-	-
Gain/(loss) from available-for-sale securities	-	-
Other non-interest income	22	16
Total non-interest income	382	283
Net operating income	1,380	1,028
Operating expenses	(631)	(467)
Impairment losses on loans	(34)	(22)
Profit before income tax expense	715	539
Income tax expense	(236)	(178)
Profit after income tax expense	479	361
Profit attributable to minority interests	(4)	(3)
Profit after income tax expense attributable to equity holders of the Banking Group	475	358

This is not a statement of the actual financial performance of the Banking Group over the stated period.

Notes to the consolidated short form financial statements

Note 18 Proforma comparative (continued)

Comparative proforma consolidated balance sheet

	Note	The Banking Group	
		As at 30 September 2006 Proforma \$m	As at 30 June 2006 Proforma \$m
Assets			
Cash		106	107
Due from other financial institutions		-	1
Derivative financial instruments		-	-
Other trading assets		1,000	1,000
Other financial assets designated at fair value		-	-
Available-for-sale securities		-	-
Loans	(i), (ii)	36,693	35,533
Due from related entities		3,563	1,229
Investments in related entities		-	-
Goodwill and other intangible assets		606	599
Property, plant and equipment		97	93
Income tax receivable		1	12
Deferred tax assets		82	83
Other assets		134	107
Total assets		42,282	38,764
<i>Less:</i>			
Liabilities			
Due to other financial institutions		-	837
Deposits at fair value	(iv)	4,122	4,835
Deposits at amortised cost	(iv)	23,300	22,456
Derivative financial instruments		4	3
Other trading liabilities		-	-
Debt issues		-	-
Current tax liabilities		3	-
Deferred tax liabilities		-	9
Provisions		61	49
Other liabilities		378	381
Total liabilities excluding due to related entities		27,868	28,570
Perpetual subordinated notes		970	970
Other amounts due to related entities		11,022	6,809
Total liabilities		39,860	36,349
Net assets		2,422	2,415
<i>Represented by:</i>			
Equity			
Ordinary share capital		2,415	2,415
Retained profits		7	-
Total equity		2,422	2,415

This is not a statement of the actual financial position of the Banking Group as at the stated date.

Note 18 Proforma comparative (continued)

Note (i) Loans

	The Banking Group	
	As at 30 September 2006 Proforma \$m	As at 30 June 2006 Proforma \$m
Overdrafts	1,016	1,045
Credit card outstandings	1,009	1,006
Overnight and at call money market loans	1,622	1,575
Term loans:		
Housing	24,545	23,586
Non-housing	8,647	8,462
Other	-	-
Total gross loans	36,839	35,674
Provisions for impairment losses on loans	(146)	(141)
Total net loans	36,693	35,533

Note (ii) Impaired assets

	The Banking Group	
	As at 30 September 2006 Proforma \$m	As at 30 June 2006 Proforma \$m
Gross individually impaired assets	66	57
Individually assessed provisions	(15)	(14)
Net individually impaired assets	51	43
Gross individually impaired assets excluding restructured assets	66	57
Restructured assets	-	-
Total gross individually impaired assets	66	57
Individually assessed provisions	15	14
Collectively assessed provision	146	138
Total impairment provisions	161	152
Provisions for impairment losses on loans	146	141
Provisions for impairment losses on off-balance sheet credit exposures	15	11
Total impairment provisions	161	152
Past due assets	34	48
Other assets under administration	3	3

Note (iii) Interest earning assets and interest bearing liabilities

	The Banking Group	
	As at 30 September 2006 Proforma \$m	As at 30 June 2006 Proforma \$m
Interest earning and discount bearing assets	41,256	37,762
Interest earning and discount bearing liabilities	37,415	33,087

Notes to the consolidated short form financial statements

Note 18 Proforma comparative (continued)

Note (iv) Deposits

	The Banking Group	
	As at 30 September 2006 Proforma \$m	As at 30 June 2006 Proforma \$m
Deposits at fair value		
Deposits at fair value		
Certificates of deposit	4,122	4,835
Total deposits at fair value	4,122	4,835
Deposits at amortised cost		
Non-interest bearing, repayable at call	1,999	1,983
Other interest bearing:		
At call	9,130	8,496
Term	12,171	11,977
Total deposits at amortised cost	23,300	22,456
Total deposits	27,422	27,291

