WESTPAC BANKING CORPORATION – NEW ZEALAND BANKING GROUP

Disclosure Statement.
For the year ended 30 September 2026.

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Glossary of terms

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

In this Disclosure Statement, reference is made to:

- **Overseas Bank** - refers to Westpac Banking Corporation;
- **Overseas Banking Group** - refers to the Overseas Bank and all other entities included in the Overseas Bank's group for the purposes of public reporting of the group financial statements in Australia;
- **NZ Branch** - refers to the New Zealand business (as defined in the Order) of the Overseas Bank;
- **Westpac New Zealand** - refers to Westpac New Zealand Limited; and
- **NZ Banking Group** - refers to the financial reporting group (as defined in the Order) of the Overseas Bank. Controlled entities of the NZ Banking Group as at 30 September 2026 are set out in Note 22 Related entities;

Words and phrases not defined in this Disclosure Statement, but defined by the Order, have the meaning given by the Order when used in this Disclosure Statement.

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

ADI	Authorised deposit-taking institution
ALCO	Asset and Liability Committee
ALM	Asset and liability risk management
ANZSIC	Australian and New Zealand Standard Industrial Classification
APRA	Australian Prudential Regulation Authority
AT1	Additional Tier 1 capital
AUSTRAC	Australian Transaction Reports and Analysis Centre
BKBM	Bank bill benchmark rate
Board	Board of Directors
BPR	Banking Prudential Requirements
BPS Act	Banking (Prudential Supervision) Act 1989
BRCC	Board Risk and Compliance Committee
BS13	Reserve Bank document 'Liquidity Policy'
CAP	Collectively assessed provisions
CB	Covered bonds
CGU	Cash generating unit
CREDCO	Credit Risk Committee
CRG	Customer risk grade
EAD	Exposure at default
ECL	Expected credit losses
ELE	Extended licensed entity
ESG	Environmental, social and governance
Financial statements	Consolidated financial statements
Fitch	Fitch Ratings
FM	Financial Markets
FVIS	Fair value through income statement
FVOCI	Fair value through other comprehensive income
FX	Foreign exchange
GDP	Gross domestic product
Group BRiskC	Overseas Bank's Board Risk Committee
GST	Goods and services tax
IAP	Individually assessed provisions
IRRBB	Interest rate risk in the banking book
LGD	Loss given default
LVR	Loan-to-value ratio
MARCO	Market Risk Committee
Moody's	Moody's Investors Service
NaR	Net interest income-at-risk
NCI	Non-controlling interests
NII	Net interest income
NZ IAS	New Zealand equivalents to International Accounting Standards
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
OCI	Other comprehensive income
Order	Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended)
PD	Probability of default
PIE	Portfolio investment entities
PPS	Perpetual preference shares
Reserve Bank	Reserve Bank of New Zealand
RISKCO	Executive Risk Committee
RMBS	Residential mortgage-backed securities
RWAs	Risk weighted assets or risk weighted exposures
S&P	S&P Global Ratings
SME	Small and medium-sized enterprises
SPPI	Solely payments of principal and interest
VaR	Value-at-Risk
XRB	External Reporting Board

Directors' and the Chief Executive Officer, NZ Branch's statement

Each Director of the Overseas Bank and the Chief Executive Officer, NZ Branch, believes, after due enquiry, that, as at the date on which this Disclosure Statement is signed, the Disclosure Statement:

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

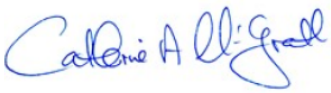
(b) is not false or misleading.

Each Director of the Overseas Bank and the Chief Executive Officer, NZ Branch, believes, after due enquiry, that over the year ended 30 September 2026:

(a) the Overseas Bank has complied in all material respects with each condition of registration that applied during that period; and

(b) the NZ Branch and other members of the NZ Banking Group had systems in place to monitor and control adequately the material risks of relevant members of the NZ Banking Group, 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. For this purpose, a relevant member of the NZ Banking Group means a member of the NZ Banking Group that is not a member of Westpac New Zealand's banking group, as defined in Westpac New Zealand's Disclosure Statement for the year ended 30 September 2026. Refer to Note vi. Risk management policies - Risk Management Frameworks on page 91 of this Disclosure Statement for further detail regarding the entities which had systems in place to monitor and control the material risks of relevant members of the NZ Banking Group.

The Disclosure Statement has been signed on behalf of all of the Directors by Catherine McGrath, Chief Executive Officer, Westpac New Zealand, and by Christopher Leuschke as Chief Executive Officer, NZ Branch.



Catherine McGrath



Christopher Leuschke

Dated this 10th day of November 2026

Income statement for the year ended 30 September 2026

		NZ BANKING GROUP	
$ millions	Note	**2026**	2025
Interest income:			
Calculated using the effective interest method	2	**5,915**	6,891
Other	2	**209**	239
Total interest income		**6,124**	7,130
Interest expense	2	**(3,378)**	(4,228)
Net interest income		**2,746**	2,902
Non-interest income			
Net fees and commissions	3	**186**	196
Net wealth management	3	**52**	47
Trading	3	**98**	121
Other	3	**17**	3
Total non-interest income		**353**	367
Net operating income		**3,099**	3,269
Operating expenses	4	**(1,596)**	(1,564)
Impairment (charges)/benefits	6	**(33)**	44
Profit before income tax expense		**1,470**	1,749
Income tax expense	7	**(410)**	(488)
Profit after income tax expense		**1,060**	1,261
Net profit attributable to NCI		**(19)**	(19)
Net profit attributable to the owners of the Overseas Bank		**1,041**	1,242

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

Statement of comprehensive income for the year ended 30 September 2026

	NZ BANKING GROUP	
$ millions	**2026**	2025
Profit after income tax expense	**1,060**	1,261
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Gains/(losses) recognised in equity on:		
Investment securities	**43**	85
Cash flow hedging instruments	**197**	(87)
Cost of hedging	**(50)**	-
Transferred to income statement:		
Cash flow hedging instruments	**(71)**	(3)
Cost of hedging	**(1)**	-
Income tax on items taken to or transferred from equity:		
Investment securities	**(12)**	(24)
Cash flow hedging instruments	**(35)**	25
Cost of hedging	**14**	-
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation recognised in equity (net of tax)	**5**	1
Net other comprehensive income/(expense) (net of tax)	**90**	(3)
Total comprehensive income	**1,150**	1,258
Attributable to:		
Owners of the Overseas Bank	**1,131**	1,239
NCI	**19**	19

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

Balance sheet as at 30 September 2026

		NZ BANKING GROUP	
$ millions	Note	**2026**	2025
Assets			
Cash and balances with central banks	32	**4,638**	6,188
Collateral paid		**450**	176
Trading securities and financial assets measured at FVIS	9	**5,802**	6,153
Derivative financial instruments	23	**7,757**	7,182
Investment securities	10	**9,131**	8,206
Loans	11,12	**112,005**	106,800
Other financial assets		**897**	1,248
Due from related entities	22	**3,184**	3,004
Property and equipment		**433**	472
Deferred tax assets	14	**167**	191
Intangible assets	15	**924**	953
Other assets		**171**	177
Total assets		**145,559**	140,750
Liabilities			
Collateral received		**1,725**	1,332
Deposits and other borrowings	16	**85,391**	82,832
Other financial liabilities	17	**2,843**	4,989
Derivative financial instruments	23	**4,954**	4,729
Due to related entities	22	**5,869**	4,334
Debt issues	18	**28,246**	26,406
Current tax liabilities		**63**	96
Provisions	19	**186**	204
Other liabilities		**271**	322
Loan capital	20	**3,360**	3,318
Total liabilities		**132,908**	128,562
Net assets		**12,651**	12,188
Head office account			
Branch capital	21	**1,300**	1,300
Retained profits		**1,736**	1,647
Total head office account		**3,036**	2,947
NZ Banking Group equity			
Share capital	21	**6,045**	6,045
Reserves	21	**17**	(68)
Retained profits		**3,184**	2,895
Total NZ Banking Group equity		**9,246**	8,872
Total equity attributable to owners of the Overseas Bank		**12,282**	11,819
NCI	21	**369**	369
Total shareholders' equity and NCI		**12,651**	12,188

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

Signed on behalf of the Board of Directors.



Director
10 November 2026

Director
10 November 2026

Statement of changes in equity for the year ended 30 September 2026

	NZ BANKING GROUP							
	NZ Branch Head Office Account		Other Members of the NZ Banking Group			Total equity attributable to the owners of the Overseas Bank	NCI (Note 21)	Total shareholders' equity and NCI
$ millions	Branch Capital (Note 21)	Retained Profits	Share Capital (Note 21)	Reserves (Note 21)	Retained Profits			
As at 30 September 2024	1,300	1,598	6,045	(64)	2,446	11,325	369	11,694
Year ended 30 September 2025								
Profit after income tax expense	-	149	-	-	1,093	1,242	19	1,261
Net other comprehensive income/(expense)	-	-	-	(4)	1	(3)	-	(3)
Total comprehensive income/(expense)	-	149	-	(4)	1,094	1,239	19	1,258
Transactions with equity holders:								
Dividends paid on ordinary shares	-	-	-	-	(645)	(645)	-	(645)
Dividends paid on PPS				-	-	-	(19)	(19)
Profit repatriation	-	(100)	-	-	-	(100)	-	(100)
As at 30 September 2025	1,300	1,647	6,045	(68)	2,895	11,819	369	12,188
As at 30 September 2025	**1,300**	**1,647**	**6,045**	**(68)**	**2,895**	**11,819**	**369**	**12,188**
Year ended 30 September 2026								
Profit after income tax expense	**-**	**89**	**-**	**-**	**952**	**1,041**	**19**	**1,060**
Net other comprehensive income/(expense)	**-**	**-**	**-**	**85**	**5**	**90**	**-**	**90**
Total comprehensive income/(expense)	**-**	**89**	**-**	**85**	**957**	**1,131**	**19**	**1,150**
Transactions with equity holders:								
Dividends paid on ordinary shares	**-**	**-**	**-**	**-**	**(668)**	**(668)**	**-**	**(668)**
Dividends paid on PPS	**-**	**-**	**-**	**-**	**-**	**-**	**(19)**	**(19)**
As at 30 September 2026	**1,300**	**1,736**	**6,045**	**17**	**3,184**	**12,282**	**369**	**12,651**

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

Statement of cash flows for the year ended 30 September 2026

		NZ BANKING GROUP	
$ millions	Note	**2026**	2025
Cash flows from operating activities			
Interest received		**6,064**	7,157
Interest paid		**(3,396)**	(4,508)
Non-interest income received		**241**	37
Operating expenses paid		**(1,305)**	(1,299)
Income tax paid		**(442)**	(532)
Cash flows from operating activities before changes in operating assets and liabilities		**1,162**	855
Net (increase)/decrease in:			
Collateral paid		**(274)**	68
Trading securities and financial assets measured at FVIS		**(108)**	(357)
Loans		**(5,663)**	(4,328)
Other financial assets		**(23)**	69
Due from related entities		**(264)**	-
Other assets		**8**	(2)
Net increase/(decrease) in:			
Collateral received		**393**	1,134
Deposits and other borrowings		**2,529**	1,234
Other financial liabilities		**(1,103)**	(414)
Due to related entities		**13**	50
Other liabilities		**(17)**	(14)
Net movement in external and related entity derivative financial instruments		**570**	798
Net cash provided by/(used in) operating activities	32	**(2,777)**	(907)
Cash flows from investing activities			
Proceeds from investment securities		**779**	921
Purchase of investment securities		**(1,935)**	(1,375)
Purchase of intangible assets		**(138)**	(106)
Purchase of property and equipment		**(58)**	(111)
Net cash provided by/(used in) investing activities		**(1,352)**	(671)
Cash flows from financing activities			
Proceeds from debt issues	18	**11,589**	8,359
Repayments of debt issues	18	**(9,864)**	(6,194)
Payments for the principal portion of lease liabilities		**(41)**	(55)
Maturities, repayments, buy-backs and reduction of loan capital	20	**1**	6
Dividends paid on ordinary shares	21	**(668)**	(645)
Dividends paid on PPS	21	**(19)**	(19)
Profit repatriation	21	**-**	(100)
Net movement in due to related entities		**430**	(48)
Net cash provided by/(used in) financing activities		**1,428**	1,304
Net increase/(decrease) in cash and cash equivalents		**(2,701)**	(274)
Cash and cash equivalents at the beginning of the year		**8,076**	8,261
Effect of exchange rate changes on cash and cash equivalents		**19**	89
Cash and cash equivalents at the end of the year	32	**5,394**	8,076

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

Details of the reconciliation of net cash provided by/(used in) operating activities to Profit after income tax expense are provided in Note 32.

Notes to the financial statements

Note 1 Financial statements preparation

The Overseas Bank is registered as a public company limited by shares under the Australian Corporations Act 2001 and is entered on the register maintained under the BPS Act. The Overseas Bank provides a broad range of banking and financial services, including consumer, business and institutional banking and wealth management services.

The NZ Branch's head office is situated at Westpac on Takutai Square, 16 Takutai Square, Auckland 1010, New Zealand and the address for service of process on the NZ Branch is General Counsel, Legal, Westpac on Takutai Square, 53 Galway Street, Auckland 1010, New Zealand.

The financial statements are for the NZ Banking Group.

These financial statements were authorised for issue by the Overseas Bank's Board of Directors on 10 November 2026. The Board has the power to amend and reissue the financial statements.

The material accounting policies are set out below and in the relevant notes to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

(i) Basis of accounting

These financial statements are general purpose financial statements prepared in accordance with:

- the requirements of the Financial Markets Conduct Act 2013; and
- the requirements of the Order.

These financial statements comply with New Zealand Generally Accepted Accounting Practice, applicable NZ IFRS and other authoritative pronouncements of the XRB, as appropriate for for-profit entities. These financial statements also comply with International Financial Reporting Standards Accounting Standards, as issued by the International Accounting Standards Board.

All amounts in these financial statements have been rounded to the nearest million dollars unless otherwise stated.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by applying fair value accounting to financial assets and financial liabilities (including derivative instruments) measured at FVIS or FVOCI.

(iii) Comparative revisions

Comparative information has been revised where appropriate to conform to changes in presentation in the current year and to enhance comparability. Where there has been a material restatement of comparative information the nature of, and the reason for, the restatement is disclosed in the relevant section.

(iv) Standards adopted during the year ended 30 September 2026

Effective 1 October 2025, the NZ Banking Group adopted the hedge accounting requirements of NZ IFRS 9 *Financial instruments*. As permitted by NZ IFRS 9, the adoption of these requirements is considered a change in accounting policy for the NZ Banking Group and is applied prospectively. As the accounting for macro hedging activities of interest rate risk is not explicitly addressed in NZ IFRS 9, the NZ Banking Group will continue to apply NZ IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting principles for its portfolio-level fair value hedging of retail products.

NZ IFRS 9 simplifies hedge accounting by more closely aligning hedge relationships with the NZ Banking Group's risk management strategies and allows a broader range of hedged items and hedging instruments to be designated. Certain cost-of-hedging elements may now be deferred in OCI in a cost of hedging reserve (COHR). In addition, the hedge effectiveness testing is less prescriptive. Whereas NZ IAS 39 requires hedge effectiveness to be within a range of 80%–125% or otherwise hedge accounting is discontinued, NZ IFRS 9 instead requires a qualitative assessment of whether an economic relationship exists between the hedged item and the hedging instrument and also permits rebalancing for hedge relationships where effectiveness levels have changed.

All the NZ Banking Group's existing hedge accounting relationships previously designated under NZ IAS 39 continued to qualify for hedge accounting under NZ IFRS 9 and comparative information has not been restated. Under NZ IFRS 9, costs of hedging (cross currency basis spreads) are being reflected in a new COHR within OCI. The balance of the COHR as at 30 September 2026 is $(37) million (30 September 2025: nil).

(v) Business combinations

Business combinations are accounted for using the acquisition method of accounting. Acquisition cost is measured as the aggregate of the fair value at the date of acquisition of the assets given, equity instruments issued or liabilities incurred or assumed. Acquisition-related costs are expensed as incurred (except for those costs arising on the issue of equity instruments which are recognised directly in equity).

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at fair value on the acquisition date. Goodwill is measured as the excess of the acquisition cost, the amount of any non-controlling interest and the fair value of any previous NZ Banking Group's equity interest in the acquiree, over the fair value of the identifiable net assets acquired.

(vi) Foreign currency translation

Functional and presentation currency

The financial statements are presented in New Zealand dollars which is the NZ Banking Group's functional and presentation currency.

Note 1 Financial statements preparation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. FX gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in OCI for qualifying cash flow hedges.

b. Basis of aggregation

The NZ Banking Group as at 30 September 2026 has been aggregated by combining the sum of the capital and reserves of the NZ Branch, and the consolidated capital and reserves of Westpac New Zealand Group Limited, BT Financial Group (NZ) Limited, Westpac Financial Services Group-NZ-Limited, Westpac Group Investment-NZ-Limited, and their subsidiaries (including structured entities). For New Zealand entities acquired by the Overseas Banking Group, capital and reserves at acquisition are netted and recognised as capital contributed to the NZ Banking Group.

Subsidiaries are entities over which the members of the NZ Banking Group have control as they are exposed to, or have rights to, variable returns from their involvement with the entities, and can affect those returns through their power over the entities. All transactions between entities within the NZ Banking Group are eliminated. Subsidiaries are fully consolidated from the date on which control commences and are de-consolidated from the date that control ceases.

c. Financial assets and financial liabilities

(i) Recognition

Financial assets and financial liabilities, other than regular way transactions, are recognised when the NZ Banking Group becomes a party to the terms of the contract, which is generally on the settlement date (the date payment is made or cash advanced). Purchases and sales of financial assets in regular way transactions are recognised on the trade date (the date on which the NZ Banking Group commits to purchase or sell an asset).

(ii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or when the NZ Banking Group has either transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full under a 'pass through' arrangement and transferred substantially all the risks and rewards of ownership.

There may be situations where the NZ Banking Group has partially transferred the risks and rewards of ownership but has neither transferred nor retained substantially all the risks and rewards of ownership. In such situations, the asset continues to be recognised on the balance sheet to the extent of the NZ Banking Group's continuing involvement in the asset.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the income statement.

The terms are deemed to be substantially different if the discounted present value of the cash flows under the new terms (discounted using the original effective interest rate) is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Qualitative factors such as a change in the currency the instrument is denominated in, a change in the interest rate from fixed to floating and conversion features are also considered.

(iii) Classification and measurement basis

Financial assets

Financial assets are grouped into the following classes: cash and balances with central banks, collateral paid, trading securities and financial assets measured at FVIS, derivative financial instruments, investment securities, loans, other financial assets and due from related entities.

Financial assets are classified based on a) the business model within which the assets are managed, and b) whether the contractual cash flows of the instrument represent SPPI.

The NZ Banking Group determines the business model at the level that reflects how groups of financial assets are managed. When assessing the business model the NZ Banking Group considers factors including how performance and risks are managed, evaluated and reported and the frequency and volume of, and reason for, sales in previous periods and expectations of sales in future periods.

When assessing whether contractual cash flows are SPPI, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that they may not meet the SPPI criteria include contingent and leverage features, non-recourse arrangements, and features that could modify the time value of money.

Note 1 Financial statements preparation (continued)

Debt instruments

If the debt instruments have contractual cash flows which represent SPPI on the principal balance outstanding they are classified at:

- amortised cost if they are held within a business model whose objective is achieved through holding the financial asset to collect these cash flows; or
- FVOCI if they are held within a business model whose objective is achieved both through collecting these cash flows and selling the financial asset; or
- FVIS if they are held within a business model whose objective is achieved through selling the financial asset.

Debt instruments are classified and measured at FVIS where the contractual cash flows do not represent SPPI on the principal balance outstanding or where it is designated at FVIS to eliminate or reduce an accounting mismatch.

Debt instruments at amortised cost are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. They are presented net of any provision for ECL determined using the ECL model. Refer to Notes 6 and 12 for further details.

Debt instruments at FVOCI are measured at fair value with unrealised gains and losses recognised in OCI except for interest income, impairment charges and FX gains and losses, which are recognised in the income statement. Impairment on debt instruments at FVOCI is determined using the ECL model and is recognised in the income statement with a corresponding amount in OCI. There is no reduction of the carrying value of the debt security which remains at fair value.

The cumulative gain or loss recognised in OCI is subsequently recognised in the income statement when the instrument is derecognised.

Debt instruments at FVIS are measured at fair value with subsequent changes in fair value recognised in the income statement.

Financial liabilities

Financial liabilities are grouped into the following classes: collateral received, deposits and other borrowings, other financial liabilities, derivative financial instruments, due to related entities, debt issues and loan capital.

Financial liabilities are measured at amortised cost if they are not held for trading or designated at FVIS, otherwise they are measured at FVIS.

Financial assets and financial liabilities measured at FVIS are recognised initially at fair value. All other financial assets and financial liabilities are recognised initially at fair value plus or minus directly attributable transaction costs respectively.

Further details of the accounting policy for each category of financial asset or financial liability mentioned above are set out in the note for the relevant item.

The NZ Banking Group's policies for determining the fair value of financial assets and financial liabilities are set out in Note 24.

d. Critical accounting assumptions and estimates

Applying the NZ Banking Group's accounting policies requires the use of judgement, assumptions and estimates which impact the financial information. The significant assumptions and estimates used are discussed in the relevant notes below.

- Note 12 Provision for expected credit losses
- Note 24 Fair values of financial assets and financial liabilities

Recent geopolitical developments have led to a higher than usual degree of uncertainty with the assumptions and estimates used to determine the provision for ECL. Actual outcomes may differ significantly from the assumptions used. Details of the specific judgements in relation to the calculation of the provision for ECL including overlays are included in Note 12.

Impact of climate-related risks

The NZ Banking Group has considered the potential risk of climate change on its financial statements. Refer to Note 31 for further details.

e. Future developments in accounting standards

NZ IFRS 18 *Presentation and Disclosure in Financial Statements* (NZ IFRS 18) was issued in May 2024 and will be effective for the 30 September 2028 year end unless early adopted. NZ IFRS 18 will replace NZ IAS 1 *Presentation of Financial Statements*. This standard will not change the recognition and measurement of items in the financial statements, but will impact the presentation and disclosure in the financial statements, including:

- New categories and subtotals in the income statement to enhance comparability;
- Enhancing the disclosure of management defined performance measures; and
- Changes to the grouping of information in the financial statements to provide more useful information.

The NZ Banking Group is continuing to assess the impact of adopting NZ IFRS 18.

Note 1 Financial statements preparation (continued)

Amendments to the Classification and Measurement of Financial Instruments was issued in June 2024 and amends NZ IFRS 7 *Financial Instruments: Disclosures* and NZ IFRS 9 *Financial Instruments*. It is effective for the 30 September 2027 year end unless early adopted.

The amendments include:

- Changes to disclosures for investments in equity instruments designated at FVOCI and additional disclosures for financial instruments with contingent features that do not relate directly to basic lending risks and costs;
- Guidance on derecognition of financial liabilities criteria when using an electronic payments system; and
- Guidance on assessing contractual cash flow characteristics of financial assets with ESG and similar features.

The amendments are not expected to have a material impact on the NZ Banking Group.

Other new standards and amendments to existing standards that are not yet effective are not expected to have a material impact on the NZ Banking Group.

Notes to the financial statements

Note 2 Net interest income

Accounting policy

Interest income and interest expense for all interest earning financial assets and interest bearing financial liabilities at amortised cost or FVOCI, detailed within the table below, are recognised using the effective interest method. Net income from Treasury's interest rate and liquidity management activities and the Depositor Compensation Scheme levy are included in net interest income.

The effective interest method calculates the amortised cost of a financial instrument by discounting the financial instrument's estimated future cash receipts or payments to their present value and allocates the interest income or interest expense, including any fees, costs, premiums or discounts integral to the instrument, over its expected life.

Interest income is calculated based on the gross carrying amount of financial assets in stages 1 and 2 of the NZ Banking Group's ECL model and on the carrying amount net of the provision for ECL for financial assets in stage 3.

		NZ BANKING GROUP	
$ millions	Note	**2026**	2025
Interest income			
Calculated using the effective interest method			
Cash and balances with central banks		**136**	298
Collateral paid		**9**	5
Investment securities		**337**	291
Loans		**5,390**	6,235
Due from related entities	22	**42**	62
Other interest income		**1**	-
Total interest income calculated using the effective interest method		**5,915**	6,891
Other			
Trading securities and financial assets measured at FVIS		**206**	239
Due from related entities	22	**3**	-
Total other		**209**	239
Total interest income		**6,124**	7,130
Interest expense			
Calculated using the effective interest method			
Collateral received		**41**	40
Deposits and other borrowings		**1,810**	2,612
Due to related entities	22	**39**	53
Debt issues		**800**	589
Loan capital		**190**	189
Other financial liabilities		**23**	120
Total interest expense calculated using the effective interest method		**2,903**	3,603
Other			
Deposits and other borrowings		**45**	86
Debt issues		**146**	153
Other interest expense[1]		**284**	386
Total other		**475**	625
Total interest expense		**3,378**	4,228
Net interest income		**2,746**	2,902

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

Note 3 Non-interest income

Accounting policy

Non-interest income includes net fees and commissions income, net wealth management income, trading income and other income.

Net fees and commissions income

When another party is involved in providing goods or services to a NZ Banking Group customer, the NZ Banking Group assesses whether the nature of the arrangement with its customer is as a principal provider or an agent of another party. Where the NZ Banking Group is acting as an agent for another party, the income earned by the NZ Banking Group is the net consideration received (i.e. the gross amount received from the customer less amounts paid to a third party provider). As an agent, the net consideration represents fees and commissions income for facilitating the transaction between the customer and the third party provider with primary responsibility for fulfilling the contract.

Fees and commissions income

Fees and commissions income is recognised when the performance obligation is satisfied by transferring the promised good or service to the customer. Fees and commissions income includes facility fees, transaction fees and commissions and other non-risk fee income. Commissions income includes commissions received for the distribution of general and life insurance products.

Facility fees include certain line fees, annual credit card fees and fees for providing customer bank accounts. They are recognised over the term of the facility/period of service on a straight line basis.

Transaction fees and commissions are earned for facilitating banking transactions such as FX and telegraphic transfers. Fees and commissions for these one-off transactions are recognised once the transaction has been completed. Transaction fees and commissions are also recognised for credit card transactions including interchange fees net of scheme charges. These are recognised once the transaction has been completed, however, a component of interchange fees received is deferred as unearned income as the NZ Banking Group has a future service obligation to customers under the NZ Banking Group's credit card reward programmes.

Other non-risk fee income includes advisory and underwriting fees which are recognised when the related service is completed.

Income which forms an integral part of the effective interest rate of a financial instrument is recognised using the effective interest method and recorded in interest income (for example, loan origination fees).

Fees and commissions expenses

Fees and commissions expenses include incremental external costs that vary directly with the provision of goods or services to customers. An incremental cost is one that would not have been incurred if a specific good or service had not been provided to a specific customer. Fees and commissions expenses which form an integral part of the effective interest rate of a financial instrument are recognised using the effective interest method and recorded in net interest income. Fees and commissions expenses include the costs associated with credit card loyalty programmes which are recognised as an expense when the services are provided on the redemption of points.

Net wealth management income

Wealth management fees earned for the ongoing management of customer funds and investments are recognised when the performance obligation is satisfied which is over the period of management.

Trading income

- Realised and unrealised gains or losses from changes in the fair value of trading assets, liabilities and derivatives are recognised in the period in which they arise (except day one profits or losses which are deferred, refer to Note 24); and
- Net income related to Treasury's interest rate and liquidity management activities is included in net interest income.

Note 3 Non-interest income (continued)

	NZ BANKING GROUP	
$ millions	**2026**	2025
Net fees and commissions		
Facility fees	**51**	50
Transaction fees and commissions	**193**	202
Other non-risk fee income[1]	**24**	23
Fees and commissions income	**268**	275
Credit card loyalty programmes	**(30)**	(30)
Transaction fees and commissions related expenses	**(52)**	(49)
Fees and commissions expenses	**(82)**	(79)
Net fees and commissions	**186**	196
Net wealth management	**52**	47
Trading	**98**	121
Other		
Net ineffectiveness on qualifying hedges	**4**	(4)
Other	**13**	7
Total other	**17**	3
Total non-interest income	**353**	367

[1] Includes management fees due from related entities. Refer to Note 22.

Deferred income in relation to the credit card loyalty programmes for the NZ Banking Group was $18 million as at 30 September 2026 (30 September 2025: $21 million). This will be recognised as fees and commissions income as the credit card reward points are redeemed.

There were no other material contract assets or contract liabilities for the NZ Banking Group.

Note 4 Operating expenses

		NZ BANKING GROUP	
$ millions	Note	**2026**	2025
Staff expenses		**807**	808
Lease expenses		**18**	19
Depreciation		**106**	116
Technology services and telecommunications		**280**	276
Purchased services		**52**	62
Software amortisation		**167**	140
Related entities - management fees	22	**17**	14
Other[1]		**149**	129
Total operating expenses		**1,596**	1,564

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

Notes to the financial statements

Note 5 Auditor's remuneration

KPMG was appointed as the NZ Banking Group's external auditor beginning 1 October 2024, succeeding PwC (PwC New Zealand unless otherwise stated). Auditor's remuneration disclosed in the table below relates to fees for services provided by KPMG (KPMG New Zealand unless otherwise stated). Certain services continued to be provided by PwC during the auditor transition period in the comparative financial year ended 30 September 2025. Any amounts paid to PwC during the comparative financial year ended 30 September 2025 are not included in the table below.

	NZ BANKING GROUP	
$'000s	**2026**	2025[5]
Audit or review of financial statements[1]	**3,153**	2,955
Audit or review related services		
Assurance engagements[2]	**10**	-
Agreed-upon procedures engagements[3]	**523**	175
Total remuneration for audit or review related services	**533**	175
Other assurance services and other agreed-upon procedures engagements		
Assurance engagements[4]	**507**	170
Total remuneration for other assurance services and other agreed-upon procedures engagements	**507**	170
Total auditor's remuneration	**4,193**	3,300

[1] Fees for the annual audit of the financial statements, the review procedures performed on the interim financial statements, and limited assurance over compliance with the information required on Credit and Market Risk Exposures and Capital Adequacy.

[2] Fees for audit of the registers of the PIE Funds (as defined in Note 22).

[3] Fees for agreed-upon procedures for the issue of comfort letters and work on the NZ Banking Group's debt issuance programmes.

[4] Fees relate to work performed by KPMG in providing limited assurance over greenhouse gas disclosures and reasonable assurance over BS11 Outsourcing Policy controls. For the comparative financial year ended 30 September 2025, fees related only to limited assurance over greenhouse gas disclosures.

[5] For the comparative financial year ended 30 September 2025, $55,000 was paid to PwC for the audit of the PIE Funds' financial statements due to the timing of the external auditor transition, as the PIE Funds' balance date is 31 March. In addition, $418,897 was paid to PwC and $224,456 was paid to PwC Australia for agreed-upon procedures for the issue of comfort letters and work on the NZ Banking Group's debt issuance programmes. As PwC was not the NZ Banking Group's external auditor for the year ended 30 September 2025, these amounts are not included in the table above.

It is the NZ Banking Group's policy to engage the external auditor on assignments additional to their statutory audit duties only if their independence is not impaired or seen to be impaired, and where their expertise and experience with the NZ Banking Group is important.

Audit and non-audit assurance services are provided to non-consolidated entities, including non-consolidated trusts and non-consolidated KiwiSaver schemes, managed funds and the staff superannuation scheme of which members of the NZ Banking Group are managers or responsible entities. During the year ended 30 September 2026, the fees in respect of these services were $484,235 paid to KPMG (30 September 2025: nil paid to KPMG and $590,612 paid to PwC due to the timing of the external auditor transition as the balance date of the non-consolidated trusts and non-consolidated KiwiSaver schemes and managed funds is 31 March, and the balance date of the staff superannuation scheme is 30 June). These amounts are not included in the table above.

Note 6 Impairment charges/(benefits)

Accounting policy

Impairment charges are based on an expected loss model which measures the difference between the current carrying amount and the present value of expected future cash flows taking into account past experience, current conditions and multiple probability-weighted macroeconomic scenarios for reasonably supportable future economic conditions. Further details of the calculation of ECL and the critical accounting assumptions and estimates relating to impairment charges are included in Note 12.

Impairment charges are recognised in the income statement, with a corresponding amount recognised as follows:

- Loans at amortised cost: as a reduction of the carrying value of the financial asset through an offsetting provision account (refer to Note 12);
- Investment securities: in reserves in OCI with no reduction of the carrying value of the debt security (refer to the statement of changes in equity); and
- Credit commitments: as a provision (refer to Note 19).

Uncollectable loans

A loan may become uncollectable in full or part if, after following the NZ Banking Group's loan recovery procedures, the NZ Banking Group remains unable to collect that loan's contractual repayments. Uncollectable amounts are written off against their related provision for ECL, after all possible repayments have been received.

Where loans are secured, amounts are generally written off after receiving the proceeds from the security, or in certain circumstances, where the net realisable value of the security has been determined and this indicates that there is no reasonable expectation of full recovery, write-off may be earlier. Unsecured consumer loans are generally written off after 180 days past due.

The NZ Banking Group may subsequently be able to recover cash flows from loans written off. In the period which these recoveries are made, they are recognised in the income statement.

	NZ BANKING GROUP	
$ millions	**2026**	2025
Provisions raised/(released):		
Performing	**1**	(68)
Non-performing	**21**	16
Bad debts written off/(recovered) directly to the income statement	**11**	8
Impairment charges/(benefits)	**33**	(44)
of which relates to:		
Loans and credit commitments	**33**	(44)
Impairment charges/(benefits)	**33**	(44)

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

Notes to the financial statements

Note 7 Income tax expense

Accounting policy

The income tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in OCI, in which case it is recognised in the statement of comprehensive income.

Current tax is the tax payable for the year using enacted or substantively enacted tax rates and laws. Current tax also includes adjustments to tax payable for previous years.

Judgement is required in determining the current tax liability. There may be transactions with uncertain tax outcomes and provisions are determined based on the expected outcomes.

Goods and services tax

Revenue, expenses and assets are recognised net of GST except to the extent that GST is not recoverable from the New Zealand Inland Revenue. In these circumstances, GST is recognised as part of the expense or the cost of the asset.

	NZ BANKING GROUP	
$ millions	**2026**	2025
Income tax expense		
Current tax:		
Current year	**407**	458
Prior year adjustments	**2**	(1)
Deferred tax (refer to Note 14):		
Current year	**4**	31
Prior year adjustments	**(3)**	-
Total income tax expense	**410**	488
Profit before income tax expense	**1,470**	1,749
Tax calculated at tax rate of 28%	**412**	490
Income not subject to tax	**-**	-
Expenses not deductible for tax purposes	**(1)**	(1)
Prior year adjustments	**(1)**	(1)
Total income tax expense	**410**	488

The effective tax rate for the year ended 30 September 2026 was 27.9% (30 September 2025: 27.9%).

International Tax Reform - Pillar Two Model Rules (Pillar Two)

Pillar Two introduced new 'top-up' taxes for multinational enterprises ('**MNEs**') within the scope of the rules to ensure that these MNEs pay a minimum effective tax rate of 15% on profits in all jurisdictions.

The NZ Banking Group is part of an MNE group under the Overseas Bank that falls within the Organisation for Economic Co-operation and Development Pillar Two Model Rules. Pillar Two legislation has been enacted in New Zealand for the NZ Banking Group's financial year beginning 1 October 2025. Based on an assessment of the most recent tax filings and financial statements for its constituent entities, the NZ Banking Group does not have a material exposure to Pillar Two income taxes.

Note 8 Imputation credit account

	NZ BANKING GROUP	
$ millions	**2026**	2025
Imputation credits available for use in subsequent reporting periods	**710**	584

The imputation credit balance shown above represents imputation credits available to New Zealand tax resident members of the NZ Banking Group. The 2026 imputation credit balance available to the Overseas Bank (not included in the NZ Banking Group balance above) is $424 million (30 September 2025: $537 million).

Note 9 Trading securities and financial assets measured at FVIS

Accounting policy

Trading securities and other financial assets measured at FVIS

Trading securities comprise actively traded debt (government and other) and those instruments acquired for sale in the near term. The instruments are measured at fair value.

Other financial assets measured at FVIS include non-trading debt securities (government and other) managed on a fair value basis.

Reverse repurchase agreements

Securities purchased under these agreements are not recognised on the balance sheet, as the NZ Banking Group has not obtained the risks and rewards of ownership. The cash consideration paid is recognised as a reverse repurchase agreement, which forms part of a portfolio that is measured at fair value.

Fair value gains and losses on these financial assets are recognised in the income statement. Interest earned from debt securities is recognised in interest income (refer to Note 2).

	NZ BANKING GROUP	
$ millions	**2026**	2025
Trading securities		
Government and semi-government securities	**1,512**	1,686
Other debt securities	**1,387**	612
Total trading securities	**2,899**	2,298
Other financial assets measured at FVIS		
Government and semi-government securities	**1,106**	1,629
Other debt securities	**681**	724
Total other financial assets measured at FVIS	**1,787**	2,353
Reverse repurchase agreements	**1,116**	1,502
Total trading securities and financial assets measured at FVIS	**5,802**	6,153

Note 10 Investment securities

Accounting policy

Investment securities include debt securities (government and other) that are measured at FVOCI. These instruments are classified based on the criteria disclosed under the heading “Financial assets and financial liabilities” in Note 1.

Debt securities measured at FVOCI

Includes debt instruments that have contractual cash flows which represent SPPI on the principal balance outstanding and they are held within a business model whose objective is achieved both through collecting these cash flows or selling the financial asset.

These securities are measured at fair value with unrealised gains and losses recognised in OCI except for interest income, impairment charges and FX gains and losses and fair value hedge adjustments which are recognised in the income statement.

Impairment is measured using the same ECL model applied to financial assets measured at amortised cost. Impairment is recognised in the income statement with a corresponding amount in OCI with no reduction of the carrying value of the debt security which remains at fair value. Refer to Note 12 for further details.

The cumulative gain or loss recognised in OCI is subsequently recognised in the income statement when the instrument is disposed.

	NZ BANKING GROUP	
$ millions	**2026**	2025
Government and semi-government securities	**6,213**	5,480
Other debt securities	**2,918**	2,726
Total investment securities	**9,131**	8,206

Note 11 Loans

Accounting policy

Loans are financial assets initially recognised at fair value plus directly attributable transaction costs and fees.

Loans are subsequently measured at amortised cost using the effective interest method where they have contractual cash flows which represent SPPI on the principal balance outstanding and they are held within a business model whose objective is achieved through holding the loans to collect these cash flows. They are presented net of any provision for ECL.

Loan products that have both mortgage and deposit facilities are presented gross on the balance sheet, segregating the asset and liability component, because they do not meet the criteria to be offset. Interest earned on these products is presented on a net basis in the income statement as this reflects how the customer is charged.

The following table shows loans disaggregated by types of credit exposure:

	NZ BANKING GROUP	
$ millions	**2026**	2025
Residential mortgages	**74,492**	71,300
Other retail	**2,633**	2,578
Corporate	**35,074**	33,142
Other	**268**	230
Total gross loans	**112,467**	107,250
Provision for ECL on loans (refer to Note 12)	**(462)**	(450)
Total net loans	**112,005**	106,800

Note 12 Provision for expected credit losses

Accounting policy

Note 6 provides details of impairment charges/(benefits).

Impairment applies to all financial assets at amortised cost, debt securities measured at FVOCI and credit commitments.

The ECL is recognised as follows:

- Loans: as a reduction of the carrying value of the financial asset through an offsetting provision account (refer to Note 11);
- Investment securities: in reserves in OCI with no reduction of the carrying value of the debt security itself (refer to the statement of changes in equity); and
- Credit commitments: as a provision (refer to Note 19).

Measurement

The NZ Banking Group calculates the provision for ECL based on a three stage approach. The provision for ECL is a probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant timeframe. They are determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

The models use three main components to determine the ECL (as well as the time value of money) including:

- PD: the probability that a counterparty will default;
- LGD: the loss that is expected to arise in the event of a default; and
- EAD: the estimated outstanding amount of credit exposure at the time of the default.

Model stages

The three stages are as follows:

Stage 1: 12 months ECL - performing

For financial assets where there has been no significant increase in credit risk since origination a provision for 12 months ECL is recognised.

Stage 2: Lifetime ECL – performing

For financial assets where there has been a significant increase in credit risk since origination but where the asset is still performing a provision for lifetime ECL is recognised. The indicators of a significant increase in credit risk are described on the following page.

Stage 3: Lifetime ECL – non-performing

Financial assets in Stage 3 are those that are in default. A default occurs when:

- The NZ Banking Group considers that the customer is unable to repay its credit obligations in full, irrespective of recourse by the NZ Banking Group to actions such as realising security. Indicators include a breach of contract with the NZ Banking Group such as a default on interest or principal payments, a borrower experiencing significant financial difficulties or observable economic conditions that correlate to defaults on an individual basis; or
- The customer is more than 90 days past due on any material credit obligation.

A provision for lifetime ECL is recognised on these financial assets.

Collective and individual assessment

Financial assets that are in Stages 1 and 2 are assessed on a collective basis. This means that they are grouped in pools of similar assets with similar credit risk characteristics including the type of product and CRG. Financial assets in Stage 3 are assessed on an individual basis or calculated collectively for those below a specified threshold.

Expected life

In considering the lifetime timeframe for ECL in Stages 2 and 3, the standard generally requires use of the remaining contractual life adjusted, where appropriate, for prepayments, extension and other options. For certain revolving credit facilities which include both a drawn and undrawn component (e.g. credit cards and revolving lines of credit), the NZ Banking Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to the contractual notice period. For these facilities, lifetime is based on historical behaviour.

Movement between stages

Financial assets may move in both directions through the stages of the impairment model. Financial assets previously in Stage 2 may move back to Stage 1 if it is no longer considered that there has been a significant increase in credit risk. Similarly, financial assets in Stage 3 may move back to Stage 1 or Stage 2 if they are no longer assessed to be non-performing.

Note 12 Provision for expected credit losses (continued)

Accounting policy (continued)

Critical accounting assumptions and estimates

Key judgements include when a significant increase in credit risk has occurred, the estimation of forward-looking macroeconomic information and overlays. Other factors which can impact the provision include the borrower's financial situation, the realisable value of collateral, the NZ Banking Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of recovering the loan.

Significant increase in credit risk

Determining when a financial asset has experienced a significant increase in credit risk since origination is a critical accounting judgement which is based on the change in the PD since origination. In determining whether a change in PD represents a significant increase in risk, relative changes in PD and absolute PD thresholds are both considered based on the portfolio of the exposure.

The NZ Banking Group does not rebut the presumption that instruments that are 30 days past due have experienced a significant increase in credit risk, but this is used as a backstop rather than the primary indicator. In addition, providing a program-managed customer with a hardship arrangement or downgrading a transaction-managed exposure to a performing but weak credit risk grade of E (watchlist) or worse is generally treated as an indication of a significant increase in credit risk. Note 13.2 provides further details on the NZ Banking Group's credit risk rating system.

Forward-looking macroeconomic information

For material portfolios, the measurement of ECL for each stage and the assessment of significant increase in credit risk consider information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation of forward-looking information is a critical accounting judgement. The NZ Banking Group considers three future macroeconomic scenarios including a base case scenario along with upside and downside scenarios.

The macroeconomic variables used in these scenarios, based on current economic forecasts, include (but are not limited to) unemployment rates, real GDP growth rates, base interest rates and residential property price indices.

- Base case scenario

  This scenario utilises the internal Westpac Economic forecasts used for strategic decision making and forecasting.
- Upside scenario

  This scenario represents a modest improvement on the base case scenario.
- Downside scenario

  The downside scenario is a more severe scenario with ECL higher than those under the base case scenario. This scenario assumes a recession with a combination of negative GDP growth, declines in residential property prices and an increase in the unemployment rate, which simultaneously impact ECL across all portfolios from the reporting date.

The three macroeconomic scenarios are probability weighted and together represent the NZ Banking Group's view of the forward-looking distribution of potential loss outcomes. The weighting applied to each of the three macroeconomic scenarios takes into account historical frequency, current trends, and forward-looking conditions.

The macroeconomic variables and probability weightings of the three macroeconomic scenarios are subject to the approval of the NZ Banking Group's Chief Financial Officer and Chief Risk Officer with oversight from the Board of Directors (and its Committees).

Portfolio overlays

Where appropriate, adjustments will be made to modelled outcomes to reflect reasonable and supportable information not already incorporated in the models. These adjustments (overlays) may be an increase or decrease in the provision for ECL.

Judgements can change with time as new information becomes available which could result in changes to the provision for ECL.

Note 12 Provision for expected credit losses (continued)

Loans and credit commitments

The following tables reconcile the provisions for ECL on loans and credit commitments by stage for the NZ Banking Group.

	NZ BANKING GROUP									
	2026					2025				
	Performing		Non-performing			Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3		Stage 1	Stage 2	Stage 3	Stage 3	
$ millions	CAP	CAP	CAP	IAP	Total	CAP	CAP	CAP	IAP	Total
Provision for ECL on loans										
Residential mortgages	**37**	**97**	**60**	**33**	**227**	35	98	57	31	221
Other retail	**11**	**29**	**11**	**4**	**55**	10	28	9	2	49
Corporate	**31**	**93**	**13**	**43**	**180**	28	95	25	32	180
Total provision for ECL on loans (refer to Note 11)	**79**	**219**	**84**	**80**	**462**	73	221	91	65	450
Provision for ECL on credit commitments										
Residential mortgages	**4**	**5**	**-**	**-**	**9**	4	6	-	-	10
Other retail	**3**	**6**	**-**	**-**	**9**	3	6	1	-	10
Corporate	**6**	**12**	**-**	**2**	**20**	5	15	-	1	21
Total provision for ECL on credit commitments (refer to Note 19)	**13**	**23**	**-**	**2**	**38**	12	27	1	1	41
Total provision for ECL on loans and credit commitments	**92**	**242**	**84**	**82**	**500**	85	248	92	66	491
Gross loans	**100,370**	**11,071**	**790**	**236**	**112,467**	92,300	13,885	852	213	107,250
Credit commitments	**28,417**	**2,364**	**25**	**2**	**30,808**	26,908	2,940	34	3	29,885
Gross loans and credit commitments	**128,787**	**13,435**	**815**	**238**	**143,275**	119,208	16,825	886	216	137,135
Coverage ratio on loans (%)	**0.08**	**1.98**	**10.63**	**33.90**	**0.41**	0.08	1.59	10.68	30.52	0.42
Coverage ratio on loans and credit commitments (%)	**0.07**	**1.80**	**10.31**	**34.45**	**0.35**	0.07	1.47	10.38	30.56	0.36

Movements in components of loss allowance

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

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

Note 12 Provision for expected credit losses (continued)

	NZ BANKING GROUP				
	2026				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
$ millions	**CAP**	**CAP**	**CAP**	**IAP**	**Total**
Provision for ECL on loans and credit commitments as at 30 September 2025	**85**	**248**	**92**	**66**	**491**
Transfers to Stage 1	**120**	**(118)**	**(2)**	**-**	**-**
Transfers to Stage 2	**(13)**	**76**	**(60)**	**(3)**	**-**
Transfers to Stage 3 CAP	**-**	**(36)**	**39**	**(3)**	**-**
Transfers to Stage 3 IAP	**-**	**(1)**	**(16)**	**17**	**-**
Reversals of previously recognised impairment charges	**-**	**-**	**-**	**(22)**	**(22)**
New facilities originated	**37**	**-**	**-**	**-**	**37**
Facilities derecognised	**(13)**	**(54)**	**(37)**	**-**	**(104)**
Changes in CAP due to amounts written off	**-**	**-**	**(27)**	**-**	**(27)**
Other charges/(credits) to the income statement	**(124)**	**127**	**95**	**40**	**138**
Total charges/(credits) to the income statement for ECL	**7**	**(6)**	**(8)**	**29**	**22**
Amounts written off from IAP	**-**	**-**	**-**	**(13)**	**(13)**
Total provision for ECL on loans and credit commitments as at 30 September 2026	**92**	**242**	**84**	**82**	**500**

	NZ BANKING GROUP				
	2025				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
$ millions	CAP	CAP	CAP	IAP	Total
Provision for ECL on loans and credit commitments as at 30 September 2024	76	325	82	72	555
Transfers to Stage 1	149	(143)	(6)	-	-
Transfers to Stage 2	(14)	73	(56)	(3)	-
Transfers to Stage 3 CAP	-	(59)	69	(10)	-
Transfers to Stage 3 IAP	-	(1)	(21)	22	-
Reversals of previously recognised impairment charges	-	-	-	(37)	(37)
New facilities originated	28	-	-	-	28
Facilities derecognised	(11)	(40)	(49)	-	(100)
Changes in CAP due to amounts written off	-	-	(23)	-	(23)
Other charges/(credits) to the income statement	(143)	93	96	34	80
Total charges/(credits) to the income statement for ECL	9	(77)	10	6	(52)
Amounts written off from IAP	-	-	-	(12)	(12)
Total provision for ECL on loans and credit commitments as at 30 September 2025	85	248	92	66	491

Note 12 Provision for expected credit losses (continued)

Movements in components of loss allowance – by types of credit exposure

The provision for ECL on loans and credit commitments can be further disaggregated into the following types of credit exposure:

	NZ BANKING GROUP				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
$ millions	CAP	CAP	CAP	IAP	Total
Residential mortgages					
Balance as at 30 September 2025	**39**	**104**	**57**	**31**	**231**
Transfers to Stage 1	**57**	**(57)**	**-**	**-**	**-**
Transfers to Stage 2	**(5)**	**50**	**(42)**	**(3)**	**-**
Transfers to Stage 3 CAP	**-**	**(17)**	**20**	**(3)**	**-**
Transfers to Stage 3 IAP	**-**	**-**	**(15)**	**15**	**-**
Reversals of previously recognised impairment charges	**-**	**-**	**-**	**(14)**	**(14)**
New facilities originated	**18**	**-**	**-**	**-**	**18**
Facilities derecognised	**(5)**	**(16)**	**(27)**	**-**	**(48)**
Changes in CAP due to amounts written off	**-**	**-**	**(2)**	**-**	**(2)**
Other charges/(credits) to the income statement	**(63)**	**38**	**69**	**18**	**62**
Total charges/(credits) to the income statement for ECL	**2**	**(2)**	**3**	**13**	**16**
Amounts written off from IAP	**-**	**-**	**-**	**(11)**	**(11)**
Balance as at 30 September 2026	**41**	**102**	**60**	**33**	**236**
Other retail					
Balance as at 30 September 2025	**13**	**34**	**10**	**2**	**59**
Transfers to Stage 1	**50**	**(48)**	**(2)**	**-**	**-**
Transfers to Stage 2	**(5)**	**10**	**(5)**	**-**	**-**
Transfers to Stage 3 CAP	**-**	**(13)**	**13**	**-**	**-**
Transfers to Stage 3 IAP	**-**	**-**	**-**	**-**	**-**
Reversals of previously recognised impairment charges	**-**	**-**	**-**	**(1)**	**(1)**
New facilities originated	**7**	**-**	**-**	**-**	**7**
Facilities derecognised	**(3)**	**(6)**	**(2)**	**-**	**(11)**
Changes in CAP due to amounts written off	**-**	**-**	**(24)**	**-**	**(24)**
Other charges/(credits) to the income statement	**(48)**	**58**	**21**	**3**	**34**
Total charges/(credits) to the income statement for ECL	**1**	**1**	**1**	**2**	**5**
Amounts written off from IAP	**-**	**-**	**-**	**-**	**-**
Balance as at 30 September 2026	**14**	**35**	**11**	**4**	**64**
Corporate					
Balance as at 30 September 2025	**33**	**110**	**25**	**33**	**201**
Transfers to Stage 1	**13**	**(13)**	**-**	**-**	**-**
Transfers to Stage 2	**(3)**	**16**	**(13)**	**-**	**-**
Transfers to Stage 3 CAP	**-**	**(6)**	**6**	**-**	**-**
Transfers to Stage 3 IAP	**-**	**(1)**	**(1)**	**2**	**-**
Reversals of previously recognised impairment charges	**-**	**-**	**-**	**(7)**	**(7)**
New facilities originated	**12**	**-**	**-**	**-**	**12**
Facilities derecognised	**(5)**	**(32)**	**(8)**	**-**	**(45)**
Changes in CAP due to amounts written off	**-**	**-**	**(1)**	**-**	**(1)**
Other charges/(credits) to the income statement	**(13)**	**31**	**5**	**19**	**42**
Total charges/(credits) to the income statement for ECL	**4**	**(5)**	**(12)**	**14**	**1**
Amounts written off from IAP	**-**	**-**	**-**	**(2)**	**(2)**
Balance as at 30 September 2026	**37**	**105**	**13**	**45**	**200**

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

Note 12 Provision for expected credit losses (continued)

	NZ BANKING GROUP				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
$ millions	CAP	CAP	CAP	IAP	Total
Residential mortgages					
Balance as at 30 September 2024	33	159	49	21	262
Transfers to Stage 1	81	(81)	-	-	-
Transfers to Stage 2	(4)	51	(44)	(3)	-
Transfers to Stage 3 CAP	-	(21)	23	(2)	-
Transfers to Stage 3 IAP	-	(1)	(16)	17	-
Reversals of previously recognised impairment charges	-	-	-	(14)	(14)
New facilities originated	13	-	-	-	13
Facilities derecognised	(4)	(19)	(31)	-	(54)
Changes in CAP due to amounts written off	-	-	-	-	-
Other charges/(credits) to the income statement	(80)	16	76	16	28
Total charges/(credits) to the income statement for ECL	6	(55)	8	14	(27)
Amounts written off from IAP	-	-	-	(4)	(4)
Balance as at 30 September 2025	39	104	57	31	231
Other retail					
Balance as at 30 September 2024	12	37	11	4	64
Transfers to Stage 1	48	(46)	(2)	-	-
Transfers to Stage 2	(5)	11	(6)	-	-
Transfers to Stage 3 CAP	-	(11)	11	-	-
Transfers to Stage 3 IAP	-	-	-	-	-
Reversals of previously recognised impairment charges	-	-	-	-	-
New facilities originated	7	-	-	-	7
Facilities derecognised	(3)	(7)	(2)	-	(12)
Changes in CAP due to amounts written off	-	-	(22)	-	(22)
Other charges/(credits) to the income statement	(46)	50	20	-	24
Total charges/(credits) to the income statement for ECL	1	(3)	(1)	-	(3)
Amounts written off from IAP	-	-	-	(2)	(2)
Balance as at 30 September 2025	13	34	10	2	59
Corporate					
Balance as at 30 September 2024	31	129	22	47	229
Transfers to Stage 1	20	(16)	(4)	-	-
Transfers to Stage 2	(5)	11	(6)	-	-
Transfers to Stage 3 CAP	-	(27)	35	(8)	-
Transfers to Stage 3 IAP	-	-	(5)	5	-
Reversals of previously recognised impairment charges	-	-	-	(23)	(23)
New facilities originated	8	-	-	-	8
Facilities derecognised	(4)	(14)	(16)	-	(34)
Changes in CAP due to amounts written off	-	-	(1)	-	(1)
Other charges/(credits) to the income statement	(17)	27	-	18	28
Total charges/(credits) to the income statement for ECL	2	(19)	3	(8)	(22)
Amounts written off from IAP	-	-	-	(6)	(6)
Balance as at 30 September 2025	33	110	25	33	201

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

Note 12 Provision for expected credit losses (continued)

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

The following table attributes the provision for ECL on loans and credit commitments between individually assessed and collectively assessed provisions. Collectively assessed provisions are disaggregated into the modelled ECL provision and portfolio overlays.

Portfolio overlays are used to capture areas of potential risks and uncertainties that are not captured in the underlying modelled ECL.

	NZ BANKING GROUP	
$ millions	**2026**	2025
Individually assessed provisions for ECL on loans and credit commitments	**82**	66
Modelled provision for ECL on loans and credit commitments (a)	**424**	452
Portfolio overlays (b)	**(6)**	(27)
Total provision for ECL on loans and credit commitments	**500**	491

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

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

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

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

Key economic assumptions for base case scenario	**30 September 2026**	30 September 2025
Annual GDP	Forecast growth of 2.1% for calendar year 2026 and 3.0% for calendar year 2027.	Forecast growth of 1.7% for calendar year 2025 and 3.1% for calendar year 2026.
Residential property prices	Forecast annual price appreciation of 0.2% for calendar year 2026 and 2.0% for calendar year 2027.	Forecast annual price appreciation of 0.6% for calendar year 2025 and 5.4% for calendar year 2026.
Cash rate	Forecast cash rate of 3.00% at December 2026 and 4.00% at December 2027.	Forecast cash rate of 2.25% at December 2025 and 2.50% at December 2026.
Unemployment rate	Forecast rate of 5.4% at December 2026 and 4.9% at December 2027.	Forecast rate of 5.3% at December 2025 and 4.6% at December 2026.

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

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

	NZ BANKING GROUP	
$ millions	**2026**	2025
Reported probability-weighted ECL	500	491
100% base case ECL	301	286
100% downside ECL	748	744

If 1% of the Stage 1 gross exposure from loans and credit commitments (calculated on a 12 month ECL) were transferred to Stage 2 (calculated on a lifetime ECL), the provision for ECL on loans and credit commitments would increase by $21 million (30 September 2025: increase by $17 million) for the NZ Banking Group. If 1% of Stage 2 loans and credit commitments (calculated on a lifetime ECL) were transferred to Stage 1 (calculated on a 12 month ECL), the provision for ECL on loans and credit commitments would decrease by $2 million (30 September 2025: decrease by $2 million) for the NZ Banking Group. These estimates apply the average modelled provision coverage ratio by stage to the transfer of loans and credit commitments.

Note 12 Provision for expected credit losses (continued)

The following table discloses the macroeconomic scenario weightings applied by the NZ Banking Group as at 30 September 2026 and 30 September 2025.

	NZ BANKING GROUP	
Scenario weightings (%)	**2026**	2025
Upside	**5.0**	5.0
Base	**50.0**	50.0
Downside	**45.0**	45.0

(b) Portfolio overlays

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

The NZ Banking Group's total portfolio overlays as at 30 September 2026 were $(6) million (30 September 2025: $(27) million) reflecting adjustments for the severity of the downside scenario and observed conservatism in the modelled outcome identified through model monitoring.

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

- Stage 1 gross carrying amount had a net increase of $8.1 billion (30 September 2025: increased by $12.4 billion), primarily driven by new lending within residential mortgages and corporate lending portfolios. This was partially offset by repayments and financial assets derecognised. The increase in Stage 1 ECL was broadly in line with the increase in performing exposures, with Stage 1 coverage remaining broadly stable over the period.
- Stage 2 gross carrying amount decreased by $2.8 billion (30 September 2025: decreased by $8.2 billion), primarily driven by financial assets derecognised and repayments, predominantly within residential mortgages and corporate lending portfolios. Transfers between Stage 1 and Stage 2 were broadly offsetting over the period. The decrease in Stage 2 ECL was primarily driven by portfolio movements and changes in economic assumptions, partially offset by an increase in portfolio overlays.
- Stage 3 gross carrying amount decreased by $0.04 billion (30 September 2025: increased by $0.07 billion), reflecting repayments, write-offs and financial assets derecognised, partially offset by transfers from Stage 2. The decrease in Stage 3 collectively assessed provisions was primarily driven by portfolio movements, partially offset by changes in portfolio overlays. Individually assessed provisions increased over the period, reflecting new provisions, partially offset by writebacks.

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

Write-offs still under enforcement activity

The amount of current year write-offs which remain subject to enforcement activity was $31 million (30 September 2025: $25 million).

Note 13 Credit risk management

Index	Note name	Note number
Credit risk	Credit risk management framework	13.1
The risk of financial loss where a customer or counterparty fails to meet their financial obligations to the NZ Banking Group.	Credit risk ratings system	13.2
	Credit risk concentrations and maximum exposure to credit risk	13.3
	Credit quality of financial assets	13.4
	Credit risk mitigation, collateral and other credit enhancements	13.5

13.1 Credit risk management framework

Please refer to Note 31.1 for details of the NZ Banking Group's overall Risk Management Framework.

- The Overseas Banking Group maintains a Credit Risk Management Framework, a Credit Risk Management Strategy, and a Credit Risk Appetite Statement, and a number of supporting policies that define roles and responsibilities, acceptable practices, limits and key controls.
- The Overseas Bank's Credit Risk Management Framework describes the principles, methodologies, systems, roles and responsibilities, reports and key controls for managing credit risk. Within the Credit Risk Management Framework, the NZ Banking Group has its own credit approval limits approved by Westpac New Zealand's Board and the Overseas Banking Group's Chief Risk Officer.
- Westpac New Zealand's BRCC, Westpac New Zealand's RISKCO and Westpac New Zealand's CREDCO monitor the risk profile, performance and management of the NZ Banking Group's credit portfolio on at least a quarterly basis, and the development and review of key credit risk policies are performed on at least an annual basis; other management reviews occur monthly or more frequently.
- Additionally, the NZ Branch Risk Committee monitors the risk profile, performance and management of the NZ Branch credit portfolio on a quarterly basis. Other management reviews occur monthly or more frequently. Group BRiskC oversees the development and review of key credit risk policies.
- The NZ Banking Group's Credit Risk Rating System Policy describes the credit risk rating system philosophy, design, key features and uses of rating outcomes.
- All models materially impacting the risk rating process are periodically reviewed in accordance with the NZ Banking Group's model risk policies.
- An annual review is performed of the Credit Risk Rating System for approval by the Overseas Banking Group's Group Chief Credit Officer and noting by Group BRiskC and Overseas Banking Group CREDCO.
- Specific credit risk estimates (including PD, LGD and EAD) are overseen and reviewed annually in line with the Overseas Banking Group's Model Risk Policy. Models are approved under delegated authority from the Overseas Banking Group's Chief Risk Officer. Model Risk is overseen by the Overseas Banking Group's Model Risk Committee (a subcommittee of the Group BRiskC).
- In determining the provision for ECL, the forward-looking economic inputs and the probability weightings of the forward-looking scenarios as well as any adjustments made to the modelled outcomes are subject to the approval of the NZ Banking Group's Chief Financial Officer and Chief Risk Officer with oversight from the Westpac New Zealand Board (and its Committees).
- Policies for delegating credit approval authorities and formal limits for the extension of credit are established throughout the NZ Banking Group.
- Credit policies are established and maintained throughout the NZ Banking Group. They include policies governing the origination, evaluation, approval, documentation, settlement and ongoing management of credit risks.
- Sector policies guide credit extension where industry-specific guidelines are considered necessary (e.g. acceptable financial ratios or permitted collateral).
- The Overseas Banking Group's Related Entity Risk Management Policy and supporting policies govern credit exposures to related entities to minimise the spread of credit risk between Overseas Banking Group entities and to comply with the prudential requirements prescribed by APRA.
- Climate change-related credit risks are considered in line with the Overseas Banking Group's Climate Change Position and the Climate Transition Plan. Climate change risks are managed in line with the NZ Banking Group's Risk Management Framework which is supported by the Overseas Banking Group's Sustainability Risk Management Framework, Westpac New Zealand's Climate Risk Policy, Westpac New Zealand's ESG Credit Risk Policy and Westpac New Zealand's and the Overseas Banking Group's Board Risk Appetite Statements. Where appropriate, these are applied at the portfolio, customer, and transaction level.
- Westpac New Zealand's CREDCO oversees work to identify and manage the potential impact on credit exposures from climate change-related transition and physical risks across the NZ Banking Group.
- Westpac New Zealand's ESG Credit Risk Policy details the overall approach to managing ESG risks in the credit risk process for applicable transactions.

Note 13 Credit risk management (continued)

13.2 Credit risk ratings system

The principal objective of the credit risk rating system is to reliably assess the credit risk to which the NZ Banking Group is exposed. The NZ Banking Group has two main approaches to this assessment:

Transaction-managed customers

Transaction managed customers are generally customers with business lending exposures. They are individually assigned a CRG, corresponding to their expected PD. Each facility is assigned an LGD. The NZ Banking Group's risk rating system has a tiered scale of risk grades for both non-defaulted customers and defaulted customers. Non-defaulted CRGs are mapped to Moody's and S&P external senior ranking unsecured ratings.

The following table shows the NZ Banking Group's high level CRGs for transaction-managed portfolios mapped to the NZ Banking Group's credit quality disclosure categories and to their corresponding external rating.

		Transaction-managed	
Financial Statement Disclosure	**NZ Banking Group's CRG**	**Moody's Rating**	**S&P Rating**
Strong	A	Aaa – Aa3	AAA – AA-
	B	A1 – A3	A+ – A-
	C	Baa1 – Baa3	BBB+ – BBB-
Good/satisfactory	D	Ba1 – B1	BB+ – B+
		NZ Banking Group Rating	
Weak	E	Watchlist	
	F	Special Mention	
	G	Substandard/Default	
	H	Doubtful/Default	

Program-managed portfolio

The program-managed portfolio generally includes retail products such as mortgages, personal lending (including credit cards) and certain SME lending. These credit exposures are grouped into pools of similar risk based on analysis of characteristics that have historically predicted the likelihood of default, and a PD is assigned relative to the credit exposure's pool. The exposure is then assigned to strong, good/satisfactory or weak by benchmarking that PD against the NZ Banking Group's CRGs, which are in turn mapped to external ratings as per the above table. In addition, any program-managed exposures that are past due are classified as weak.

13.3 Credit risk concentrations and maximum exposure to credit risk

Credit risk is concentrated when a number of counterparties are engaged in similar activities, or have similar economic characteristics, and thus may be similarly affected by changes in economic or other conditions.

The NZ Banking Group monitors its credit portfolio to allow it to manage risk concentrations and rebalance the portfolio.

Individual customers or groups of related customers

The NZ Banking Group has large exposure limits governing the aggregate size of credit exposure normally acceptable to individual customers and groups of related customers. These limits are tiered by CRG.

Specific industries

Exposures to businesses, governments and other financial institutions are classified into a number of industry clusters based on related ANZSIC codes and are monitored against the NZ Banking Group's industry risk appetite limits.

Individual countries

The NZ Banking Group has limits governing risks related to individual countries, such as political situations, government policies and economic conditions that may adversely affect either a customer's ability to meet its obligations to the NZ Banking Group, or the NZ Banking Group's ability to realise its assets in a particular country.

Note 13 Credit risk management (continued)

Maximum exposure to credit risk

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

	NZ BANKING GROUP	
$ millions	**2026**	2025
Financial assets		
Cash and balances with central banks	**4,638**	6,188
Collateral paid	**450**	176
Trading securities and financial assets measured at FVIS	**5,802**	6,153
Derivative financial instruments	**7,757**	7,182
Investment securities	**9,131**	8,206
Gross loans	**112,467**	107,250
Other financial assets	**897**	1,248
Due from related entities	**3,184**	3,004
Total financial assets	**144,326**	139,407
Undrawn credit commitments		
Letters of credit and guarantees	**1,455**	1,329
Commitments to extend credit	**29,353**	28,556
Total undrawn credit commitments[1]	**30,808**	29,885
Total maximum credit risk exposure	**175,134**	169,292

[1] In addition to the commitments disclosed above, there is $1,700 million (30 September 2025: $1,358 million) of exposure to credit risk primarily relating to credit exposures offered and accepted but still revocable, which represent part of the NZ Banking Group's maximum exposure to credit risk.

Concentration of credit exposures

	NZ BANKING GROUP			
	On-balance sheet		Off-balance sheet	
$ millions	**2026**	2025	**2026**	2025
Analysis of credit exposures by geographical areas				
New Zealand	**129,905**	126,127	**30,220**	29,330
Overseas	**14,421**	13,280	**588**	555
Total credit exposures	**144,326**	139,407	**30,808**	29,885
Analysis of credit exposures by industry sector				
Accommodation, cafes and restaurants	**481**	376	**112**	71
Agriculture	**8,631**	8,655	**637**	554
Construction	**624**	587	**654**	656
Finance and insurance	**17,606**	15,762	**2,049**	2,217
Forestry and fishing, agriculture support services	**377**	338	**162**	100
Government, administration and defence	**15,339**	16,671	**710**	775
Manufacturing	**1,889**	2,200	**1,821**	1,537
Mining	**48**	103	**172**	144
Property	**9,999**	9,418	**1,532**	1,553
Property services and business services	**1,265**	1,224	**627**	630
Services	**2,216**	2,033	**1,345**	990
Trade	**2,810**	2,712	**2,040**	1,623
Transport and storage	**717**	693	**455**	604
Utilities	**3,072**	2,790	**2,275**	2,644
Retail lending	**75,892**	72,668	**16,217**	15,787
Subtotal	**140,966**	136,230	**30,808**	29,885
Due from related entities	**3,184**	3,004	**-**	-
Other financial assets	**176**	173	**-**	-
Total credit exposures	**144,326**	139,407	**30,808**	29,885

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

Note 13 Credit risk management (continued)

13.4 Credit quality of financial assets

The following table shows the credit quality of gross credit risk exposures measured at amortised cost or at FVOCI to which the impairment requirements of NZ IFRS 9 apply. The credit quality is determined by reference to the credit risk ratings system (refer to Note 13.2) and expectations of future economic conditions under multiple scenarios:

	NZ BANKING GROUP							
	2026				2025			
$ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total[1]**	Stage 1	Stage 2	Stage 3	Total[1]
Loans - Residential mortgages								
Strong	**7,797**	**133**	**-**	**7,930**	7,788	156	-	7,944
Good/satisfactory	**58,765**	**5,730**	**-**	**64,495**	54,357	6,998	-	61,355
Weak	**319**	**935**	**813**	**2,067**	313	891	797	2,001
Total Loans - Residential mortgages	**66,881**	**6,798**	**813**	**74,492**	62,458	8,045	797	71,300
Loans - Other retail								
Strong	**977**	**30**	**-**	**1,007**	953	47	-	1,000
Good/satisfactory	**1,107**	**357**	**-**	**1,464**	995	425	-	1,420
Weak	**17**	**87**	**58**	**162**	17	87	54	158
Total Loans - Other retail	**2,101**	**474**	**58**	**2,633**	1,965	559	54	2,578
Loans - Corporate								
Strong	**14,690**	**309**	**-**	**14,999**	12,775	1,002	-	13,777
Good/satisfactory	**16,488**	**2,457**	**-**	**18,945**	14,903	3,231	-	18,134
Weak	**-**	**975**	**155**	**1,130**	-	1,017	214	1,231
Total Loans - Corporate	**31,178**	**3,741**	**155**	**35,074**	27,678	5,250	214	33,142
Loans - Other								
Strong	**210**	**58**	**-**	**268**	199	27	-	226
Good/satisfactory	**-**	**-**	**-**	**-**	-	4	-	4
Weak	**-**	**-**	**-**	**-**	-	-	-	-
Total Loans - Other	**210**	**58**	**-**	**268**	199	31	-	230
Investment securities								
Strong	**9,131**	**-**	**-**	**9,131**	8,206	-	-	8,206
Good/satisfactory	**-**	**-**	**-**	**-**	-	-	-	-
Weak	**-**	**-**	**-**	**-**	-	-	-	-
Total Investment securities	**9,131**	**-**	**-**	**9,131**	8,206	-	-	8,206
All other financial assets								
Strong	**6,561**	**1**	**-**	**6,562**	9,301	3	-	9,304
Good/satisfactory	**157**	**17**	**-**	**174**	151	23	-	174
Weak	**1**	**4**	**2**	**7**	1	4	2	7
Total all other financial assets	**6,719**	**22**	**2**	**6,743**	9,453	30	2	9,485
Undrawn credit commitments								
Strong	**15,112**	**595**	**-**	**15,707**	15,061	811	-	15,872
Good/satisfactory	**13,301**	**1,620**	**-**	**14,921**	11,842	1,970	-	13,812
Weak	**4**	**149**	**27**	**180**	5	159	37	201
Total undrawn credit commitments	**28,417**	**2,364**	**27**	**30,808**	26,908	2,940	37	29,885
Total strong	**54,478**	**1,126**	**-**	**55,604**	54,283	2,046	-	56,329
Total good/satisfactory	**89,818**	**10,181**	**-**	**99,999**	82,248	12,651	-	94,899
Total weak	**341**	**2,150**	**1,055**	**3,546**	336	2,158	1,104	3,598
Total on- and off-balance sheet	**144,637**	**13,457**	**1,055**	**159,149**	136,867	16,855	1,104	154,826

[1] This credit quality disclosure differs to that of credit concentration (refer to Note 13.3) as it relates only to financial assets measured at amortised costs or at FVOCI and therefore excludes trading securities and financial assets measured at FVIS, and derivative financial instruments.

Details of collateral held in support of these balances are provided in Note 13.5.

Note 13 Credit risk management (continued)

13.5 Credit risk mitigation, collateral and other credit enhancements

The NZ Banking Group uses a variety of techniques to reduce the credit risk arising from its lending activities.

This includes the NZ Banking Group having processes in place to ensure that it has direct, irrevocable and unconditional recourse to collateral and other credit enhancements through obtaining legally enforceable documentation.

Collateral

The table below describes the nature of collateral or security held for each relevant class of financial asset:

Loans – residential mortgages[1]	Housing loans are secured by a mortgage over property and additional security may take the form of guarantees and deposits.
Loans – other retail[1]	Personal lending (including credit cards and overdrafts) is predominantly unsecured. Where security is taken, it is restricted to eligible motor vehicles, caravans, campers, motor homes and boats. SME loans may be secured, partially secured or unsecured. Security is typically taken by way of a mortgage over property and/or a general security agreement over business assets or other assets.
Loans – corporate[1]	Business loans may be secured, partially secured or unsecured. Security is typically taken by way of a mortgage over property and/or a general security agreement over business assets or other assets. Other security such as guarantees or standby letters of credit may also be taken as collateral, if appropriate.
Trading securities and financial assets measured at FVIS and derivative financial instruments	These exposures are carried at fair value which reflects the credit risk. For trading securities, no collateral is sought directly from the issuer or counterparty; however this may be implicit in the terms of the instrument (such as an asset-backed security). The terms of debt securities may include collateralisation. Master netting agreements are typically used to enable the effects of derivative assets and derivative liabilities with the same counterparty to be offset when measuring these exposures. Additionally, collateralisation agreements are also typically entered into with major institutional counterparties to avoid the potential build-up of excessive mark-to-market positions. Derivative transactions are increasingly being cleared through central clearers.

[1] This includes collateral held in relation to associated credit commitments.

Note 13 Credit risk management (continued)

Management of risk mitigation

The NZ Banking Group mitigates credit risk through controls covering:

Collateral and valuation management	The Overseas Bank manages collateral under collateralisation agreements centrally for all branches of the Overseas Bank and Westpac New Zealand. The NZ Banking Group revalues collateral related to financial markets positions on a daily basis and has formal processes in place to promptly call for collateral top-ups, if required. These processes include margining for non-centrally cleared customer derivatives where required under APRA Prudential Standard CPS226. The collateralisation arrangements are documented via the Credit Support Annex of the International Swaps and Derivatives Association dealing agreements and Global Master Repurchase Agreements for repurchase transactions. The estimated realisable value of collateral held in support of loans is based on a combination of: ● formal valuations currently held for such collateral; and ● management's assessment of the estimated realisable value of all collateral held. This analysis also takes into consideration any other relevant knowledge available to management at the time. Updated valuations are obtained when appropriate.
Other credit enhancements	The NZ Banking Group only recognises guarantees, standby letters of credit, or credit derivative protection from entities meeting minimum eligibility requirements (provided they are not related to the entity with which the NZ Banking Group has a credit exposure) including but not limited to: ● Sovereign; ● Australia and New Zealand public sector; ● Authorised deposit-taking institutions and overseas banks with a minimum risk grade equivalent of A3 / A-; and ● Other entities with a minimum risk grade equivalent of A3 / A-. Credit Portfolio Management manages the NZ Banking Group's corporate, sovereign and bank credit portfolios through monitoring the exposure and any offsetting hedge positions. Credit Portfolio Management purchases credit protection from entities that meet minimum eligibility requirements.
Offsetting	Creditworthy customers domiciled in New Zealand may enter into formal agreements with the NZ Banking Group, permitting the NZ Banking Group to set-off gross credit and debit balances in their nominated accounts. Cross-border set-offs are not permitted. Close-out netting is undertaken with counterparties with whom the NZ Banking Group has entered into a legally enforceable master netting agreement for their off-balance sheet financial market transactions in the event of default. Further details of offsetting are provided in Note 25.
Central clearing	The NZ Banking Group increasingly executes derivative transactions through central clearing counterparties. Central clearing counterparties mitigate risk through stringent membership requirements, the collection of margin against all trades placed, the default fund, and an explicitly defined order of priority of payments in the event of default.

Collateral held against loans

The NZ Banking Group analyses the coverage of the loan portfolio which is secured by the collateral that it holds. Coverage is measured as follows:

Coverage	Secured loan to collateral value ratio
Fully secured	Less than or equal to 100%
Partially secured	Greater than 100% but not more than 150%
Unsecured	Greater than 150%, or no security held (e.g. can include credit cards, personal loans, and exposure to highly rated corporate entities)

Note 13 Credit risk management (continued)

The NZ Banking Group's loan portfolio has the following coverage from collateral held:

	NZ BANKING GROUP									
	2026					2025				
%	Residential Mortgages[1]	Other Retail	Corporate	Other	Total	Residential Mortgages[1]	Other Retail	Corporate	Other	Total
Performing Loans										
Fully secured	**100**	**41**	**71**	**73**	**90**	100	43	72	75	90
Partially secured	**-**	**4**	**11**	**-**	**4**	-	3	9	-	3
Unsecured	**-**	**55**	**18**	**27**	**6**	-	54	19	25	7
Total	**100**	**100**	**100**	**100**	**100**	100	100	100	100	100
Non-performing Loans										
Fully secured	**83**	**53**	**30**	**-**	**73**	85	57	15	-	69
Partially secured	**17**	**13**	**14**	**-**	**17**	15	16	44	-	21
Unsecured	**-**	**34**	**56**	**-**	**10**	-	27	41	-	10
Total	**100**	**100**	**100**	**-**	**100**	100	100	100	-	100

[1] For the purposes of collateral classifications, residential mortgages are classified as fully secured, unless they are non-performing in which case they may be classified as partially secured. Refer to Note iv. Additional mortgage information of the Registered bank disclosures for LVR analysis of residential mortgages.

Details of the carrying value and associated provision for ECL are disclosed in Note 11, Note iii. Asset quality of the Registered bank disclosures and Note 12 respectively. The credit quality of loans is disclosed in Note 13.4.

Collateral held against financial assets other than loans

	NZ BANKING GROUP	
$ millions	**2026**	2025
Cash, primarily for derivatives	**1,725**	1,332
Securities under reverse repurchase agreements[1]	**1,106**	1,502
Total other collateral held	**2,831**	2,834

[1] Securities received as collateral are not recognised on the NZ Banking Group's balance sheet.

Note 14 Deferred tax assets

Accounting policy

Deferred tax accounts for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their values for taxation purposes.

Deferred tax is determined using the enacted or substantively enacted tax rates and laws which are expected to apply when the assets will be realised or the liabilities settled.

Deferred tax assets and liabilities have been offset where they relate to the same taxation authority, the same taxable entity or group and where there is a legal right and intention to settle on a net basis.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available to utilise the assets.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither the accounting nor taxable profit or loss; and
- the initial recognition of goodwill in a business combination.

	NZ BANKING GROUP	
$ millions	**2026**	2025
Deferred tax assets/(liabilities) comprise the following temporary differences:		
Provision for ECL on loans	**129**	125
Provision for ECL on credit commitments	**11**	11
Cash flow hedges	**(30)**	5
Cost of hedging	**14**	-
Provision for employee entitlements	**21**	20
Compliance, regulation and remediation provisions	**1**	4
Software, property and equipment	**(54)**	(62)
Lease liabilities	**58**	66
Financial Instruments	**6**	9
Other temporary differences	**11**	13
Net deferred tax assets	**167**	191
The deferred tax (charge)/credit in income tax expense comprises the following temporary differences:		
Provision for ECL on loans	**4**	(15)
Provision for ECL on credit commitments	**-**	(4)
Provision for employee entitlements	**3**	-
Compliance, regulation and remediation provisions	**(3)**	(4)
Software, property and equipment	**8**	(5)
Lease liabilities	**(8)**	(6)
Financial Instruments	**(3)**	-
Other temporary differences	**(2)**	3
Total deferred tax (charge)/credit in income tax expense	**(1)**	(31)
The deferred tax (charge)/credit in OCI comprises the following temporary differences:		
Cash flow hedges	**(35)**	25
Cost of hedging	**14**	-
Provision for employee entitlements	**(2)**	(1)
Total deferred tax (charge)/credit in OCI	**(23)**	24

Note 15 Intangible assets

Accounting policy

Indefinite life intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the consideration paid, over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Subsequently, goodwill is not amortised but rather tested for impairment. Impairment is tested at least annually or whenever there is an indication of impairment. An impairment charge is recognised when a CGU's carrying value exceeds its recoverable amount. Recoverable amount means the higher of the CGU's fair value less costs to sell and its value-in-use.

The NZ Banking Group's CGUs represent the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. They reflect the level at which the NZ Banking Group monitors and manages its operations.

Finite life intangible assets

Finite life intangibles such as computer software which are recognised initially at cost and subsequently at amortised cost less any impairment.

Impairment

When assessing impairment of intangible assets, judgement is needed to determine the appropriate cash flows and discount rates to be applied to the calculations. The assumptions applied to the value-in-use calculations are outlined below.

Intangible	Useful life	Amortisation method
Goodwill	Indefinite	Not applicable
Computer software	3 to 5 years	Straight-line method

	NZ BANKING GROUP	
$ millions	**2026**	2025
Goodwill	**525**	525
Computer software	**399**	428
Total intangible assets	**924**	953
Goodwill has been allocated to the following CGUs:		
Consumer Banking and Wealth	**512**	512
BT Funds Management (NZ) Limited	**13**	13
Net carrying amount of goodwill	**525**	525

Impairment testing and results

Impairment testing is performed at least once a year, or whenever there is an indication of impairment, by comparing the recoverable amount of each CGU with the carrying amount. The primary test for the recoverable amount is determined based on value-in-use which refers to the present value of expected cash flows under its current use.

Impairment testing in the current year confirmed that the NZ Banking Group continues to have considerable headroom when determining whether goodwill is recoverable, and no impairment should be recognised.

Assumptions used in recoverable amount calculations

The assumptions made for goodwill impairment testing for each relevant significant CGU are provided in the following table and are based on past experience and management's expectations for the future. In the current year and given the present economic environment, the NZ Banking Group has reassessed these assumptions and revised them where necessary in order to provide a reasonable estimate of the value-in-use of the CGUs.

	Discount rate		Cash flows	
	Equity rate / adjusted pre-tax equity rate		Forecast period / terminal growth rate	
	2026	2025	**2026**	2025
Consumer Banking and Wealth	**11.8% / 15.6%**	11.7% / 15.5%	**3 years / 2%**	3 years / 2%
BT Funds Management (NZ) Limited	**11.4% / 14.9%**	11.7% / 15.5%	**3 years / 2%**	3 years / 2%

The NZ Banking Group discounts the projected cash flows by the adjusted pre-tax equity rate.

Note 15 Intangible assets (continued)

The cash flows used are based on management approved forecasts. These forecasts utilise information about current and future economic conditions, observable historical information and management expectations of future business performance. The terminal value growth rate represents the growth rate applied to extrapolate cash flows beyond the forecast period and reflects the midpoint of the Reserve Bank's inflation target over the medium term.

There are no reasonably possible changes in assumptions for any significant CGUs that would result in an indication of impairment or have a material impact on the NZ Banking Group's reported results.

Note 16 Deposits and other borrowings

Accounting policy

Deposits and other borrowings are initially recognised at fair value and subsequently either measured at amortised cost using the effective interest method or at fair value.

Deposits and other borrowings are designated at fair value if they are managed on a fair value basis, reduce or eliminate an accounting mismatch, or contain an embedded derivative.

Where they are measured at fair value, any changes in fair value (except those due to changes in credit risk) are recognised in the income statement. The change in the fair value that is attributable to changes in credit risk is recognised in OCI except where it would create an accounting mismatch, in which case it is also recognised in the income statement.

Interest expense incurred for deposits and other borrowings at amortised cost is recognised in net interest income using the effective interest method.

Non-interest bearing relates to instruments which do not carry an entitlement to interest.

	NZ BANKING GROUP	
$ millions	**2026**	2025
Certificates of deposit	**983**	1,812
Non-interest bearing, repayable at call	**13,610**	12,174
Other interest bearing:		
At call	**29,453**	30,019
Term	**41,345**	38,827
Total deposits and other borrowings	**85,391**	82,832

Note 17 Other financial liabilities

Accounting policy

Other financial liabilities include liabilities measured at amortised cost as well as liabilities which are measured at FVIS. Financial liabilities measured at FVIS include:

- trading liabilities (i.e. securities sold short); and
- liabilities designated at FVIS (i.e. certain repurchase agreements).

Repurchase agreements

Where securities are sold subject to an agreement to repurchase at a predetermined price, they remain recognised on the balance sheet in their original category (i.e. 'Trading securities and financial assets measured at FVIS' or 'Investment securities').

The cash consideration received is recognised as a liability (repurchase agreements). Repurchase agreements are designated at fair value where this eliminates or significantly reduces an accounting mismatch, or they are part of a group of instruments that are managed on a fair value basis. Otherwise they are measured on an amortised cost basis.

Where a repurchase agreement is designated at fair value, any changes in fair value (except those due to change in credit risk) are recognised in the income statement as they arise. The change in fair value that is attributable to credit risk is recognised in OCI except where it would create an accounting mismatch in which case it is also recognised in the income statement.

Note 17 Other financial liabilities (continued)

	NZ BANKING GROUP	
$ millions	**2026**	2025
Repurchase agreements[1]	**1,615**	2,485
Accrued interest payable	**470**	629
Securities purchased not delivered	**196**	960
Trade creditors and other accrued expenses	**81**	201
Securities sold short	**417**	695
Other	**64**	19
Total other financial liabilities	**2,843**	4,989

[1] Repurchase agreements for the comparative financial year ended 30 September 2025 included those under the Funding for Lending Programme and Term Lending Facility, both of which were fully repaid with no balances outstanding as at 30 September 2026. Refer to Note 31.2.2 for further details.

Note 18 Debt issues

Accounting policy

Debt issues are bonds, notes and commercial paper that have been issued by the NZ Banking Group.

Debt issues are initially measured at fair value and subsequently either measured at amortised cost using the effective interest method or at fair value.

Debt issues are designated at fair value if they reduce or eliminate an accounting mismatch or contain an embedded derivative.

Where they are measured at fair value, any changes in fair value (except those due to changes in credit risk) are recognised in the income statement. The change in the fair value that is attributable to changes in credit risk is recognised in OCI except where it would create an accounting mismatch, in which case it is also recognised in the income statement.

Interest expense incurred is recognised within net interest income using the effective interest method.

In the following table, the distinction between short-term (12 months or less) and long-term (greater than 12 months) debt is based on the original maturity of the underlying security.

	NZ BANKING GROUP	
$ millions	**2026**	2025
Short-term debt:		
Commercial paper	**3,352**	2,746
Total short-term debt	**3,352**	2,746
Long-term debt:		
Non-domestic medium-term notes	**14,738**	13,577
Covered bonds	**6,358**	6,553
Domestic medium-term notes	**3,798**	3,530
Total long-term debt	**24,894**	23,660
Total debt issues	**28,246**	26,406
Movement reconciliation:		
Balance at beginning of the year	**26,406**	21,619
Issuances	**11,589**	8,359
Maturities, repayments, buy-backs and reductions	**(9,864)**	(6,194)
Total cash movements	**1,725**	2,165
FX translation impact	**456**	2,493
Fair value adjustments	**(2)**	(7)
Fair value hedge accounting adjustments	**(491)**	138
Other[1]	**152**	(2)
Total non-cash movements	**115**	2,622
Balance at end of the year	**28,246**	26,406

[1] Includes items such as unwind of discount on issuance and amortisation of issue costs.

Notes to the financial statements

Note 19 Provisions

Accounting policy

Provisions are recognised for present obligations arising from past events where a payment (or other economic transfer) is likely to be necessary to settle the obligation and can be reliably estimated.

Employee benefits – annual leave and other employee benefits

The provision for annual leave and other employee benefits (including long service leave, wages and salaries, inclusive of non-monetary benefits, and any associated on-costs (e.g. payroll tax)) is calculated based on expected payments.

Provision for ECL on credit commitments

The NZ Banking Group is committed to provide facilities and guarantees as explained in Note 26. If it is probable that a facility will be drawn and the resulting asset will be less than the drawn amount then a provision for impairment is recognised. The provision for impairment is calculated using the same methodology as the provision for ECL (refer to Note 12).

Compliance, regulation and remediation provisions

The compliance, regulation and remediation provisions relate to matters pertaining to the provision of services to our customers identified both as a result of regulatory action and internal reviews. An assessment of the likely cost to the NZ Banking Group of these matters (including applicable customer refunds) is made on a case-by-case basis and specific provisions are made where appropriate.

	NZ BANKING GROUP					
$ millions	**Annual leave and other employee benefits**	**Provision for ECL on credit commitments[1]**	**Compliance, regulation and remediation provisions**	**Lease restoration obligations**	**Redundancy and other provisions**	**Total**
Balance as at 30 September 2025	**99**	**41**	**19**	**24**	**21**	**204**
Additions	**123**	**-**	**3**	**2**	**10**	**138**
Utilisation	**(108)**	**-**	**(5)**	**(1)**	**(23)**	**(137)**
Reversal of unutilised provisions	**(1)**	**(3)**	**(14)**	**(1)**	**-**	**(19)**
Balance as at 30 September 2026	**113**	**38**	**3**	**24**	**8**	**186**

[1] The movement in the provision for ECL on credit commitments is presented on a net basis as either an addition for an increase or reversal of unutilised provision for a decrease. Refer to Note 12 for further details.

Note 20 Loan capital

Accounting policy

Loan capital is comprised of debt instruments which qualify for inclusion as regulatory capital under either the Reserve Bank BPR or, in relation to the Overseas Bank, the APRA Prudential Standards. Loan capital is initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Interest expense incurred is recognised in net interest income.

	NZ BANKING GROUP	
$ millions	**2026**	2025
Additional Tier 1 loan capital - USD AT1 securities	**2,157**	2,091
Tier 2 loan capital - Subordinated notes	**1,203**	1,227
Total loan capital	**3,360**	3,318

Note 20 Loan capital (continued)

	NZ BANKING GROUP	
$ millions	**2026**	2025
Movement reconciliation		
Balance at beginning of the year	**3,318**	3,093
Issuances	**-**	-
Maturities, repayments, buy-backs and reductions	**1**	6
Total cash movements	**1**	6
FX translation impact	**56**	195
Fair value hedge accounting adjustments	**(20)**	19
Other (amortisation of bond issue costs, etc)	**5**	5
Total non-cash movements	**41**	219
Balance at end of the year	**3,360**	3,318

Additional Tier 1 loan capital

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

$	Issue date	Counterparty	Interest rate	Optional redemption date
US$1,250 million securities[1]	21 September 2017	External	5.00% p.a.[2]	21 September 2027 and every fifth anniversary thereafter

[1] The USD AT1 securities were issued by the Overseas Bank acting through its NZ Branch.

[2] Fixed interest rate of 5.00% p.a., until, but excluding 21 September 2027 (the '**first reset date**'). Every fifth anniversary thereafter is a reset date. If the USD AT1 securities are not redeemed, converted or written-off by the first reset date, the interest rate from, and including, each reset date thereafter to, but excluding the next succeeding reset date, will be a fixed rate per annum equal to the prevailing 5-year USD mid-market swap rate plus 2.888% p.a.

Interest payable

Semi-annual interest payments on the USD AT1 securities are at the absolute discretion of the Overseas Bank and will only be paid if the payment conditions are satisfied, including that the interest payment will not result in a breach of the Overseas Bank's capital requirements under APRA's prudential standards; not result in the Overseas Bank becoming, or being likely to become, insolvent; and if APRA does not object to the payment.

Broadly, if for any reason an interest payment has not been paid in full on the relevant payment date, the Overseas Bank must not determine or pay any dividends on Overseas Bank ordinary shares or undertake a discretionary buy-back or capital reduction of Overseas Bank ordinary shares, unless the unpaid interest is paid in full within 20 business days of the relevant payment date or in certain other circumstances.

Redemption

The Overseas Bank may redeem all (but not some) USD AT1 securities on 21 September 2027 and every fifth anniversary thereafter, or for certain taxation or regulatory reasons, subject to APRA's prior written approval.

Conversion

If a capital trigger event or non-viability trigger event occurs, the Overseas Bank must convert some or all of the USD AT1 securities into a variable number of Overseas Bank ordinary shares calculated using the formula described in the terms of the USD AT1 securities but subject to a maximum conversion number. The conversion number of the Overseas Bank's ordinary shares will be calculated using the outstanding principal amount of each USD AT1 security translated into Australian dollars and the Overseas Bank ordinary share price determined over the five business day period prior to the capital trigger event date or non-viability trigger event date and includes a 1% discount. The maximum conversion number is calculated using the outstanding principal amount of each USD AT1 security translated into Australian dollars at the time of issue and the Overseas Bank share price which is broadly equivalent to 20% of the Overseas Bank ordinary share price at the time of issue of the USD AT1 securities.

A capital trigger event occurs when the Overseas Bank determines, or APRA notifies the Overseas Bank in writing that it believes, the Overseas Bank's Common Equity Tier 1 capital ratio is equal to or less than 5.125% (on a level 1 or level 2 basis, refer to Note 30). A non-viability trigger event will occur where APRA notifies the Overseas Bank in writing that it believes conversion of all or some USD AT1 securities (or conversion or write-down of relevant capital instruments of the Overseas Banking Group), or public sector injection of capital (or equivalent support), in each case is necessary because without it, the Overseas Bank would become non-viable. No conversion conditions apply in these circumstances.

If conversion of the USD AT1 securities does not occur within five business days, holders' rights in relation to the USD AT1 securities will be immediately and irrevocably terminated.

Note 20 Loan capital (continued)

Tier 2 loan capital

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

$	Issue date	Counterparty	Interest rate	Maturity date	Optional redemption date
NZ$600 million notes[1]	16 September 2022	External	Fixed at 6.19% p.a. until 16 September 2027. Resets on 16 September 2027 to a floating rate: NZ 3 month bank bill rate + 2.10% p.a.	16 September 2032	16 September 2027 and every quarterly interest payment date thereafter
NZ$600 million notes[1]	14 August 2023	External	Fixed at 6.73% p.a. until 14 February 2029. Resets on 14 February 2029 to a floating rate: NZ 3 month bank bill rate + 2.00% p.a.	14 February 2034	14 February 2029 and every quarterly interest payment date thereafter

[1] The subordinated notes were issued by Westpac New Zealand for the purposes of the Reserve Bank's capital requirements, however they do not constitute Tier 2 capital for the Overseas Banking Group as their terms do not satisfy APRA's capital requirements.

Interest payable

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

Early redemption

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

Note 21 Shareholders' equity

Accounting policy

Ordinary shares

Ordinary shares are recognised at the amount paid up per ordinary share, net of directly attributable issue costs.

Non-controlling interests

NCI represent the share in the net assets of controlled entities attributable to equity interests that are not owned directly or indirectly by a parent. NCI reflect perpetual preference shares issued by Westpac New Zealand, recognised at the amount paid up per share, net of directly attributable issue costs.

Reserves

Investment securities reserve

This comprises the changes in the fair value of debt securities measured at FVOCI (except for interest income, impairment charges and FX gains and losses which are recognised in the income statement), net of any related hedge accounting adjustments and tax. These changes are transferred to non-interest income in the income statement when the asset is disposed of.

Cash flow hedge reserve

This comprises the fair value gains and losses associated with the effective portion of designated cash flow hedging instruments, net of tax.

Cost of hedging reserve

The cost of hedging reserve records fair value movements arising from cross-currency basis spreads on cross-currency swaps where cross-currency basis spreads are excluded from designated hedge relationships. These amounts are amortised to the income statement over the life of the hedge. The cumulative movements will reduce to nil by maturity of the hedging instrument.

Note 21 Shareholders' equity (continued)

Share capital

Share capital fully paid

	NZ BANKING GROUP	
	2026	2025
	$ millions	$ millions
Ordinary shares	**6,045**	6,045
Head office account - branch capital[1]	**1,300**	1,300
Total share capital and branch capital	**7,345**	7,345

[1] Branch capital comprises funds provided by the Overseas Bank to support the NZ Branch. It is non-interest bearing, and there is no fixed date for repatriations.

On 27 March 2026, BT Financial Group (NZ) Limited declared and paid a cash dividend of $8 million to Westpac Equity Holdings Pty Limited with no imputation credits attached (30 September 2025: $7 million on 10 April 2025 with $54,335 imputation credits attached).

On 19 February 2026 and 28 August 2026, Westpac New Zealand Group Limited declared and paid cash dividends of $449 million and $164 million respectively to Westpac Overseas Holdings No.2 Pty Limited with imputation credits of $175 million and $64 million attached respectively (30 September 2025: $308 million on 20 February 2025 and $330 million on 29 August 2025 with $120 million and $128 million imputation credits attached respectively).

On 23 July 2026, Westpac Financial Services Group-NZ-Limited declared and paid a cash dividend of $11 million to Westpac Equity Holdings Pty Limited with $120,310 imputation credits attached (30 September 2025: no dividends were paid during the comparative period).

On 10 August 2026, Westpac Group Investment-NZ-Limited declared and paid a cash dividend of $36 million to Westpac Overseas Holdings Pty Limited with $14 million imputation credits attached (30 September 2025: no dividends were paid during the comparative period).

On 15 September 2025, the NZ Branch repatriated profits of $100 million to the Overseas Bank. No NZ Branch profits were repatriated to the Overseas Bank during the year ended 30 September 2026.

Non-controlling interests

Perpetual preference shares fully paid

	NZ Banking Group			
	2026	2025	**2026**	2025
	Issued Shares	Issued Shares	**$ millions**	$ millions
Perpetual preference shares[1,2]	**375,000,000**	375,000,000	**369**	369

[1] Net of $6 million issue costs.

[2] The PPS were issued by Westpac New Zealand for the purposes of the Reserve Bank's capital requirements, however they do not constitute Additional Tier 1 capital for the Overseas Banking Group as the terms of the PPS do not satisfy APRA's capital requirements.

On 13 September 2024, Westpac New Zealand issued $375 million of PPS to external investors, which are quoted on the NZX Debt Market. The PPS represent non-controlling interests in the NZ Banking Group.

A summary of the key terms of the PPS is provided below.

$	Issue date	Counterparty	PPS dividend rate	Optional redemption date
NZ$375 million	13 September 2024	External	Fixed at 7.10% p.a. until 13 September 2029 (when it resets to a floating rate equal to the NZ 3 month bank bill rate + 3.50% p.a.)	13 September 2029 and each quarterly scheduled distribution payment date after that date

Ranking and rights in liquidation

The PPS were issued by Westpac New Zealand and, in a liquidation of Westpac New Zealand, rank equally amongst themselves and Westpac New Zealand's other Additional Tier 1 capital instruments, are subordinated to the claims of depositors and other creditors of Westpac New Zealand (including holders of Tier 2 loan capital), and rank ahead of Westpac New Zealand's ordinary shares. The PPS do not carry any voting rights.

Note 21 Shareholders' equity (continued)

PPS distributions payable

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

PPS distributions are non-cumulative. If a PPS distribution is not paid in full, Westpac New Zealand may not determine or pay any dividends on its ordinary shares or undertake a discretionary buy-back or capital reduction of Westpac New Zealand's ordinary shares until a subsequent PPS distribution is paid in full (except in limited circumstances).

Westpac New Zealand paid quarterly PPS distributions as set out below:

$ millions	NZ BANKING GROUP 2026		
	Cash payment		
PPS Distribution Date	Distribution	Supplementary dividend	Imputation credit
15 December 2025	**5**	**-**	**2**
13 March 2026	**5**	**-**	**2**
15 June 2026	**5**	**-**	**2**
14 September 2026	**5**	**-**	**2**

$ millions	NZ BANKING GROUP 2025		
	Cash payment		
PPS Distribution Date	Distribution	Supplementary Dividend	Imputation Credit
13 December 2024	5	-	2
13 March 2025	5	-	2
13 June 2025	5	-	2
15 September 2025	5	-	2

Redemption

Westpac New Zealand may elect to redeem all of the PPS on an optional redemption date or at any time for certain tax or regulatory reasons. Redemption is subject to certain conditions, including the Reserve Bank's prior written approval and Westpac New Zealand remaining solvent immediately after the redemption. Holders have no right to require redemption.

On 17 December 2025, Westpac New Zealand determined that a regulatory event had occurred in relation to the PPS following the release by the Reserve Bank of its 2025 Capital Review decisions. Refer to page 83 for more information. No decision has been made by Westpac New Zealand to redeem the PPS.

Conversion

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

Reserves

Reconciliation of movement in reserves

	NZ BANKING GROUP							
	Investment securities reserve		Cash flow hedge reserve		Cost of hedging reserve		Total	
$ millions	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
Balance at beginning of the year	**(54)**	(115)	**(14)**	51	**-**	-	**(68)**	(64)
Net gains/(losses) from changes in fair value	**43**	85	**197**	(87)	**(50)**	-	**190**	(2)
Income tax effect	**(12)**	(24)	**(55)**	24	**14**	-	**(53)**	-
Transferred to income statement	**-**	-	**(71)**	(3)	**(1)**	-	**(72)**	(3)
Income tax effect	**-**	-	**20**	1	**-**	-	**20**	1
Balance at end of the year	**(23)**	(54)	**77**	(14)	**(37)**	-	**17**	(68)

Note 22 Related entities

Related entities

The NZ Banking Group's related parties are those it controls or can exert significant influence over. Examples include subsidiaries, associates, joint ventures and superannuation plans as well as key management personnel and their related parties.

NZ Banking Group

The NZ Banking Group consists of the New Zealand operations of the Overseas Banking Group including the NZ Branch and the following controlled entities as at 30 September 2026 whose business is required to be reported in the financial statements of the Overseas Banking Group's New Zealand business:

Name of entity	Principal activity	Notes
BT Financial Group (NZ) Limited ('**BTFGNZL**')	Holding company	
BT Funds Management (NZ) Limited ('**BTNZ**')	Funds management company	
Westpac Financial Services Group-NZ-Limited ('**WFSGNZL**')	Holding company	
Westpac Holdings-NZ-Limited ('**WHNZL**')	Holding company	
Westpac New Zealand Group Limited ('**WNZGL**')	Holding company	
Westpac New Zealand Limited	Registered bank	
Westpac NZ Operations Limited ('**WNZOL**')	Holding company	
Number 120 Limited	Finance company, currently non-active	
Red Bird Ventures Limited[1]	Corporate venture capital company, currently non-active	
The Home Mortgage Company Limited	Residential mortgage company, currently non-active	
Westpac New Zealand Staff Superannuation Scheme Trustee Limited	Trustee company	
Westpac (NZ) Investments Limited ('**WNZIL**')	Property company	
Westpac Securities NZ Limited ('**WSNZL**')	Funding company	
Westpac Securitisation Management NZ Limited ('**WSMNZL**')	Securitisation management company	
Westpac NZ Covered Bond Holdings Limited ('**WNZCBHL**')	Holding company	19% owned[2]
Westpac NZ Covered Bond Limited ('**WNZCBL**')	Guarantor	19% owned[2]
Westpac NZ Securitisation Holdings Limited ('**WNZSHL**')	Holding company	19% owned[3]
Westpac NZ Securitisation Limited ('**WNZSL**')	Funding company	19% owned[3]
Westpac Cash PIE Fund	Portfolio investment entity	Not owned[4]
Westpac Notice Saver PIE Fund	Portfolio investment entity	Not owned[4]
Westpac Term PIE Fund	Portfolio investment entity	Not owned[4]

[1] Red Bird Ventures Limited holds 32.98% diluted (35.61% undiluted) (30 September 2025: 33.69% diluted (35.61% undiluted)) equity in Akahu Technologies Limited, an associate, which is not a controlled entity.

[2] The NZ Banking Group, through WNZOL (9.5%) and WHNZL (9.5%), has a total qualifying interest of 19% in WNZCBHL and its wholly-owned subsidiary company, WNZCBL. Westpac New Zealand is considered to control both WNZCBHL and WNZCBL based on contractual arrangements in place, and as such both WNZCBHL and WNZCBL are consolidated within the financial statements of the NZ Banking Group.

[3] The NZ Banking Group, through WNZOL (9.5%) and WHNZL (9.5%), has a total qualifying interest of 19% in WNZSHL and its wholly-owned subsidiary company, WNZSL. Westpac New Zealand is considered to control both WNZSHL and WNZSL based on contractual arrangements in place, and as such both WNZSHL and WNZSL are consolidated within the financial statements of the NZ Banking Group.

[4] Westpac Term PIE Fund, Westpac Cash PIE Fund and Westpac Notice Saver PIE Fund (collectively referred to as the '**PIE Funds**') were established as unit trusts. The PIE Funds are PIEs, where BTNZ is the manager and issuer. The manager has appointed Westpac New Zealand to perform all customer management and account administration for the PIE Funds. Westpac New Zealand is the PIE Funds' registrar and administration manager. Westpac New Zealand does not hold any units in the PIE Funds, however is considered to control them, and as such the PIE Funds are consolidated in the financial statements of the NZ Banking Group.

On 25 August 2026, Westpac Group Investment-NZ-Limited ('**WGINZL**'), Westpac Capital-NZ-Limited and Westpac Equity Investments NZ Limited were amalgamated into WHNZL. WHNZL continued as the amalgamated legal entity and remains a wholly owned subsidiary of the Overseas Bank and a controlled entity of the NZ Banking Group.

Other than as disclosed above, there have been no changes in the ownership percentages since 30 September 2025.

All entities in the NZ Banking Group are 100% owned unless otherwise stated. All the entities within the NZ Banking Group are incorporated in New Zealand and have a balance date of 30 September except for the PIE Funds which have a balance date of 31 March.

Other significant related entities of the NZ Banking Group include the Overseas Bank and branches of the Overseas Bank based in London and New York.

Note 22 Related entities (continued)

Nature of transactions

The NZ Banking Group has transactions with members of the Overseas Banking Group on commercial terms, including the provision of management, distribution and administrative services and data processing facilities.

Loan finance and current account banking facilities are provided by the NZ Branch and the Overseas Bank to members of the NZ Banking Group on normal commercial terms. The interest earned on these loans and the interest paid on deposits are at market rates.

The NZ Banking Group enters into derivative transactions with the Overseas Bank (refer to Note 23). They are accounted for as trading derivatives except for cross currency swaps in place with the Overseas Bank, which are designated in a cash flow hedge relationship to hedge the currency risk exposure of funding from the London Branch.

Transactions with related entities

		NZ BANKING GROUP	
$ millions	Note	**2026**	2025
Overseas Bank			
Interest income	2	**45**	62
Interest expense[1]	2	**39**	53
Non-interest income - management fees received		**4**	5
Operating expenses - management fees	4	**17**	14
Other[2]		**-**	1
Profit repatriation	21	**-**	100
Other controlled entities of the Overseas Bank			
WGINZL dividend paid to Westpac Overseas Holdings Pty Limited	21	**36**	-
WFSGNZL dividend paid to Westpac Equity Holdings Pty Limited	21	**11**	-
BTFGNZL dividend paid to Westpac Equity Holdings Pty Limited	21	**8**	7
WNZGL dividends paid to Westpac Overseas Holdings No. 2 Pty Limited	21	**613**	638

[1] Includes interest expense incurred on funding from the Overseas Bank.

[2] Includes capitalised issue costs on financial or equity instruments and costs capitalised as software.

Due from and to related entities

	NZ BANKING GROUP	
$ millions	**2026**	2025
Due from related entities		
Overseas Bank	**3,184**	3,003
Other controlled entities of the Overseas Bank	**-**	1
Total due from related entities[1]	**3,184**	3,004
Due to related entities		
Overseas Bank	**5,868**	4,334
Other controlled entities of the Overseas Bank	**1**	-
Total due to related entities[2]	**5,869**	4,334

[1] Includes derivative financial instruments of $2,159 million (30 September 2025: $1,131 million) (refer to Note 23) which are measured at fair value.

[2] Includes derivative financial instruments of $4,143 million (30 September 2025: $3,027 million) (refer to Note 23) which are measured at fair value.

Note 22 Related entities (continued)

Key management personnel compensation

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the NZ Banking Group. This includes all Executive/Non-Executive Directors and the executive team of Westpac New Zealand, and other members of the executive team of the NZ Banking Group.

	NZ BANKING GROUP	
$'000s	**2026**	2025
Salaries and other short-term benefits	**11,348**	11,184
Post-employment benefits	**865**	801
Termination benefits	**-**	-
Share-based payments[1]	**4,080**	3,453
Total key management personnel compensation	**16,293**	15,438
Loans to key management personnel	**12,290**	12,265
Deposits from key management personnel	**4,758**	3,023
Interest income on loans to key management personnel	**579**	533
Interest expense on deposits from key management personnel	**54**	40

[1] Share-based payments are amortised over the performance and deferral period (between two to five years). This includes restricted shares, hurdled share rights and unhurdled share rights granted during the relevant periods up to 30 September 2026, which are calculated based on their fair value at the grant date (which is the invitation opt out date). The fair value for hurdled and unhurdled share rights is determined using an external valuation.

Where the Directors of the Overseas Bank have received remuneration from the NZ Banking Group, the amounts are included above. Details of Directors' remuneration are disclosed in the Overseas Banking Group's 30 September 2026 Annual Report.

Loans and deposits with key management personnel

All loans and deposits are made in the ordinary course of business of the NZ Banking Group. Loans are on terms that range between variable, fixed rate up to five years and interest only loans, all of which are in accordance with the NZ Banking Group's lending policies.

As at 30 September 2026, no amounts have been written off and no individual provision has been recognised in respect of loans given to key management personnel and their related parties (30 September 2025: nil). These loans have been included within the loan portfolio when determining collectively assessed provisions.

Other key management personnel transactions

All other transactions with key management personnel, their related entities and other related parties are conducted in the ordinary course of business. These transactions principally involve the provision of financial, investment and insurance services.

Note 23 Derivative financial instruments

Accounting policy

Derivative financial instruments are instruments whose values are derived from the value of an underlying asset, reference rate or index and include forwards, futures, swaps and options. Derivatives with related parties are included in due from/due to related entities.

The NZ Banking Group uses derivative financial instruments for meeting customers' needs; our risk management activities, and undertaking market making and positioning activities.

Trading derivatives

Derivatives which are used in our risk management activities but are not designated into a hedge accounting relationship are considered economic hedges. These derivatives, along with derivatives used for meeting customers' needs and undertaking market making and positioning activities are measured at FVIS and are disclosed as trading derivatives in this note.

Hedging derivatives

Hedging derivatives are those which are used in our risk management activities and have also been designated into one of two hedge accounting relationships: fair value hedge; or cash flow hedge. These derivatives are measured at fair value. These hedge designations and the associated accounting treatment are detailed below.

For more details regarding the NZ Banking Group's risk management activities, refer to Note 31.

The NZ Banking Group applies the hedge accounting requirements of NZ IFRS 9 to its hedge accounting relationships (with the exception of portfolio-level fair value hedges of retail products, to which NZ IAS 39 continues to be applied). If a hedge relationship no longer meets the criteria for hedge accounting, hedge accounting is discontinued. Voluntary discontinuation of hedge accounting is not permitted under NZ IFRS 9.

Fair value hedges

Fair value hedges are used to hedge the exposure to changes in the fair value of an asset or liability.

Changes in the fair value of derivatives and the hedged asset or liability in fair value hedges are recognised in non-interest income. The carrying value of the hedged asset or liability is adjusted for the changes in fair value related to the hedged risk.

A hedging relationship is discontinued only when it no longer qualifies for hedge accounting. Any fair value hedge adjustment to the carrying amount of the asset or liability that was hedged is recognised in net interest income over the remaining life of the asset or liability. If the asset or liability is sold or otherwise derecognised, any unamortised adjustment is immediately recognised in net interest income.

Cash flow hedges

Cash flow hedges are used to hedge the exposure to variability of cash flows attributable to an asset, liability or future forecast transaction.

For qualifying hedges, the effective component of the changes in the fair value of derivatives is recognised in the cash flow hedge reserve through OCI and subsequently recognised in net interest income when the cash flows attributable to the asset or liability that was hedged impact the income statement.

The changes in the fair value relating to the ineffective portion are immediately recognised in non-interest income.

If a hedging relationship no longer qualifies for hedge accounting or if a hedge of a forecast transaction is no longer expected to occur, any cumulative gain or loss in OCI is released to net interest income.

Hedge Effectiveness

Hedge effectiveness is tested prospectively at inception and during the lifetime of hedge relationships.

For one-to-one hedge relationships, hedge effectiveness testing uses a qualitative assessment of matched terms where the critical terms of the derivatives used as the hedging instrument match the terms of the hedged item. In addition, a quantitative effectiveness test is performed for all hedges which could include regression analysis, dollar offset and/or sensitivity analysis.

For hedge relationships under NZ IFRS 9, the hedge effectiveness assessment is required to demonstrate that an economic relationship exists between the hedged item and the hedging instrument, credit risk does not dominate the changes in value of either the hedged item or the hedging instrument, and the hedge ratio reflects the NZ Banking Group's actual risk management activities. The hedge ratio may be rebalanced during the life of the relationship, by adjusting the designated quantities of either the hedged item or the hedging instrument.

For hedging relationships under NZ IAS 39, retrospective testing is also performed to determine whether the hedge relationship remains highly effective so that hedge accounting can continue to be applied and also to determine any ineffectiveness. These tests are performed using the dollar offset method.

Cost of hedging

Certain components of hedging instruments including cross currency basis spreads may be excluded from hedge designations. Changes in fair value that arise from these components of the hedging instrument are recognised in the cost of hedging reserve and amortised to the income statement over the life of the hedge.

Note 23 Derivative financial instruments (continued)

The carrying values of derivative instruments are set out in the tables below:

	NZ BANKING GROUP					
	2026					
	Trading		Hedging		Total derivatives carrying value	
$ millions	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate contracts						
Swap agreements	**15,295**	**(15,677)**	**520**	**(292)**	**15,815**	**(15,969)**
Total interest rate contracts	**15,295**	**(15,677)**	**520**	**(292)**	**15,815**	**(15,969)**
FX contracts						
Spot and forward contracts	**2,348**	**(2,178)**	**-**	**-**	**2,348**	**(2,178)**
Cross currency swap agreements (principal and interest)	**2,882**	**(3,463)**	**1,446**	**(61)**	**4,328**	**(3,524)**
Total FX contracts	**5,230**	**(5,641)**	**1,446**	**(61)**	**6,676**	**(5,702)**
Credit default swaps						
Credit protection bought	**-**	**(2)**	**-**	**-**	**-**	**(2)**
Credit protection sold	**1**	**-**	**-**	**-**	**1**	**-**
Total credit default swaps	**1**	**(2)**	**-**	**-**	**1**	**(2)**
Total of gross derivatives	**20,526**	**(21,320)**	**1,966**	**(353)**	**22,492**	**(21,673)**
Impact of netting arrangements	**(12,576)**	**12,576**	**-**	**-**	**(12,576)**	**12,576**
Total of net derivatives	**7,950**	**(8,744)**	**1,966**	**(353)**	**9,916**	**(9,097)**
Consisting of:						
Derivatives held with external counterparties	**5,791**	**(4,601)**	**1,966**	**(353)**	**7,757**	**(4,954)**
Derivatives held with related parties	**2,159**	**(4,143)**	**-**	**-**	**2,159**	**(4,143)**

	NZ BANKING GROUP					
	2025					
	Trading		Hedging		Total derivatives carrying value	
$ millions	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate contracts						
Forward rate agreements[1]	-	-	-	-	-	-
Swap agreements[1]	16,465	(16,697)	388	(703)	16,853	(17,400)
Total interest rate contracts	16,465	(16,697)	388	(703)	16,853	(17,400)
FX contracts						
Spot and forward contracts	1,443	(1,411)	-	-	1,443	(1,411)
Cross currency swap agreements (principal and interest)	1,906	(2,822)	1,988	-	3,894	(2,822)
Total FX contracts	3,349	(4,233)	1,988	-	5,337	(4,233)
Total of gross derivatives	19,814	(20,930)	2,376	(703)	22,190	(21,633)
Impact of netting arrangements	(13,877)	13,877	-	-	(13,877)	13,877
Total of net derivatives	5,937	(7,053)	2,376	(703)	8,313	(7,756)
Consisting of:						
Derivatives held with external counterparties	4,806	(4,026)	2,376	(703)	7,182	(4,729)
Derivatives held with related parties	1,131	(3,027)	-	-	1,131	(3,027)

[1] Comparative amounts have been revised for trading derivatives to reclassify forward rate agreements to swap agreements, with no change to the total interest rate contracts.

Note 23 Derivative financial instruments (continued)

Hedge accounting

The NZ Banking Group designates derivatives into hedge accounting relationships in order to manage the volatility in earnings and capital that would otherwise arise from interest rate and FX risks that may result from differences in the accounting treatment of derivatives and underlying exposures. These hedge accounting relationships and the risks they are used to hedge are described below.

The NZ Banking Group enters into one-to-one hedge relationships to manage specific exposures where the terms of the hedged item significantly match the terms of the hedging instrument. The NZ Banking Group also uses dynamic hedge accounting where the hedged items are part of a portfolio of assets and/or liabilities that frequently change. In this hedging strategy, the exposure being hedged and the hedging instruments may change frequently rather than there being a one-to-one hedge accounting relationship for a specific exposure.

Fair value hedges

Interest rate risk

The NZ Banking Group hedges its interest rate risk to reduce exposure to changes in fair value due to interest rate fluctuations over the hedging period. Interest rate risk arising from fixed rate debt issuances and fixed rate bonds classified as investment securities at FVOCI is hedged with single currency fixed to floating interest rate derivatives. The NZ Banking Group also hedges its benchmark interest rate risk from fixed rate foreign currency denominated debt issuances using cross currency swaps. In applying fair value hedge accounting the NZ Banking Group primarily uses one-to-one hedge accounting to manage specific exposures.

The NZ Banking Group also uses a dynamic hedge accounting strategy for fair value portfolio hedge accounting of some fixed rate mortgages (portfolio fair value hedge) to reduce exposure to changes in fair value due to interest rate fluctuations over the hedging period. NZ IAS 39 continues to be applied to this hedge accounting strategy. The fixed rate mortgages are allocated to time buckets based on their expected repricing dates and the fixed-to-floating interest rate derivatives are designated according to the capacity in the relevant time buckets.

The NZ Banking Group hedges the benchmark interest rate which generally represents the most significant component of the changes in fair value. The benchmark interest rate is a component of interest rate risk that is observable in the relevant financial markets, for example, Secured Overnight Financing Rate ('**SOFR**') for USD interest rates and BKBM for NZD interest rates. Ineffectiveness may arise from timing or discounting differences on repricing between the hedged item and the derivative. For portfolio fair value hedges, ineffectiveness also arises from prepayment risk (i.e. the difference between actual and expected prepayment of loans). In order to manage the ineffectiveness from early repayments and accommodate new originations the portfolio hedges are de-designated and redesignated periodically.

For hedging relationships under NZ IFRS 9, voluntary discontinuation of hedge accounting is not permitted.

Cash flow hedges

Interest rate risk

The NZ Banking Group's exposure to the volatility of interest cash flows from customer deposits and loans is hedged with interest rate derivatives using a dynamic hedge accounting strategy called macro cash flow hedging. Customer deposits and loans are allocated to time buckets based on their expected repricing dates. The interest rate derivatives are designated according to the gross asset or gross liability positions for the relevant time buckets. The NZ Banking Group hedges the benchmark interest rate which generally represents the most significant component of the changes in fair value. The benchmark interest rate is a component of interest rate risk that is observable in the relevant financial markets, for example, SOFR for USD interest rates and BKBM for NZD interest rates. Ineffectiveness may arise from timing or discounting differences on repricing between the hedged item and the interest rate derivative. Ineffectiveness also arises if the notional values of the interest rate derivatives exceed the aggregate notional exposure for the relevant time buckets.

The hedge accounting relationships are reviewed on a monthly basis and the hedging relationships are rebalanced if necessary.

FX risk

The NZ Banking Group's exposure to foreign currency principal and credit margin cash flows from fixed rate foreign currency debt issuances is hedged through the use of cross currency derivatives in a one-to-one hedging relationship to manage the changes between the foreign currency and NZD. In addition, for floating rate foreign currency debt issuances, the NZ Banking Group hedges from foreign floating to NZD floating interest rates.

For qualifying hedging instruments, foreign currency basis spreads are excluded from the hedge designation and deferred in the cost of hedging reserve, and amortised to the income statement over the life of the hedge.

Ineffectiveness may arise from timing or discounting differences on repricing between the hedged item and the cross currency derivative.

Economic hedges

As part of the NZ Banking Group's risk management activities, economic hedges may be entered into to hedge long-term funding transactions for risk management purposes. These hedges do not qualify for hedge accounting and are therefore not included in the hedging instrument disclosures below.

Note 23 Derivative financial instruments (continued)

Hedging instruments

The following tables show the carrying value of hedging instruments and a maturity analysis of the notional amounts of the hedging instruments in one-to-one hedge relationships categorised by the types of hedge relationships and the hedged risk.

NZ BANKING GROUP

2026

			Notional amounts				Carrying value	
$ millions	**Hedging instrument**	**Hedged risk**	**Within 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**	**Assets**	**Liabilities**
One-to-one hedge relationships								
Fair value hedges	Interest rate swap	Interest rate risk	**2,329**	**7,084**	**3,593**	**13,006**	**298**	**(161)**
	Cross currency swap	Interest rate risk	**6,112**	**13,865**	**402**	**20,379**	**(319)**	**(190)**
Cash flow hedges	Cross currency swap	FX risk	**6,112**	**15,194**	**402**	**21,708**	**1,765**	**129**
Total one-to-one hedge relationships			**14,553**	**36,143**	**4,397**	**55,093**	**1,744**	**(222)**
Macro hedge relationships								
Portfolio fair value hedges	Interest rate swap	Interest rate risk	**N/A**	**N/A**	**N/A**	**27,653**	**69**	**(74)**
Macro cash flow hedges	Interest rate swap	Interest rate risk	**N/A**	**N/A**	**N/A**	**21,755**	**153**	**(57)**
Total macro hedge relationships			**N/A**	**N/A**	**N/A**	**49,408**	**222**	**(131)**
Total of gross hedging derivatives			**N/A**	**N/A**	**N/A**	**104,501**	**1,966**	**(353)**
Impact of netting arrangements			**N/A**	**N/A**	**N/A**	**N/A**	**-**	**-**
Total of net hedging derivatives			**N/A**	**N/A**	**N/A**	**N/A**	**1,966**	**(353)**

NZ BANKING GROUP

2025

			Notional amounts				Carrying value	
$ millions	Hedging instrument	Hedged risk	Within 1 year	Over 1 year to 5 years	Over 5 years	Total	Assets	Liabilities
One-to-one hedge relationships								
Fair value hedges	Interest rate swap	Interest rate risk	100	6,669	2,322	9,091	186	(216)
	Cross currency swap	Interest rate risk	3,036	16,968	405	20,409	(141)	-
Cash flow hedges	Cross currency swap	FX risk	3,036	16,968	405	20,409	2,129	-
Total one-to-one hedge relationships			6,172	40,605	3,132	49,909	2,174	(216)
Macro hedge relationships								
Portfolio fair value hedges	Interest rate swap	Interest rate risk	N/A	N/A	N/A	18,972	1	(250)
Macro cash flow hedges	Interest rate swap	Interest rate risk	N/A	N/A	N/A	31,339	201	(237)
Total macro hedge relationships			N/A	N/A	N/A	50,311	202	(487)
Total of gross hedging derivatives			N/A	N/A	N/A	100,220	2,376	(703)
Impact of netting arrangements			N/A	N/A	N/A	N/A	-	-
Total of net hedging derivatives			N/A	N/A	N/A	N/A	2,376	(703)

Note 23 Derivative financial instruments (continued)

The following table shows the weighted average exchange rate related to significant hedging instruments in one-to-one hedge relationships:

			NZ BANKING GROUP		
				Weighted average hedged rate	
	Hedging instrument	Hedged risk	Currency pair	2026	2025
Cash flow hedges	Cross currency swap	FX risk	EUR:NZD	**0.5670**	0.5846
			HKD:NZD	**5.1114**	5.1114
			USD:NZD	**0.6033**	0.6071

Impact of hedge accounting on the balance sheet and reserves

The following tables show the carrying amount of hedged items in a fair value hedge relationship and the component of the carrying amount related to accumulated fair value hedge accounting ('**FVHA**') adjustments.

	NZ BANKING GROUP			
	2026		2025	
$ millions	**Carrying amount of hedged item**	**Accumulated FVHA adjustment included in carrying amount**	Carrying amount of hedged item	Accumulated FVHA adjustment included in carrying amount
Interest rate risk				
Investment securities[1]	**6,887**	**(98)**	5,246	240
Loans	**27,505**	**(148)**	19,104	132
Debt issues and loan capital	**(25,526)**	**667**	(23,968)	157

[1] The carrying amount of investment securities at FVOCI does not include a fair value hedge adjustment as the hedged asset is measured at fair value. The fair value hedge accounting adjustment results in a transfer from OCI to the income statement.

There were no accumulated FVHA adjustments (30 September 2025: nil) included in the above carrying amounts relating to hedged items that have ceased to be adjusted for hedging gains and losses.

The pre-tax impact of cash flow hedges on the cash flow hedge reserve is detailed below:

	NZ BANKING GROUP					
	2026			2025		
$ millions	**Interest rate risk**	**FX risk**	**Total**	Interest rate risk	FX risk	Total
Cash flow hedge reserve						
Balance at beginning of the year	**19**	**(38)**	**(19)**	137	(66)	71
Net gains/(losses) from changes in fair value	**72**	**125**	**197**	(61)	(26)	(87)
Transferred to net interest income	**25**	**(96)**	**(71)**	(57)	54	(3)
Balance at end of year	**116**	**(9)**	**107**	19	(38)	(19)

There were no balances remaining in the cash flow hedge reserve (30 September 2025: nil) relating to hedge relationships for which hedge accounting is no longer applied.

Note 23 Derivative financial instruments (continued)

Hedge effectiveness

The following tables provide information regarding the determination of hedge effectiveness:

			NZ BANKING GROUP		
			2026		
$ millions	**Hedging instrument**	**Hedged risk**	**Change in fair value of hedging instrument used for calculating ineffectiveness**	**Change in value of the hedged item used for calculating ineffectiveness**	**Hedge ineffectiveness recognised in non-interest income**
Fair value hedges	Interest rate swap	Interest rate risk	**476**	**(487)**	**(11)**
	Cross currency swap	Interest rate risk	**(375)**	**379**	**4**
Cash flow hedges	Interest rate swap	Interest rate risk	**107**	**(97)**	**11**
	Cross currency swap	FX risk	**(22)**	**22**	**-**
Total			**186**	**(183)**	**4**

			NZ BANKING GROUP		
			2025		
$ millions	Hedging instrument	Hedged risk	Change in fair value of hedging instrument used for calculating ineffectiveness	Change in value of the hedged item used for calculating ineffectiveness	Hedge ineffectiveness recognised in non-interest income
Fair value hedges	Interest rate swap	Interest rate risk	(79)	80	1
	Cross currency swap	Interest rate risk	112	(112)	-
Cash flow hedges	Interest rate swap	Interest rate risk	(123)	118	(5)
	Cross currency swap	FX risk	28	(28)	-
Total			(62)	58	(4)

Note 24 Fair values of financial assets and financial liabilities

Accounting policy

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

On initial recognition, the transaction price generally represents the fair value of the financial instrument unless there is observable information from an active market to the contrary. Where unobservable information is used, the difference between the transaction price and the fair value (day one profit or loss) is recognised in the income statement over the life of the instrument or when the inputs become observable.

Critical accounting assumptions and estimates

The majority of valuation models used by the NZ Banking Group employ only observable market data as inputs. However, for certain financial instruments, data may be employed which is not readily observable in current markets.

The availability of observable inputs is influenced by factors such as:

- product type;
- depth of market activity;
- maturity of market models; and
- complexity of the transaction.

Where unobservable market data is used, more judgement is required to determine fair value. The significance of these judgements depends on the significance of the unobservable input to the overall valuation. Unobservable inputs are generally derived from other relevant market data and adjusted against:

- standard industry practice;
- economic models; and
- observed transaction prices.

In order to determine a reliable fair value for a financial instrument, management may apply adjustments to the techniques previously described.

These adjustments reflect the NZ Banking Group's assessment of factors that market participants would consider in setting the fair value.

These adjustments incorporate bid/offer spreads, credit valuation adjustments and funding valuation adjustments.

Fair Valuation Control Framework

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

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

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

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

Fair value hierarchy

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

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

Valuation techniques

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

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

Note 24 Fair values of financial assets and financial liabilities (continued)

Financial instruments measured at fair value

Level 1 instruments

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

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

Instrument	Balance sheet category	Includes	Valuation
Exchange traded products	Derivative financial instruments Due from related entities Due to related entities	Exchange traded interest rate futures - derivative financial instruments	These instruments are traded in liquid, active markets where prices are readily observable. No modelling or assumptions are used in the valuation.
FX products	Derivative financial instruments	FX spot contracts	
Debt instruments	Trading securities and financial assets measured at FVIS Investment securities Other financial liabilities	New Zealand Government bonds	

Level 2 instruments

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

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

Instrument	Balance sheet category	Includes	Valuation
Interest rate products	Derivative financial instruments Due from related entities Due to related entities	Interest rate swaps, forwards and options – derivative financial instruments	Industry standard valuation models are used to calculate the expected future value of payments by product, which is discounted back to a present value. The model's interest rate inputs are benchmark interest rates and active broker quoted interest rates in the swap, bond and futures markets. Interest rate volatilities are sourced from brokers and consensus data providers. If consensus prices are not available, these are classified as Level 3 instruments.
FX products	Derivative financial instruments Due from related entities Due to related entities	FX swaps and FX forward contracts – derivative financial instruments	Derived from market observable inputs or consensus pricing providers using industry standard models. If consensus prices are not available, these are classified as Level 3 instruments.
Non-asset backed debt instruments	Trading securities and financial assets measured at FVIS Investment securities Other financial liabilities	Local authority and NZ public securities, other bank issued certificates of deposit, commercial paper, other government securities, off-shore securities and corporate bonds Repurchase agreements and reverse repurchase agreements over non-asset backed debt securities	Valued using observable market prices which are sourced from independent pricing services, broker quotes or inter-dealer prices. If prices are not available from these sources, these are classified as Level 3 instruments.

Note 24 Fair values of financial assets and financial liabilities (continued)

Instrument	Balance sheet category	Includes	Valuation
Deposits and other borrowings at fair value	Deposits and other borrowings	Certificates of deposit	Discounted cash flow models based on deposit type and maturity.
Debt issues at fair value	Debt issues	Commercial paper	Discounted cash flows, using a discount rate which reflects the terms of the instrument and the timing of cash flows adjusted for market observable changes in the NZ Banking Group's implied creditworthiness.

Level 3 instruments

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

Balances within this category of the fair value hierarchy are not considered material to the total trading securities and financial assets measured at FVIS and derivative financial instruments balances.

These valuations are calculated using a high degree of management judgement.

Instrument	Balance sheet category	Includes	Valuation
Interest rate derivatives	Derivative financial instruments	Non-vanilla interest rate (inflation indexed) derivatives and long-dated NZD caps	Valued using industry standard valuation models utilising observable market inputs which are determined separately for each parameter. Where unobservable, inputs will be set with reference to an observable proxy.
Debt instruments	Trading securities and financial assets measured at FVIS	Certain debt securities with low observability.	These securities are evaluated by an independent pricing service or based on third party revaluations. Due to their illiquidity and/or complexity these are classified as Level 3 assets.

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

	NZ BANKING GROUP							
	2026				2025			
$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis								
Trading securities and financial assets measured at FVIS	**837**	**4,954**	**11**	**5,802**	1,411	4,742	-	6,153
Derivative financial instruments	**-**	**7,757**	**-**	**7,757**	-	7,182	-	7,182
Investment securities	**4,799**	**4,332**	**-**	**9,131**	3,930	4,276	-	8,206
Due from related entities	**-**	**2,426**	**-**	**2,426**	-	1,131	-	1,131
Total financial assets measured at fair value	**5,636**	**19,469**	**11**	**25,116**	5,341	17,331	-	22,672
Financial liabilities measured at fair value on a recurring basis								
Deposits and other borrowings at fair value[1]	**-**	**983**	**-**	**983**	-	1,812	-	1,812
Other financial liabilities	**219**	**1,813**	**-**	**2,032**	322	1,724	-	2,046
Derivative financial instruments	**-**	**4,953**	**1**	**4,954**	-	4,728	1	4,729
Due to related entities	**-**	**4,143**	**-**	**4,143**	-	3,027	-	3,027
Debt issues at fair value	**-**	**3,352**	**-**	**3,352**	-	2,746	-	2,746
Total financial liabilities measured at fair value	**219**	**15,244**	**1**	**15,464**	322	14,037	1	14,360

[1] There are no differences between the fair values disclosed and the contractual outstanding amount payable at maturity for these financial liabilities measured at fair value on a recurring basis.

Analysis of movements between fair value hierarchy levels

The NZ Banking Group considers transfers between levels, if any, to have occurred at the end of the reporting period. Transfers in and transfers out are reported using the end of period fair values. During the year ended 30 September 2026, there were no material transfers between levels of the fair value hierarchy. For the comparative financial year ended 30 September 2025, the NZ Banking Group refined its approach and applied a more granular assessment with additional metrics sourced from its independent pricing services to complete the fair value level classification of New Zealand Government treasury bills. As a result, $697 million of these trading securities and financial assets measured at FVIS were transferred from Level 1 to Level 2.

Note 24 Fair values of financial assets and financial liabilities (continued)

Financial instruments not measured at fair value

For financial instruments not measured at fair value on a recurring basis, fair value has been derived as follows:

Instrument	Valuation
Loans	Where available, the fair value of loans is based on observable market transactions; otherwise fair value is estimated using discounted cash flow models. For variable rate loans, the discount rate used is the current effective interest rate. The discount rate applied for fixed rate loans reflects the market rate for the maturity of the loan and the creditworthiness of the borrower.
Deposits and other borrowings	Fair values of deposit liabilities payable on demand (interest free, interest bearing and savings deposits) approximate their carrying value. Fair values for term deposits are estimated using discounted cash flow models based on deposit type and maturity.
Due to related entities	The carrying value of due to related entities approximates the fair value. These items are either short-term in nature or re-price frequently, and are of a high credit rating.
Debt issues and loan capital	The fair values of these instruments are calculated based on quoted market prices, where available. Where quoted market prices are not available, fair values are calculated using a discounted cash flow model. The discount rates applied reflect the terms of the instruments and the timing of the estimated cash flows and are adjusted for any changes in the NZ Banking Group's credit spreads.
All other financial assets and financial liabilities	For all other financial assets and financial liabilities, the carrying value approximates the fair value. These items are either short-term in nature or re-price frequently, and are of a high credit rating.

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

	NZ BANKING GROUP 2026				
	Carrying Amount	Fair Value			
$ millions		Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value					
Cash and balances with central banks	**4,638**	**4,638**	**-**	**-**	**4,638**
Collateral paid	**450**	**450**	**-**	**-**	**450**
Loans	**112,005**	**-**	**-**	**111,698**	**111,698**
Other financial assets	**897**	**-**	**-**	**897**	**897**
Due from related entities	**758**	**-**	**758**	**-**	**758**
Total financial assets not measured at fair value	**118,748**	**5,088**	**758**	**112,595**	**118,441**
Financial liabilities not measured at fair value					
Collateral received	**1,725**	**1,725**	**-**	**-**	**1,725**
Deposits and other borrowings	**84,408**	**-**	**83,505**	**944**	**84,449**
Other financial liabilities	**811**	**-**	**811**	**-**	**811**
Due to related entities	**1,726**	**-**	**1,726**	**-**	**1,726**
Debt issues[1]	**24,894**	**-**	**25,058**	**-**	**25,058**
Loan capital	**3,360**	**-**	**3,415**	**-**	**3,415**
Total financial liabilities not measured at fair value	**116,924**	**1,725**	**114,515**	**944**	**117,184**

[1] The estimated fair value of debt issues includes the impact of changes in the NZ Banking Group's credit spreads since origination.

Note 24 Fair values of financial assets and financial liabilities (continued)

	NZ BANKING GROUP				
	2025				
	Carrying	Fair Value			
$ millions	Amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value					
Cash and balances with central banks	6,188	6,188	-	-	6,188
Collateral paid	176	176	-	-	176
Loans	106,800	-	-	107,094	107,094
Other financial assets	1,248	-	20	1,228	1,248
Due from related entities	1,873	-	1,873	-	1,873
Total financial assets not measured at fair value	116,285	6,364	1,893	108,322	116,579
Financial liabilities not measured at fair value					
Collateral received	1,332	1,332	-	-	1,332
Deposits and other borrowings	81,020	-	80,137	964	81,101
Other financial liabilities	2,943	-	2,943	-	2,943
Due to related entities	1,307	-	1,307	-	1,307
Debt issues[1]	23,660	-	23,825	-	23,825
Loan capital	3,318	-	3,416	-	3,416
Total financial liabilities not measured at fair value	113,580	1,332	111,628	964	113,924

[1] The estimated fair value of debt issues includes the impact of changes in the NZ Banking Group's credit spreads since origination.

Note 25 Offsetting financial assets and financial liabilities

Accounting policy

Financial assets and financial liabilities are presented net on the balance sheet when the NZ Banking Group has a legally enforceable right to offset them in all circumstances and there is an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The gross assets and liabilities behind the net amounts reported on the balance sheet are disclosed in the following table.

Some of the NZ Banking Group's offsetting arrangements are not enforceable in all circumstances. The amounts in the tables below may not tie back to the balance sheet if there are balances which are not subject to offsetting or enforceable netting arrangements. The amounts presented in this note do not represent the credit risk exposure of the NZ Banking Group. Refer to Note 13 for information on credit risk management. The offsetting and collateral arrangements and other credit risk mitigation strategies used by the NZ Banking Group are further explained in the 'Management of risk mitigation' section under Note 13.5.

		NZ BANKING GROUP						
		2026						
		Amounts Subject to Enforceable Netting Arrangements						
		Amounts Offset on the Balance Sheet			Amounts Not Offset on the Balance Sheet			
$ millions	Note	Gross Amounts	Amounts Offset	Net Amounts Reported on the Balance Sheet	Other Recognised Financial Instruments	Cash Collateral	Financial Instrument Collateral	Net Amount
Assets								
Reverse repurchase agreements	9	**1,116**	**-**	**1,116**	**-**	**-**	**(1,106)**	**10**
Derivative financial instruments[1]	23	**20,005**	**(12,576)**	**7,429**	**(2,690)**	**(555)**	**-**	**4,184**
Due from related entities - derivative financial instruments	22	**2,159**	**-**	**2,159**	**(2,159)**	**-**	**-**	**-**
Total assets		**23,280**	**(12,576)**	**10,704**	**(4,849)**	**(555)**	**(1,106)**	**4,194**
Liabilities								
Repurchase agreements	17	**1,615**	**-**	**1,615**	**-**	**-**	**(1,615)**	**-**
Derivative financial instruments[1]	23	**17,309**	**(12,576)**	**4,733**	**(2,690)**	**(67)**	**(197)**	**1,779**
Due to related entities - derivative financial instruments	22	**4,143**	**-**	**4,143**	**(2,159)**	**-**	**-**	**1,984**
Total liabilities		**23,067**	**(12,576)**	**10,491**	**(4,849)**	**(67)**	**(1,812)**	**3,763**

Note 25 Offsetting financial assets and financial liabilities (continued)

		NZ BANKING GROUP						
		2025						
		Amounts Subject to Enforceable Netting Arrangements						
		Amounts Offset on the Balance Sheet			Amounts Not Offset on the Balance Sheet			
$ millions	Note	Gross Amounts	Amounts Offset	Net Amounts Reported on the Balance Sheet	Other Recognised Financial Instruments	Cash Collateral	Financial Instrument Collateral	Net Amount
Assets								
Reverse repurchase agreements	9	1,502	-	1,502	-	-	(1,502)	-
Derivative financial instruments[1]	23	20,667	(13,877)	6,790	(2,136)	(328)	-	4,326
Due from related entities - derivative financial instruments	22	1,131	-	1,131	(1,131)	-	-	-
Total assets		23,300	(13,877)	9,423	(3,267)	(328)	(1,502)	4,326
Liabilities								
Repurchase agreements	17	2,485	-	2,485	-	-	(2,485)	-
Derivative financial instruments[1]	23	18,512	(13,877)	4,635	(2,136)	(61)	-	2,438
Due to related entities - derivative financial instruments	22	3,027	-	3,027	(1,131)	-	-	1,896
Total liabilities		24,024	(13,877)	10,147	(3,267)	(61)	(2,485)	4,334

[1] $328 million (30 September 2025: $392 million) of derivative financial assets and $221 million (30 September 2025: $94 million) of derivative financial liabilities are not subject to enforceable netting arrangements.

Other recognised financial instruments

These financial assets and financial liabilities are subject to master netting agreements which are not enforceable in all circumstances, so they are recognised gross on the balance sheet. The offsetting rights of the master netting arrangements can only be enforced if a predetermined event occurs in the future, such as a counterparty defaulting.

Cash collateral and financial instrument collateral

These amounts are received or pledged under master netting arrangements against the gross amounts of assets and liabilities. Financial instrument collateral typically comprises securities which can be readily liquidated in the event of counterparty default. The offsetting rights of the master netting arrangement can only be enforced if a predetermined event occurs in the future, such as a counterparty defaulting.

Note 26 Credit related commitments, contingent assets and contingent liabilities

Accounting policy

Undrawn credit commitments

The NZ Banking Group enters into various arrangements with customers which are only recognised on the balance sheet when called upon. These arrangements include commitments to extend credit, bill endorsements, financial guarantees, standby letters of credit and underwriting facilities.

Contingent assets

Contingent assets are possible assets whose existence will be confirmed only by uncertain future events. Contingent assets are not recognised on the balance sheet but are disclosed if an inflow of economic benefits is probable.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is not probable or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the outflow of economic resources is remote.

Undrawn credit commitments

Undrawn credit commitments expose the NZ Banking Group to liquidity risk when called upon and also to credit risk if the customer fails to repay the amounts owed at the due date. The maximum exposure to credit loss is the contractual or notional amount of the instruments disclosed below. Some of the arrangements can be cancelled by the NZ Banking Group at any time. The actual liquidity and credit risk exposure varies in line with drawings and may be less than the amounts disclosed. The NZ Banking Group uses the same credit policies when entering into these arrangements as it does for on-balance sheet instruments. Refer to Note 13 and Note 31 for further details on credit risk management and liquidity risk.

Undrawn credit commitments, excluding derivatives, are disclosed in the table below:

- Letters of credit and guarantees include financial guarantees, letters of credit, other credit substitutes and performance-related contingencies. Financial guarantees, letters of credit and other credit substitutes support the financial obligations of customers to third parties. Utilisation of these contracts is generally dependent on the creditworthiness of the customer. Performance-related contingencies support the non-monetary obligations of customers to third parties, where payment will generally need to be made if a customer fails to fulfil a non-monetary contractual obligation to that third party. The NZ Banking Group may hold cash as collateral for certain guarantees issued;
- Remaining commitments to extend credit comprises various forms of credit facilities. This includes all obligations on the part of the NZ Banking Group to provide credit facilities. As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

	NZ BANKING GROUP	
$ millions	**2026**	2025
Letters of credit and guarantees	**1,455**	1,329
Commitments to extend credit	**29,353**	28,556
Total undrawn credit commitments[1]	**30,808**	29,885

[1] In addition to the commitments disclosed above, there is $1,700 million (30 September 2025: $1,358 million) of exposure to credit risk primarily relating to credit exposures offered and accepted but still revocable, which represent part of the NZ Banking Group's maximum exposure to credit risk.

Contingent assets

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

Contingent liabilities

The NZ Banking Group has contingent risks and liabilities arising from the conduct of its business, including: actual and potential disputes, claims, legal proceedings, investigations, inquiries and reviews (formal and informal) carried out by regulatory authorities; and internal investigations and reviews.

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

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

Note 27 Segment reporting

Accounting policy

Operating segments are presented on a basis that is consistent with information provided internally to the NZ Banking Group's chief operating decision-maker and reflect the management of the business, rather than the legal structure of the NZ Banking Group. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The NZ Banking Group has determined that the NZ Banking Group executive team is its chief operating decision-maker.

Inter-segment revenue and costs are eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance.

The NZ Banking Group operates predominantly in the Consumer Banking and Wealth, Institutional and Business Banking and Financial Markets, International Trade and Payments sectors within New Zealand. On this basis, no geographical segment reporting is provided.

The operating segment results have been presented on a management reporting basis and consequently internal charges and transfer pricing adjustments have been reflected in the performance of each operating segment. Intersegment pricing is determined on a cost recovery basis.

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

Segment comparative information for the year ended 30 September 2025 has been revised to align to the current year's basis for reporting, and is consistent with the information provided internally to the NZ Banking Group's chief operating decision-maker. This includes changes in the segmentation classification for small businesses.

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

- the Consumer Banking and Wealth segment provides financial services predominantly to individuals and small businesses; and
- the Institutional and Business Banking segment provides a broad range of financial services for relationship managed small-to-medium enterprise ('**SME**'), corporate, property finance, agricultural, institutional and government customers; and
- Financial Markets provides foreign exchange, interest rate derivatives, fixed interest and debt securities, commodities, carbon and energy capabilities. International Trade and Payments provide international trade solutions, payments products and services to consumer, business and institutional customers.

Other primarily represents:

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

	NZ BANKING GROUP									
	Consumer Banking and Wealth		Institutional and Business Banking		Financial Markets, International Trade and Payments		Other		Total	
$ millions										
Year ended 30 September	**2026**	2025 (Revised)	**2026**	2025 (Revised)	**2026**	2025	**2026**	2025 (Revised)	**2026**	2025
Net interest income	**1,561**	1,621	**1,136**	1,101	**38**	42	**11**	138	**2,746**	2,902
Net fees and commissions										
Facility fees	**25**	30	**22**	16	**4**	4	**-**	-	**51**	50
Transaction fees and commissions	**190**	187	**56**	65	**(3)**	(2)	**(50)**	(48)	**193**	202
Other non-risk fee income	**6**	6	**10**	11	**11**	9	**(3)**	(3)	**24**	23
Fees and commissions income	**221**	223	**88**	92	**12**	11	**(53)**	(51)	**268**	275
Fees and commissions expenses	**(82)**	(79)	**-**	-	**-**	-	**-**	-	**(82)**	(79)
Net fees and commissions	**139**	144	**88**	92	**12**	11	**(53)**	(51)	**186**	196
Other non-interest income	**-**	-	**-**	-	**63**	66	**104**	105	**167**	171
Total non-interest income	**139**	144	**88**	92	**75**	77	**51**	54	**353**	367
Net operating income	**1,700**	1,765	**1,224**	1,193	**113**	119	**62**	192	**3,099**	3,269
Operating expenses	**(1,064)**	(987)	**(442)**	(424)	**(43)**	(35)	**(47)**	(118)	**(1,596)**	(1,564)
Impairment (charges)/benefits	**(33)**	19	**-**	25	**-**	-	**-**	-	**(33)**	44
Profit before income tax expense	**603**	797	**782**	794	**70**	84	**15**	74	**1,470**	1,749
Income tax expense	**(169)**	(223)	**(219)**	(221)	**(19)**	(23)	**(3)**	(21)	**(410)**	(488)
Profit after income tax expense	**434**	574	**563**	573	**51**	61	**12**	53	**1,060**	1,261
Balance sheet										
Total gross loans	**74,429**	70,790	**37,626**	35,732	**474**	496	**(62)**	232	**112,467**	107,250
Total deposits and other borrowings	**57,374**	54,578	**27,034**	26,442	**-**	-	**983**	1,812	**85,391**	82,832

Note 28 Securitisation, covered bonds and other transferred assets

The NZ Banking Group enters into transactions in the normal course of business by which financial assets, or an interest in such assets or cash flows arising from such assets, are transferred to counterparties or structured entities. Depending on the circumstances, these transfers may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the asset. For the NZ Banking Group's accounting policy on derecognition of financial assets, refer to Note 1.

Securitisation

Securitisation is the process of selling a group of assets (or an interest in the assets or the cash flow arising from the assets) to a special purpose entity which then issues interest bearing debt securities for funding and liquidity purposes.

Securitisation of its own assets is used by the NZ Banking Group as a funding and liquidity tool.

In October 2008, the NZ Banking Group set up WNZSL as a structured entity for the purpose of structuring assets that are eligible for repurchase agreements with the Reserve Bank as part of Westpac New Zealand's internal residential mortgage-backed securities programme.

Under the internal residential mortgage-backed securities programme, Westpac New Zealand periodically sells the rights (but not the obligations) under eligible housing loans to WNZSL. The purchase by WNZSL of the housing loans is funded by the proceeds of the issuance of RMBS.

Westpac New Zealand is obliged to repurchase any housing loan sold to and held by WNZSL in certain circumstances including where it is discovered that a sale warranty is materially incorrect. It is not envisaged that any liability resulting in material loss to the NZ Banking Group will arise from these obligations.

Covered bonds

The NZ Banking Group has a covered bond programme under which it may issue bonds (Covered Bonds). From time to time, Westpac New Zealand transfers, via assignment, housing loans originated by Westpac New Zealand to a bankruptcy remote structured entity, WNZCBL. WNZCBL is a special purpose entity which holds the rights to, but not the obligations under, the pool of housing loans held by it (the Portfolio). The payments of all amounts due in respect of the Covered Bonds have been unconditionally guaranteed by Westpac New Zealand. In addition, WNZCBL (the CB Guarantor) has guaranteed payments of interest and principal under the Covered Bonds pursuant to a financial guarantee which is secured by WNZCBL granting security over the Portfolio and its other assets. Recourse against the CB Guarantor under its guarantee is limited to the Portfolio and such assets.

The intercompany loan made by Westpac New Zealand to WNZCBL to fund the initial and all subsequent purchases of eligible housing loans and the liability representing the intercompany loan from WNZCBL to Westpac New Zealand are fully eliminated in the NZ Banking Group's financial statements.

Westpac New Zealand is obliged to repurchase any housing loans sold to and held by WNZCBL (pursuant to Westpac New Zealand's Global Covered Bond Programme) in certain circumstances including (but not limited to) where:

- it is discovered that there has been a material breach of a sale warranty (or any such sale warranty is materially untrue);
- the loan becomes materially impaired or is enforced prior to the second monthly covered bond payment date falling after the assignment of the loan; or
- at the cut-off date relating to the loan, there were arrears of interest and that loan subsequently becomes a delinquent loan prior to the second monthly covered bond payment date falling after the assignment of the loan.

It is not envisaged that any liability resulting in material loss to the NZ Banking Group will arise from these obligations.

Repurchase agreements

Where securities are sold subject to an agreement to repurchase at a predetermined price, they remain recognised on the balance sheet in their original category (i.e. trading securities and financial assets measured at FVIS or investment securities). Repurchase agreements are designated at fair value when they are managed as part of a trading portfolio, otherwise they are measured on an amortised cost basis.

The cash consideration received is recognised as a liability (repurchase agreements). Refer to Note 17 for further details.

Note 28 Securitisation, covered bonds and other transferred assets (continued)

The following table presents the NZ Banking Group's assets transferred and their associated liabilities:

	NZ BANKING GROUP				
			For those liabilities that only have recourse to the transferred assets:		
$ millions	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net fair value position
2026					
Securitisation - own assets[1]	**11,945**	**11,917**	**11,928**	**11,917**	**11**
Covered bonds[2]	**7,535**	**6,416**	**N/A**	**N/A**	**N/A**
Repurchase agreements	**1,648**	**1,614**	**N/A**	**N/A**	**N/A**
Total	**21,128**	**19,947**	**11,928**	**11,917**	**11**
2025					
Securitisation - own assets[1]	11,958	11,917	11,930	11,917	13
Covered bonds[2]	7,539	6,613	N/A	N/A	N/A
Repurchase agreements	2,883	2,484	N/A	N/A	N/A
Total	22,380	21,014	11,930	11,917	13

[1] The most senior rated securities at 30 September 2026 of $10,670 million (30 September 2025: $10,670 million) qualify as eligible collateral for repurchase agreements with the Reserve Bank. Westpac New Zealand complies with the Reserve Bank's guidelines for its overnight reverse repurchase agreement facility and open market operations, which allows banks in New Zealand to offer RMBS as collateral for the Reserve Bank's repurchase agreements.

[2] The difference between the carrying values of the covered bonds and the assets pledged allows for the immediate issuance of additional covered bonds if required. These additional assets can be repurchased by Westpac New Zealand at its discretion, subject to the conditions set out in the transaction documents. The Portfolio is comprised of housing loans up to a value of $7,500 million as at 30 September 2026 (30 September 2025: $7,500 million). Over time, the composition of the Portfolio will include, in addition to housing loans, accrued interest (representing accrued and unpaid interest on the outstanding housing loans) and cash (representing collections of principal and interest from the underlying housing loans).

Note 29 Structured entities

Accounting policy

Structured entities are generally created to achieve a specific, defined objective and their operations are restricted such as to only purchasing specific assets. Structured entities are commonly financed by debt or equity securities that are collateralised by and/or indexed to their underlying assets. The debt and equity securities issued by structured entities may include tranches with varying levels of subordination.

Structured entities are classified as subsidiaries and consolidated if they meet the definition in Note 1. If the NZ Banking Group does not control a structured entity then it will not be consolidated.

The NZ Banking Group engages in various transactions with both consolidated and unconsolidated structured entities that are mainly involved in securitisations, asset backed structures and managed funds.

Consolidated structured entities

Securitisation and covered bonds

The NZ Banking Group uses structured entities to securitise its financial assets through the Covered Bond Programme and Westpac New Zealand's internal residential mortgage-backed securities programme. Refer to Note 28 for further details.

NZ Banking Group managed funds

As disclosed in Note 22, the PIE Funds are consolidated within the financial statements of the NZ Banking Group.

Non-contractual financial support

The NZ Banking Group does not provide non-contractual financial support to these consolidated structured entities.

Note 29 Structured entities (continued)

Unconsolidated structured entities

The NZ Banking Group has interests in various unconsolidated structured entities including debt instruments, guarantees, liquidity arrangements, lending, loan commitments, certain derivatives and investment management agreements.

Interests exclude non-complex derivatives (e.g. interest rate swap agreements) and lending to a structured entity with recourse to a wider operating entity, not just the structured entity.

The NZ Banking Group's main interests in unconsolidated structured entities, which arise in the normal course of business, are:

Loans and other credit commitments	The NZ Banking Group lends to unconsolidated structured entities, subject to the NZ Banking Group's collateral and credit approval processes, in order to earn interest and fees and commissions income. The structured entities are mainly securitisation entities.
Investment management agreements	The NZ Banking Group manages funds that provide customers with investment opportunities. The NZ Banking Group also manages superannuation funds for its employees. The NZ Banking Group earns management fee income which is recognised in non-interest income.

The following table shows the NZ Banking Group's interests in unconsolidated structured entities and its maximum exposure to loss in relation to those interests. The maximum exposure does not take into account any collateral or hedges that will reduce the risk of loss.

- For on-balance sheet instruments, including debt instruments in and loans to unconsolidated structured entities, the maximum exposure to loss is the carrying value; and
- For off-balance sheet instruments, including liquidity facilities and loan and other credit commitments and guarantees, the maximum exposure to loss is the notional amounts.

	NZ BANKING GROUP					
	2026			2025		
$ millions	**Financing to Securitisation Vehicles**	**Group Managed Funds**	**Total**	Financing to Securitisation Vehicles	Group Managed Funds	Total
Assets						
Loans	**4,788**	**-**	**4,788**	4,141	-	4,141
Total on-balance sheet exposures	**4,788**	**-**	**4,788**	4,141	-	4,141
Total notional amounts of off-balance sheet exposures	**1,349**	**-**	**1,349**	1,494	-	1,494
Maximum exposure to loss	**6,137**	**-**	**6,137**	5,635	-	5,635
Size of structured entities[1]	**6,137**	**15,252**	**21,389**	5,635	14,422	20,057

[1] Represented by the total assets or market capitalisation of the entity, or if not available, the NZ Banking Group's total committed exposure (for lending arrangements and external debt holdings) or funds under management (for Group Managed Funds).

Non-contractual financial support

The NZ Banking Group does not provide non-contractual financial support to these unconsolidated structured entities.

Note 30 Capital management

The Overseas Bank is a registered bank in New Zealand and conducts business in New Zealand through the NZ Banking Group. The capital held by the NZ Banking Group comprises of the head office account, NZ Banking Group equity and loan capital.

Most of the NZ Banking Group's capital is held in, and managed by Westpac New Zealand. Westpac New Zealand's Board is responsible for ensuring that capital adequacy of Westpac New Zealand is maintained and complies with the regulatory capital requirements prescribed by the Reserve Bank.

There are no current regulatory capital requirements that apply specifically to the NZ Branch or the NZ Banking Group. The Overseas Bank's Board is responsible for ensuring that capital adequacy of the Overseas Banking Group and the Overseas Bank is maintained. The NZ Banking Group's capital is managed as part of the Overseas Banking Group's annual Internal Capital Adequacy Assessment Process. Westpac New Zealand is also required to maintain its own Internal Capital Adequacy Assessment Process under the Reserve Bank of New Zealand's capital adequacy requirements.

Under APRA's Prudential Standards, Australian ADIs, including the Overseas Banking Group and Overseas Bank, are required to maintain minimum ratios of capital to risk weighted assets, as determined by APRA, which are at least equal to those specified under the Basel III capital framework. For the calculation of RWAs, the Overseas Banking Group and Overseas Bank are accredited by APRA to apply advanced models. The Overseas Banking Group and Overseas Bank use the Advanced Internal ratings-based (IRB) approach for credit risk, the Standardised Measurement Approach (SMA) for operational risk and the internal model approach for IRRBB for calculating regulatory capital.

Note 30 Capital management (continued)

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

On 4 December 2025, APRA published the final changes to the relevant prudential and reporting standards resulting from the phase out of AT1 with an effective date of 1 January 2027. Under the revisions, large internationally active banks such as the Overseas Bank will replace 1.5% of AT1 capital with 1.25% of Tier 2 capital and 0.25% of CET1 capital. The total CET1 requirement, including regulatory buffers, will increase from 10.25% to 10.50%. There is no overall increase in total capital requirements for banks.

In addition, effective 1 January 2027 the minimum leverage ratio requirement will be 3.25% based on CET1 capital replacing the current requirement of 3.50% based on Tier 1 capital. APS 221 Large Exposures and APS 222 Associations with Related Entities exposure limits remain unchanged, however these will be based on CET1 capital rather than Tier 1 capital.

From 1 January 2027, existing AT1 capital instruments will be eligible to be included as total capital until their first scheduled call date. Existing Westpac AT1 capital instruments would reach their first scheduled optional redemption dates by 2031 at the latest.

The Overseas Bank Board has determined a target post dividend CET1 capital ratio of above 11.25% in normal operating conditions.

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

The Overseas Banking Group (excluding entities specifically excluded by APRA regulations), and the Overseas Bank (Extended Licensed Entity as defined by APRA), exceeded the minimum capital adequacy requirements as specified by APRA as at 30 September 2026.

The Overseas Banking Group's capital management strategy is reviewed on an ongoing basis, including through an Internal Capital Adequacy Assessment Process. Key considerations include:

- Regulatory capital minimums together with the capital conservation buffer ('**CCB**') and countercyclical capital buffer comprise the Total Common Equity Tier 1 (CET1) Requirement;
- Strategy, business mix and operations and contingency plans;
- Perspectives of external stakeholders including rating agencies as well as equity and debt investors; and
- A stress testing framework that tests our resilience under a range of adverse economic scenarios.

The table below represents the capital adequacy calculation for the Overseas Banking Group and Overseas Bank as at 30 September 2026 based on APRA's application of the Basel III capital adequacy framework.

%	**30 Sep 26 Unaudited**	30 Sep 25 Unaudited
Overseas Banking Group (excluding entities specifically excluded by APRA)[1,2]		
Common Equity Tier 1 capital ratio	**12.5**	12.5
Additional Tier 1 capital ratio	**1.8**	1.9
Tier 1 capital ratio	**14.3**	14.4
Tier 2 capital ratio	**7.2**	7.2
Total regulatory capital ratio	**21.5**	21.7
Overseas Bank (Extended Licensed Entity)[1,3]		
Common Equity Tier 1 capital ratio	**12.8**	12.7
Additional Tier 1 capital ratio	**1.9**	2.1
Tier 1 capital ratio	**14.7**	14.8
Tier 2 capital ratio	**7.9**	8.0
Total regulatory capital ratio	**22.6**	22.8

[1] The capital ratios represent information mandated by APRA. The capital ratios and other regulatory capital disclosures of the Overseas Banking Group are publicly available in the Overseas Banking Group's Pillar 3 report. This information is made available to users via the Overseas Bank's website (www.westpac.com.au).

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

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

Note 31 Risk management, funding and liquidity risk and market risk

Financial instruments are fundamental to the NZ Banking Group's business of providing banking and financial services. The associated financial risks (including credit risk, funding and liquidity risk and market risk) are a significant proportion of the total risks faced by the NZ Banking Group.

This note details the financial risk management policies, practices and quantitative information of the NZ Banking Group's principal financial risk exposures.

Principal risks	Note name	Note number
Overview	Risk management frameworks	31.1
Credit risk	Credit risk management	13
Funding and liquidity risk The risk that the NZ Banking Group cannot meet its payment obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.	Liquidity modelling	31.2.1
	Sources of funding	31.2.2
	Assets pledged as collateral	31.2.3
	Contractual maturity of financial liabilities	31.2.4
	Expected maturity	31.2.5
Market risk The risk of an adverse impact on the NZ Banking Group's financial performance or financial position resulting from changes in market factors, such as FX rates, commodity prices and equity prices, credit spreads and interest rates. This includes interest rate risk in the banking book which is the risk of loss in earnings or economic value in the banking book as a consequence of movements in interest rates.	VaR	31.3.1
	Traded market risk	31.3.2
	Non-traded market risk	31.3.3

31.1 Risk management frameworks

The Board is responsible for approving the Overseas Banking Group's Risk Management Framework, Risk Management Strategy and Board Risk Appetite Statement and monitoring the effectiveness of risk management by the Overseas Banking Group.

The Board has delegated to the Group BRiskC responsibility to:

- review and recommend the Overseas Banking Group's Risk Management Framework, Risk Management Strategy, and Board Risk Appetite Statement to the Board for approval;
- review and monitor the risk profile and controls of the NZ Banking Group consistent with the Overseas Banking Group's Risk Appetite Statement;
- approve frameworks, policies and processes for managing risk (consistent with the Overseas Banking Group's Risk Management Framework and Board Risk Appetite Statement); and
- review and, where appropriate, approve risks beyond the approval discretion provided to management.

For each of its primary financial risks, the NZ Banking Group maintains risk management frameworks and a number of supporting policies that define roles and responsibilities, acceptable practices, limits and key controls.

Note 31 Risk management, funding and liquidity risk and market risk (continued)

Risk	Risk management framework and controls	
Funding and liquidity risk	- Funding and liquidity risk is measured and managed in accordance with the policies and processes defined in the Westpac New Zealand BRCC approved Liquidity Risk Management Framework which is part of the NZ Banking Group's Board-approved Risk Management Framework. - Responsibility for managing Westpac New Zealand's liquidity and funding positions in accordance with the Liquidity Risk Management Framework is delegated to Westpac New Zealand Treasury, under the oversight of the Westpac New Zealand's ALCO and the Financial Markets and Treasury Risk unit. - Westpac New Zealand Treasury undertakes an annual funding review that outlines Westpac New Zealand's balance sheet funding strategy over a three year period. This review encompasses trends in global markets, peer analysis, wholesale funding capacity, expected funding requirements and a funding risk analysis. This strategy is continuously reviewed to take account of changing market conditions, investor sentiment and estimations of asset and liability growth rates. This review is subsequently submitted to Westpac New Zealand BRCC for approval. - The daily liquidity risk reports are reviewed by Westpac New Zealand Treasury and the Westpac New Zealand Financial Markets and Treasury Risk unit. Liquidity risk reports are presented to Westpac New Zealand ALCO monthly and to the Westpac New Zealand RISKCO and BRCC quarterly. - Westpac New Zealand Treasury also maintains a contingent funding plan that outlines the steps that should be taken by Westpac New Zealand in the event of an emerging 'funding crisis'. The plan is aligned with Westpac New Zealand's broader Liquidity Crisis Management Policy which is approved by Westpac New Zealand BRCC.	- The NZ Branch funding and liquidity risk is measured and managed in accordance with the policies and processes defined in the Group BRiskC approved Liquidity Risk Management Framework, which is part of the NZ Banking Group's Board-approved Risk Management Strategy. - Responsibility for managing the NZ Branch liquidity and funding positions in accordance with the Liquidity Risk Management Framework is delegated to Group Treasury, under the oversight of the Overseas Banking Group's ALCO and Treasury Risk. Group BRiskC oversees the Overseas Banking Group's ALCO with regards to the APRA APS 210 obligations. - The Overseas Banking Group monitors the composition and stability of its funding to allow it to remain within its funding risk appetite. This includes compliance with both the liquidity coverage ratio and net stable funding ratio. - The Reserve Bank is currently undertaking a review of the BS13. As part of this review, the Reserve Bank published a near-final draft of the new liquidity standard in September 2026. The near-final draft outlines enhanced qualitative liquidity risk-management requirements to more clearly define governance and responsibilities and updated quantitative liquidity metrics. The Reserve Bank is also developing the detailed design features governing access to, and use of, a committed liquidity facility provided by the Reserve Bank, which will be operational when the Deposit Takers Act 2023 standards come into effect on 1 December 2028.
Market risk	- The Market Risk Management Framework describes the Overseas Banking Group's approach to managing traded and non-traded market risk and is approved by the Group BRiskC. Westpac New Zealand operates its own Market Risk Management Framework that is closely aligned with that of the Overseas Banking Group. The Westpac New Zealand Framework is approved by the Westpac New Zealand BRCC. - Traded market risk includes interest rate, foreign exchange, commodity, credit spread and volatility risks. Non-traded market risk includes interest rate and foreign exchange risks. - The NZ Banking Group's framework does not allow for equity risk to be held. - Market risk is managed using VaR limits, NaR and structural risk limits (including credit spread and interest rate basis point value limits) as well as scenario analysis and stress testing. - The Group BRiskC approves the risk appetite for traded and non-traded risks through the use of VaR, NaR and specific structural risk limits. - The Overseas Banking Group's RISKCO has approved separate VaR sub-limits for the trading activities of the Overseas Banking Group's Financial Markets and Treasury units. - Market risk limits are assigned to business management based upon the Overseas Banking Group's risk appetite and business strategies in addition to the consideration of market liquidity and concentration of risks.	- Market risk positions are managed by the trading and Treasury desks consistent with their delegated authorities and the nature and scale of the market risks involved. - Daily monitoring of current exposure and limit utilisation is conducted independently by the Financial Markets and Treasury Risk unit, which monitors market risk exposures against VaR and structural risk limits. Oversight of risk specific to the NZ Banking Group is performed by the Financial Markets and Treasury Risk unit. Daily VaR position reports are produced by risk type, by product lines and by geographic region. Quarterly reports are produced for the Overseas Banking Group's MARCO, Overseas Banking Group's RISKCO and Group BRiskC. - Daily stress testing and backtesting of VaR results are performed to support model integrity and to analyse extreme or unexpected movements. A review of the potential profit and loss outcomes is also undertaken to monitor any skew created by the historical data. - The Group BRiskC has approved a framework for profit or loss escalation which considers both single day and 20 day cumulative results. - Treasury's ALM unit is responsible for managing the non-traded interest rate risk including risk mitigation through hedging using derivatives. This is overseen by the Financial Markets and Treasury Risk unit and reviewed by the Overseas Banking Group's MARCO, Overseas Banking Group's RISKCO and Group BRiskC.

Note 31 Risk management, funding and liquidity risk and market risk (continued)

Climate change risk

The NZ Banking Group recognises climate change as a major threat to our collective wellbeing and is committed to transparency and action across its business to address climate change. The risk from climate change is evolving and is expected to have a more significant impact on the NZ Banking Group's material financial risks in the future.

The two main sources of financial risks arising from climate change are physical risks and transition risks. Physical risks emanating from climate change can be event-driven (acute) such as increased severity and frequency of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns or other long-term changes such as sea level rise. Transition risks are risks associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations.

The NZ Banking Group seeks to understand the potential for climate-related transition and physical risks to impact its business, including their possible impact on credit risk, regulatory and reporting obligations, and our reputation.

The NZ Banking Group has considered the impact of climate-related risks on its financial position and performance and while the effects of climate change represent a source of uncertainty, the NZ Banking Group has concluded that climate-related risks do not have a material impact on the judgements, assumptions and estimates for the year ended 30 September 2026 (30 September 2025: no material impact). Refer to Note 13.1 for further information on how climate change risk is considered as part of credit risk.

As a climate reporting entity under the Financial Markets Conduct Act 2013 ('**FMCA**'), for year ended 30 September 2026 the Overseas Bank is relying on the exemption in the Financial Markets Conduct (Climate-related Disclosures for Overseas Climate Reporting Entities) Exemption Notice 2026. This exempts the Overseas Bank from the requirement to prepare climate-related disclosures in accordance with the FMCA and Aotearoa New Zealand Climate Standards where the Overseas Bank's Sustainability Report has been prepared in compliance with the Australian Corporations Act 2001 (Cth) and AASB S2, published on its website, and lodged with the Climate-related Disclosures Register maintained by the New Zealand Companies Office.

31.2 Funding and liquidity risk

The NZ Banking Group aims to maintain a mix of retail and wholesale funding, with emphasis on the value of core funding consistent with the principles inherent in BS13.

31.2.1 Liquidity modelling

Westpac New Zealand is subject to the conditions of BS13. The following metrics are calculated and reported on a daily basis by Westpac New Zealand in accordance with BS13:

- the one-week mismatch ratio;
- the one-month mismatch ratio; and
- the one-year core funding ratio.

In addition, the Overseas Banking Group calculates the following liquidity ratios for Westpac New Zealand in accordance with the Overseas Bank's liquidity risk framework under APRA Prudential Standard APS 210 Liquidity:

- liquidity coverage ratio; and
- net stable funding ratio.

Note 31 Risk management, funding and liquidity risk and market risk (continued)

31.2.2 Sources of funding

Sources of funding are regularly reviewed to maintain a wide diversification by currency, geography, product and term. Sources include, but are not limited to:

- deposits;
- debt issues;
- loan capital;
- proceeds from sale of marketable securities;
- repurchase agreements with central banks;
- related entities;
- principal repayments on loans;
- interest income; and
- fees and commissions income.

Term Lending Facility and Funding for Lending Programme

From 26 May 2020 until the extended date of 28 July 2021, the Reserve Bank made available a Term Lending Facility ('**TLF**'), to offer loans for a maximum term of five years at the rate of the Official Cash Rate, with access to the funds linked to banks' lending under the TLF Scheme. As at 30 September 2025, Westpac New Zealand had a balance of $24 million under the TLF which was fully repaid during the year ended 30 September 2026.

The Funding for Lending Programme ('**FLP**') provided eligible banks with three-year funding at the prevailing OCR, secured by high-quality collateral. The FLP closed to new funding on 6 December 2022, and all funding under the programme has since matured. The FLP is therefore no longer an available source of funding. As at 30 September 2025, Westpac New Zealand had a balance of $1,110 million under the FLP which was fully repaid during the year ended 30 September 2026.

Liquid assets

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

	NZ BANKING GROUP	
$ millions	**2026**	2025
Cash and balances with central banks	**4,638**	6,188
Interbank lending[1]	**-**	20
Supranational securities	**2,154**	2,018
NZ Government securities	**6,100**	4,963
NZ public securities	**1,920**	2,275
NZ corporate securities	**2,508**	1,795
Available liquid assets	**17,320**	17,259

[1] Included in other financial assets on the balance sheet

In addition, the NZ Banking Group has $8,966 million (30 September 2025: $7,679 million) of own originated loans that are self-securitised via Westpac New Zealand's internal residential mortgage-backed securities programme. The AAA rated internal RMBS held are eligible for repurchase agreements with the Reserve Bank under certain circumstances.

Note 31 Risk management, funding and liquidity risk and market risk (continued)

Concentration of funding

	NZ BANKING GROUP	
$ millions	**2026**	2025
Funding consists of		
Collateral received	**1,725**	1,332
Deposits and other borrowings	**85,391**	82,832
Other financial liabilities[1]	**2,036**	3,183
Due to related entities[2]	**1,535**	1,295
Debt issues[3]	**28,246**	26,406
Loan capital	**3,360**	3,318
Total funding	**122,293**	118,366
Analysis of funding by geographical areas[3]		
New Zealand	**88,545**	87,302
Overseas	**33,748**	31,064
Total funding	**122,293**	118,366
Analysis of funding by industry sector		
Accommodation, cafes and restaurants	**307**	340
Agriculture, forestry and fishing	**1,789**	1,544
Construction	**1,841**	1,817
Finance and insurance	**44,870**	44,167
Government, administration and defence	**3,384**	3,649
Manufacturing	**1,521**	1,730
Mining	**42**	38
Property services and business services	**7,446**	7,406
Services	**5,565**	5,364
Trade	**1,626**	1,596
Transport and storage	**619**	860
Utilities	**901**	960
Households	**46,235**	43,502
Other[4]	**4,612**	4,098
Subtotal	**120,758**	117,071
Due to related entities[2]	**1,535**	1,295
Total funding	**122,293**	118,366

[1] Other financial liabilities, as presented above, are in respect of securities sold under agreements to repurchase, securities sold short and interbank placements.

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

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

[4] Includes deposits from non-residents.

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

Note 31 Risk management, funding and liquidity risk and market risk (continued)

31.2.3 Assets pledged as collateral

The NZ Banking Group is required to provide collateral to other financial institutions, as part of standard terms, to secure liabilities. In addition to assets supporting the CB Programme disclosed in Note 28, the carrying value of these financial assets pledged as collateral is:

	NZ BANKING GROUP	
$ millions	**2026**	2025
Cash	**450**	176
Securities pledged as collateral for derivative contracts:		
Investment securities	**271**	265
Securities pledged under repurchase agreements:		
Trading securities and financial assets measured at FVIS[1]	**1,648**	801
Investment securities[2]	**-**	550
Residential mortgage-backed securities[3]	**-**	1,532
Total amount pledged to secure liabilities (excluding CB Programme)	**2,369**	3,324

[1] As at 30 September 2026, $1,648 million of trading securities were pledged to third parties with the repurchase amount recorded within other financial liabilities on the balance sheet (30 September 2025: $801 million).

[2] As at 30 September 2026, no investment securities were pledged as collateral to third parties with the repurchase amount recorded within other financial liabilities on the balance sheet (30 September 2025: $550 million).

[3] The NZ Banking Group had previously pledged RMBS to enter into repurchase agreements with the Reserve Bank under the FLP and the TLF, both of which were fully repaid during the financial year, with no balances outstanding as at 30 September 2026. For the comparative financial year ended 30 September 2025, a repurchase cash amount of $1,110 million under the FLP was recognised within other financial liabilities on the balance sheet, with underlying securities valued at $1,503 million provided under the arrangement. In addition, a repurchase cash amount of $24 million under the TLF was recognised within other financial liabilities on the balance sheet, with underlying securities valued at $29 million provided under the arrangement.

31.2.4 Contractual maturity of financial liabilities

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

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

Trading derivatives that are considered economic hedges are included as ‘held for hedging purposes’ in the following table. Derivatives held for trading, which excludes economic hedges, and certain liabilities classified in “Other financial liabilities” which are measured at FVIS are not managed for liquidity purposes on the basis of their contractual maturity, and accordingly these liabilities are presented in the up to 1 month column. Only the liabilities that the NZ Banking Group manages based on their contractual maturity are presented on a contractual undiscounted basis in the following table.

Note 31 Risk management, funding and liquidity risk and market risk (continued)

	NZ BANKING GROUP						
	2026						
$ millions	On Demand	Up to 1 Month	Over 1 Month and Up to 3 Months	Over 3 Months and Up to 1 Year	Over 1 and Up to 5 Years	Over 5 Years	Total
Financial liabilities							
Collateral received	-	1,725	-	-	-	-	1,725
Deposits and other borrowings	44,537	6,024	11,138	21,006	3,754	-	86,459
Other financial liabilities	246	2,127	-	-	-	-	2,373
Derivative financial instruments:							
Held for trading	-	4,010	-	-	-	-	4,010
Held for hedging purposes (net settled)	-	17	82	126	267	45	537
Held for hedging purposes (gross settled):							
Cash outflow	-	236	2,853	3,632	12,075	2,562	21,358
Cash inflow	-	(177)	(2,584)	(3,621)	(11,897)	(2,479)	(20,758)
Due to related entities:							
Non-derivative balances	1,672	-	-	-	54	-	1,726
Derivative financial instruments:							
Held for trading	-	2,511	-	-	-	-	2,511
Held for hedging purposes (net settled)	-	-	-	-	-	-	-
Held for hedging purposes (gross settled):							
Cash outflow	-	1,184	2,400	7,237	14,490	-	25,311
Cash inflow	-	(1,035)	(1,637)	(6,857)	(13,851)	-	(23,380)
Debt issues	-	929	1,832	8,382	19,999	408	31,550
Loan capital	-	-	19	58	306	3,552	3,935
Total undiscounted financial liabilities	46,455	17,551	14,103	29,963	25,197	4,088	137,357
Total contingent liabilities and commitments							
Letters of credit and guarantees	1,455	-	-	-	-	-	1,455
Commitments to extend credit	29,353	-	-	-	-	-	29,353
Total undiscounted contingent liabilities and commitments	30,808	-	-	-	-	-	30,808

Note 31 Risk management, funding and liquidity risk and market risk (continued)

	NZ BANKING GROUP						
	2025						
$ millions	On Demand	Up to 1 Month	Over 1 Month and Up to 3 Months	Over 3 Months and Up to 1 Year	Over 1 and Up to 5 Years	Over 5 Years	Total
Financial liabilities							
Collateral received	-	1,332	-	-	-	-	1,332
Deposits and other borrowings	43,865	5,951	12,391	18,646	2,991	-	83,844
Other financial liabilities	961	2,892	738	64	77	-	4,732
Derivative financial instruments:							
Held for trading	-	3,542	-	-	-	-	3,542
Held for hedging purposes (net settled)	-	31	137	226	526	58	978
Held for hedging purposes (gross settled):							
Cash outflow	-	93	843	1,600	4,146	2,007	8,689
Cash inflow	-	(16)	(726)	(1,586)	(4,090)	(1,948)	(8,366)
Due to related entities:							
Non-derivative balances	1,208	-	-	1	98	-	1,307
Derivative financial instruments:							
Held for trading	-	1,519	-	-	-	-	1,519
Held for hedging purposes (net settled)	-	-	2	1	2	-	5
Held for hedging purposes (gross settled):							
Cash outflow	-	3,056	2,881	3,745	19,477	-	29,159
Cash inflow	-	(2,890)	(2,658)	(3,400)	(18,343)	-	(27,291)
Debt issues	-	964	1,233	6,049	21,594	417	30,257
Loan capital	-	-	19	58	274	3,536	3,887
Total undiscounted financial liabilities	46,034	16,474	14,860	25,404	26,752	4,070	133,594
Total contingent liabilities and commitments							
Letters of credit and guarantees	1,329	-	-	-	-	-	1,329
Commitments to extend credit	28,556	-	-	-	-	-	28,556
Total undiscounted contingent liabilities and commitments	29,885	-	-	-	-	-	29,885

Note 31 Risk management, funding and liquidity risk and market risk (continued)

31.2.5 Expected maturity

The following table presents the balance sheet based on expected maturity dates. The liability balances in the following table will not agree to the contractual maturity tables due to the analysis below being based on expected rather than contractual maturities, the impact of discounting and the exclusion of interest accruals beyond the reporting period. Deposits are presented in the following table on a contractual basis, however as part of our normal banking operations, the NZ Banking Group expects a large proportion of these balances to be retained.

	NZ BANKING GROUP					
	2026			2025		
$ millions	**Due within 12 months**	**Greater than 12 months**	**Total**	Due within 12 months	Greater than 12 months	Total
Assets						
Cash and balances with central banks	**4,638**	**-**	**4,638**	6,188	-	6,188
Collateral paid	**450**	**-**	**450**	176	-	176
Trading securities and financial assets measured at FVIS	**4,852**	**950**	**5,802**	5,294	859	6,153
Derivative financial instruments	**5,760**	**1,997**	**7,757**	4,765	2,417	7,182
Investment securities	**1,469**	**7,662**	**9,131**	780	7,426	8,206
Loans	**12,828**	**99,177**	**112,005**	13,016	93,784	106,800
Due from related entities	**3,157**	**27**	**3,184**	2,978	26	3,004
All other assets	**1,328**	**1,264**	**2,592**	1,659	1,382	3,041
Total assets	**34,482**	**111,077**	**145,559**	34,856	105,894	140,750
Liabilities						
Collateral received	**1,725**	**-**	**1,725**	1,332	-	1,332
Deposits and other borrowings	**81,850**	**3,541**	**85,391**	80,037	2,795	82,832
Derivative financial instruments	**4,333**	**621**	**4,954**	3,880	849	4,729
Due to related entities	**5,005**	**864**	**5,869**	3,092	1,242	4,334
Debt issues	**10,205**	**18,041**	**28,246**	7,391	19,015	26,406
Loan capital	**-**	**3,360**	**3,360**	-	3,318	3,318
All other liabilities	**3,120**	**243**	**3,363**	5,341	270	5,611
Total liabilities	**106,238**	**26,670**	**132,908**	101,073	27,489	128,562

31.3 Market risk

31.3.1 VaR

The NZ Banking Group uses VaR as one of the mechanisms for controlling both traded and non-traded market risk.

VaR is a statistical estimate of the potential loss in earnings over a specified period of time and to a given level of confidence based on historical market movements. The confidence level indicates the probability that the loss will not exceed the VaR estimate on any given day.

VaR seeks to take account of all material market variables that may cause a change in the value of the portfolio, including interest rates, FX rates, price changes, volatility and the correlations between these variables. Daily monitoring of current exposures and VaR and structural limit utilisation is conducted independently by the Financial Markets and Treasury Risk unit. These limits are supplemented by escalation triggers for material profit or loss, and stress testing of risks beyond the 99% confidence interval.

The key parameters of VaR are:

Holding period	1 day
Confidence level	99%
Period of historical data used	1 year

31.3.2 Traded market risk

The NZ Banking Group's exposure to traded market risk arises out of its FM and Treasury trading activities. The FM trading book activity represents dealings that encompass book running and distribution activity. The types of market risk arising from FM trading activity include interest rate risk, foreign exchange risk, credit spread risk and volatility risk.

Treasury's trading activity represents dealings that include the management of interest rate, foreign exchange and credit spread risks associated with the wholesale funding task, liquid asset portfolios and foreign exchange repatriations.

Note 31 Risk management, funding and liquidity risk and market risk (continued)

The table below depicts the aggregate VaR, by risk type, for the year ended 30 September:

	NZ BANKING GROUP							
	2026				2025			
$ millions	As at	Maximum Exposure	Minimum Exposure	Average Exposure	As at	Maximum Exposure	Minimum Exposure	Average Exposure
Interest rate risk	**1.5**	**6.9**	**1.5**	**3.3**	2.1	4.4	1.4	2.5
FX risk	**1.0**	**1.3**	**0.2**	**0.9**	0.9	2.4	0.1	1.1
Price risk	**0.3**	**1.1**	**0.2**	**0.7**	0.4	0.9	0.3	0.6
Volatility risk	**-**	**-**	**-**	**-**	-	-	-	-
Net market risk	**2.1**	**7.1**	**1.5**	**3.4**	2.0	5.4	1.8	2.7

31.3.3 Non-traded market risk

Non-traded market risk includes IRRBB – the risk to interest income from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities.

NII sensitivity is monitored in terms of the NaR. A simulation model is used to calculate the NZ Banking Group's potential NaR. This combines the underlying balance sheet data with assumptions about runoffs and new business, expected repricing behaviour and changes in wholesale market interest rates.

Net interest income-at-Risk

The following table depicts potential NII outcomes assuming a worst case 100 basis point rate shock (up and down) with a 12 month time horizon (expressed as a percentage of reported NII):

	NZ BANKING GROUP							
	2026				2025			
% (increase)/decrease in NII	As at	Maximum Exposure	Minimum Exposure	Average Exposure	As at	Maximum Exposure	Minimum Exposure	Average Exposure
NaR	**3.87**	**5.21**	**3.87**	**4.51**	4.91	4.91	3.19	3.65

VaR – IRRBB[1]

The table below depicts VaR for IRRBB:

	NZ BANKING GROUP							
	2026				2025			
$ millions	As at	Maximum Exposure	Minimum Exposure	Average Exposure	As at	Maximum Exposure	Minimum Exposure	Average Exposure
Interest rate risk	**1.4**	**2.7**	**0.3**	**1.1**	0.5	2.0	0.2	0.9

[1] IRRBB VaR includes interest rate risk and other basis risks used for internal management purposes.

Risk mitigation

IRRBB stems from the ordinary course of banking activities, including structural interest rate risk (the mismatch between the duration of assets and liabilities) and capital management.

The NZ Banking Group hedges its exposure to such interest rate risk using derivatives. Further details on the NZ Banking Group's use of hedge accounting are discussed in Note 23.

The same controls as used to monitor traded market risk allow management to continuously monitor and manage IRRBB.

Foreign currency exposures

The net open position in each foreign currency, detailed in the table below, represents the net on-balance sheet assets and liabilities in that foreign currency aggregated with the net expected future cash flows from off-balance sheet purchases and sales from foreign exchange transactions in that foreign currency. Amounts are stated in New Zealand dollar equivalents translated using year end spot foreign exchange rates.

	NZ BANKING GROUP	
$ millions	2026	2025
Receivable/(payable)		
Australian dollar	**(5)**	(7)
US dollar	**38**	36

Notes to the financial statements

Note 32 Notes to the statement of cash flows

Accounting policy

Cash and cash equivalents include cash held at branches and in ATMs, balances with overseas banks in their local currency, balances with central banks and balances with other financial institutions.

Cash and cash equivalents

	NZ BANKING GROUP	
$ millions	**2026**	2025
Cash and cash equivalents comprise:		
Cash and balances with central banks:		
Cash on hand	**275**	215
Balances with central banks and other banks	**4,363**	5,973
Total cash and balances with central banks	**4,638**	6,188
Amounts due from related entities classified as cash and cash equivalents	**756**	1,868
Interbank lending classified as cash and cash equivalents[1]	**-**	20
Cash and cash equivalents at end of the year	**5,394**	8,076

[1] Included in other financial assets on the balance sheet.

Reconciliation of net cash provided by/(used in) operating activities to Profit after income tax expense

	NZ BANKING GROUP	
$ millions	**2026**	2025
Profit after income tax expense	**1,060**	1,261
Adjustments:		
Impairment charges/(benefits)	**33**	(44)
Computer software amortisation costs	**167**	140
Depreciation	**106**	116
(Gain)/loss from hedging ineffectiveness	**(4)**	4
Movement in accrued interest receivable	**(21)**	33
Movement in accrued interest payable	**(151)**	(331)
Movement in current and deferred tax	**(32)**	(44)
Share-based payments	**8**	6
Other non-cash items	**(4)**	(286)
Cash flows from operating activities before changes in operating assets and liabilities	**1,162**	855
Movement in collateral paid	**(274)**	68
Movement in trading securities and financial assets measured at FVIS	**(108)**	(357)
Movement in loans	**(5,663)**	(4,328)
Movement in other financial assets	**(23)**	69
Movement in due from related entities	**(264)**	-
Movement in other assets	**8**	(2)
Movement in collateral received	**393**	1,134
Movement in deposits and other borrowings	**2,529**	1,234
Movement in other financial liabilities	**(1,103)**	(414)
Movement in due to related entities	**13**	50
Movement in other liabilities	**(17)**	(14)
Net movement in external and related entity derivative financial instruments	**570**	798
Net cash provided by/(used in) operating activities	**(2,777)**	(907)

Registered bank disclosures

This section contains the additional disclosures required by the Order.

i. General information (Unaudited)

Overseas Bank

The Overseas Bank's principal office and address for service of process is Level 18, Westpac Place, 275 Kent Street, Sydney, New South Wales 2000, Australia.

Limits on material financial support by the Overseas Bank

APRA requires that the ELE of the Overseas Bank limit its non-equity exposures to New Zealand banking subsidiaries to 5% of the Overseas Bank's Level 1 Tier 1 capital, as part of an initiative to reduce Australian bank non-equity exposure to their respective New Zealand banking subsidiaries.

The ELE consists of the Overseas Bank and its subsidiary entities that have been approved by APRA to be included in the ELE for the purposes of measuring capital adequacy. New Zealand banking subsidiaries include Westpac New Zealand and any of its subsidiaries.

Exposures for the purposes of this limit include all committed, non-intraday, non-equity exposures including derivatives and off-balance sheet exposures. For the purposes of assessing this exposure, the 5% limit excludes equity investments and holdings of capital instruments in New Zealand banking subsidiaries.

While the limit and associated conditions do not apply to the ELE's non-equity exposures to the NZ Branch (which is within the ELE), the limit and associated conditions do apply to the NZ Branch's non-equity exposures to New Zealand banking subsidiaries. As at 30 September 2026, the ELE's non-equity exposures to New Zealand banking subsidiaries affected by the limit were below 5% of Level 1 Tier 1 capital of the Overseas Bank.

APRA has also confirmed the terms on which the Overseas Bank 'may provide contingent funding support to a New Zealand banking subsidiary during times of financial stress'. APRA has confirmed that, at this time, only covered bonds meet its criteria for contingent funding arrangements.

Ranking of local creditors in liquidation

There are material legislative restrictions in Australia (being the Overseas Bank's country of incorporation) which subordinate the claims of certain classes of unsecured creditors of the NZ Branch on the assets of the Overseas Bank (including a claim made or proved in an insolvent winding-up or liquidation of the Overseas Bank) to those of other classes of unsecured creditors of the Overseas Bank.

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

Section 13A(3) of the Banking Act 1959 (Commonwealth of Australia) (**'Australian Banking Act'**) provides that if an ADI becomes unable to meet its obligations or suspends payment, the assets of the ADI in Australia are to be available to satisfy the liabilities of the ADI in the following order:

- first, certain obligations of the ADI to APRA (if any) arising under Division 2AA of Part II of the Australian Banking Act in respect of amounts payable by APRA to holders of 'protected accounts' (as defined in the Australian Banking Act) as part of the Financial Claims Scheme for the Australian Government guarantee of 'protected accounts' (including most deposits) up to A$250,000 per account holder in the winding-up of the ADI;
- second, APRA's costs (if any) in exercising its powers and performing its functions relating to the ADI in connection with the Financial Claims Scheme;
- third, the ADI's liabilities (if any) in Australia in relation to 'protected accounts' that account-holders keep with the ADI. 'Protected accounts' do not include accounts kept at a foreign branch of an ADI;
- fourth, the ADI's debts (if any) to the Reserve Bank of Australia;
- fifth, the ADI's liabilities (if any) under an emergency financial 'industry support contract' that is certified by APRA in accordance with the Australian Banking Act; and
- sixth, the ADI's other liabilities (if any) in the order of their priority apart from the above.

Section 13A(3) of the Australian Banking Act affects all unsecured liabilities of the NZ Branch, which, as at 30 September 2026, amounted to $17,355 million (30 September 2025: $15,909 million).

Section 13A(4) of the Australian Banking Act also provides that it is an offence for an ADI not to hold assets (other than goodwill and any assets or other amount excluded by the prudential standards) in Australia of a value that is equal to or greater than the total amount of its deposit liabilities in Australia, unless APRA has authorised the ADI to hold assets of a lesser value. During the year ended 30 September 2026, the Overseas Bank has at all times held assets (other than goodwill) in Australia of not less than the value of the Overseas Bank's total deposit liabilities in Australia.

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

The requirements of the above provisions have the potential to impact on the management of the liquidity of the New Zealand business of the Overseas Bank.

Registered bank disclosures

i. General information (Unaudited) (continued)

Guarantee arrangements

No material obligations of the Overseas Bank that relate to the NZ Branch are guaranteed as at the date the Directors and the Chief Executive Officer, NZ Branch signed this Disclosure Statement.

Directorate

The Directors of the Overseas Bank at the time this Disclosure Statement was signed were:

Name: Steven Gregg, BCom **Non-executive:** Yes **Country of Residence:** Australia **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** No **Independent Director:** Yes	**External Directorships:** Chairman of Ampol Limited and the Lorna Hodgkinson Foundation, and Director of Unisson Disability Limited, William Inglis & Son Limited, G.H.G. Pty Ltd, Kareela Holdings Pty Limited and Stewart Holding Company Pty Limited.
Name: Anthony Miller, LLB (Hons), BA **Non-executive:** No **Country of Residence:** Australia **Primary Occupation:** Managing Director & Chief Executive Officer **Secondary Occupations:** Director **Board Audit Committee Member:** No **Independent Director:** No	**External Directorships:** Director of Australian Banking Association, Institute of International Finance, The Financial Markets Foundation for Children and A&G Miller (nominees) Pty Ltd.
Name: Tim Burroughs, MA (Hons), B Psy (Hons), FCA, FAICD **Non-executive:** Yes **Country of Residence:** Australia **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** No **Independent Director:** Yes	**External Directorships:** Director of Westpac Foundation Trust, Bozwald Pty Ltd, Riverbel Investments Pty Ltd and Ulbister Pty Ltd.
Name: Nerida Caesar, BCom, MBA, GAICD **Non-executive:** Yes **Country of Residence:** Australia **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** Yes **Independent Director:** Yes	**External Directorships:** Director of TPG Telecom Limited, CreditorWatch Pty Limited, O'Connell Street Associates Pty Ltd, Land Services SA & Land Services WA, TNCJ Pty Limited, C A J Caesar Pty Ltd and Commercial Credit Holdings Limited.
Name: David Cohen, BA LLB, FAPI **Non-executive:** Yes **Country of Residence:** Australia **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** Yes **Independent Director:** Yes	**External Directorships:** Chairman of TAL Life Limited and Director of TAL Life Insurance Services Limited, TAL Dai-Ichi Life Australia Pty Ltd, O'Connell Street Associates Pty Ltd, Anzenpay Pty Ltd, Davscha Pty Ltd, Lexway Pty Ltd and the Paul Ramsay Foundation.
Name: Philippa Greenwood, LLB **Non-executive:** Yes **Country of Residence:** New Zealand **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** No **Independent Director:** Yes	**External Directorships:** Chair of the a2 Milk Company Limited and Director of ALP Studios Limited.

Registered bank disclosures

i. General information (Unaudited) (continued)

Name: Debra Hazelton, BA (Hons), MCom, GAICD **Non-executive:** Yes **Country of Residence:** Australia **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** No **Independent Director:** Yes	**External Directorships:** Director of Persol Holdings Co., Ltd (Tokyo Stock Exchange), Chair of Export Finance Australia, President of the Australia-Japan Business Co-operation Committee and Director of Jawun.
Name: Andy Maguire BA, BAI **Non-executive:** Yes **Country of Residence:** United Kingdom **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** No **Independent Director:** Yes	**External Directorships:** Chairman of Thought Machine Group Limited and Director of AIB Group plc, Allied Irish Banks, p.l.c. and AIB Mortgage Bank.
Name: Margaret Seale, BA, FAICD **Non-executive:** Yes **Country of Residence:** Australia **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** No **Independent Director:** Yes	**External Directorships:** Director of Scentre Group Limited, Scentre Management Limited, RE1 Limited, RE2 Limited, Jana Investment Advisers Pty Ltd, Pinchgut Opera Limited and Madame Hardy Pty Ltd and Chair of Westpac Scholars Limited.
Name: Michael Ullmer AO, BSc, FAICD, FCA, FCSI **Non-executive:** Yes **Country of Residence:** Australia **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** Yes **Independent Director:** Yes	**External Directorships:** Member of the National Gallery of Victoria Foundation Board and Director of Wildclarke Pty Ltd, Wildclarke Super Pty Ltd, Ullmer Family Foundation Pty Ltd and Limestreet Advisory Pty Ltd.

Changes to Directorate

There has been a change in the composition of the Board of Directors of the Overseas Bank since 30 September 2025. Peter Nash, a Non-executive Director of the Overseas Bank retired from the Board on 1 July 2026.

Chief Executive Officer, NZ Branch

Name: Christopher Leuschke, BCom

Country of Residence: New Zealand

Primary Occupation: Chief Executive Officer, NZ Branch

Secondary Occupations: Managing Director, Head of Financial Markets, NZ Branch

External Directorships: Director of Glue Guru International Limited, Glue Guru Australia Pty Limited, PPC Foiling Limited, Valesco Trustee Limited, and Traffic New Zealand Limited

Registered bank disclosures

i. General information (Unaudited) (continued)

Responsible person

All the Directors named above have authorised in writing Catherine McGrath, Chief Executive Officer, Westpac New Zealand to sign this Disclosure Statement on the Directors' behalf in accordance with section 82 of the BPS Act.

Name: Catherine McGrath, LLB, BCom

Country of Residence: New Zealand

Primary Occupation: Chief Executive, Westpac New Zealand

Secondary Occupations: Director

Address for communications

All communications may be sent to the Directors, the Chief Executive Officer, NZ Branch and the Responsible Person at the head office of the NZ Branch located at Westpac on Takutai Square, 16 Takutai Square, Auckland 1010, New Zealand.

Board Audit Committee

There is a Board Audit Committee that covers audit matters, comprising of three members, all of whom are independent directors.

Conflicts of Interest Policy

The Board has a procedure designed to ensure that conflicts and potential conflicts of interest between the Directors' duty to the Overseas Bank and their personal, professional or business interests are avoided or dealt with. Each Director must:

- give notice to the Board of any direct or indirect interest in any contract, proposed contract or other matter with the Overseas Bank as soon as practicable after the relevant facts have come to that Director's knowledge. Alternatively, a Director may give to the Board a general notice to the effect that the Director is to be regarded as interested in any present or prospective contract or other matter between the Overseas Bank and a person or persons specified in that notice; and
- in relation to any matter that is to be considered at a Directors' meeting in which that Director has a material personal interest, not vote on the matter nor be present while the matter is being considered at the meeting (unless the remaining Directors have previously resolved to the contrary).

Transactions with directors

There is no transaction any Director or the Chief Executive Officer, NZ Branch, or any immediate relative or close business associate of any Director or the Chief Executive Officer, NZ Branch, has with any member of the NZ Banking Group, that:

- has been entered into on terms other than those which would, in the ordinary course of business of the NZ Banking Group be given to any other person of like circumstances or means; or
- could otherwise be reasonably likely to influence materially the exercise of that Director's or the Chief Executive Officer, NZ Branch's duties.

Auditor

KPMG

18 Viaduct Harbour Avenue

Auckland, New Zealand

Pending proceedings or arbitration

Except as listed below there are no pending legal proceedings or arbitration concerning any member of the Overseas Banking Group or the NZ Banking Group that may have a material adverse effect on the Overseas Bank or the NZ Banking Group.

The Overseas Bank is defending a class action proceeding which was commenced in December 2019 in the Federal Court of Australia on behalf of certain investors who acquired an interest in the Overseas Bank's securities between 30 June 2014 and 19 November 2019. The proceeding involves allegations relating to market disclosure issues connected to the Overseas Bank's monitoring of financial crime over the relevant period and matters which were the subject of the AUSTRAC civil proceedings. The total damages sought on behalf of members of the class have not yet been specified. However, in the course of a procedural hearing in August 2022, the applicant indicated that a preliminary estimate of the losses that may be alleged in respect of a subset of potential group members exceeded A$1 billion. While it remains unclear how any damages awarded (if the applicant succeeded) would be determined and its size, it is possible that the claim may be higher or lower than the amount referred to above. Given the time period and the nature of the allegations, along with the reduction in the Overseas Bank's market capitalisation at the time of the commencement of the AUSTRAC civil proceedings, it is likely that any total alleged damages sought by the applicant will be significant. The Overseas Bank continues to deny both that its disclosure was inappropriate and, as such, that any group member has incurred damage. The Court has made orders for a hearing to commence on 5 April 2027 with an estimated duration of six weeks.

The Overseas Bank includes details of other legal proceedings in its financial statements.

Registered bank disclosures

i. General information (Unaudited) (continued)

Credit ratings

The Overseas Bank has the following credit ratings with respect to its long-term senior unsecured obligations, including obligations payable in New Zealand in New Zealand dollars, as at the date the Directors and the Chief Executive Officer, NZ Branch signed this Disclosure Statement:

Rating Agency	Current Credit Rating	Rating Outlook
Fitch	AA-	Stable
Moody's	Aa2	Stable
S&P	AA-	Stable

The Overseas Bank's ratings assigned by Fitch, Moody's and S&P have remained unchanged during the two years immediately preceding the signing date.

Descriptions of credit rating scales[1]

	Fitch	Moody's	S&P
The following grades display investment grade characteristics:			
Capacity to meet financial commitments is extremely strong. This is the highest issuer credit rating	AAA	Aaa	AAA
Very strong capacity to meet financial commitments	AA	Aa	AA
Strong capacity to meet financial commitments although somewhat susceptible to adverse changes in economic, business or financial conditions	A	A	A
Adequate capacity to meet financial commitments, but adverse business or economic conditions are more likely to impair this capacity	BBB	Baa	BBB
The following grades have predominantly speculative characteristics:			
Significant ongoing uncertainties exist which could affect the capacity to meet financial commitments on a timely basis	BB	Ba	BB
Greater vulnerability and therefore greater likelihood of default	B	B	B
Likelihood of default now considered a real possibility. Capacity to meet financial commitments is dependent on favourable business, economic and financial conditions	CCC	Caa	CCC
Highest risk of default	CC to C	Ca	CC
Obligations currently in default	RD to D	C	SD to D

[1] This is a general description of the rating categories based on information published by Fitch, Moody's and S&P.

The rating scales for long-term ratings issued by S&P and Fitch range from AAA to D. S&P's and Fitch's credit ratings may be modified by the addition of a plus or minus sign to show the relative standing within the major rating categories. The rating scale for long-term ratings assigned by Moody's range from Aaa to C. Moody's applies numeric modifiers of 1, 2, and 3 to show the relative standing within the major rating categories with 1 indicating the higher end of the category and 3 indicating the lower end.

Registered bank disclosures

i. General information (Unaudited) (continued)

Historical summary of financial statements

	NZ BANKING GROUP				
$ millions	**2026**	2025	2024	2023	2022
Income statement					
Interest income	**6,124**	7,130	7,793	6,496	3,824
Interest expense	**(3,378)**	(4,228)	(4,864)	(3,658)	(1,486)
Net interest income	**2,746**	2,902	2,929	2,838	2,338
Non-interest income	**353**	367	264	298	584
Net operating income	**3,099**	3,269	3,193	3,136	2,922
Operating expenses	**(1,596)**	(1,564)	(1,427)	(1,353)	(1,186)
Impairment (charges)/benefits	**(33)**	44	(27)	(135)	27
Profit before income tax expense	**1,470**	1,749	1,739	1,648	1,763
Income tax expense	**(410)**	(488)	(486)	(464)	(465)
Profit after income tax expense	**1,060**	1,261	1,253	1,184	1,298
Net profit attributable to NCI	**(19)**	(19)	-	-	-
Dividends paid on ordinary share capital	**(668)**	(645)	(598)	(619)	(6,896)
Profit repatriation	**-**	(100)	-	-	-
Balance sheet					
Total assets	**145,559**	140,750	133,501	132,798	135,780
Total individually impaired assets	**236**	213	191	62	60
Total liabilities	**132,908**	128,562	121,807	121,969	125,476
Total head office account	**3,036**	2,947	2,898	2,772	2,624
Total equity	**12,651**	12,188	11,694	10,829	10,304

The amounts for the years ended 30 September have been extracted from the audited financial statements of the NZ Banking Group.

Other material matters

Reserve Bank review of overseas bank branches

On 14 September 2026, the Reserve Bank released the near-final draft of the Incorporation outside New Zealand Standard ('**IoNZ Standard**') under the Deposit Takers Act 2023. The IoNZ Standard will require that overseas bank branches only conduct business with wholesale clients; the total size of an overseas bank's branch not exceed NZ$15 billion in total assets; the New Zealand business be less than 50% of its total business; and dual-operating branches (such as the NZ Branch) only conduct business with "large corporate or institutional clients" ('**LCIC**').

Under the IoNZ Standard, LCIC includes (broadly) those with consolidated annual turnover of over NZ$50 million or total assets of over NZ$75 million and funds management entities and custodians with total assets under management of over NZ$250 million. The implementation date is expected to be 1 December 2028.

The IoNZ Standard will require changes to the activities the NZ Branch undertakes and as a result, Westpac New Zealand will also make changes to the scope of the activities it undertakes.

Reserve Bank capital review

On 17 December 2025, the Reserve Bank announced its decisions relating to its review of key capital settings for deposit takers (**'2025 Capital Review'**). Once implemented, the updated settings for Group 1 deposit takers (including Westpac New Zealand) will:

- remove AT1 from the capital stack and phase out the recognition of existing AT1 instruments.
- require the deposit taker to have a Tier 1 capital ratio of 12% (including a 6% prudential capital buffer (PCB) ratio).
- require the deposit taker to have a total capital ratio of 15% (including the 6% PCB ratio). Up to 3% of the total capital ratio requirement can consist of subordinated debt eligible as Tier 2 capital to be issued to the Australian parent bank.
- require the deposit taker to have an additional 6% of RWAs of Loss Absorbing Capacity (LAC) instruments to be issued to the Australian parent bank, bringing the total requirement including LAC to 21%.
- introduce more granular and lower standardised risk weights for certain asset classes.

i. General information (Unaudited) (continued)

On 18 June 2026, the Reserve Bank published consultations on an exposure draft of the Capital Standard under the Deposit Takers Act 2023 (DT Act) and policy proposals for the Crisis Preparedness Standard under the DT Act, including the new Tier 2 and LAC instrument design and further information on indicative implementation timelines. The new Tier 2 and LAC instruments will include write-off provisions. The Reserve Bank has indicated it intends to consult further on the design and implementation timelines during 2027. The Capital Standard is expected to commence on 1 December 2028, with phased implementation.

On 1 October 2026, revised BPRs came into effect to implement some of the decisions from the 2025 Capital Review, including more granular and lower standardised risk weights for certain asset classes. For domestic systemically important banks (including Westpac New Zealand) the changes also include, as an interim measure, permitting the issuance of Tier 2 instruments with a shorter maturity date or earlier redemption date than would otherwise be permitted under the current settings. Additionally, the amortisation table for Tier 2 instruments does not apply to short-dated Tier 2 instruments.

On 20 October 2026, the Reserve Bank commenced a consultation on the risk weight settings for certain asset classes and a revised approach to credit conversion factors. Any resulting changes will be incorporated into the Capital Standard and Internal Models Standard, which are expected to commence on 1 December 2028.

APRA's consultation on enhancements to bank capital and liquidity frameworks

On 16 March 2026, APRA announced that it will consult on a package of reforms to bank capital and liquidity settings. The consultation will be run in three workstreams focusing on credit risk capital, liquidity risk and market risk, which include the following:

- Targeted amendments to the standardised capital framework to increase risk sensitivity and better align capital requirements with underlying risk.
- Changes to the liquidity framework including consideration of a new Pillar 2 liquidity framework to address risks not covered by existing Liquidity Coverage Ratio minimum requirements.
- Implementation of a simplified version of the Basel Committee's Fundamental Review of the Trading Book standard.

On 29 June 2026, APRA commenced consultation on reforms to credit risk capital requirements. The consultation includes proposed changes to lower standardised risk weights for large domestic public infrastructure exposures, high quality unrated corporate exposures and certain residential land acquisition, development and construction exposures.

APRA has indicated it intends to finalise the credit risk capital changes by the end of the 2026 calendar year, with a proposed effective date of 1 April 2027. Consultations on the liquidity and market risk workstreams are expected to commence in late 2026 and 2027, respectively.

Australian Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Reforms

Significant reforms to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act) to simplify and modernise the regime took effect from 31 March 2026. The reforms include the extension of a number of provisions (including customer due diligence obligations) that apply to the Overseas Bank's permanent offshore establishments, including Westpac New Zealand, BTNZ and NZ Branch.

While the Overseas Bank has implemented measures to meet the new requirements, the scale and complexity of changes required to fully comply with the reforms mean the Overseas Bank and the NZ Banking Group are not yet fully compliant. A multi-year implementation program is underway across the Overseas Bank and its permanent offshore establishments to achieve compliance, including complex technology enhancements to customer due diligence, transaction monitoring and reporting. Timing and delivery challenges associated with implementation are being experienced across the industry. In recognition of the scale and complexity of changes required, the *Anti-Money Laundering and Counter Terrorism Financing Transitional Rules 2026* (Cth) (Transitional Rules) commenced in 2026 alongside the new regime, providing legislative transitional arrangements for a limited subset of obligations applicable to existing reporting entities, including deferred commencement of certain requirements, subject to specified conditions. These Transitional Rules apply to the Overseas Bank but not to the Overseas Bank's permanent offshore establishments insofar as it relates to initial customer due diligence.

AUSTRAC has noted that it supports a risk-based approach and does not expect immediate compliance, provided reporting entities have a documented implementation plan (endorsed by senior management and provided to the Board) to show sustained effort and reasonable progress against their implementation plans, and to exercise due care and diligence to manage money-related and terrorism-financing risks while working towards meeting new or changed obligations (including by continuing to implement current controls). During this period, AUSTRAC expects existing AML/CTF controls to continue to operate.

The Overseas Bank's multi-year implementation plan addresses both obligations subject to transitional arrangements and broader reforms not covered by the Transitional Rules, including those applicable to its permanent offshore establishments. The Overseas Bank will continue to engage with AUSTRAC and provide progress updates on its implementation progress.

Registered bank disclosures

i. General information (Unaudited) (continued)

Disclosure statements of the NZ Banking Group and the financial statements of the Overseas Bank and the Overseas Banking Group

Disclosure Statements of the NZ Banking Group for the last five years are available, free of charge, at the internet address www.westpac.co.nz. A printed copy will also be made available, free of charge, upon request.

The most recently published financial statements of the Overseas Bank and the Overseas Banking Group are for the year ended 30 September 2026, and can be accessed at the internet address www.westpac.com.au.

ii. Additional financial disclosures

Additional information on balance sheet

	NZ BANKING GROUP	
$ millions	**2026**	2025
Interest earning and discount bearing assets	**131,373**	127,857
Interest and discount bearing liabilities	**109,260**	106,277
Total liabilities of the NZ Branch, net of amounts due to related entities	**9,836**	9,556
Total retail deposits of the NZ Branch	**-**	-

Additional information on concentrations of credit risk

Refer to Note 13.3 Credit risk concentrations and maximum exposure to credit risk for additional information on concentration of credit exposure, in terms of customer and industry sector and material credit risk exposure to the agricultural sector, using ANZSIC.

Registered bank disclosures

ii. Additional financial disclosures (continued)

Additional information on interest rate sensitivity

Sensitivity to interest rates arises from mismatches in the interest rate characteristics of assets and the corresponding liability funding. One of the major causes of these mismatches is timing differences in the repricing of assets and liabilities. These mismatches are actively managed as part of the overall interest rate risk management process, which is conducted in accordance with the NZ Banking Group's policy guidelines.

The following table presents a breakdown of the earlier of the contractual repricing or maturity dates of the NZ Banking Group's net asset position as at 30 September 2026. The NZ Banking Group uses this contractual repricing information as a base, which is then altered to take account of customer behaviour to manage its interest rate risk.

	NZ BANKING GROUP						
	2026						
$ millions	Up to 3 Months	Over 3 Months and Up to 6 Months	Over 6 Months and Up to 1 Year	Over 1 Year and Up to 2 Years	Over 2 Years	Non-interest Bearing	Total
Financial assets							
Cash and balances with central banks	4,363	-	-	-	-	275	4,638
Collateral paid	450	-	-	-	-	-	450
Trading securities and financial assets measured at FVIS	3,008	711	715	273	1,095	-	5,802
Derivative financial instruments	-	-	-	-	-	7,757	7,757
Investment securities	348	251	870	1,088	6,574	-	9,131
Loans	49,178	10,611	22,171	20,818	7,826	1,401	112,005
Other financial assets	-	-	-	-	-	897	897
Due from related entities	1,023	-	-	-	-	2,161	3,184
Total financial assets	58,370	11,573	23,756	22,179	15,495	12,491	143,864
Non-financial assets							1,695
Total assets							145,559
Financial liabilities							
Collateral received	1,725	-	-	-	-	-	1,725
Deposits and other borrowings	47,759	11,392	9,089	2,417	1,124	13,610	85,391
Other financial liabilities	2,032	-	-	-	-	811	2,843
Derivative financial instruments	-	-	-	-	-	4,954	4,954
Due to related entities	1,388	-	-	-	54	4,427	5,869
Debt issues	3,601	4,341	3,648	4,536	12,740	(620)	28,246
Loan capital	-	-	2,814	-	600	(54)	3,360
Total financial liabilities	56,505	15,733	15,551	6,953	14,518	23,128	132,388
Non-financial liabilities							520
Total liabilities							132,908
On-balance sheet interest rate repricing gap	1,865	(4,160)	8,205	15,226	977		
Net derivative notional principals							
Net interest rate contracts (notional):							
Receivable/(payable)	5,298	(1,011)	8,605	(31,859)	18,967		
Net interest rate repricing gap	7,163	(5,171)	16,810	(16,633)	19,944		

Registered bank disclosures

ii. Additional financial disclosures (continued)

Additional information on liquidity risk

Refer to Note 31.2.4 Contractual maturity of financial liabilities which shows the maturity analyses of financial liabilities.

Overseas Banking Group profitability and size

Information on the Overseas Banking Group is from the most recently published financial statements of the Overseas Banking Group for the year ended 30 September 2026.

Profitability	30 Sep 26
Profit after income tax expense for the year ended 30 September 2026 (A$ millions)[1]	**6,829**
Profit after income tax expense for the year ended 30 September 2026 as a percentage of average total assets	**0.6%**

[1]Profit after income tax expense represents the amount before deductions for net profit attributable to non-controlling interests.

Total assets	30 Sep 26
Total assets (A$ millions)	**1,181,179**
Percentage change in total assets over the year ended 30 September 2026	**5.0%**

Reconciliation of mortgage-related amounts

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

	NZ BANKING GROUP
$ millions	**30 Sep 26**
Residential mortgages - total gross loans (as disclosed in Note 11 and Note 13.4)	**74,492**
Reconciling items:	
Unamortised deferred fees and expenses	**(563)**
Fair value hedge adjustments	**148**
EAD for undrawn commitments and other off-balance sheet exposures	**10,367**
Residential mortgages by LVR (as disclosed in Additional mortgage information in Note iv. Credit and market risk exposures and capital adequacy (Unaudited))	**84,444**

iii. Asset quality

Past due assets

	NZ BANKING GROUP	
$ millions	**30 Sep 26**	30 Sep 25
Past due but not individually impaired assets		
Less than 30 days past due	**1,351**	1,475
At least 30 days but less than 60 days past due	**261**	208
At least 60 days but less than 90 days past due	**129**	113
At least 90 days past due	**305**	318
Total past due but not individually impaired assets	**2,046**	2,114

Movements in components of loss allowance

Refer to Note 12 Provision for expected credit losses for the movements in components of loss allowance on loans and credit commitments.

iii. Asset quality (continued)

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

The following table explains how changes in gross carrying amounts of loans during the year have contributed to changes in the provision for ECL on loans.

	NZ BANKING GROUP				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
$ millions	**CAP**	**CAP**	**CAP**	**IAP**	**Total**
Total gross carrying amount as at 30 September 2025	**92,300**	**13,885**	**852**	**213**	**107,250**
Transfers:					
Transfers to Stage 1	**8,834**	**(8,826)**	**(8)**	**-**	**-**
Transfers to Stage 2	**(8,673)**	**9,090**	**(400)**	**(17)**	**-**
Transfers to Stage 3 CAP	**(108)**	**(644)**	**776**	**(24)**	**-**
Transfers to Stage 3 IAP	**(2)**	**(45)**	**(107)**	**154**	**-**
Net further lending/(repayment)	**(4,983)**	**(365)**	**(54)**	**(36)**	**(5,438)**
New facilities originated	**24,387**	**-**	**-**	**-**	**24,387**
Facilities derecognised	**(11,385)**	**(2,024)**	**(242)**	**(41)**	**(13,692)**
Amounts written off	**-**	**-**	**(27)**	**(13)**	**(40)**
Total gross carrying amount as at 30 September 2026	**100,370**	**11,071**	**790**	**236**	**112,467**
Provision for ECL as at 30 September 2026	**(79)**	**(219)**	**(84)**	**(80)**	**(462)**
Total net carrying amount as at 30 September 2026	**100,291**	**10,852**	**706**	**156**	**112,005**

	NZ BANKING GROUP				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
$ millions	CAP	CAP	CAP	IAP	Total
Total gross carrying amount as at 30 September 2024	79,904	22,070	800	191	102,965
Transfers:					
Transfers to Stage 1	13,594	(13,567)	(27)	-	-
Transfers to Stage 2	(8,810)	9,200	(372)	(18)	-
Transfers to Stage 3 CAP	(85)	(823)	961	(53)	-
Transfers to Stage 3 IAP	(3)	(18)	(134)	155	-
Net further lending/(repayment)	(3,486)	(494)	(41)	(6)	(4,027)
New facilities originated	21,204	-	-	-	21,204
Facilities derecognised	(10,018)	(2,483)	(312)	(44)	(12,857)
Amounts written off	-	-	(23)	(12)	(35)
Total gross carrying amount as at 30 September 2025	92,300	13,885	852	213	107,250
Provision for ECL as at 30 September 2025	(73)	(221)	(91)	(65)	(450)
Total net carrying amount as at 30 September 2025	92,227	13,664	761	148	106,800

Other asset quality information

	NZ BANKING GROUP	
$ millions	**30 Sep 26**	30 Sep 25
Undrawn commitments with individually impaired counterparties	**2**	4
Other assets under administration	**-**	-

Registered bank disclosures

iii. Asset quality (continued)

Overseas Banking Group asset quality

Information on the Overseas Banking Group is from the most recently published financial statements of the Overseas Banking Group for the year ended 30 September 2026.

	2026
Total non-performing exposures[1] (A$ millions)	9,625
Total non-performing exposures expressed as a percentage of total assets	0.8%
Total provision for ECL on non-performing exposures[2] (A$ millions)	1,742
Total provision for ECL on non-performing exposures expressed as a percentage of total non-performing exposures	18.1%
Total collectively assessed provision for ECL[2] (A$ millions)	4,540

[1] Non-financial assets have not been acquired through the enforcement of security.

[2] Total provision for ECL on non-performing exposures and total collectively assessed provision for ECL both include A$1,084 million of provision for ECL that has been calculated collectively on groups of assets which have been determined to be non-performing, but which are not individually significant.

iv. Credit and market risk exposures and capital adequacy (Unaudited)

Additional mortgage information

Residential mortgages by LVR as at 30 September 2026

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

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

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

	NZ BANKING GROUP					
	2026					
LVR range ($ millions)	Does not exceed 60%	Exceeds 60% and not 70%	Exceeds 70% and not 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
On-balance sheet exposures	30,194	15,067	19,902	6,566	2,348	74,077
Undrawn commitments and other off-balance sheet exposures	7,887	1,161	993	177	149	10,367
Value of exposures	38,081	16,228	20,895	6,743	2,497	84,444

Market risk

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

For each category of market risk, the NZ Banking Group's peak end-of-day aggregate capital charge is derived in accordance with the scalar approach as referred to in BPR140 Market risk exposure. Under this approach, the end-of-period capital charge is scaled by the ratio of peak capital charge to end-of-period capital charge using the internal VaR method.

The following table provides a summary of the NZ Banking Group's notional capital charges by risk type as at the reporting date and the peak end-of-day notional capital charges by risk type for the six months ended 30 September 2026:

	NZ BANKING GROUP	
	30 Sep 26	
$ millions	Implied Risk Weighted Exposure	Notional Capital Charge
End-of-period		
Interest rate risk	19,372	1,550
Currency risk	40	3
Equity risk	-	-
Peak end-of-day		
Interest rate risk	45,455	3,636
Currency risk	70	6
Equity risk	-	-

Overseas Bank and Overseas Banking Group capital ratios

Refer to Note 30 for information on the Overseas Bank and Overseas Banking Group capital ratios.

v. Insurance, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

Insurance business

The NZ Banking Group does not conduct any insurance business.

Non-consolidated insurance and non-financial activities

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

The NZ Banking Group's involvement in securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products

Securitisation

The NZ Banking Group uses structured entities to securitise its financial assets through the Covered Bond Programme and Westpac New Zealand's internal residential mortgage-backed securities programme. Refer to Note 28 Securitisation, covered bonds and other transferred assets for further information and amounts of outstanding securitised assets.

Funds management and other fiduciary activities

The NZ Banking Group conducts investment and other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets are not the property of the NZ Banking Group and accordingly are not included in these financial statements, with the exception of the PIE Funds which are treated as controlled entities of Westpac New Zealand (refer to Note 22 for further details). Where controlled entities incur certain liabilities in respect of these activities, a right of indemnity exists against the assets of the applicable trusts. As these assets are sufficient to cover liabilities, and it is not probable that the controlled entities will be required to settle them, the liabilities are not included in the financial statements.

The PIE Funds are managed by a member of the NZ Banking Group (refer to Note 22 for further details) and invest in deposits with Westpac New Zealand. Westpac New Zealand is considered to control the PIE Funds, and as such they are consolidated within the financial statements of the NZ Banking Group.

The value of assets subject to funds management and other fiduciary activities as at the reporting date were as follows:

	NZ BANKING GROUP	
$ millions	**2026**	2025
Retirement plans	**13,718**	12,981
Retail unit trusts	**1,027**	969
Wholesale client portfolios	**507**	472
Term PIE	**4,743**	4,203
Cash PIE	**839**	838
Notice Saver PIE	**1,727**	641
Total funds under management	**22,561**	20,104

Other than funds under management disclosed above, there are no funds held in trust, funds under custodial arrangements or other funds held or managed subject to fiduciary responsibilities by any member of the NZ Banking Group (30 September 2025: nil).

Marketing and distribution of insurance products

Westpac New Zealand markets and distributes both life and general insurance products. The general and life insurance products are fully underwritten by external third party insurance companies.

Arrangements to ensure no adverse impacts arising from the above activities

The NZ Banking Group's risk management strategy (refer to Note vi. Risk management policies) will help minimise the possibility that any difficulties arising from the above activities would adversely impact the NZ Banking Group.

Registered bank disclosures

vi. Risk management policies

Information about risk

Risk Management Framework

Proactive risk management and a strong risk culture are essential to the NZ Banking Group's strength and resilience. They guide the organisation's operations and decision-making and support our ability to adapt to a changing environment.

The Overseas Bank's Board Risk Appetite Statement documents the Overseas Bank's risk appetite settings for each of the eleven Risk Classes. The Risk Appetite Statement is reviewed and approved annually by the Overseas Bank's Board and is monitored and reported quarterly through the RISKCO and Group BRiskC. Regular updates on risk appetite are provided to the Overseas Bank's Board and management.

The NZ Banking Group manages risks through the Risk Management Framework, which outlines how the organisation manages its material risks and delivers better outcomes for customers, communities, its people and other stakeholders. The Framework is centred around customers, a strong risk culture and the Three Lines of Defence model. The Three lines of Defence model consists of the following principles:

The First Line of Defence owns and manages the risks they originate

Business units are responsible for proactively identifying, evaluating, owning, monitoring, managing and controlling the existing and emerging risks in their businesses. They manage business activities within approved risk appetite and policies. In managing its risk, the First Line of Defence establishes and maintains appropriate governance structures, controls, resources and self-assessment processes, including issue identification, recording and escalation procedures.

The Second Line of Defence provides insight, oversight and challenge of First Line activities

The Second Line of Defence is an independent function that develops risk management frameworks, defines guardrails, provides objective review and challenge regarding the effectiveness of risk management within the First Line business and executes specific risk management activities where functional independence and/or specific risk capability is required. Its approach is risk-based and proportionate to First Line activities.

The Third Line of Defence provides independent objective assurance

Westpac New Zealand's and the Overseas Banking Group's internal audit functions are the Third Line assurance function that provides the Board, Board Committees and senior management with independent and objective evaluation of the adequacy and effectiveness of the NZ Banking Group's governance, risk management and internal controls.

Risk Management Frameworks

The Overseas Bank and Westpac New Zealand together had systems in place to monitor and control adequately the material risks of the following relevant members of the NZ Banking Group:

- BTNZ;
- BTFGNZL;
- WFSGNZL;
- WHNZL; and
- WNZGL.

The Overseas Bank and the NZ Branch together have systems in place to monitor and control adequately the material risks of the NZ Branch. BTNZ maintains a Risk Management Framework approved by its Board Risk & Compliance Committee which is closely aligned to the Overseas Banking Group and Westpac New Zealand's Risk Management Framework whilst reflecting BTNZ's specific regulatory and operating environment. The remaining relevant members of the NZ Banking Group are not considered to have material risks.

The NZ Branch has an NZ Branch Risk Committee, NZ Branch RISKCO, which meets quarterly and oversees the management of material risk classes that include, but are not limited to, capital adequacy risk, funding and liquidity risk, market risk, credit risk, operational risk, compliance and conduct risk, financial crime, cyber risk, reputation and sustainability risk, strategic risk, and risk culture.

Westpac New Zealand, a member of the NZ Banking Group, is a locally incorporated registered bank. Westpac New Zealand's Risk Management Framework is closely aligned with that of the Overseas Banking Group, and the Board of Westpac New Zealand is responsible for the risk management of that bank and its subsidiaries.

The Boards of the other entities making up the NZ Banking Group have ultimate responsibility for overseeing the effective deployment of the Risk Management Frameworks for these entities.

Financial risks

Refer to Note 31 Risk management, funding and liquidity risk and market risk for a discussion of the financial risks faced by the NZ Banking Group.

vi. Risk management policies (continued)

Other key material risks

Capital adequacy risk

Capital adequacy risk is the risk that the Overseas Banking Group has an inadequate level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under both normal or stressed operating environments. Refer to Note 30 Capital management for further details.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The NZ Banking Group identifies operational risks as part of managing the business including in response to emerging risks, changes in the business strategy, internal operating priorities and projects, and in the external environment. The NZ Banking Group manages this type of risk and aims to be resilient to operational risk through robust processes and controls including effective and timely remediation of material operational issues and incidents.

Westpac New Zealand has its own Operational Risk Management Framework that is closely aligned with that of the Overseas Bank and is approved by the Westpac New Zealand BRCC. This covers governance, risk and control assessments, incident management, issues management, and ongoing reporting and monitoring.

Compliance and conduct risk

Compliance and conduct risk is the risk of failing to abide by the NZ Banking Group's compliance obligations or otherwise failing to have behaviours and practices that deliver suitable, fair and clear outcomes for customers and that support market integrity.

The NZ Banking Group identifies compliance and conduct risks as part of managing the business which includes considering emerging risks and responding to changes in the business, business strategy and external environment. The NZ Banking Group manages compliance and conduct risks by implementing and embedding clear and fit for purpose policies, standards, procedures, processes and controls.

The NZ Branch applies the Overseas Bank's Compliance and Conduct Risk Management Framework which is supported by compliance and conduct policies to assist the business in managing its compliance and conduct risks. The Framework is approved by the framework owner in accordance with delegated approval. The NZ Banking Group, excluding the NZ Branch, operates its own Compliance and Conduct Risk Management Framework that is closely aligned with that of the Overseas Bank and is approved by the Westpac New Zealand framework owner.

Financial crime risk

Financial crime risk is the risk that the NZ Banking Group fails to prevent products and services being used to facilitate financial crime, fails to protect customers and the NZ Banking Group from fraud and scam events or fails to comply with applicable global financial crime regulatory obligations.

The NZ Banking Group helps prevent financial crime by proactively identifying, assessing, mitigating and reporting financial crime risks and by complying with all applicable global and local financial crime regulatory obligations. This means that our financial crime risks must be managed through robust controls and systems and that we must promptly own, investigate and remediate financial crime incidents where they do occur. Westpac New Zealand has its own Financial Crime Risk Management Framework that is closely aligned with that of the Overseas Bank and is approved by Westpac New Zealand Senior Management.

Cyber risk

Cyber risk is the risk that the NZ Banking Group's or its third parties' data or technology are inappropriately accessed, manipulated or damaged from cybersecurity threats or vulnerabilities.

The NZ Banking Group proactively manages cyber risk exposure, to limit the likelihood of inappropriate access, manipulation or damage to the NZ Banking Group's and its third parties' data and technology. This includes embedding cyber security capabilities such as data security controls, application protection controls, and identity and access management.

Reputational & sustainability risk

Reputational & sustainability risk is the risk of failing to recognise or address ESG issues and the risk that an action, inaction, transaction, investment, or event will reduce trust in the NZ Banking Group's integrity and competence.

The NZ Banking Group aims to maintain the confidence of all stakeholders, aiming to balance the commercial aspects of decisions with stakeholder expectations. Our approach includes considering potential impacts on people, communities or the environment, recognising that ESG issues can involve complex, interconnected and at times competing considerations.

Strategic risk

Strategic risk is the risk that the NZ Banking Group makes inappropriate strategic choices, does not implement its strategies successfully, or does not respond effectively to changes in the operating environment.

The NZ Banking Group manages strategic risk through annual strategic reviews and financial target setting, ongoing monitoring of performance and changes, and stress testing and/or scenario analysis.

vi. Risk management policies (continued)

Risk culture

There is a risk that the NZ Banking Group's culture does not promote and reinforce behavioural expectations and structures to identify, understand, discuss and act on risks.

The NZ Banking Group promotes a risk culture which supports its purpose, strategy and values and the ability to manage risk effectively. The NZ Banking Group regularly assesses its risk culture and undertakes initiatives to continually improve.

Reviews of the NZ Banking Group's risk management systems

Westpac New Zealand Audit and the Overseas Banking Group's Group Audit function periodically review the NZ Banking Group's Operational, Compliance and Conduct, Market, Funding and Liquidity, Credit and Model Risk Frameworks. The periodic reviews follow an internal audit methodology which aims at achieving a review of the very high-risk areas annually, high-risk areas bi-annually, medium risk areas every three years and low risk areas every four years.

The reviews discussed above in this section are not conducted by a party which is external to the NZ Banking Group or the Overseas Banking Group, though they are independent and have no direct authority over the activities of management.

Various external reviews of the NZ Banking Group's risk management system have been conducted during the year ended 30 September 2026 as part of ongoing compliance with regulatory requirements.

Internal audit function of the NZ Banking Group

The NZ Banking Group internal audit services are provided by Westpac New Zealand's and the Overseas Banking Group's internal audit functions. Westpac New Zealand's internal audit function ('**WNZL Audit**') oversees all entities within the NZ Banking Group with the exception of the NZ Branch whose internal audit services are overseen by the Overseas Banking Group's internal audit function. WNZL Audit is headed by the Chief Internal Auditor who reports directly to the Westpac New Zealand Board Audit Committee, while the Overseas Banking Group's internal audit function is headed by the Chief Audit Officer Group Audit who reports to the Overseas Banking Group's Board Audit Committee.

Both internal audit functions provide independent assurance on the effectiveness of governance, risk management and internal controls across the NZ Banking Group's operations. The level of risk across all material risk classes determines the scope and frequency of individual audits.

The Westpac New Zealand Board Audit Committee meets regularly, and its responsibilities include the oversight of NZ Banking Group's statutory financial reporting requirements and the internal audit function, with the exception of the NZ Branch. The Overseas Banking Group Board Audit Committee also meets regularly and has similar responsibilities to the NZ Branch.

Access to the Overseas Bank disclosures

Disclosures made by the Overseas Banking Group in relation to capital adequacy requirements and risk management processes implemented by the Overseas Banking Group are available to users via the Overseas Banking Group's website (www.westpac.com.au).

Conditions of Registration

Conditions of Registration

The registration of Westpac Banking Corporation ("the registered bank") in New Zealand is subject to the following conditions, which applied from 1 December 2025:

1. That the NZ Banking Group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

   In this condition of registration, the meaning of "material" is based on generally accepted accounting practice.

2. That the NZ Banking Group's insurance business is not greater than 1% of its total consolidated assets.

   For the purposes of this condition of registration, the NZ Banking Group's insurance business is the sum of the following amounts for entities in the NZ Banking Group:

   (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the NZ Banking Group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

   (b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the NZ Banking Group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

   In determining the total amount of the NZ Banking Group's insurance business:

   (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and

   (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

   For the purposes of this condition of registration,:

   "insurance business" means the undertaking or assumption of liability as an insurer under a contract of insurance:

   "insurer" and "contract of insurance" have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

3. That the business of the registered bank in New Zealand does not constitute a predominant proportion of the total business of the registered bank.

4. That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:

   (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

   (b) the Reserve Bank has advised that it has no objection to that appointment.

5. That Westpac Banking Corporation complies with the requirements imposed on it by the Australian Prudential Regulation Authority.

6. That Westpac Banking Corporation complies with the following minimum capital adequacy requirements, as administered by the Australian Prudential Regulation Authority:

   (a) Common Equity Tier 1 capital of Westpac Banking Corporation is not less than 4.5% of risk weighted exposures;

   (b) Tier 1 capital of Westpac Banking Corporation is not less than 6% of risk weighted exposures; and

   (c) Total capital of Westpac Banking Corporation is not less than 8% of risk weighted exposures.

7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank), do not exceed $15 billion.

8. That the retail deposits of the registered bank in New Zealand do not exceed $200 million. For the purposes of this condition retail deposits are defined as deposits by natural persons, excluding deposits with an outstanding balance which exceeds $250,000.

9. That, for a loan-to-valuation measurement period ending on or after 31 May 2026, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 70%, must not exceed 10% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

10. That, for a loan-to-valuation measurement period ending on or after 31 May 2026, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 25% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

11. That, for a debt-to-income measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a debt-to-income ratio of more than 7, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the debt-to-income measurement period.

12. That, for a debt-to-income measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a debt-to-income ratio of more than 6, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the debt-to-income measurement period.

13. That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

Conditions of Registration

In these conditions of registration,:

“Banking Group” means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group’s New Zealand business under section 461B(2) of the Financial Markets Conduct Act 2013.

“business of the registered bank in New Zealand” means the New Zealand business of the registered bank as defined in the requirement for financial statements for New Zealand business in section 461B(1) of the Financial Markets Conduct Act 2013.

“generally accepted accounting practice” has the same meaning as in section 8 of the Financial Reporting Act 2013.

“liabilities of the registered bank in New Zealand” means the liabilities that the registered bank would be required to report in financial statements for its New Zealand business if section 461B(1) of the Financial Markets Conduct Act 2013 applied.

In conditions of registration 9 and 10,:

“loan-to-valuation ratio”, “non property-investment residential mortgage loan”, “property-investment residential mortgage loan”, “qualifying new mortgage lending amount in respect of property-investment residential mortgage loans”, and “qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS19) dated October 2021, and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirements (BPR) documents referred to in BS19 for the purpose of defining these terms are:

BPR document	Version date
BPR131: Standardised credit risk RWAs	1 July 2024
BPR001: Glossary	1 October 2023

“loan-to-valuation measurement period” means a rolling period of six calendar months ending on the last day of the sixth calendar month.

In conditions of registration 11 and 12,:

"debt-to-income ratio", "debt-to-income measurement period", "non property- investment residential mortgage loan", "property-investment residential mortgage loan", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", and "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High Debt-To-Income Residential Mortgage lending" (BS20) dated 3 April 2023, and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirements (BPR) documents referred to in BS20 for the purpose of defining these terms are:

BPR document	Version date
BPR131: Standardised credit risk RWAs	1 July 2024
BPR001: Glossary	1 October 2023

"debt-to-income measurement period" means:

(a) the initial period of six calendar months from the date of this conditions of registration (1 July 2024) ending on 31 December 2024; and

(b) thereafter, a rolling period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on 31 January 2025 and covers the months of August, September, October, November and December 2024 and January 2025.

In condition of registration 13,:

"residential mortgage loan" has the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High Debt-To-Income Residential Mortgage lending" (BS20) dated 3 April 2023, and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirements (BPR) documents referred to in BS20 for the purpose of defining these terms are:

BPR document	Version date
BPR131: Standardised credit risk RWAs	1 July 2024
BPR001: Glossary	1 October 2023

Conditions of Registration

Changes to Conditions of Registration

Since the reporting date for this disclosure statement, and with effect from 1 October 2026, WBC's Conditions of Registration were updated to refer to the 1 October 2026 versions of the BPR which implement some 2025 Capital Review decisions including changes to certain standardised risk weights.

Independent Auditor's Report

To the New Zealand business of Westpac Banking Corporation (the **Branch**)

Report on the audit of the aggregated disclosure statement

Opinion

Within the aggregated disclosure statement we have audited the accompanying aggregated financial statements and the supplementary information (excluding supplementary information relating to General Information and Credit and Market Risk Exposures and Capital Adequacy) (the **financial statements and supplementary information**) which comprise:

- the aggregated financial statements comprised of:
  - the balance sheet as at 30 September 2026;
  - the income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended; and
  - notes, including material accounting policy information and other explanatory information (excluding the information disclosed in accordance with Schedules 2, 4, 7, 9, 11 and 13 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (**Order**) and is included within notes 12, 13, 30 and 31 and registered bank disclosures i to vi);

  (the **financial statements**).
- the supplementary information that is required to be disclosed in accordance with Schedules 4, 7, 11 and 13 of the Order (the supplementary information), contained within notes 12, 13, 30 and 31 and registered bank disclosures ii, iii, v and vi.

We have not audited the information related to General Information and Credit and Market Risk Exposures and Capital Adequacy disclosed in accordance with Schedules 2 and 9 of the Order within note 30 and registered bank disclosures i and iv, and our opinion does not extend to this information.

In our opinion, the accompanying financial statements of the New Zealand business of Westpac Banking Corporation and its financial reporting group, as defined by the Order, (the **NZ Banking Group**) within pages 6 to 77:

- give a true and fair view of the NZ Banking Group's financial position as at 30 September 2026 and its financial performance and cash flows for the year ended on that date; and
- comply with New Zealand Generally Accepted Accounting Practice, which in this instance means New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

In our opinion, the accompanying supplementary information of the NZ Banking Group:

- presents fairly the matters to which it relates;
- is disclosed in accordance with those schedules; and
- has been prepared, in all material respects, in accordance with any conditions of registration relating to the disclosure requirements, imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the NZ Banking Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics

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Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements and supplementary information* section of our report.

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

Scoping

The scope of our audit is designed to ensure that we perform adequate work to be able to give an opinion on the financial statements and supplementary information as a whole, taking into account the structure of the NZ Banking Group, the financial reporting systems, processes and controls, and the industry in which it operates.

The context of our audit is set by the NZ Banking Group's major activities in the financial year ended 30 September 2026. The NZ Banking Group has certain operational processes which are critical to financial reporting for the NZ Banking Group that are undertaken outside of New Zealand. We worked with a KPMG network firm engaged in the Westpac Banking Corporation group audit to understand and examine certain processes, test controls and perform other substantive audit procedures that supported material balances, classes of transactions and disclosures within the NZ Banking Group's financial statements and supplementary information. This enabled us to evaluate the effectiveness of the controls over those processes and consider the implications for the remainder of our audit work.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements and supplementary information as a whole. The materiality for the financial statements and supplementary information as a whole was set at $73.5 million determined with reference to a benchmark of the NZ Banking Group's profit before tax. We chose the benchmark because, in our view, this is a key measure of the NZ Banking Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the Branch may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

Provision for expected credit losses

The key audit matter

NZ IFRS 9 Financial Instruments (**NZ IFRS 9**) requires the recognition of expected credit losses (**ECL**). As disclosed in Note 12 of the financial statements, the provision for ECL on loans was $462 million for the NZ Banking Group at 30 September 2026. The NZ Banking Group uses models that estimate ECL using three main components: probability of default (**PD**), loss given default (**LGD**) and exposure at default (**EAD**). The NZ Banking Group applies forward-looking economic scenarios and associated probability weights to their models when determining an ECL estimate.

We identified the assessment of provision for ECL as a key audit matter. A high degree of audit effort, including specialised skills and knowledge, was required because of the significant measurement uncertainty as follows:

- Model estimations: Complex and subjective auditor judgement was applied in assessing the NZ Banking Group's modelled estimations of ECL due to the inherently judgmental and complex nature of the models, namely those used to derive the PD, LGD and EAD, and key associated model assumptions. Certain models and model assumptions are the key drivers of complexity and uncertainty, and minor changes to the model assumptions could have a significant effect on the NZ Banking Group's calculation of the provision for ECL.
- Economic judgements: Complex and subjective auditor judgement was applied in assessing the NZ Banking Group's economic judgements, including the severity of the forward-looking downside economic scenario and the probability weightings used in the models.

How the matter was addressed in our audit

The following are the primary procedures we performed to address this key audit matter.

- We evaluated the design and tested the operating effectiveness of certain internal controls related to the ECL estimation process. This included certain controls relating to:
  - model validation and monitoring;
  - credit reviews that determine customer risk grades (**CRGs**) which is a key assumption used in the models for a population of corporate customers; and
  - the selection of the downside economic scenario and probability weightings.

  Additionally, we evaluated IT general controls over key IT applications used by the NZ Banking Group in measuring ECL, and relevant IT application controls including those related to the transformation of critical data elements and the flow of these from various systems into the models.
- We involved our credit risk professionals with specialised skills and knowledge who assisted in evaluating the NZ Banking Group's models and associated model assumptions as follows:
  - evaluating the NZ Banking Group's methodology used in the models to derive the PD, LGD and EAD and associated model assumptions against criteria in the accounting standards and industry practice;
  - inspecting model code for the calculation of certain model components to assess its consistency with the NZ Banking Group's modelling methodology;
  - reperforming the model output for a selection of models using the NZ Banking Group's documented methodology and comparing our output with the NZ Banking Group's outputs; and
  - reperforming model monitoring for a selection of the current models to evaluate the models' performance.
- For a selection of corporate customers, we challenged the NZ Banking Group's assessment of CRGs using relevant information in the loan file including the customer's financial position to inform our overall assessment of the CRG against the NZ Banking Group's policies.
- We involved our economic and credit risk professionals with specialised skills and knowledge, who assisted in challenging the macroeconomic variable forecasts against external economic data, evaluating the severity of the downside economic scenario and evaluating the probability weights.
- We assessed the appropriateness of the NZ Banking Group's disclosures in the financial statements using our understanding obtained from our testing and against the requirements of NZ IFRS 7.

IT Systems and Controls

The key audit matter

The NZ Banking Group's operations and financial reporting are highly dependent on the effective operation of IT general controls in complex and interdependent IT systems to process and record a high volume of transactions. The controls include those relating to user access management, change management and IT operations, as well as automated business process controls.

We identified the IT systems and controls over financial reporting as a key audit matter as there is a risk that gaps in the IT general controls may undermine the integrity in recording financial information and the preparation of the financial statements. Our audit approach could significantly differ depending on the effective operations of the NZ Banking Group's IT general and automated controls and reliability of system generated reports.

We involved IT specialists in assessing this key audit matter.

How the matter was addressed in our audit

We tested the control environment for key IT applications used in processing significant transactions and recording balances in the general ledger. We also tested automated controls embedded within these systems which support the effective operation of technology-enabled business processes. Our IT specialists were used throughout the engagement as a core part of our audit team.

Our procedures included:

- User Access Management: We tested the processes by which users are granted, reviewed, and removed from access to critical IT applications and infrastructure, including the management of privileged roles, to assess whether access was appropriately restricted to authorised personnel.
- Change Management: We assessed the procedures governing changes to IT systems. We also evaluated the appropriateness of users with change access to ensure segregation of duties was maintained.
- IT Operations: We tested controls over system job scheduling, issue resolution, and monitoring of system integrity.
- Automated Business Process Controls: We reviewed system-enforced controls such as automated reconciliations, segregation of duties, configuration-based calculations, and data integrity mechanisms to assess their effectiveness in supporting accurate financial reporting.

Where control deficiencies were identified related to IT general controls or automated controls, we tested compensating controls or performed additional procedures.

Other information

The Directors, on behalf of the NZ Banking Group, are responsible for the other information. The other information comprises information included in the annual report and disclosure statement presented in accordance with Schedule 2 of the Order on pages 3 to 5, 78 to 85 (excluding the information on page 85 relating to registered bank disclosure ii which forms part of the supplementary information) and 94 to 96, and the information relating to credit and market risk exposures and capital adequacy requirements disclosed in accordance with Schedule 9 of the Order within registered bank disclosure iv, but does not include the financial statements and supplementary information and our auditor's report thereon.

Our opinion on the financial statements and supplementary information does not cover any other information and we do not express any form of assurance conclusion thereon as part of the engagement to audit the Branch and Banking Group aggregated financial statements and supplementary information. We have performed assurance engagements on the information relating to credit and market risk and capital adequacy requirements and provided a separate assurance conclusion thereon that is included with the other information.

In connection with our audit of the financial statements and supplementary information our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements and supplementary information or our knowledge obtained in the audit, or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

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

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the Branch for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of Directors for the aggregated disclosure statement

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

- the preparation and fair presentation of the financial statements in accordance with Clause 25 of the Order;
- the preparation and fair presentation of supplementary information in accordance with Schedules 2, 4, 7, 9, 11 and 13 of the Order;
- implementing the necessary internal control to enable the preparation of an aggregated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability of the NZ Banking Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements and supplementary information

Our objective is:

- to obtain reasonable assurance about whether the financial statements and supplementary information as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements and supplementary information.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/

This description forms part of our independent auditor's report.

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

For and on behalf of:

KPMG

KPMG
Auckland

10 November 2026

Independent Limited Assurance Report

To the New Zealand business of Westpac Banking Corporation (the **Branch**)

Report on the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements

Conclusion

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

Based on our limited assurance engagement, which is not a reasonable assurance engagement or audit, nothing has come to our attention that would lead us to believe that the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements, disclosed in registered bank disclosure iv within the aggregated disclosure statement, is not, in all material respects disclosed in accordance with Schedule 9 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the **Order**).

Information subject to assurance

We have reviewed the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements, as disclosed in registered bank disclosure iv within the aggregated disclosure statement for the period ended 30 September 2026. Our conclusion on the Credit and Market Risk Exposures and Capital Adequacy Requirements does not extend to any other information included, or referred to, in the aggregated disclosure statement.

Criteria

The supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements comprises the information that is required to be disclosed in accordance with Schedule 9 of the Order.

Standards we followed

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

Our responsibilities under the Standard are further described in the ‘Our responsibility’ section of our report.

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

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

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

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Inherent limitations

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

A limited assurance engagement for the period ended 30 September 2026 does not provide assurance on whether compliance with Schedule 9 of the Order will continue in the future.

Use of this assurance Report

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

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

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

Our conclusion is not modified in respect of this matter.

Directors' responsibility for the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements

The Directors of the Branch are responsible for the compliance activities undertaken to meet their identified compliance requirements and disclosure of the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements in accordance with Schedule 9 of the Order. This responsibility includes such internal control as the Directors determine is necessary to enable the identification of risks that threaten the compliance requirements being met, designing and implementing controls which will mitigate those risks, monitor ongoing compliance and to enable the disclosure of the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements that is free from material misstatement and non-compliance whether due to fraud or error.

Our responsibility

We have responsibility for:

- planning and performing the engagement to obtain limited assurance about whether the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements is free from material misstatement and non-compliance, whether due to fraud or error;
- forming an independent conclusion based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Branch.

Our work was carried out by a multidisciplinary team, including specialists in Financial Risk Management, who assisted with the procedures below. We remain solely responsible for the assurance conclusion.

Summary of the work we performed as the basis for our conclusion

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material misstatement and non-compliance with Schedule 9 of the Order is likely to arise.

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the compliance activities and controls implemented to meet the requirements of Schedule 9 of the Order.

In undertaking limited assurance, the procedures we primarily performed were:

- obtaining an understanding of the process, models, data and internal controls implemented over the preparation of the information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements;
- performing inquiry and analytical procedures over the Credit and Market Risk Exposures and Capital Adequacy Requirements;
- obtaining an understanding of the Branch's compliance framework and internal control environment over the information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements, including the Branch's assessment of any matters of non-compliance with the Reserve Bank of New Zealand's Prudential Requirements; and
- agreeing the information relating to Credit and Market Risk Exposures and Capital Adequacy Requirements, extracted from the Branch's models, accounting records or other supporting documentation, to the aggregated disclosure statement

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

Our independence and quality management

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

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

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

For and on behalf of:

KPMG

KPMG
Auckland

10 November 2026

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Westpac Banking Corporation.

JN19006