WESTPAC NEW ZEALAND LIMITED

Annual Report and Disclosure Statement.
For the year ended 30 September 2025.

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Contents

Glossary of terms

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

In this Disclosure Statement, reference is made to:

- Westpac New Zealand Limited (otherwise referred to as the '**Bank**')
- Westpac New Zealand Limited and its controlled entities (otherwise referred to as the '**Banking Group**'). Controlled entities of the Bank as at 30 September 2025 are set out in Note 22;
- Westpac Banking Corporation (otherwise referred to as the '**Ultimate Parent Bank**');
- Ultimate Parent Bank and its controlled entities (otherwise referred to as the '**Ultimate Parent Bank Group**'); and
- New Zealand Branch of the Ultimate Parent Bank (otherwise referred to as the '**NZ Branch**').

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

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

ADI	Authorised deposit-taking institution
ALCO	Asset and Liability Committee
ALM	Asset and liability risk management
AMA	Advanced Measurement Approach
ANZSIC	Australian and New Zealand Standard Industrial Classification
APRA	Australian Prudential Regulation Authority
APS 222	APRA's Prudential Standard APS 222 Associations with Related Entities
ASX	Australian Securities Exchange
AT1	Additional Tier 1 capital
BKBM	Bank bill benchmark rate
Board	Board of Directors of the Bank
BPR	Banking Prudential Requirements
BRCC	Board Risk and Compliance Committee
BS13	Reserve Bank document 'Liquidity Policy'
CAP	Collectively assessed provisions
CB	Covered bonds
CCCFA	Credit Contracts and Consumer Finance Act 2003
CCF	Credit Conversion Factor
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
FVIS	Fair value through income statement
FVOCI	Fair value through other comprehensive income
FX	Foreign exchange
GDP	Gross domestic product
GST	Goods and services tax
IAP	Individually assessed provisions
ICAAP	Internal capital adequacy assessment process
IRB	Internal ratings-based
IRRBB	Interest rate risk in the banking book
LGD	Loss given default
LVR	Loan-to-value ratio
Moody's	Moody's Investors Service
NaR	Net interest income-at-risk
NII	Net interest income
NZ IAS	New Zealand equivalents to International Accounting Standards
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZX	NZX Limited
OCI	Other comprehensive income
Order	Registered Bank Disclosure Statements (New Zealand 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
SPV	Special purpose vehicle
VaR	Value-at-Risk
XRB	External Reporting Board

Annual report

Pursuant to section 211(3) of the Companies Act 1993, the holder of 100% of the voting shares (within the meaning of section 198) in Westpac New Zealand Limited has agreed that the Annual Report of Westpac New Zealand Limited need not comply with the requirements of paragraphs (a), and (e) to (j) of subsection (1) and subsection (2) of section 211.

Accordingly, there is no information to be included in the Annual Report other than the financial statements for the year ended 30 September 2025 and the independent auditor's report on those financial statements.

For and on behalf of the Board of Directors:

Philippa Greenwood
Chair
2 November 2025

Catherine McGrath
Chief Executive
2 November 2025

Directors' statement

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

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

(b) is not false or misleading.

Each Director of the Bank believes, after due enquiry, that over the year ended 30 September 2025:

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

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

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

This Disclosure Statement has been signed by all the Directors:

Philippa Greenwood

Catherine McGrath

Debra Birch

David Green

Robert Hamilton

David Havercroft

Ian Samuel Knowles

Christine Parker

Dated this 2nd day of November 2025

Income statement for the year ended 30 September 2025

		THE BANKING GROUP	
$ millions	Note	**2025**	2024
Interest income:			
Calculated using the effective interest method	2	**6,803**	7,384
Other	2	**106**	141
Total interest income	2	**6,909**	7,525
Interest expense	2	**(4,035)**	(4,686)
Net interest income		**2,874**	2,839
Non-interest income			
Net fees and commissions	3	**243**	247
Other	3	**2**	9
Total non-interest income		**245**	256
Net operating income		**3,119**	3,095
Operating expenses	4	**(1,493)**	(1,365)
Impairment (charges)/benefits	6	**44**	(27)
Profit before income tax expense		**1,670**	1,703
Income tax expense	7	**(467)**	(477)
Profit after income tax expense		**1,203**	1,226

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

Statement of comprehensive income for the year ended 30 September 2025

	THE BANKING GROUP	
$ millions	**2025**	2024
Profit after income tax expense	**1,203**	1,226
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Gains/(losses) recognised in equity on:		
Investment securities	**85**	239
Cash flow hedging instruments	**(71)**	(376)
Transferred to income statement:		
Cash flow hedging instruments	**(18)**	(75)
Income tax on items taken to or transferred from equity:		
Investment securities	**(24)**	(67)
Cash flow hedging instruments	**24**	127
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation recognised in equity (net of tax)	**1**	(1)
Net other comprehensive income/(expense) (net of tax)	**(3)**	(153)
Total comprehensive income	**1,200**	1,073

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

Balance sheet as at 30 September 2025

		THE BANKING GROUP	
$ millions	Note	**2025**	2024
Assets			
Cash and balances with central banks	32	**6,091**	7,456
Collateral paid		**32**	76
Trading securities and financial assets measured at FVIS	9	**2,353**	2,372
Derivative financial instruments	23	**1,057**	225
Investment securities	10	**8,206**	7,535
Loans	11,12	**106,328**	102,150
Other financial assets		**389**	461
Due from related entities	22	**2,086**	1,189
Property and equipment		**472**	449
Deferred tax assets	14	**181**	187
Intangible assets	15	**901**	939
Other assets		**176**	157
Total assets		**128,272**	123,196
Liabilities			
Collateral received		**936**	156
Deposits and other borrowings	16	**82,832**	81,539
Other financial liabilities	17	**2,513**	4,257
Derivative financial instruments	23	**153**	199
Due to related entities	22	**1,766**	2,070
Debt issues	18	**26,406**	21,619
Current tax liabilities		**98**	188
Provisions	19	**195**	217
Other liabilities		**320**	364
Loan capital	20	**1,726**	1,710
Total liabilities		**116,945**	112,319
Net assets		**11,327**	10,877
Shareholders' equity			
Ordinary share capital	21	**7,300**	7,300
Perpetual preference shares	21	**1,369**	1,369
Reserves		**(66)**	(62)
Retained profits		**2,724**	2,270
Total shareholders' equity		**11,327**	10,877

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

Signed on behalf of the Board of Directors.

Philippa Greenwood
Chair of Board
2 November 2025

David Green
Chair of Board Audit Committee
2 November 2025

Statement of changes in equity for the year ended 30 September 2025

		THE BANKING GROUP					
				Reserves			
$ millions	Note	Ordinary Share Capital	PPS	Investment Securities Reserve	Cash Flow Hedge Reserve	Retained Profits	Total Shareholders' Equity
As at 30 September 2023		7,300	-	(287)	377	1,754	9,144
Year ended 30 September 2024							
Profit after income tax expense		-	-	-	-	1,226	1,226
Net gains/(losses) from changes in fair value		-	-	239	(376)	-	(137)
Income tax effect		-	-	(67)	106	-	39
Transferred to income statement		-	-	-	(75)	-	(75)
Income tax effect		-	-	-	21	-	21
Remeasurement of defined benefit obligations		-	-	-	-	(1)	(1)
Income tax effect		-	-	-	-	-	-
Total comprehensive income/(expense)		-	-	172	(324)	1,225	1,073
Transactions with equity holders:							
PPS issued (net of issue costs)	21	-	1,369	-	-	-	1,369
Dividends paid on ordinary shares	21	-	-	-	-	(657)	(657)
Dividends paid on PPS	21	-	-	-	-	(52)	(52)
Supplementary dividends paid on PPS	21	-	-	-	-	(9)	(9)
Tax credit on supplementary dividends		-	-	-	-	9	9
As at 30 September 2024		7,300	1,369	(115)	53	2,270	10,877
As at 30 September 2024		**7,300**	**1,369**	**(115)**	**53**	**2,270**	**10,877**
Year ended 30 September 2025							
Profit after income tax expense		**-**	**-**	**-**	**-**	**1,203**	**1,203**
Net gains/(losses) from changes in fair value		**-**	**-**	**85**	**(71)**	**-**	**14**
Income tax effect		**-**	**-**	**(24)**	**19**	**-**	**(5)**
Transferred to income statement		**-**	**-**	**-**	**(18)**	**-**	**(18)**
Income tax effect		**-**	**-**	**-**	**5**	**-**	**5**
Remeasurement of defined benefit obligations		**-**	**-**	**-**	**-**	**2**	**2**
Income tax effect		**-**	**-**	**-**	**-**	**(1)**	**(1)**
Total comprehensive income/(expense)		**-**	**-**	**61**	**(65)**	**1,204**	**1,200**
Transactions with equity holders:							
Dividends paid on ordinary shares	21	**-**	**-**	**-**	**-**	**(673)**	**(673)**
Dividends paid on PPS	21	**-**	**-**	**-**	**-**	**(77)**	**(77)**
Supplementary dividends paid on PPS	21	**-**	**-**	**-**	**-**	**(10)**	**(10)**
Tax credit on supplementary dividends		**-**	**-**	**-**	**-**	**10**	**10**
As at 30 September 2025		**7,300**	**1,369**	**(54)**	**(12)**	**2,724**	**11,327**

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 2025

		THE BANKING GROUP	
$ millions	Note	**2025**	2024
Cash flows from operating activities			
Interest received		**6,944**	7,538
Interest paid		**(4,417)**	(4,749)
Non-interest income received		**222**	270
Operating expenses paid		**(1,228)**	(1,216)
Income tax paid		**(520)**	(510)
Cash flows from operating activities before changes in operating assets and liabilities		**1,001**	1,333
Net (increase)/decrease in:			
Collateral paid		**44**	(43)
Trading securities and financial assets measured at FVIS		**21**	314
Loans		**(4,168)**	(2,582)
Other financial assets		**68**	(123)
Due from related entities		**16**	736
Other assets		**(4)**	(4)
Net increase/(decrease) in:			
Collateral received		**780**	(147)
Deposits and other borrowings		**1,234**	(649)
Other financial liabilities		**(1,450)**	(1,961)
Due to related entities		**(161)**	(634)
Other liabilities		**(14)**	2
Net movement in external and related entity derivative financial instruments		**495**	654
Net cash provided by/(used in) operating activities	32	**(2,138)**	(3,104)
Cash flows from investing activities			
Proceeds from investment securities		**921**	1,529
Purchase of investment securities		**(1,375)**	(1,930)
Purchase of intangible assets		**(102)**	(118)
Purchase of property and equipment		**(111)**	(74)
Net cash provided by/(used in) investing activities		**(667)**	(593)
Cash flows from financing activities			
Proceeds from debt issues	18	**8,359**	10,060
Repayments of debt issues	18	**(6,185)**	(7,453)
Payments for the principal portion of lease liabilities		**(55)**	(51)
Issue of PPS (net of issue costs)	21	**-**	369
Dividends paid on ordinary shares	21	**(673)**	(657)
Dividends paid on PPS	21	**(87)**	(61)
Net movement in due to related entities		**(29)**	(30)
Net cash provided by/(used in) financing activities		**1,330**	2,177
Net increase/(decrease) in cash and cash equivalents		**(1,475)**	(1,520)
Cash and cash equivalents at the beginning of the year		**8,243**	9,772
Effect of exchange rate changes on cash and cash equivalents		**63**	(9)
Cash and cash equivalents at the end of the year	32	**6,831**	8,243

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 Bank was incorporated as Westpac New Zealand Limited under the Companies Act 1993 (Company Number 1763882) on 14 February 2006. The head office of the Bank is situated at Westpac on Takutai Square, 16 Takutai Square, Auckland 1010, New Zealand and the address for service of process on the Bank is General Counsel, Legal, Westpac on Takutai Square, 53 Galway Street, Auckland 1010, New Zealand.

The Bank is a locally incorporated subsidiary of the Ultimate Parent Bank providing consumer and business banking to New Zealand customers. The Ultimate Parent Bank has shares listed on the ASX and NZX, and is classified as a foreign exempt issuer under the NZX Listing Rules.

The financial statements are for the Banking Group.

These financial statements were authorised for issue by the Board of Directors of the Bank on 2 November 2025. 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 2025

No new accounting standards have been adopted by the Banking Group for the year ended 30 September 2025. There have been no amendments to existing accounting standards that have had a material impact to the Banking Group.

(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 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 Banking Group's functional and presentation currency.

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.

Notes to the financial statements

Note 1 Financial statements preparation (continued)

(vii) 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.

b. Principles of consolidation

The Banking Group subsidiaries are entities which the Bank controls and consolidates as it is exposed to, or has rights to, variable returns from its involvement with the entities, and can affect those returns through its power over the entities.

All transactions between entities within the 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 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 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 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 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 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 Banking Group determines the business model at the level that reflects how groups of financial assets are managed. When assessing the business model the 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.

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.

Note 1 Financial statements preparation (continued)

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 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 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

During the six months ended 31 March 2025, geopolitical developments, including in relation to international trade and tariff policies, global tensions and continuing global military conflict, led to heightened uncertainty as to future economic forecasts and potential impact on the Banking Group and its customers. Responding to this heightened uncertainty, the Banking Group increased the weighting of the downside scenario used in the estimate of ECL from 42.5% to 45% in March 2025 (refer to Note 12 for further details). As at 30 September 2025, estimates of ECL remain subject to this higher than usual level of uncertainty.

Impact of climate-related risks

The 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 9 *Financial Instruments* (NZ IFRS 9) became effective for the Banking Group for the financial year ended 30 September 2019. When adopted, as permitted by the standard, the Banking Group elected to continue to comply with the hedge accounting requirements under NZ IAS 39 *Financial Instruments: Recognition and Measurement* (NZ IAS 39). The Banking Group intends to adopt the hedge accounting requirements of NZ IFRS 9 prospectively for the financial year beginning 1 October 2025, for designated hedge relationships other than fair value hedges of the interest rate exposure of a portfolio of financial assets or financial liabilities (fair value macro hedges) which will continue to be accounted for under NZ IAS 39, as dynamic portfolio risk management is out of scope of NZ IFRS 9. All the Banking Group's existing hedge accounting relationships will continue to qualify for hedge accounting. Under NZ IFRS 9, costs of hedging associated with cross currency basis risk will be reflected in a new cost of hedging reserve (COHR). The quantum of this impact will be based on the valuation of derivatives at the time.

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 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 Banking Group is continuing to assess the impact of adopting the amendments.

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

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 cost of 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 Banking Group's ECL model and on the carrying amount net of the provision for ECL for financial assets in stage 3.

		THE BANKING GROUP	
$ millions	Note	**2025**	2024
Interest income			
Calculated using the effective interest method			
Cash and balances with central banks		**298**	509
Collateral paid		**1**	2
Investment securities		**291**	218
Loans		**6,207**	6,647
Due from related entities	22	**6**	8
Total interest income calculated using the effective interest method		**6,803**	7,384
Other			
Trading securities and financial assets measured at FVIS		**106**	137
Due from related entities	22	**-**	4
Total other		**106**	141
Total interest income		**6,909**	7,525
Interest expense			
Calculated using the effective interest method			
Collateral received		**28**	17
Deposits and other borrowings		**2,612**	3,339
Due to related entities	22	**26**	41
Debt issues		**589**	420
Loan capital		**121**	150
Other financial liabilities		**118**	241
Total interest expense calculated using the effective interest method		**3,494**	4,208
Other			
Deposits and other borrowings		**86**	153
Due to related entities	22	**10**	28
Debt issues		**153**	122
Other interest expense[1]		**292**	175
Total other		**541**	478
Total interest expense		**4,035**	4,686
Net interest income		**2,874**	2,839

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

Notes to the financial statements

Note 3 Non-interest income

Accounting policy

Non-interest income includes net fees and commissions income and other income.

Net fees and commissions income

When another party is involved in providing goods or services to a Banking Group customer, the 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 Banking Group is acting as an agent for another party, the income earned by the 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 Banking Group has a future service obligation to customers under the 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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Net fees and commissions		
Facility fees	**46**	51
Transaction fees and commissions[1]	**253**	251
Other non-risk fee income[2]	**23**	21
Fees and commissions income	**322**	323
Credit card loyalty programmes	**(30)**	(31)
Transaction fees and commissions related expenses	**(49)**	(45)
Fees and commissions expenses	**(79)**	(76)
Net fees and commissions	**243**	247
Other		
Net ineffectiveness on qualifying hedges	**(4)**	(6)
Other[3]	**6**	15
Total other	**2**	9
Total non-interest income	**245**	256

[1] Includes transaction fees and commissions due from related entities. Refer to Note 22.

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

[3] Includes operational cost recharges due from related entities. Refer to Note 22.

Deferred income in relation to the credit card loyalty programmes for the Banking Group was $21 million as at 30 September 2025 (30 September 2024: $24 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 Banking Group.

Notes to the financial statements

Note 4 Operating expenses

		THE BANKING GROUP	
$ millions	Note	**2025**	2024
Staff expenses		**771**	724
Lease expenses		**18**	15
Depreciation		**115**	99
Technology services and telecommunications		**274**	244
Purchased services		**48**	43
Software amortisation		**140**	113
Related entities - management fees	22	**9**	9
Other[1]		**118**	118
Total operating expenses		**1,493**	1,365

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

Note 5 Auditor's remuneration

The disclosure of fees paid to the Banking Group's external auditor has been revised to reflect the amendments to FRS-44 *New Zealand Additional Disclosures*. Comparatives have been revised accordingly.

KPMG was appointed as the Banking Group's external auditor, beginning 1 October 2024. As a result, auditor's remuneration for the financial year ended 30 September 2025 relates to fees for services provided by KPMG (KPMG New Zealand unless otherwise stated), whereas comparatives reflect fees paid to PwC (PwC New Zealand unless otherwise stated). Amounts paid to PwC for services in the financial year ended 30 September 2025 are not included in the table below.

	THE BANKING GROUP	
	2025	2024
$'000s	**KPMG**	PwC
Audit or review of financial statements[1]	**2,485**	3,244
Audit or review related services		
Agreed-upon procedures engagements[2,3]	**175**	772
Total remuneration for audit or review related services	**175**	772
Other assurance services and other agreed-upon procedures engagements		
Assurance engagements[4]	**170**	-
Total remuneration for other assurance services and other agreed-upon procedures engagements	**170**	-
Other services[4]	**-**	75
Total auditor's remuneration	**2,830**	4,091

[1] Fees for the annual audit of the financial statements, the review procedures performed on the interim financial statements, Sarbanes-Oxley reporting undertaken in the role of the auditor and limited assurance over compliance with the information required on capital adequacy, regulatory liquidity requirements and credit and market risk exposures.

[2] Agreed upon procedures for the issue of comfort letters and work on the Banking Group's debt issuance programmes (30 September 2024: $511,843 paid to PwC and $260,311 paid to PwC Australia).

[3] For the year ended 30 September 2025, $418,897 was paid to PwC and $224,456 paid to PwC Australia for agreed upon procedures for the issue of comfort letters and work on the Banking Group's debt issuance programmes. As PwC are not the Banking Group's external auditor for the year ended 30 September 2025, this is not included in the table above.

[4] Fees for the year ended 30 September 2025 relate to work performed on providing limited assurance over greenhouse gas disclosures paid to KPMG and fees for the year ended 30 September 2024 relate to an assessment of whether preconditions for assurance exist in preparation for assurance over greenhouse gas disclosures paid to PwC.

It is the 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 Banking Group is important.

Fees for the audit of the PIE Funds' (as defined in Note 22) financial statements for the year ended 30 September 2025 of $55,000 (30 September 2024: $36,383) were paid to PwC due to the timing of the external auditor transition, as the PIE Funds' balance date is 31 March. As PwC are not the Banking Group's external auditor for the year ended 30 September 2025, this is 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 Banking Group's loan recovery procedures, the 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 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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Provisions raised/(released):		
Performing	**(68)**	(20)
Non-performing	**16**	36
Bad debts written off/(recovered) directly to the income statement	**8**	11
Impairment charges/(benefits)	**(44)**	27
of which relates to:		
Loans and credit commitments	**(44)**	27
Impairment charges/(benefits)	**(44)**	27

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

	THE BANKING GROUP	
$ millions	**2025**	2024
Income tax expense		
Current tax:		
Current year	**438**	458
Prior year adjustments	**-**	2
Deferred tax (refer to Note 14):		
Current year	**29**	18
Prior year adjustments	**-**	(1)
Total income tax expense	**467**	477
Profit before income tax expense	**1,670**	1,703
Tax calculated at tax rate of 28%	**468**	477
Income not subject to tax	**-**	-
Expenses not deductible for tax purposes	**(1)**	(1)
Prior year adjustments	**-**	1
Total income tax expense	**467**	477

The effective tax rate for the year ended 30 September 2025 was 28.0% (30 September 2024: 28.0%).

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

Pillar Two introduces 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 Banking Group is part of an MNE group under the Ultimate Parent 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 and will take effect from the 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 Banking Group does not expect a material exposure, if any, to Pillar Two income taxes.

Note 8 Imputation credit account

	THE BANKING GROUP	
$ millions	**2025**	2024
Imputation credits available for use in subsequent reporting periods	**469**	301

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 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).

	THE BANKING GROUP	
$ millions	**2025**	2024
Other financial assets measured at FVIS		
Government and semi-government securities	**1,629**	1,425
Other debt securities	**724**	947
Total other financial assets measured at FVIS	**2,353**	2,372
Total trading securities and financial assets measured at FVIS	**2,353**	2,372

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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Government and semi-government securities	**5,480**	5,011
Other debt securities	**2,726**	2,524
Total investment securities	**8,206**	7,535

Notes to the financial statements

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:

	THE BANKING GROUP	
$ millions	**2025**	2024
Residential mortgages	**71,318**	68,028
Other retail	**2,578**	2,563
Corporate	**32,646**	31,764
Other	**230**	293
Total gross loans	**106,772**	102,648
Provision for ECL on loans (refer to Note 12)	**(444)**	(498)
Total net loans	**106,328**	102,150

Notes to the financial statements

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 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 Banking Group considers that the customer is unable to repay its credit obligations in full, irrespective of recourse by the Banking Group to action such as realising security. Indicators include a breach of contract with the 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 and 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 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.

Notes to the financial statements

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 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 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.

Forward-looking macroeconomic information

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 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 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 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 Banking Group.

	THE BANKING GROUP									
	2025					2024				
	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	**35**	**98**	**57**	**31**	**221**	29	148	49	21	247
Other retail	**10**	**28**	**9**	**2**	**49**	9	31	11	4	55
Corporate	**27**	**91**	**24**	**32**	**174**	26	112	22	36	196
Total provision for ECL on loans (refer to Note 11)	**72**	**217**	**90**	**65**	**444**	64	291	82	61	498
Provision for ECL on credit commitments[1]										
Residential mortgages	**4**	**6**	**-**	**-**	**10**	4	11	-	-	15
Other retail	**3**	**6**	**1**	**-**	**10**	3	6	-	-	9
Corporate	**6**	**19**	**1**	**1**	**27**	5	17	-	11	33
Total provision for ECL on credit commitments (refer to Note 19)	**13**	**31**	**2**	**1**	**47**	12	34	-	11	57
Total provision for ECL on loans and credit commitments	**85**	**248**	**92**	**66**	**491**	76	325	82	72	555
Gross loans	**91,922**	**13,788**	**850**	**212**	**106,772**	79,638	22,021	799	190	102,648
Credit commitments[2]	**27,155**	**2,925**	**37**	**4**	**30,121**	23,794	3,683	21	20	27,518
Gross loans and credit commitments	**119,077**	**16,713**	**887**	**216**	**136,893**	103,432	25,704	820	210	130,166
Coverage ratio on loans (%)	**0.08**	**1.57**	**10.59**	**30.66**	**0.42**	0.08	1.32	10.26	32.11	0.49
Coverage ratio on loans and credit commitments (%)	**0.07**	**1.48**	**10.37**	**30.56**	**0.36**	0.07	1.26	10.00	34.29	0.42

[1] Includes provision for ECL on related entity credit commitments of $7 million (30 September 2024: $4 million) classified as Due to Related Entities in the Balance Sheet.

[2] Comparatives have been revised to remove credit exposures offered and accepted but still revocable.

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)

	THE 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

	THE BANKING GROUP				
	2024				
	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 2023	91	330	107	23	551
Transfers to Stage 1	108	(103)	(5)	-	-
Transfers to Stage 2	(19)	76	(57)	-	-
Transfers to Stage 3 CAP	-	(65)	69	(4)	-
Transfers to Stage 3 IAP	-	(12)	(26)	38	-
Reversals of previously recognised impairment charges	-	-	-	(25)	(25)
New facilities originated	23	-	-	-	23
Facilities derecognised	(12)	(59)	(52)	-	(123)
Changes in CAP due to amounts written off	-	-	(25)	-	(25)
Other charges/(credits) to the income statement	(115)	158	71	52	166
Total charges/(credits) to the income statement for ECL	(15)	(5)	(25)	61	16
Amounts written off from IAP	-	-	-	(12)	(12)
Total provision for ECL on loans and credit commitments as at 30 September 2024	76	325	82	72	555

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:

	THE 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.

Notes to the financial statements

Note 12 Provision for expected credit losses (continued)

	THE 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 2023	42	147	61	10	260
Transfers to Stage 1	45	(43)	(2)	-	-
Transfers to Stage 2	(6)	37	(31)	-	-
Transfers to Stage 3 CAP	-	(14)	16	(2)	-
Transfers to Stage 3 IAP	-	-	(19)	19	-
Reversals of previously recognised impairment charges	-	-	-	(11)	(11)
New facilities originated	7	-	-	-	7
Facilities derecognised	(1)	(11)	(20)	-	(32)
Changes in CAP due to amounts written off	-	-	-	-	-
Other charges/(credits) to the income statement	(54)	43	44	11	44
Total charges/(credits) to the income statement for ECL	(9)	12	(12)	17	8
Amounts written off from IAP	-	-	-	(6)	(6)
Balance as at 30 September 2024	33	159	49	21	262
Other retail					
Balance as at 30 September 2023	15	42	12	1	70
Transfers to Stage 1	47	(45)	(2)	-	-
Transfers to Stage 2	(6)	12	(6)	-	-
Transfers to Stage 3 CAP	-	(13)	13	-	-
Transfers to Stage 3 IAP	-	-	(1)	1	-
Reversals of previously recognised impairment charges	-	-	-	(1)	(1)
New facilities originated	5	-	-	-	5
Facilities derecognised	(2)	(7)	(2)	-	(11)
Changes in CAP due to amounts written off	-	-	(23)	-	(23)
Other charges/(credits) to the income statement	(47)	48	20	5	26
Total charges/(credits) to the income statement for ECL	(3)	(5)	(1)	5	(4)
Amounts written off from IAP	-	-	-	(2)	(2)
Balance as at 30 September 2024	12	37	11	4	64
Corporate					
Balance as at 30 September 2023	34	141	34	12	221
Transfers to Stage 1	16	(15)	(1)	-	-
Transfers to Stage 2	(7)	27	(20)	-	-
Transfers to Stage 3 CAP	-	(38)	40	(2)	-
Transfers to Stage 3 IAP	-	(12)	(6)	18	-
Reversals of previously recognised impairment charges	-	-	-	(13)	(13)
New facilities originated	11	-	-	-	11
Facilities derecognised	(9)	(41)	(30)	-	(80)
Changes in CAP due to amounts written off	-	-	(2)	-	(2)
Other charges/(credits) to the income statement	(14)	67	7	36	96
Total charges/(credits) to the income statement for ECL	(3)	(12)	(12)	39	12
Amounts written off from IAP	-	-	-	(4)	(4)
Balance as at 30 September 2024	31	129	22	47	229

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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Individually assessed provisions for ECL on loans and credit commitments	**66**	72
Modelled provision for ECL on loans and credit commitments (a)	**452**	516
Overlays (b)	**(27)**	(33)
Total provision for ECL on loans and credit commitments	**491**	555

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

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

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

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 2025**	30 September 2024
Annual GDP	Forecast growth of 1.7% for calendar year 2025 and 3.1% for calendar year 2026.	Forecast growth of 0.1% for calendar year 2024 and 2.0% for calendar year 2025.
Residential property prices	Forecast annual price appreciation of +0.6% for calendar year 2025 and +5.4% for calendar year 2026.	Forecast annual price appreciation of +0.7% for calendar year 2024 and +6.4% for calendar year 2025.
Cash rate	Forecast cash rate of 2.25% at December 2025 and 2.50% at December 2026.	Forecast cash rate of 4.75% at December 2024 and 3.75% at December 2025.
Unemployment rate	Forecast rate of 5.3% at December 2025 and 4.6% at December 2026.	Forecast rate of 5.3% at December 2024 and 5.6% at December 2025.

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

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

	THE BANKING GROUP	
$ millions	**2025**	2024
Reported probability-weighted ECL	**491**	555
100% base case ECL	**286**	341
100% downside ECL	**744**	850

If 1% of the Stage 1 gross exposure from loans and credit commitments (calculated on a 12 month ECL) were transferred to Stage 2 (calculated on a lifetime ECL) the provision for ECL on loans and credit commitments would increase by $17 million (30 September 2024: $14 million). 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 2024: $3 million) for the 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 Banking Group as at 30 September 2025 and 30 September 2024. In March 2025, the downside scenario weighting was increased by 2.5% and the base case scenario weighting decreased by the same value, reflecting greater uncertainty in international trading relations and geopolitical instability.

	THE BANKING GROUP	
Scenario weightings (%)	**2025**	2024
Upside	**5.0**	5.0
Base	**50.0**	52.5
Downside	**45.0**	42.5

(b) Portfolio overlays

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

The Banking Group's total portfolio overlays as at 30 September 2025 were $(27) million (30 September 2024: $(33) million), held on the provision for ECL for residential mortgages to adjust for observed conservatism in the modelled outcome identified through model monitoring.

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

- Stage 1 gross carrying amount had a net increase of $12.3 billion (30 September 2024: increased by $3.5 billion), primarily driven by new lending and underlying portfolio movement from residential mortgages and corporate lending, partially offset by repayments. The Stage 1 ECL increase is in line with Stage 2 exposures movement to Stage 1, primarily driven by underlying portfolio movements and a more positive economic outlook, partially offset by higher downside scenario weightings.
- Stage 2 gross carrying amount decreased by $8.2 billion (30 September 2024: decreased by $0.9 billion), primarily driven by the movement of exposures to Stage 1, repayments and underlying portfolio movement from residential mortgages and corporate lending. The Stage 2 ECL decrease is mainly as a result of the movement of exposures to Stage 1, primarily driven by underlying portfolio movements and an improved economic outlook, partially offset by the increase in downside scenario weightings from residential mortgages and corporate lending.
- Stage 3 gross carrying amount increased by $0.1 billion (30 September 2024: increased by $0.2 billion), driven by increases in 90 days past due exposures from the residential mortgages lending, partially offset by repayments and releases due to write-offs from other retail lending. The Stage 3 ECL increase is in line with the increase in Stage 3 exposures.

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 $25 million (30 September 2024: $30 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 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 Banking Group's overall Risk Management Framework.

- The 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 Banking Group's Credit Risk Management Framework describes the principles, methodologies, systems, roles and responsibilities, reports and key controls for managing credit risk.
- The BRCC, RISKCO and CREDCO monitor the risk profile, performance and management of the Banking Group's credit portfolio on at least a quarterly basis, and the development and review of key credit risk policies on at least an annual basis; other management reviews occur monthly or more frequently.
- The 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 Banking Group's model risk policies.
- An annual review is performed of the Credit Risk Rating System for approval by the Banking Group's Chief Risk Officer and noting by the BRCC. The Credit Risk Rating System Policy is annually approved by the BRCC.
- Specific credit risk estimates (including PD, LGD and EAD) are reviewed by CREDCO and are overseen, reviewed annually and approved by the Banking Group's Chief Risk Officer.
- 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 Banking Group's Chief Financial Officer and the Chief Risk Officer with oversight from the Board (and its Committees).
- Policies for delegating credit approval authorities and formal limits for the extension of credit are established throughout the Banking Group.
- Credit policies are established and maintained throughout the 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 Ultimate Parent Bank's Related Entity Risk Management Policy and supporting policies govern credit exposures to related entities to minimise the spread of credit risk between the Ultimate Parent Bank Group entities to comply with the Ultimate Parent Bank's prudential requirements prescribed by APRA.
- Climate change-related credit risks are considered in line with the Ultimate Parent Bank's Climate Change Position Statement and Action Plan. Climate change risks are managed in line with the Banking Group's Risk Management Framework which is supported by the Banking Group's Sustainability Risk Management Framework, the Bank's Climate Risk Policy, the Banking Group's ESG Credit Risk Policy and the Bank's Board Risk Appetite Statements. Where appropriate, these are applied at the portfolio, customer, and transaction level.
- CREDCO oversees work to identify and manage the potential impact on credit exposures from climate change-related transition and physical risks across the Banking Group.
- The Banking Group's ESG Credit Risk Policy details the overall approach to managing ESG risks in the credit risk process for applicable transactions.

Notes to the financial statements

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

		Transaction-managed	
Financial Statement Disclosure	**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+
		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 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 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 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 Banking Group's industry risk appetite limits.

Individual countries

The 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 Banking Group, or the 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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Financial assets		
Cash and balances with central banks	**6,091**	7,456
Collateral paid	**32**	76
Trading securities and financial assets measured at FVIS	**2,353**	2,372
Derivative financial instruments	**1,057**	225
Investment securities	**8,206**	7,535
Gross loans[1]	**106,772**	102,648
Other financial assets	**389**	461
Due from related entities	**2,086**	1,189
Total financial assets	**126,986**	121,962
Undrawn credit commitments		
Letters of credit and guarantees	**1,796**	1,631
Commitments to extend credit	**28,325**	25,887
Total undrawn credit commitments[2,3]	**30,121**	27,518
Total maximum credit risk exposure	**157,107**	149,480

Concentration of credit exposures

	THE BANKING GROUP			
	On-balance sheet		Off-balance sheet	
$ millions	**2025**	2024	**2025**	2024
Analysis of credit exposures by geographical areas				
New Zealand	**122,125**	117,730	**29,567**	27,002
Overseas	**4,861**	4,232	**554**	516
Total credit exposures[1,2]	**126,986**	121,962	**30,121**	27,518
Analysis of credit exposures by industry sector				
Accommodation, cafes and restaurants	**374**	367	**70**	71
Agriculture	**8,629**	8,856	**554**	509
Construction	**586**	424	**617**	595
Finance and insurance	**8,018**	7,517	**2,210**	1,996
Forestry and fishing, agriculture support services	**331**	313	**101**	125
Government, administration and defence	**14,171**	14,718	**768**	851
Manufacturing	**2,054**	1,880	**1,562**	1,597
Mining	**102**	165	**144**	138
Property	**9,333**	9,007	**1,553**	1,179
Property services and business services	**1,163**	1,114	**633**	449
Services	**1,989**	1,922	**992**	799
Trade	**2,232**	1,992	**2,047**	1,841
Transport and storage	**630**	726	**583**	368
Utilities	**2,456**	2,322	**2,500**	1,522
Retail lending	**72,672**	69,246	**15,787**	15,478
Subtotal	**124,740**	120,569	**30,121**	27,518
Due from related entities	**2,086**	1,189	**-**	-
Other financial assets	**160**	204	**-**	-
Total credit exposures[1,2]	**126,986**	121,962	**30,121**	27,518

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

[1] Comparative information has been revised to align with current year presentation to present loans gross of provisions for ECL.

[2] Comparative information has been revised to remove credit exposures offered and accepted but still revocable.

[3] In addition to the commitments disclosed above, there is $1,478 million (30 September 2024: $1,014 million) of exposure to credit risk primarily relating to credit exposures offered and accepted but still revocable, which represent part of the Banking Group's maximum exposure to credit risk.

Notes to the financial statements

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:

	THE BANKING GROUP							
	2025				2024			
$ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total[1]**	Stage 1	Stage 2	Stage 3	Total[1]
Loans - Residential mortgages								
Strong	**7,788**	**156**	**-**	**7,944**	7,519	150	-	7,669
Good/satisfactory	**54,375**	**6,998**	**-**	**61,373**	45,435	12,953	-	58,388
Weak	**313**	**891**	**797**	**2,001**	301	961	709	1,971
Total Loans - Residential mortgages	**62,476**	**8,045**	**797**	**71,318**	53,255	14,064	709	68,028
Loans - Other retail								
Strong	**953**	**47**	**-**	**1,000**	910	62	-	972
Good/satisfactory	**995**	**425**	**-**	**1,420**	907	508	-	1,415
Weak	**17**	**87**	**54**	**158**	22	97	57	176
Total Loans - Other retail	**1,965**	**559**	**54**	**2,578**	1,839	667	57	2,563
Loans - Corporate								
Strong	**12,651**	**993**	**-**	**13,644**	11,436	1,262	-	12,698
Good/satisfactory	**14,631**	**3,159**	**-**	**17,790**	12,885	4,609	-	17,494
Weak	**-**	**1,001**	**211**	**1,212**	-	1,349	223	1,572
Total Loans - Corporate	**27,282**	**5,153**	**211**	**32,646**	24,321	7,220	223	31,764
Loans - Other								
Strong	**199**	**27**	**-**	**226**	223	70	-	293
Good/satisfactory	**-**	**4**	**-**	**4**	-	-	-	-
Weak	**-**	**-**	**-**	**-**	-	-	-	-
Total Loans - Other	**199**	**31**	**-**	**230**	223	70	-	293
Investment securities								
Strong	**8,206**	**-**	**-**	**8,206**	7,535	-	-	7,535
Good/satisfactory	**-**	**-**	**-**	**-**	-	-	-	-
Weak	**-**	**-**	**-**	**-**	-	-	-	-
Total Investment securities	**8,206**	**-**	**-**	**8,206**	7,535	-	-	7,535
All other financial assets								
Strong	**7,077**	**2**	**-**	**7,079**	8,602	4	-	8,606
Good/satisfactory	**137**	**21**	**-**	**158**	148	45	-	193
Weak	**1**	**4**	**2**	**7**	1	6	2	9
Total all other financial assets	**7,215**	**27**	**2**	**7,244**	8,751	55	2	8,808
Undrawn credit commitments[2]								
Strong	**15,044**	**719**	**-**	**15,763**	12,852	722	-	13,574
Good/satisfactory	**12,106**	**2,031**	**-**	**14,137**	10,938	2,763	-	13,701
Weak	**5**	**175**	**41**	**221**	4	198	41	243
Total undrawn credit commitments	**27,155**	**2,925**	**41**	**30,121**	23,794	3,683	41	27,518
Total strong	**51,918**	**1,944**	**-**	**53,862**	49,077	2,270	-	51,347
Total good/satisfactory	**82,244**	**12,638**	**-**	**94,882**	70,313	20,878	-	91,191
Total weak	**336**	**2,158**	**1,105**	**3,599**	328	2,611	1,032	3,971
Total on- and off-balance sheet	**134,498**	**16,740**	**1,105**	**152,343**	119,718	25,759	1,032	146,509

[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.

[2]Comparatives have been revised to remove credit exposures offered and accepted but still revocable.

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

Notes to the financial statements

Note 13 Credit risk management (continued)

13.5 Credit risk mitigation, collateral and other credit enhancements

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

This includes the 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.

The Banking Group includes the effect of credit risk mitigation through eligible guarantees within the calculation applied to LGD. Due to system limitations, the value of the guarantee is not always separately recorded, and therefore, neither this value nor a close alternative is available for disclosure under Clause 7 of Schedule 11 to the Order.

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, due from related entities 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.

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

Note 13 Credit risk management (continued)

Management of risk mitigation

The Banking Group mitigates credit risk through controls covering:

Collateral and valuation management	The Ultimate Parent Bank manages collateral under collateralisation agreements centrally for all branches of the Ultimate Parent Bank and the Bank. The 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 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 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 Banking Group's corporate, sovereign and bank credit portfolios through monitoring the exposure and any offsetting hedge positions.
Offsetting	Creditworthy customers domiciled in New Zealand may enter into formal agreements with the Banking Group, permitting the 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 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 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 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)

Notes to the financial statements

Note 13 Credit risk management (continued)

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

	THE BANKING GROUP									
	2025					2024				
%	Residential Mortgages[1]	Other Retail	Corporate	Other	Total	Residential Mortgages[1]	Other Retail	Corporate	Other	Total
Performing Loans										
Fully secured	**100**	**43**	**72**	**75**	**90**	100	45	73	49	90
Partially secured	**-**	**3**	**9**	**-**	**3**	-	3	8	-	3
Unsecured	**-**	**54**	**19**	**25**	**7**	-	52	19	51	7
Total	**100**	**100**	**100**	**100**	**100**	100	100	100	100	100
Non-performing Loans										
Fully secured	**85**	**57**	**15**	**-**	**70**	89	56	36	-	74
Partially secured	**15**	**16**	**44**	**-**	**21**	11	8	35	-	17
Unsecured	**-**	**27**	**41**	**-**	**9**	-	36	29	-	9
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

	THE BANKING GROUP	
$ millions	**2025**	2024
Cash, primarily for derivatives	**936**	156
Total other collateral held	**936**	156

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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Deferred tax assets/(liabilities) comprise the following temporary differences:		
Provision for ECL on loans	**124**	139
Provision for ECL on credit commitments	**13**	16
Cash flow hedges	**4**	(20)
Provision for employee entitlements	**19**	20
Compliance, regulation and remediation provisions	**4**	8
Software, property and equipment	**(62)**	(57)
Lease liabilities	**66**	72
Other temporary differences	**13**	9
Net deferred tax assets	**181**	187
The deferred tax (charge)/credit in income tax expense comprises the following temporary differences:		
Provision for ECL on loans	**(15)**	(1)
Provision for ECL on credit commitments	**(3)**	2
Provision for employee entitlements	**-**	-
Compliance, regulation and remediation provisions	**(4)**	(4)
Software, property and equipment	**(5)**	(24)
Lease liabilities	**(6)**	8
Other temporary differences	**4**	2
Total deferred tax (charge)/credit in income tax expense	**(29)**	(17)
The deferred tax (charge)/credit in OCI comprises the following temporary differences:		
Cash flow hedges	**24**	127
Provision for employee entitlements	**(1)**	-
Total deferred tax (charge)/credit in OCI	**23**	127

Notes to the financial statements

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 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 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

	THE BANKING GROUP	
$ millions	**2025**	2024
Goodwill	**477**	477
Computer software	**424**	462
Total intangible assets	**901**	939

Goodwill has been allocated to the Consumer Banking and Wealth CGU, which is a single CGU.

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 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 the Consumer Banking and Wealth 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 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 CGU.

	Discount rate		Cash flows	
	Equity rate / adjusted pre-tax equity rate		Forecast period / terminal growth rate	
	2025	2024	**2025**	2024
Consumer Banking and Wealth	**11.7% / 15.5%**	11.7% / 15.4%	**3 years / 2%**	3 years / 2%

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

The cashflows 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 Consumer Banking and Wealth CGU that would result in an indication of impairment or have a material impact on the 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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Certificates of deposit	**1,812**	1,863
Non-interest bearing, repayable at call	**12,174**	11,196
Other interest bearing:		
At call	**30,019**	29,028
Term	**38,827**	39,452
Total deposits and other borrowings	**82,832**	81,539

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 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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Repurchase agreements[1]	**1,684**	3,023
Accrued interest payable	**618**	911
Trade creditors and other accrued expenses	**194**	195
Other	**17**	128
Total other financial liabilities	**2,513**	4,257

[1] Repurchase agreements include those under the Funding for Lending Programme and Term Lending Facility. 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 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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Short-term debt:		
Commercial paper	**2,746**	3,726
Total short-term debt	**2,746**	3,726
Long-term debt:		
Non-domestic medium-term notes	**13,577**	9,795
Covered bonds	**6,553**	4,310
Domestic medium-term notes	**3,530**	3,788
Total long-term debt	**23,660**	17,893
Total debt issues	**26,406**	21,619
Movement reconciliation:		
Balance at beginning of the year	**21,619**	18,597
Issuances	**8,359**	10,060
Maturities, repayments, buy-backs and reductions	**(6,185)**	(7,453)
Total cash movements	**2,174**	2,607
FX translation impact	**2,493**	(456)
Fair value adjustments	**(7)**	9
Fair value hedge accounting adjustments	**138**	726
Other[1]	**(11)**	136
Total non-cash movements	**2,613**	415
Balance at end of the year	**26,406**	21,619

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

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 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 Banking Group of these matters (including applicable customer refunds) is made on a case-by-case basis and specific provisions are made where appropriate.

	THE 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 provision	Total
Balance as at 30 September 2024	97	53	40	23	4	217
Additions	100	-	7	4	35	146
Utilisation	(100)	-	(7)	(3)	(19)	(129)
Reversal of unutilised provisions	(5)	(13)	(21)	-	-	(39)
Balance as at 30 September 2025	92	40	19	24	20	195

[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.

Compliance, regulation and remediation provisions

The compliance, regulation and remediation provisions relate to matters pertaining to the provision of services to our customers identified as a result of regulatory action and internal reviews, including the Banking Group's review of processes for some products relating to the requirements of the CCCFA.

All potential claims and other liabilities are assessed on a case-by-case basis. A provision has been recognised where the Banking Group has conducted an assessment which determines the likelihood of loss as probable and where its potential loss can be reliably estimated.

A number of different estimates and judgements have been applied in measuring the provision at 30 September 2025, including the number of impacted customers, the refund per customer and the additional costs to run the remediation programme. It is possible that the actual outcome for these matters may differ from the assumptions used in estimating the provision. Remediation processes may change over time as further facts emerge and such changes could result in a change to the final exposure.

Where a provision has not been recognised, a contingent liability may exist. Refer to Note 26 for further details on contingent liabilities.

Notes to the financial statements

Note 20 Loan capital

Accounting policy

Loan capital is comprised of debt instruments which qualify for inclusion as regulatory capital under the Reserve Bank BPR. 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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Additional Tier 1 loan capital - Convertible subordinated perpetual notes	**499**	498
Tier 2 loan capital - Subordinated notes	**1,227**	1,212
Total loan capital	**1,726**	1,710

	THE BANKING GROUP	
$ millions	**2025**	2024
Movement reconciliation		
Balance at beginning of the year	**1,710**	2,666
Issuances	**-**	-
Maturities, repayments, buy-backs and reductions	**-**	-
Total cash movements	**-**	-
Fair value hedge accounting adjustments	**6**	42
Redemption of AT1 notes	**-**	(1,000)
Other (amortisation of bond issue costs, etc)	**10**	2
Total non-cash movements	**16**	(956)
Balance at end of the year[1]	**1,726**	1,710

[1] This balance excludes $1 million of Tier 2 loan capital held by related entities as at 30 September 2025 (30 September 2024: $6 million), which is included within Due to Related Entities.

Additional Tier 1 loan capital (AT1 notes)

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

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

Ranking and rights in liquidation

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

Transitional phase-out schedule

In accordance with BPR110 Capital definitions, the Bank's AT1 notes are subject to a transitional phase-out from 1 January 2022 until 1 July 2028, with the maximum eligible amount declining by 12.5% each year, and completely phased out from 1 July 2028. The base amount was fixed at the total nominal amount of the Bank's AT1 notes outstanding as at 30 September 2021, being $1,500 million. The total value able to be recognised as AT1 is set out in BPR110 Capital definitions, with the lower of the outstanding amount or 50% of the base amount able to be recognised between 1 January 2025 and 31 December 2025 (30 September 2024: 62.5% between 1 January 2024 and 31 December 2024) in line with the phase-out schedule. On 21 December 2023, the Bank exercised its option, for regulatory reasons, to redeem $1,000 million of the AT1 notes for their face value, as approved by the Reserve Bank. As at 30 September 2025, the remaining outstanding amount of $500 million is fully recognised as AT1 in accordance with the transitional phase-out schedule.

Interest payable

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

Note 20 Loan capital (continued)

Redemption

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

Conversion

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

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

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

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	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	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

Ranking and rights in liquidation

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

Common features of subordinated notes

Interest payable

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

Early redemption

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

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.

PPS

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

Discretionary dividends made on PPS are recognised in equity when paid.

Ordinary share capital

Ordinary shares fully paid

	THE BANKING GROUP			
	2025	2024	**2025**	2024
	Issued Shares	Issued Shares	**$ millions**	$ millions
Ordinary share capital	**7,300,001,000**	7,300,001,000	**7,300**	7,300

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

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

On 19 February 2025 and 27 August 2025, the Bank declared and paid cash dividends of $328 million and $345 million respectively to its immediate parent company, Westpac New Zealand Group Limited, with imputation credits of $128 million and $134 million attached respectively (30 September 2024: $314 million on 23 February 2024 and $343 million on 23 August 2024 with $122 million and $133 million imputation credits attached respectively).

AT1 Perpetual preference shares (AT1 PPS)

PPS fully paid

	THE BANKING GROUP			
	2025	2024	**2025**	2024
	Issued Shares	Issued Shares	**$ millions**	$ millions
Internal PPS	**1,000,000**	1,000,000	**1,000**	1,000
Quoted PPS[1]	**375,000,000**	375,000,000	**369**	369
Total PPS issued	**376,000,000**	376,000,000	**1,369**	1,369

[1] Net of $6 million issue costs.

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

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

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

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

Notes to the financial statements

Note 21 Shareholders' equity (continued)

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

Ranking and rights in liquidation

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

AT1 PPS distributions payable

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

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

The Bank paid quarterly AT1 PPS distributions on the Internal PPS and the Quoted PPS as set out in the table below:

	THE BANKING GROUP		
$ millions	**2025**		
	Cash payment		
	Distribution	**Supplementary dividend**	**Imputation credit**
Internal PPS Distribution Date			
23 December 2024	**16**	**3**	**3**
21 March 2025	**15**	**3**	**3**
23 June 2025	**14**	**2**	**3**
22 September 2025	**13**	**2**	**3**
Quoted PPS Distribution Date[1]			
13 December 2024	**5**	**-**	**2**
13 March 2025	**5**	**-**	**2**
13 June 2025	**5**	**-**	**2**
15 September 2025	**5**	**-**	**2**

$ millions	2024		
	Cash payment		
	Distribution	Supplementary dividend	Imputation credit
Internal PPS Distribution Date			
21 March 2024	17	3	4
21 June 2024	18	3	4
23 September 2024	18	3	4

[1] For the comparative period, no distributions were made for Quoted PPS between 1 October 2023 to 30 September 2024.

Redemption

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

Conversion

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

Notes to the financial statements

Note 22 Related entities

Related entities

The 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.

Banking Group

The Bank is a controlled entity of Westpac New Zealand Group Limited. The ultimate parent bank of the Bank is Westpac Banking Corporation.

The Banking Group consists of the Bank and all its controlled entities. As at 30 September 2025, the Bank had the following controlled entities:

Name of entity	Principal activity	Notes
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	9.5% owned[2]
Westpac NZ Covered Bond Limited ('**WNZCBL**')	Guarantor	9.5% owned[2]
Westpac NZ Securitisation Holdings Limited ('**WNZSHL**')	Holding company	9.5% owned[3]
Westpac NZ Securitisation Limited ('**WNZSL**')	Funding company	9.5% 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 33.69% diluted (35.61% undiluted) (30 September 2024: 34.54% diluted (36.56% undiluted)) equity in Akahu Technologies Limited, an associate, which is not a controlled entity.

[2] The Banking Group, through its subsidiary, WNZOL, has a qualifying interest of 9.5% in WNZCBHL and its wholly-owned subsidiary company, WNZCBL. The Bank 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 Banking Group.

[3] The Banking Group, through its subsidiary WNZOL, has a qualifying interest of 9.5% in WNZSHL and its wholly-owned subsidiary company, WNZSL. The Bank is considered to control both WNZSHL and WNZSL based on contractual arrangements in place, and as such WNZSHL and WNZSL are consolidated within the financial statements of the 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 BT Funds Management (NZ) Limited ('**BTNZ**') (an indirectly wholly-owned subsidiary of the Ultimate Parent Bank) is the manager and issuer. The manager has appointed the Bank to perform all customer management and account administration for the PIE Funds. The Bank is the PIE Funds' registrar and administration manager. The Bank 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 Banking Group.

Other than as disclosed above, there have been no changes in the ownership percentages since 30 September 2024.

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

Note 22 Related entities (continued)

Nature of transactions

The Banking Group has transactions with members of the Ultimate Parent Bank Group on commercial terms, including the provision of management, distribution and administrative services.

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

The NZ Branch provides financial market services, foreign currency, trade and interest rate risk products to the Banking Group and its customers, which includes derivative transactions (refer to Note 23).

Effective 1 October 2014, the Bank and the NZ Branch entered into an agreement whereby the Bank will reimburse the NZ Branch for any credit losses incurred by it due to certain customers of the Bank defaulting on certain financial market and international products. The Banking Group receives commission from the sale of these products to customers for providing this guarantee.

This is treated as a financial guarantee for accounting purposes. Financial guarantee contracts are recognised as financial liabilities (recorded within provisions) when a payment under a contract has become probable. The liability is initially measured at fair value and subsequently at the higher of the amount of the loss allowance determined in accordance with NZ IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

The value of the exposures guaranteed at 30 September 2025 is $1,109 million (30 September 2024: $843 million), for which a liability has been recognised of $7 million (30 September 2024: $4 million).

Refer to Note 20 and Note 21 for details of the loan capital and PPS transactions undertaken by the Banking Group with related entities.

Transactions with related entities

		THE BANKING GROUP	
$ millions	Note	**2025**	2024
Ultimate Parent Bank			
Interest income[1]	2	**5**	10
Interest expense:			
Loan capital		**40**	69
Other[2]	2	**31**	61
Non-interest income:			
Commissions received		**48**	47
Management fees received		**10**	9
Operating expenses - management fees	4	**9**	9
Other[3]		**3**	8
Dividends paid on PPS	21	**58**	52
Immediate Parent Company			
Dividends paid on ordinary shares	21	**673**	657
Other controlled entities of the Ultimate Parent Bank			
Interest income[1]	2	**1**	2
Interest expense	2	**5**	8
Non-interest income:			
Distribution fees received on managed fund products		**10**	9
Management fees received		**4**	3
Operational cost recharges		**1**	8

[1] Includes interest income on reverse repurchase agreements.

[2] Includes interest expense on other funding provided by and repurchase agreements with the NZ Branch.

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

Note 22 Related entities (continued)

Due from and to related entities

	THE BANKING GROUP	
$ millions	**2025**	2024
Due from related entities		
Ultimate Parent Bank	**2,082**	1,185
Other controlled entities of the Ultimate Parent Bank	**4**	4
Total due from related entities[1]	**2,086**	1,189
Due to related entities		
Ultimate Parent Bank	**1,609**	1,917
Other controlled entities of the Ultimate Parent Bank	**157**	153
Total due to related entities[2]	**1,766**	2,070

[1] Includes derivative financial instruments of $1,354 million (30 September 2024: $374 million) (refer to Note 23) which are measured at fair value.

[2] Includes repurchase agreements of $217 million (30 September 2024: $273 million) and derivative financial instruments of $550 million (30 September 2024: $786 million) (refer to Note 23) which are measured at fair value.

Key management personnel compensation

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

	THE BANKING GROUP	
$'000s	**2025**	2024
Salaries and other short-term benefits	**10,324**	9,325
Post-employment benefits	**716**	677
Termination benefits	**-**	344
Share-based payments[1]	**3,280**	2,340
Total key management personnel compensation	**14,320**	12,686
Loans to key management personnel	**11,986**	6,075
Deposits from key management personnel	**1,301**	3,183
Interest income on loans to key management personnel	**521**	263
Interest expense on deposits from key management personnel	**31**	23

[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 2025, 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.

The Directors have received remuneration from the Banking Group and these amounts are included in the table above.

Loans and deposits with key management personnel

All loans and deposits are made in the ordinary course of business of the 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 Banking Group's lending policies.

As at 30 September 2025, 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 2024: 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 Banking Group uses derivative financial instruments for our ALM activities.

Trading derivatives

Derivatives which are used in our ALM activities but are not designated into a hedge accounting relationship are considered economic hedges. These derivatives are measured at FVIS and are disclosed as trading derivatives in this note.

Hedging derivatives

Hedging derivatives are those which are used in our ALM 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 Banking Group's ALM activities, refer to Note 31.

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.

If a hedge is discontinued, any fair value adjustments to the carrying value of the asset or liability are amortised to net interest income over the period to maturity. If the asset or liability is sold, 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 effective hedges, changes in the fair value of derivatives are 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.

For hedges with some ineffectiveness, the changes in the fair value of the derivatives relating to the ineffective portion are immediately recognised in non-interest income.

If a hedge is discontinued, any cumulative gain or loss remains in OCI. It is amortised to net interest income over the period which the asset or liability that was hedged also impacts the income statement.

If a hedge of a forecast transaction is no longer expected to occur, any cumulative gain or loss in OCI is immediately recognised in net interest income.

Notes to the financial statements

Note 23 Derivative financial instruments (continued)

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

THE BANKING GROUP						
2025						
	Trading		**Hedging**		**Total derivatives carrying value**	
$ millions	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate contracts						
Swap agreements	**3**	**(18)**	**382**	**(662)**	**385**	**(680)**
Total interest rate contracts	**3**	**(18)**	**382**	**(662)**	**385**	**(680)**
FX contracts						
Cross currency swap agreements (principal and interest)	**47**	**(23)**	**1,979**	**-**	**2,026**	**(23)**
Total FX contracts	**47**	**(23)**	**1,979**	**-**	**2,026**	**(23)**
Total of gross derivatives	**50**	**(41)**	**2,361**	**(662)**	**2,411**	**(703)**
Total of net derivatives	**50**	**(41)**	**2,361**	**(662)**	**2,411**	**(703)**
Consisting of:						
Derivatives held with external counterparties	**3**	**(7)**	**1,054**	**(146)**	**1,057**	**(153)**
Derivatives held with related parties	**47**	**(34)**	**1,307**	**(516)**	**1,354**	**(550)**

THE BANKING GROUP						
2024						
	Trading		Hedging		Total derivatives carrying value	
$ millions	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate contracts						
Swap agreements	7	(17)	451	(556)	458	(573)
Total interest rate contracts	7	(17)	451	(556)	458	(573)
FX contracts						
Cross currency swap agreements (principal and interest)	-	(149)	141	(263)	141	(412)
Total FX contracts	-	(149)	141	(263)	141	(412)
Total of gross derivatives	7	(166)	592	(819)	599	(985)
Total of net derivatives	7	(166)	592	(819)	599	(985)
Consisting of:						
Derivatives held with external counterparties	2	(9)	223	(190)	225	(199)
Derivatives held with related parties	5	(157)	369	(629)	374	(786)

Note 23 Derivative financial instruments (continued)

Hedge accounting

The 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 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 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 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 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 Banking Group primarily uses one-to-one hedge accounting to manage specific exposures.

The Banking Group also uses a dynamic hedge accounting strategy for fair value portfolio hedge accounting of some fixed rate mortgages to reduce exposure to changes in fair value due to interest rate fluctuations over the hedging period. These 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 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 hedge accounting, 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.

Cash flow hedges

Interest rate risk

The 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 hedges. 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 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 relationship is reviewed on a monthly basis and the hedging relationships are de-designated and redesignated if necessary.

FX risk

The 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 Banking Group hedges from foreign floating to NZD floating interest rates. 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 Banking Group's ALM 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.

			THE 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**	**4,511**	**2,322**	**6,933**	**186**	**(146)**
	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**	**2,120**	**-**
Total one-to-one hedge relationships			**6,172**	**38,447**	**3,132**	**47,751**	**2,165**	**(146)**
Macro hedge relationships								
Portfolio fair value hedges	Interest rate swap	Interest rate risk	**N/A**	**N/A**	**N/A**	**24,765**	**-**	**(296)**
Macro cash flow hedges	Interest rate swap	Interest rate risk	**N/A**	**N/A**	**N/A**	**25,533**	**196**	**(220)**
Total macro hedge relationships			**N/A**	**N/A**	**N/A**	**50,298**	**196**	**(516)**
Total of gross hedging derivatives			**N/A**	**N/A**	**N/A**	**98,049**	**2,361**	**(662)**
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**	**2,361**	**(662)**

			THE BANKING GROUP					
			2024					
			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	478	5,260	225	5,963	169	(75)
	Cross currency swap	Interest rate risk	785	10,985	2,628	14,398	75	(245)
Cash flow hedges	Cross currency swap	FX risk	785	10,985	2,628	14,398	66	(18)
Total one-to-one hedge relationships			2,048	27,230	5,481	34,759	310	(338)
Macro hedge relationships								
Portfolio fair value hedges	Interest rate swap	Interest rate risk	N/A	N/A	N/A	21,200	1	(312)
Macro cash flow hedges	Interest rate swap	Interest rate risk	N/A	N/A	N/A	19,240	281	(169)
Total macro hedge relationships			N/A	N/A	N/A	40,440	282	(481)
Total of gross hedging derivatives			N/A	N/A	N/A	75,199	592	(819)
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	592	(819)

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:

				THE BANKING GROUP	
				Weighted average hedged rate	
	Hedging instrument	Hedged risk	Currency pair	2025	2024
Cash flow hedges	Cross currency swap	FX risk	EUR:NZD	**0.5846**	0.5963
			HKD:NZD	**5.1114**	5.1114
			USD:NZD	**0.6071**	0.6252

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.

	THE BANKING GROUP			
	2025		2024	
$ 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]	**5,246**	**240**	4,146	140
Loans	**24,915**	**150**	21,324	124
Debt issues and loan capital	**(21,877)**	**94**	(15,820)	238

[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 2024: 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 reserves is detailed below:

	THE BANKING GROUP					
	2025			2024		
$ millions	Interest rate risk	FX risk	Total	Interest rate risk	FX risk	Total
Cash flow hedge reserve						
Balance at beginning of the year	**144**	**(71)**	**73**	584	(60)	524
Net gains/(losses) from changes in fair value	**(41)**	**(30)**	**(71)**	(163)	(213)	(376)
Transferred to net interest income	**(72)**	**54**	**(18)**	(277)	202	(75)
Balance at end of year	**31**	**(47)**	**(16)**	144	(71)	73

There were no balances remaining in the cash flow hedge reserve (30 September 2024: nil) relating to hedge relationships for which hedge accounting is no longer applied.

Note 23 Derivative financial instruments (continued)

Hedge effectiveness

Hedge effectiveness is tested prospectively at inception and during the lifetime of hedge relationships. For one-to-one hedge relationships this 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.

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 regression analysis and the dollar offset method.

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

			THE 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	**(93)**	**94**	**1**
	Cross currency swap	Interest rate risk	**112**	**(112)**	**-**
Cash flow hedges	Interest rate swap	Interest rate risk	**(118)**	**113**	**(5)**
	Cross currency swap	FX risk	**24**	**(24)**	**-**
Total			**(75)**	**71**	**(4)**

			THE BANKING GROUP		
			2024		
$ 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	(491)	501	10
	Cross currency swap	Interest rate risk	724	(729)	(5)
Cash flow hedges	Interest rate swap	Interest rate risk	(451)	440	(11)
	Cross currency swap	FX risk	(11)	11	-
Total			(229)	223	(6)

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

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

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

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

Fair value hierarchy

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

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

Valuation techniques

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

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

Notes to the financial statements

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

Level 2 instruments

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

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

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

Level 3 instruments

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

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

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

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

	THE BANKING GROUP							
	2025				2024			
$ 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	**267**	**2,086**	**-**	**2,353**	469	1,903	-	2,372
Derivative financial instruments	**-**	**1,057**	**-**	**1,057**	-	225	-	225
Investment securities	**3,930**	**4,276**	**-**	**8,206**	3,211	4,324	-	7,535
Due from related entities	**-**	**1,354**	**-**	**1,354**	-	374	-	374
Total financial assets measured at fair value	**4,197**	**8,773**	**-**	**12,970**	3,680	6,826	-	10,506
Financial liabilities measured at fair value on a recurring basis								
Deposits and other borrowings at fair value[1]	**-**	**1,812**	**-**	**1,812**	-	1,863	-	1,863
Other financial liabilities[1]	**-**	**550**	**-**	**550**	-	-	-	-
Derivative financial instruments	**-**	**153**	**-**	**153**	-	199	-	199
Due to related entities	**-**	**767**	**-**	**767**	-	1,059	-	1,059
Debt issues at fair value[1]	**-**	**2,746**	**-**	**2,746**	-	3,726	-	3,726
Total financial liabilities measured at fair value	**-**	**6,028**	**-**	**6,028**	-	6,847	-	6,847

[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

For the year ended 30 September 2025, the Banking Group has 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, $642 million of these trading securities and financial assets measured at FVIS have been transferred from Level 1 to Level 2. Transfers in and transfers out are reported using the end of period fair values. There were no other material transfers between levels of the fair value hierarchy during the year (30 September 2024: no material transfers between levels).

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 flows, applying market rates offered for deposits of similar remaining maturities.
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 cashflow 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 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.

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

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

	THE BANKING GROUP				
	2025				
		Fair Value			
$ millions	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value					
Cash and balances with central banks	**6,091**	**6,091**	**-**	**-**	**6,091**
Collateral paid	**32**	**32**	**-**	**-**	**32**
Loans	**106,328**	**-**	**-**	**106,619**	**106,619**
Other financial assets	**389**	**-**	**20**	**369**	**389**
Due from related entities	**732**	**-**	**727**	**5**	**732**
Total financial assets not measured at fair value	**113,572**	**6,123**	**747**	**106,993**	**113,863**
Financial liabilities not measured at fair value					
Collateral received	**936**	**936**	**-**	**-**	**936**
Deposits and other borrowings	**81,020**	**-**	**80,137**	**964**	**81,101**
Other financial liabilities	**1,963**	**-**	**1,963**	**-**	**1,963**
Due to related entities	**999**	**-**	**999**	**-**	**999**
Debt issues[1]	**23,660**	**-**	**23,825**	**-**	**23,825**
Loan capital[1]	**1,726**	**-**	**1,261**	**538**	**1,799**
Total financial liabilities not measured at fair value	**110,304**	**936**	**108,185**	**1,502**	**110,623**

	THE BANKING GROUP				
	2024				
		Fair Value			
$ millions	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value					
Cash and balances with central banks	7,456	7,456	-	-	7,456
Collateral paid	76	76	-	-	76
Loans	102,150	-	-	102,158	102,158
Other financial assets	461	-	-	461	461
Due from related entities	815	-	805	10	815
Total financial assets not measured at fair value	110,958	7,532	805	102,629	110,966
Financial liabilities not measured at fair value					
Collateral received	156	156	-	-	156
Deposits and other borrowings	79,676	-	78,291	1,488	79,779
Other financial liabilities	4,257	-	4,257	-	4,257
Due to related entities	1,011	-	1,011	-	1,011
Debt issues[1]	17,893	-	17,988	-	17,988
Loan capital[1]	1,710	-	1,252	506	1,758
Total financial liabilities not measured at fair value	104,703	156	102,799	1,994	104,949

[1] The estimated fair value of debt issues and level 3 loan capital includes the impact of changes in the 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 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.

Note 25 Offsetting financial assets and financial liabilities (continued)

Some of the 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 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 Banking Group are further explained in the 'Management of risk mitigation' section under Note 13.5.

		THE 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								
Derivative financial instruments		**1,057**	**-**	**1,057**	**-**	**(762)**	**-**	**295**
Due from related entities - derivative financial instruments	22	**1,354**	**-**	**1,354**	**(550)**	**-**	**-**	**804**
Total assets		**2,411**	**-**	**2,411**	**(550)**	**(762)**	**-**	**1,099**
Liabilities								
Repurchase agreements	17	**1,684**	**-**	**1,684**	**-**	**-**	**(1,684)**	**-**
Derivative financial instruments		**153**	**-**	**153**	**-**	**(16)**	**(137)**	**-**
Due to related entities - repurchase agreements	22	**217**	**-**	**217**	**-**	**-**	**(217)**	**-**
Due to related entities - derivative financial instruments	22	**550**	**-**	**550**	**(550)**	**-**	**-**	**-**
Total liabilities		**2,604**	**-**	**2,604**	**(550)**	**(16)**	**(2,038)**	**-**

		THE BANKING GROUP						
		2024						
		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								
Derivative financial instruments		225	-	225	-	(84)	-	141
Due from related entities - derivative financial instruments	22	374	-	374	(374)	-	-	-
Total assets		599	-	599	(374)	(84)	-	141
Liabilities								
Repurchase agreements	17	3,023	-	3,023	-	-	(3,023)	-
Derivative financial instruments		199	-	199	-	(64)	(135)	-
Due to related entities - repurchase agreements	22	273	-	273	-	-	(273)	-
Due to related entities - derivative financial instruments	22	786	-	786	(374)	-	-	412
Total liabilities		4,281	-	4,281	(374)	(64)	(3,431)	412

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 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 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 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 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.

	THE BANKING GROUP	
$ millions	**2025**	2024
Letters of credit and guarantees[1,2]	**1,796**	1,631
Commitments to extend credit[3]	**28,325**	25,887
Total undrawn credit commitments[4,5]	**30,121**	27,518

[1] Standby letters of credit and guarantees are undertakings to pay, against presentation of documents, an obligation in the event of a default by a customer. Guarantees are unconditional undertakings given to support the obligations of a customer to third parties. The Banking Group may hold cash as collateral for certain guarantees issued.

[2] Letters of credit and guarantees includes the value of exposures guaranteed by the Bank to NZ Branch, as disclosed in Note 22 Related entities.

[3] Commitments to extend credit include all obligations on the part of the Banking Group to provide credit facilities. As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

[4] In addition to the commitments disclosed above, there is $1,478 million (30 September 2024: $1,014 million) of exposure to credit risk primarily relating to credit exposures offered and accepted but still revocable, which represent part of the Banking Group's maximum exposure to credit risk.

[5] Comparatives have been revised to remove credit exposures offered and accepted but still revocable.

Contingent assets

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

Contingent liabilities

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

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

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

Guarantees

As disclosed in Note 22, the Bank has an agreement with the NZ Branch whereby the Bank will reimburse the NZ Branch for any credit losses incurred by it due to certain customers of the Bank defaulting on certain financial market and international products.

Note 27 Segment reporting

Accounting policy

Operating segments are presented on a basis that is consistent with information provided internally to the Banking Group's chief operating decision-maker and reflect the management of the business, rather than the legal structure of the 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 Banking Group has determined that the Bank's 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 Banking Group's segment reporting incorporates Consumer Banking and Wealth and Institutional and Business Banking sectors within New Zealand. On this basis, no geographical segment reporting is provided.

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

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

Segment comparative information for the year ended 30 September 2024 has been revised to align to the current year's basis for reporting, and is consistent with the information provided internally to the Banking Group's chief operating decision-maker.

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

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

Other primarily represents:

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

	THE BANKING GROUP							
$ millions	**Consumer Banking and Wealth**		**Institutional and Business Banking**		**Other**		**Total**	
Year ended 30 September	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Net interest income	**1,404**	1,219	**1,318**	1,293	**152**	327	**2,874**	2,839
Net fees and commissions								
Facility fees	**27**	25	**19**	26	**-**	-	**46**	51
Transaction fees and commissions	**172**	172	**80**	78	**1**	1	**253**	251
Other non-risk fee income	**4**	5	**13**	13	**6**	3	**23**	21
Fees and commissions income	**203**	202	**112**	117	**7**	4	**322**	323
Fees and commissions expenses	**(79)**	(76)	**-**	-	**-**	-	**(79)**	(76)
Net fees and commissions	**124**	126	**112**	117	**7**	4	**243**	247
Other non-interest income	**-**	-	**-**	-	**2**	9	**2**	9
Total non-interest income	**124**	126	**112**	117	**9**	13	**245**	256
Net operating income	**1,528**	1,345	**1,430**	1,410	**161**	340	**3,119**	3,095
Operating expenses	**(873)**	(791)	**(539)**	(514)	**(81)**	(60)	**(1,493)**	(1,365)
Impairment (charges)/benefits	**14**	(19)	**30**	(8)	**-**	-	**44**	(27)
Profit before income tax expense	**669**	535	**921**	888	**80**	280	**1,670**	1,703
Income tax expense	**(186)**	(149)	**(258)**	(247)	**(23)**	(81)	**(467)**	(477)
Profit after income tax expense	**483**	386	**663**	641	**57**	199	**1,203**	1,226
As at 30 September								
Total gross loans	**65,390**	62,190	**41,132**	40,217	**250**	241	**106,772**	102,648
Total deposits and other borrowings	**49,016**	46,616	**32,004**	33,060	**1,812**	1,863	**82,832**	81,539

Note 28 Securitisation, covered bonds and other transferred assets

The Banking Group enters into transactions in the normal course of business by which financial assets, or an interest in such assets or cashflows 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 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 cashflow 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 Banking Group as a funding and liquidity tool.

In October 2008, the 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 the Bank's internal residential mortgage-backed securitisation programme.

Under the internal residential mortgage-backed securitisation programme, the Bank 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.

The Bank is obliged to repurchase any housing loan sold to and held by WNZSL where the housing loan does not meet the eligibility criteria of the programme. It is not envisaged that any liability resulting in material loss to the Banking Group will arise from these obligations.

Covered bonds

The Banking Group has a covered bond programme under which it may issue bonds (Covered Bonds). From time to time, the Banking Group transfers, via assignment, housing loans originated by the Bank 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 the Bank. 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 the Bank to WNZCBL to fund the initial and all subsequent purchases of eligible housing loans and the liability representing the intercompany loan from WNZCBL to the Bank are fully eliminated in the Banking Group's financial statements.

The Banking Group is obliged to repurchase any housing loans sold to and held by WNZCBL (pursuant to the Bank'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 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 Banking Group's assets transferred and their associated liabilities:

	THE 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**
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	**2,299**	**1,901**	**n/a**	**n/a**	**n/a**
Total	**21,796**	**20,431**	**11,930**	**11,917**	**13**
2024					
Securitisation - own assets[1]	15,122	15,090	15,102	15,090	12
Covered bonds[2]	7,545	4,353	n/a	n/a	n/a
Repurchase agreements	4,312	3,296	n/a	n/a	n/a
Total	26,979	22,739	15,102	15,090	12

[1] The most senior rated securities at 30 September 2025 of $10,670 million (30 September 2024: $13,800 million) qualify as eligible collateral for repurchase agreements with the Reserve Bank. The Bank 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 the Bank 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 2025 (30 September 2024: $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 Banking Group does not control a structured entity then it will not be consolidated.

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

Funds managed by a member of the Ultimate Parent Bank Group

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

Non-contractual financial support

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

Unconsolidated structured entities

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

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 Banking Group's main interests in unconsolidated structured entities, which arise in the normal course of business, are loans and other credit commitments. The Banking Group lends to unconsolidated structured entities, subject to the 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.

Note 29 Structured entities (continued)

The following table shows the 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, the maximum exposure to loss is the notional amounts.

	THE BANKING GROUP	
	2025	2024
$ millions	**Financing to Securitisation Vehicles**	Financing to Securitisation Vehicles
Assets		
Loans	**4,141**	4,662
Total on-balance sheet exposures	**4,141**	4,662
Total notional amounts of off-balance sheet exposures	**1,494**	1,267
Maximum exposure to loss	**5,635**	5,929
Size of structured entities[1]	**5,635**	5,929

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

Non-contractual financial support

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

Note 30 Capital management

The primary objectives of the Banking Group's capital management activities are to ensure that the Banking Group complies with the regulatory capital requirements prescribed by the Reserve Bank, maintains strong credit ratings and a strong capital position to support its business objectives and maximises shareholder value.

The Banking Group manages and adjusts its capital structure in light of changing economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Banking Group may adjust the amount of dividend payments to its shareholders, reduce discretionary expenditure, return or issue capital to its shareholders or issue capital securities.

Three independent processes, undertaken by Directors and senior management of the Bank, are designed to manage the Banking Group's capital adequacy to support its current and future activities:

1. The Banking Group actively monitors its capital adequacy as part of the annual Banking Group ICAAP and reports this to senior management and the Bank's Board. This process supports the Board approved risk appetite statement which outlines the target capital ratios. The Bank sets its target capital ratios at a higher level than required by the regulator, which reduces the risk of breaching the conditions of registration.
2. The Banking Group calculates the capital required to be held for its current risk profile and forecasts the estimated capital position based on expected future activities. The forecast capital required is assessed against the target ranges that have been approved by the Board in regard to capital ratios. The Banking Group also reviews its capital positions in this process against other stakeholder requirements to ensure capital efficiency.
3. The Ultimate Parent Bank Group takes capital considerations into account during its Board Strategy Review, which is an annual process where the current strategic direction of the Ultimate Parent Bank Group is reviewed and refined.

Note 30 Capital management (continued)

The following tables show the Banking Group's capital summary and capital ratios.

$ millions	Note	THE BANKING GROUP 2025 Unaudited	2024 Unaudited
Tier 1 capital			
Common Equity Tier 1 capital			
Paid-up ordinary shares issued by the Bank plus related share premium	21	**7,300**	7,300
Retained earnings (net of appropriations)		**2,724**	2,270
Accumulated OCI and other disclosed reserves		**(66)**	(62)
Less deductions from Common Equity Tier 1 capital		**(1,169)**	(1,248)
Total Common Equity Tier 1 capital		**8,789**	8,260
Additional Tier 1 loan capital[1]	20	**500**	500
PPS[1]	21	**1,375**	1,375
Total Tier 1 capital		**10,664**	10,135
Tier 2 loan capital[1]	20	**1,200**	1,200
Total Tier 2 capital		**1,200**	1,200
Total capital		**11,864**	11,335

[1] Excludes capitalised transaction costs.

%	Reserve Bank Minimum Ratios	THE BANKING GROUP 2025 Unaudited	2024 Unaudited
Capital ratios			
Common Equity Tier 1 capital ratio	4.5	**12.0**	11.8
Tier 1 capital ratio	7.0	**14.6**	14.4
Total capital ratio	9.0	**16.2**	16.2
	Buffer Trigger Ratio		
Prudential capital buffer ratio	5.5	**7.2**	7.2

The above table shows the capital adequacy ratios for the Banking Group based on the BPR. Refer to Note iv. Capital adequacy and regulatory liquidity ratios of the Registered bank disclosures for further details.

Reserve Bank Capital Reviews

On 5 December 2019, the Reserve Bank announced changes to the capital adequacy framework that applies to New Zealand incorporated registered banks (including the Bank) requiring:

- Progressively increasing the total capital requirements to 18% of RWAs for domestic systemically important banks (including the Bank) and 16% for all other banks over a seven-year period ending 1 July 2028, including:
  - Increasing the Tier 1 capital requirement from 8.5% to 16% of RWAs for domestic systemically important banks;
  - Increasing the AT1 limit from 1.5% to 2.5% of the Tier 1 capital requirement; and
  - Maintaining the existing Tier 2 capital limit of 2% of the total capital requirement.

  These ratios include the minimum capital ratios that banks must maintain and the prudential capital buffer above the minimum capital ratios that banks must maintain to avoid restrictions on distributions (among other things).
- Eligible Tier 1 capital under the new framework comprises common equity and redeemable PPS. Existing, non-qualifying AT1 instruments are being progressively phased out by 1 July 2028;

The increases in the required level of bank capital started to come into effect on 1 July 2022 and are scheduled to be fully implemented on 1 July 2028. The prudential capital buffer increased from 4.5% to 5.5% on 1 July 2025.

However, on 31 March 2025, the Reserve Bank announced that it would conduct a review of the key capital settings for deposit takers (including the Bank) with a consultation paper released on 25 August 2025. Refer to page 82 for more information.

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

Financial instruments are fundamental to the 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 Banking Group.

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

Principal risks	Note name	Note number
Overview	Risk management frameworks	31.1
Credit risk	Refer to Note 13 Credit risk management	13
Funding and liquidity risk	Liquidity modelling	31.2.1
The risk that the 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.	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	VaR	31.3.1
The risk of an adverse impact on the 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.	Non-traded market risk	31.3.2

31.1 Risk management frameworks

The Board is responsible for approving the Banking Group's Risk Appetite Statement and, through the BRCC, the Risk Management Framework and the Risk Management Strategy. The Board is also responsible for monitoring the effectiveness of risk management by the Banking Group. The Banking Group is wholly owned by the Ultimate Parent Bank and, therefore, a member of the group of companies comprising the Ultimate Parent Bank Group. Accordingly, the Banking Group's Risk Management Framework is closely aligned with the Ultimate Parent Bank's Risk Management Framework.

The Board has delegated authority to the BRCC to:

- review and recommend the Banking Group's Risk Appetite Statement to the Board for approval;
- approve the Banking Group's Risk Management Framework and Risk Management Strategy;
- review and monitor the risk profile and controls of the Banking Group consistent with the Banking Group's Risk Appetite Statement; and
- approve certain frameworks, policies and processes for managing risk (consistent with the Banking Group's Risk Management Framework, Risk Management Strategy and Risk Appetite Statement).

For each of its primary financial risks, the 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 BRCC approved Liquidity Risk Management Framework which is part of the Banking Group's Board-approved Risk Management Framework. - Responsibility for managing the Banking Group's liquidity and funding positions in accordance with the Liquidity Risk Management Framework is delegated to Treasury, under the oversight of the Banking Group's ALCO and the Financial Markets and Treasury Risk unit. - The Banking Group's Liquidity Risk Management Framework sets out the Banking Group's funding and liquidity risk appetite, roles and responsibilities of key people managing funding and liquidity risk within the Banking Group, risk reporting and control processes and limits and targets used to manage the Banking Group's balance sheet. - Treasury undertakes an annual funding review that outlines the Banking Group'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 the BRCC for approval. - The Banking Group monitors the composition and stability of its funding to allow it to remain within the Banking Group's funding risk appetite and comply with regulatory requirements. - The Banking Group holds a portfolio of liquid assets for several purposes, including as a buffer against unforeseen funding requirements. The level of liquid assets held takes into account the liquidity requirements of the Banking Group's balance sheet under normal and stress conditions. - Treasury also maintains a contingent funding plan that outlines the steps that should be taken by the Banking Group in the event of an emerging 'funding crisis'. The plan is aligned with the Banking Group's broader Liquidity Crisis Management Policy which is approved by the BRCC. - Daily liquidity risk reports are reviewed by Treasury and the Financial Markets and Treasury Risk unit. Liquidity reports are presented to ALCO monthly and to the RISKCO and BRCC quarterly.
Market risk	- Market risk is measured and managed in accordance with the policies and processes defined in the BRCC approved Market Risk Management Framework which is part of the Banking Group's Board-approved Risk Management Framework. - Responsibility for managing the Banking Group's non-traded market risk in accordance with the Market Risk Management Framework is delegated to Treasury, under the oversight of the Banking Group's ALCO and the Financial Markets and Treasury Risk unit. - The Banking Group's Market Risk Management Framework sets out the Banking Group's market risk appetite, roles and responsibilities of key people managing market risk within the Banking Group, risk reporting and control processes and limits and targets used to manage market risk. - The Banking Group's Market Risk Management Framework makes a distinction between traded and non-traded market risk for the purposes of risk management, measurement and reporting. - The Banking Group's Market Risk Management Framework does not allow for traded market risk, including equity and commodity price risks. Any traded market risk activities are conducted by the Ultimate Parent Bank's financial markets business through its NZ Branch and in accordance with the Ultimate Parent Bank's Market Risk Management Framework. - Non-traded market risk arises from banking book activities and is primarily comprised of IRRBB. The Banking Group does not carry material foreign exchange risks due to the risks being hedged. - Market risk is managed using VaR limit, NaR and structural risk limits (including credit spread and interest rate basis point value limits) as well as scenario analysis and stress testing. - Daily market risk reports are reviewed by Treasury, and the Financial Markets and Treasury Risk unit. Key market risk metrics are presented to ALCO monthly and to RISKCO and BRCC quarterly.

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

Climate change risk

The 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. While this is not a material financial risk as at 30 September 2025 (30 September 2024: not a material financial risk), climate change risk is evolving and is expected to have a more significant impact on the 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 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.

In December 2022, the XRB published climate standards ('**XRB climate standards**') for mandatory climate-related disclosures, taking effect for accounting periods commencing from 1 January 2023. The XRB climate standards establish disclosure requirements for climate reporting entities, including large registered banks, and are aligned to the recommendations of the Task Force on Climate-related Financial Disclosures. The Bank is a climate reporting entity. Its second XRB climate standards-compliant report for the year ended 30 September 2025 is scheduled to be published on or before 31 January 2026, and will be available on the Bank's website (www.westpac.co.nz/about-us/legal-information-privacy/disclosure-statements/).

The 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 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 2025 (30 September 2024: no material impact). Refer to Note 13.1 for further information on how climate change risk is considered as part of credit risk.

31.2 Funding and liquidity risk

The 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

The Banking Group is subject to the conditions of BS13. The following metrics are calculated and reported on a daily basis in accordance with BS13:

- the level of liquid assets held;
- the one-week mismatch ratio;
- the one-month mismatch ratio; and
- the one-year core funding ratio.

In addition, the Banking Group calculates the following liquidity ratios in accordance with the Ultimate Parent 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, the Banking Group has a balance of $24 million under the TLF (30 September 2024: $42 million).

On 11 November 2020, the Reserve Bank announced that additional stimulus would be provided through a Funding for Lending Programme ('**FLP**'), commencing in December 2020. The FLP provides funding to banks at the prevailing OCR for a term of three years, secured by high quality collateral. The size of funding available under the FLP includes an initial allocation of 4% of each bank's eligible loans (as defined by the Reserve Bank). A conditional additional allocation of up to 2% of eligible loans is also available, subject to growth in eligible loans, for a total size of up to 6% of eligible loans. The FLP ran from 7 December 2020 to 6 June 2022 for the initial allocations and ended on 6 December 2022 for the additional allocations. The FLP term sheet is available on the Reserve Bank's website. As at 30 September 2025, the Banking Group has a balance of $1,110 million under the FLP (30 September 2024: $2,981 million).

Liquid assets

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

	THE BANKING GROUP	
$ millions	**2025**	2024
Cash and balances with central banks	**6,091**	7,456
Interbank lending[1]	**20**	-
Receivables due from the NZ Branch	**34**	21
Supranational securities	**2,018**	2,242
NZ Government securities	**4,186**	3,469
NZ public securities	**2,165**	2,706
NZ corporate securities	**1,437**	1,237
Total on-balance sheet liquid assets	**15,951**	17,131

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

In addition, the Banking Group has $7,679 million (30 September 2024: $8,203 million) of own originated loans that are self-securitised via the Bank's internal residential mortgage-backed securitisation programme. The AAA rated internal RMBS held are eligible for repurchase agreements with the Reserve Bank under certain circumstances.

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

Concentration of funding

	THE BANKING GROUP	
$ millions	**2025**	2024
Funding consists of		
Collateral received	**936**	156
Deposits and other borrowings	**82,832**	81,539
Other financial liabilities[1]	**1,684**	3,023
Due to related entities[2]	**1,198**	1,258
Debt issues[3]	**26,406**	21,619
Loan capital	**1,726**	1,710
Total funding	**114,782**	109,305
Analysis of funding by geographical areas[3]		
New Zealand	**87,008**	87,289
Overseas	**27,774**	22,016
Total funding	**114,782**	109,305
Analysis of funding by industry sector		
Accommodation, cafes and restaurants	**340**	325
Agriculture, forestry and fishing[4]	**1,544**	1,319
Construction	**1,817**	1,909
Finance and insurance	**40,680**	38,659
Government, administration and defence	**3,649**	3,468
Manufacturing	**1,730**	1,652
Mining	**38**	30
Property services and business services	**7,406**	6,707
Services	**5,364**	5,436
Trade	**1,596**	1,562
Transport and storage	**860**	972
Utilities	**960**	788
Households	**43,502**	41,093
Other[5]	**4,098**	4,127
Subtotal	**113,584**	108,047
Due to related entities[2]	**1,198**	1,258
Total funding	**114,782**	109,305

[1] Other financial liabilities, as presented above, are in respect of repurchase agreements.

[2] Amounts due to related entities, as presented above, are in respect of deposits and 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] Comparatives have been reclassified to align with current year classifications where agriculture and forestry and fishing have been combined.

[5] 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 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:

	THE BANKING GROUP	
$ millions	**2025**	2024
Cash	**32**	76
Securities pledged as collateral for derivative contracts:		
Investment securities	**265**	166
Securities pledged under repurchase agreements:		
Trading securities and financial assets measured at FVIS[1]	**217**	-
Investment securities[2]	**550**	273
Residential mortgage-backed securities[3]	**1,532**	4,039
Total amount pledged to secure liabilities (excluding CB Programme)	**2,596**	4,554

[1] As at 30 September 2025, $217 million trading securities were pledged as collateral to the NZ Branch, with the repurchase amount recorded within due to related entities on the balance sheet (30 September 2024: nil).

[2] As at 30 September 2025, no investment securities were pledged as collateral to the NZ Branch, with the repurchase amount recorded within due to related entities on the balance sheet (30 September 2024: $273 million) and $550 million investment securities were pledged to third parties, with the repurchase amount recorded within other financial liabilities on the balance sheet (30 September 2024: nil).

[3] As at 30 September 2025, the Banking Group has undertaken repurchase agreements with the Reserve Bank, under the FLP and TLF, using RMBS. For the FLP, the repurchase cash amount as at 30 September 2025 is $1,110 million (30 September 2024: $2,981 million), which is recorded within other financial liabilities on the balance sheet, with underlying securities to the value of $1,503 million provided under the arrangement (30 September 2024: $3,989 million). For the TLF, the repurchase cash amount at 30 September 2025 is $24 million (30 September 2024: $42 million), which is recorded within other financial liabilities on the balance sheet, with underlying securities to the value of $29 million provided under the arrangement (30 September 2024: $50 million).

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 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 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)

	THE 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	-	936	-	-	-	-	936
Deposits and other borrowings	43,865	5,951	12,391	18,646	2,991	-	83,844
Other financial liabilities	1	1,170	738	64	77	-	2,050
Derivative financial instruments:							
Held for hedging purposes (net settled)	-	5	25	23	111	(6)	158
Due to related entities:							
Non-derivative balances	823	217	35	25	115	-	1,215
Derivative financial instruments:							
Held for hedging purposes (net settled)	-	61	85	250	163	-	559
Debt issues	-	964	1,233	6,049	21,594	417	30,257
Loan capital	-	-	19	58	274	1,878	2,229
Total undiscounted financial liabilities	44,689	9,304	14,526	25,115	25,325	2,289	121,248
Total contingent liabilities and commitments							
Letters of credit and guarantees	1,796	-	-	-	-	-	1,796
Commitments to extend credit	28,325	-	-	-	-	-	28,325
Total undiscounted contingent liabilities and commitments	30,121	-	-	-	-	-	30,121

Notes to the financial statements

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

	THE BANKING GROUP						
	2024						
$ 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	-	156	-	-	-	-	156
Deposits and other borrowings	40,682	6,687	10,847	22,399	2,378	-	82,993
Other financial liabilities	120	62	8	2,213	1,359	2	3,764
Derivative financial instruments:							
Held for hedging purposes (net settled)	-	(1)	7	(2)	72	7	83
Held for hedging purposes (gross settled):							
Cash outflow	-	11	158	248	6,026	362	6,805
Cash inflow	-	-	(73)	(293)	(5,884)	(367)	(6,617)
Due to related entities:							
Non-derivative balances	933	273	34	2	41	-	1,283
Derivative financial instruments:							
Held for hedging purposes (net settled)	-	34	128	158	188	-	508
Held for hedging purposes (gross settled):							
Cash outflow	-	895	959	3,219	4,355	-	9,428
Cash inflow	-	(863)	(882)	(2,981)	(4,243)	-	(8,969)
Debt issues	-	22	932	4,399	17,892	367	23,612
Loan capital	-	-	19	58	299	1,959	2,335
Total undiscounted financial liabilities	41,735	7,276	12,137	29,420	22,483	2,330	115,381
Total contingent liabilities and commitments							
Letters of credit and guarantees	1,631	-	-	-	-	-	1,631
Commitments to extend credit	25,887	-	-	-	-	-	25,887
Total undiscounted contingent liabilities and commitments[1]	27,518	-	-	-	-	-	27,518

[1] Comparatives have been revised to remove credit exposures offered and accepted but still revocable.

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 Banking Group expects a large proportion of these balances to be retained.

	THE BANKING GROUP					
	2025			2024		
$ 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	6,091	-	6,091	7,456	-	7,456
Collateral paid	32	-	32	76	-	76
Trading securities and financial assets measured at FVIS	1,494	859	2,353	1,439	933	2,372
Derivative financial instruments	4	1,053	1,057	3	222	225
Investment securities	780	7,426	8,206	922	6,613	7,535
Loans	12,526	93,802	106,328	12,336	89,814	102,150
Due from related entities	1,325	761	2,086	899	290	1,189
All other assets	791	1,328	2,119	802	1,391	2,193
Total assets	23,043	105,229	128,272	23,933	99,263	123,196
Liabilities						
Collateral received	936	-	936	156	-	156
Deposits and other borrowings	80,037	2,795	82,832	79,341	2,198	81,539
Derivative financial instruments	4	149	153	2	197	199
Due to related entities	1,385	381	1,766	1,641	429	2,070
Debt issues	7,391	19,015	26,406	4,774	16,845	21,619
Loan capital	-	1,726	1,726	-	1,710	1,710
All other liabilities	2,858	268	3,126	3,491	1,535	5,026
Total liabilities	92,611	24,334	116,945	89,405	22,914	112,319

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

31.3 Market risk

31.3.1 VaR

The Banking Group uses VaR as one of the mechanisms for controlling 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.

Daily stress testing and back testing 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 key parameters of VaR are:

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

31.3.2 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 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):

	THE BANKING GROUP							
	2025				2024			
% (increase)/decrease in NII	**As at**	**Maximum Exposure**	**Minimum Exposure**	**Average Exposure**	As at	Maximum Exposure	Minimum Exposure	Average Exposure
NaR	**4.48**	**4.48**	**2.82**	**3.15**	3.10	3.23	2.35	2.83

VaR – IRRBB[1]

The table below depicts VaR for IRRBB:

	THE BANKING GROUP							
	2025				2024			
$ millions	**As at**	**Maximum Exposure**	**Minimum Exposure**	**Average Exposure**	As at	Maximum Exposure	Minimum Exposure	Average Exposure
Interest rate risk	**0.5**	**2.0**	**0.2**	**0.8**	1.1	3.6	0.3	1.7

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

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

	THE BANKING GROUP	
$ millions	**2025**	2024
Cash and cash equivalents comprise:		
Cash and balances with central banks:		
Cash on hand	**198**	180
Balances with central banks	**5,893**	7,276
Total cash and balances with central banks	**6,091**	7,456
Amounts due from related entities classified as cash and cash equivalents	**720**	787
Interbank lending classified as cash and cash equivalents[1]	**20**	-
Cash and cash equivalents at end of the year	**6,831**	8,243

[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

	THE BANKING GROUP	
$ millions	**2025**	2024
Profit after income tax expense	**1,203**	1,226
Adjustments:		
Impairment charges/(benefits)	**(44)**	27
Computer software amortisation costs	**140**	113
Depreciation	**115**	99
(Gain)/loss from hedging ineffectiveness	**4**	6
Movement in accrued interest receivable	**41**	(43)
Movement in accrued interest payable	**(348)**	121
Movement in current and deferred tax	**(53)**	(33)
Share-based payments	**4**	4
Other non-cash items	**(61)**	(187)
Cash flows from operating activities before changes in operating assets and liabilities	**1,001**	1,333
Movement in collateral paid	**44**	(43)
Movement in trading securities and financial assets measured at FVIS	**21**	314
Movement in loans	**(4,168)**	(2,582)
Movement in other financial assets	**68**	(123)
Movement in due from related entities	**16**	736
Movement in other assets	**(4)**	(4)
Movement in collateral received	**780**	(147)
Movement in deposits and other borrowings	**1,234**	(649)
Movement in other financial liabilities	**(1,450)**	(1,961)
Movement in due to related entities	**(161)**	(634)
Movement in other liabilities	**(14)**	2
Net movement in external and related entity derivative financial instruments	**495**	654
Net cash provided by/(used in) operating activities	**(2,138)**	(3,104)

Registered bank disclosures

This section contains the additional disclosures required by the Order.

i. General information (Unaudited)

Ultimate Parent Bank

The Ultimate Parent Bank is incorporated in Australia under the Australian Corporations Act 2001 and its 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 Ultimate Parent Bank

The Ultimate Parent Bank is an ADI under the Banking Act 1959 (Commonwealth of Australia) (‘**Australian Banking Act**’) and, as such, is subject to prudential regulation and supervision by APRA. APRA has the power to prescribe prudential requirements which may affect the ability of the Ultimate Parent Bank to provide material financial support to the Bank. Pursuant to current APRA requirements, and unless APRA provides otherwise, the Ultimate Parent Bank must comply with, among other prudential requirements, APS 222.

APS 222 includes the following prudential requirements:

- the Ultimate Parent Bank’s exposure to the Bank (being an overseas equivalent of an ADI as defined in APS 222) must not exceed 25% of the Ultimate Parent Bank’s Level 1 capital base (as defined in APS 222);
- the Ultimate Parent Bank must not hold unlimited exposures to the Bank;
- the Ultimate Parent Bank must not enter into cross-default provisions whereby a default by the Bank on an obligation (whether financial or otherwise) triggers or is deemed to trigger a default of the Ultimate Parent Bank in its obligations; and
- when determining limits on acceptable levels of exposure to the Bank, the Ultimate Parent Bank must have regard to:
  - the level of exposures that would be approved for unrelated entities of broadly equivalent credit status; and
  - the impact on the Ultimate Parent Bank’s stand-alone capital and liquidity positions in the event of a failure of the Bank or any other related entity to which it is exposed.

Under APS 222, APRA has the ability to set specific limits on the Ultimate Parent Bank’s exposure to related entities, which include the Bank.

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

Section 13A(3) of the 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 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.

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.

APRA requires that the ELE of the Ultimate Parent Bank limit its non-equity exposures to New Zealand banking subsidiaries to 5% of the Ultimate Parent 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 Ultimate Parent 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 the Bank 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 2025, 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 Ultimate Parent Bank.

APRA has also confirmed the terms on which the Ultimate Parent 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.

i. General information (Unaudited) (continued)

Voting securities and power to appoint directors

The Bank is a wholly-owned subsidiary of Westpac New Zealand Group Limited, a New Zealand incorporated company, which is a wholly-owned subsidiary of Westpac Overseas Holdings No. 2 Pty Limited, an Australian incorporated company. Westpac Overseas Holdings No. 2 Pty Limited is, in turn, a wholly-owned subsidiary of the Ultimate Parent Bank.

At 30 September 2025, Westpac New Zealand Group Limited has a direct qualifying interest in 100% of the voting securities of the Bank. Westpac Overseas Holdings No. 2 Pty Limited and the Ultimate Parent Bank have an indirect qualifying interest in 100% of the voting securities of the Bank.

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

Priority of financial liabilities in the event of liquidation

In the unlikely event that the Bank was put into liquidation or ceased to trade, claims of secured creditors and those classes of creditors set out in Schedule 7 of the Companies Act 1993 would rank ahead of the claims of unsecured creditors in accordance with the priorities set out in that Schedule. Deposits from customers are unsecured and rank equally with other unsecured unsubordinated liabilities of the Bank, and such liabilities would rank ahead of any subordinated instruments issued by the Bank to the extent of any such subordination.

Guarantee arrangements

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

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

Directorate

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

Name: Philippa Mary 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:** Director of Westpac Banking Corporation, The A2 Milk Company Limited and ALP Studios Limited.
Name: Catherine Anne McGrath, LLB, BCom **Non-executive:** No **Country of Residence:** New Zealand **Primary Occupation:** Chief Executive, Westpac New Zealand Limited **Secondary Occupations:** Director **Board Audit Committee Member:** No **Independent Director:** No	**External Directorships:** Director of BT Funds Management (NZ) Limited and Banking Ombudsman Scheme Limited.
Name: Debra Birch CMInstD, AIF® **Non-executive:** Yes **Country of Residence:** New Zealand **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** Yes **Independent Director:** Yes	**External Directorships:** Port of Napier Limited, Napier Port Holdings Limited, Hawke's Bay Regional Investment Company Limited, Te Puia Tapapa GP Limited, WMS Group Holdings (GP) Limited, West Coast Bulk Logistics Limited, Westland Mineral Sands Co Limited, WMS Group (HQ) Limited, Greymouth Port Co. Limited, Buller Port Co. Limited, WMS Shipping Co. Limited and Sunny Financial Services Limited (trading as SFS Private Wealth).

i. General information (Unaudited) (continued)

Name: David John Green, FCA **Non-executive:** Yes **Country of Residence:** New Zealand **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** Yes **Independent Director:** Yes	**External Directorships:** Director of Casa Verde Investments Limited, Abner & Hobson Limited, BT Funds Management (NZ) Limited, EROAD Limited, Stride Property Limited, Stride Investment Management Limited and Stride Holdings Limited.
Name: Robert David Hamilton, BSc, BCom **Non-executive:** Yes **Country of Residence:** New Zealand **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** Yes **Independent Director:** Yes	**External Directorships:** Director of Tourism Holdings Limited, Oceania Healthcare Limited, Stelvio Consulting Limited, Kamari Consulting Limited, Mercury NZ Limited, Cyprus Enterprises Limited and Meadow Mushrooms Limited.
Name: David Thomas Havercroft, BA (Hons) **Non-executive:** Yes **Country of Residence:** New Zealand **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** No **Independent Director:** Yes	**External Directorships:** Director of DJH Corporate Trustees Limited, Reflect Limited, The Guitar Gallery Limited, W3 Capital Limited, Spark New Zealand Limited and Tait Systems NZ Limited.
Name: Ian Samuel Knowles, MSc, BSc, FIstD **Non-executive:** Yes **Country of Residence:** New Zealand **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** No **Independent Director:** Yes	**External Directorships:** Director of Adminis Limited, Adminis NZ Limited, Adminis Custodial Nominees Limited, Adminis Investors Nominees Limited, ACNL Nominees No. 1 Limited, Adminis Funds Limited, Leadrly Limited, On-Brand Partners (NZ) Limited, Tohora Holding Limited, Rangatira Limited, Fire Security Services 2016 Limited, Montoux Limited, Software Innovation NZ Limited, Umajin Inc, Growthcom Limited, Com Investments Limited, Com Nominees Limited and TTSK Limited.
Name: Christine Joy Parker, BGDipBus (HRM) **Non-executive:** Yes **Country of Residence:** Australia **Primary Occupation:** Director **Secondary Occupations:** None **Board Audit Committee Member:** No **Independent Director:** No	**External Directorships:** Director of St. George Foundation Limited.

Changes to Directorate

There has been one change to the Board of Directors since 30 September 2024. Michael Rowland, a Non-executive Director of the Bank, retired from the Board effective 8 October 2025.

i. General information (Unaudited) (continued)

Address for communications

All communications may be sent to the Directors at the head office of the Bank 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 three members, all of whom are independent non-executive directors.

Conflicts of Interest Policy

The Bank's Conflicts of Interest Policy establishes procedures to ensure that conflicts and potential conflicts of interest between the Directors' duty to the Bank and their personal, professional or business interests are managed appropriately.

Each Director must give notice to the Board of any direct or indirect interest in a matter relating to the affairs of the Bank as soon as practicable after the relevant facts have come to that Director's knowledge. Where a matter is to be considered at a Directors' meeting in which one or more Directors have an interest, the Board's practice is to manage any conflict of interest on a case-by-case basis, depending on the circumstances.

Transactions with directors

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

- Has been entered into on terms other than those which would, in the ordinary course of business of the 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 duties.

Information pertaining to loans to and other transactions with Directors is disclosed in Note 22 of this Disclosure Statement.

Auditor

KPMG

18 Viaduct Harbour Avenue

Auckland, New Zealand

Pending proceedings or arbitration

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

Credit ratings

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

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

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

Registered bank disclosures

i. General information (Unaudited) (continued)

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.

Historical summary of financial statements

	THE BANKING GROUP				
$ millions	**2025**	2024	2023	2022	2021
Income statement					
Interest income	**6,909**	7,525	6,243	3,741	3,012
Interest expense	**(4,035)**	(4,686)	(3,590)	(1,450)	(946)
Net interest income	**2,874**	2,839	2,653	2,291	2,066
Non-interest income	**245**	256	248	268	240
Net operating income	**3,119**	3,095	2,901	2,559	2,306
Operating expenses	**(1,493)**	(1,365)	(1,291)	(1,131)	(1,099)
Impairment (charges)/benefits	**44**	(27)	(135)	27	84
Profit before income tax expense	**1,670**	1,703	1,475	1,455	1,291
Income tax expense	**(467)**	(477)	(416)	(408)	(360)
Profit after income tax expense	**1,203**	1,226	1,059	1,047	931
Dividends paid or provided					
Dividends paid on ordinary shares	**(673)**	(657)	(652)	(788)	(275)
Dividends paid on PPS (including supplementary dividends)	**(87)**	(61)	-	-	-
Total dividends paid or provided	**(760)**	(718)	(652)	(788)	(275)
Balance sheet					
Total assets	**128,272**	123,196	122,640	119,818	112,380
Total individually impaired assets	**212**	190	62	60	109
Total liabilities	**116,945**	112,319	113,496	111,038	104,017
Total shareholders' equity	**11,327**	10,877	9,144	8,780	8,363

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

Registered bank disclosures

i. General information (Unaudited) (continued)

Other material matters

Reserve Bank review of overseas bank branches

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

Policy decisions released by the Reserve Bank on 17 July 2025 propose that LCIC means those with consolidated annual turnover of over NZ$50 million, total assets of over NZ$75 million or total assets under management of over NZ$250 million (for funds management entities only). The implementation date is expected to be 1 December 2028.

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

Reserve Bank review of capital settings for deposit takers

On 31 March 2025, the Reserve Bank announced a review of the key capital settings for deposit takers. On 25 August 2025, it released a consultation paper. For Group 1 deposit takers (including the Bank) the key proposals include:

- Removal of AT1 instruments from the capital stack.
- Two options for capital ratio requirements:
  - Option 1: A total Common Equity Tier 1 (CET1) capital ratio requirement of 14%, with a total capital ratio requirement of 17% (including a prudential capital buffer (PCB) ratio of 8%).
  - Option 2: A total CET1 capital ratio requirement of 12%, with a total capital ratio requirement of 15% (including a PCB ratio of 6%) and an additional Loss Absorbing Capacity (LAC) requirement of 6%. Tier 2 capital and LAC instruments would be required to be issued internally (for example to the Ultimate Parent Bank) and LAC would take a form similar to Tier 2 capital.
- More granular standardised risk weights, including lower risk weights in some areas.
- Setting the long-run level for the counter-cyclical capital buffer component of the PCB at 1%.

The Reserve Bank is expected to make its final decisions in December 2025, with the implementation timeline to be announced in the first quarter of the 2026 calendar year. The outcome of the review remains uncertain.

Depositor Compensation Scheme

The Depositor Compensation Scheme (DCS) took effect from 1 July 2025. If a licensed deposit taker (including the Bank) fails, the DCS will protect eligible depositors with money held in DCS-protected accounts up to $100,000 per depositor, per deposit taker. Most transaction, savings, notice, term deposit and PIE accounts are protected accounts. The DCS is administered by the Reserve Bank. For more information about the scheme, please refer to the Reserve Bank's website.

ii. Additional financial disclosures

Additional information on balance sheet

	THE BANKING GROUP	
$ millions	**2025**	2024
Interest earning and discount bearing assets	**122,187**	119,170
Interest and discount bearing liabilities	**102,713**	98,358

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.

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 Banking Group's policy guidelines.

The following table presents a breakdown of the earlier of the contractual repricing or maturity dates of the Banking Group's net asset position as at 30 September 2025. The Banking Group uses this contractual repricing information as a base, which is then altered to take account of customer behaviour, to manage its interest rate risk.

	THE BANKING GROUP						
	2025						
$ 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	5,892	-	-	-	-	199	6,091
Collateral paid	32	-	-	-	-	-	32
Trading securities and financial assets measured at FVIS	1,367	243	520	166	57	-	2,353
Derivative financial instruments	-	-	-	-	-	1,057	1,057
Investment securities	-	205	575	1,490	5,936	-	8,206
Loans	50,442	10,731	23,382	15,072	5,357	1,344	106,328
Other financial assets	-	-	-	-	-	389	389
Due from related entities	720	-	-	-	-	1,366	2,086
Total financial assets	58,453	11,179	24,477	16,728	11,350	4,355	126,542
Non-financial assets							1,730
Total assets							128,272
Financial liabilities							
Collateral received	936	-	-	-	-	-	936
Deposits and other borrowings	48,726	13,046	6,091	1,658	1,137	12,174	82,832
Other financial liabilities	1,660	-	24	-	-	829	2,513
Derivative financial instruments	-	-	-	-	-	153	153
Due to related entities	1,059	25	-	20	95	567	1,766
Debt issues	3,261	3,661	485	6,830	12,299	(130)	26,406
Loan capital	500	-	-	600	600	26	1,726
Total financial liabilities	56,142	16,732	6,600	9,108	14,131	13,619	116,332
Non-financial liabilities							613
Total liabilities							116,945
On-balance sheet interest rate repricing gap	2,311	(5,553)	17,877	7,620	(2,781)		
Net derivative notional principals							
Net interest rate contracts (notional):							
Receivable/(payable)	9,693	2,718	(16,673)	(2,179)	6,441		
Net interest rate repricing gap	12,004	(2,835)	1,204	5,441	3,660		

Additional information on liquidity risk

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

ii. Additional financial disclosures (continued)

Reconciliation of mortgage-related amounts

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

	THE BANKING GROUP
$ millions	**30 Sep 25**
Residential mortgages - total gross loans (as disclosed in Note 11, Note 13.4 and Note iii. Asset quality of the Registered bank disclosures)	**71,318**
Reconciling items:	
Unamortised deferred fees and expenses	**(472)**
Fair value hedge adjustments	**(150)**
EAD for undrawn commitments and other off-balance sheet exposures	**9,961**
Residential mortgages by LVR (as disclosed in Additional mortgage information in Note iv. Capital adequacy and regulatory liquidity ratios (Unaudited) of the Registered bank disclosures)	**80,657**
Accrued interest receivable	**104**
Partial write-offs	**5**
Residential mortgages - EAD (as disclosed in Credit risk exposures by asset class in Note iv. Capital adequacy and regulatory liquidity ratios (Unaudited) of the Registered bank disclosures)	**80,766**

iii. Asset quality

Past due assets

	THE BANKING GROUP			
	30 Sep 25			
$ millions	**Residential Mortgages**	**Other Retail**	**Corporate**	**Total**
Past due but not individually impaired assets				
Less than 30 days past due	**1,073**	**63**	**337**	**1,473**
At least 30 days but less than 60 days past due	**169**	**12**	**25**	**206**
At least 60 days but less than 90 days past due	**107**	**6**	**-**	**113**
At least 90 days past due	**261**	**17**	**36**	**314**
Total past due but not individually impaired assets	**1,610**	**98**	**398**	**2,106**

	THE BANKING GROUP			
	30 Sep 24			
$ millions	Residential Mortgages	Other Retail	Corporate	Total
Past due but not individually impaired assets				
Less than 30 days past due	1,058	76	171	1,305
At least 30 days but less than 60 days past due	177	13	107	297
At least 60 days but less than 90 days past due	131	5	9	145
At least 90 days past due	283	20	63	366
Total past due but not individually impaired assets	1,649	114	350	2,113

Movements in components of loss allowance

Refer to Note 12 Provision for expected credit losses for the movements in the Banking Group's loss allowance components, as required by NZ IFRS 9.

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.

	THE 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	**79,638**	**22,021**	**799**	**190**	**102,648**
Transfers:					
Transfers to Stage 1	**13,585**	**(13,558)**	**(27)**	**-**	**-**
Transfers to Stage 2	**(8,761)**	**9,149**	**(370)**	**(18)**	**-**
Transfers to Stage 3 CAP	**(85)**	**(818)**	**956**	**(53)**	**-**
Transfers to Stage 3 IAP	**(3)**	**(18)**	**(134)**	**155**	**-**
Net further lending/(repayment)	**(3,636)**	**(505)**	**(41)**	**(6)**	**(4,188)**
New facilities originated	**21,176**	**-**	**-**	**-**	**21,176**
Facilities derecognised	**(9,992)**	**(2,483)**	**(310)**	**(44)**	**(12,829)**
Amounts written off	**-**	**-**	**(23)**	**(12)**	**(35)**
Total gross carrying amount as at 30 September 2025	**91,922**	**13,788**	**850**	**212**	**106,772**
Provision for ECL as at 30 September 2025	**(72)**	**(217)**	**(90)**	**(65)**	**(444)**
Total net carrying amount as at 30 September 2025	**91,850**	**13,571**	**760**	**147**	**106,328**

	THE 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 2023	76,135	22,924	709	62	99,830
Transfers:					
Transfers to Stage 1	11,492	(11,461)	(31)	-	-
Transfers to Stage 2	(14,167)	14,510	(341)	(2)	-
Transfers to Stage 3 CAP	(92)	(901)	1,012	(19)	-
Transfers to Stage 3 IAP	-	(84)	(111)	195	-
Net further lending/(repayment)	(2,280)	335	(117)	(8)	(2,070)
New facilities originated	18,669	-	-	-	18,669
Facilities derecognised	(10,119)	(3,302)	(297)	(26)	(13,744)
Amounts written off	-	-	(25)	(12)	(37)
Total gross carrying amount as at 30 September 2024	79,638	22,021	799	190	102,648
Provision for ECL as at 30 September 2024	(64)	(291)	(82)	(61)	(498)
Total net carrying amount as at 30 September 2024	79,574	21,730	717	129	102,150

iii. Asset quality (continued)

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

The impacts of changes in gross carrying amounts of loans on expected loss allowance can be further disaggregated into the following types of credit exposure:

	THE BANKING GROUP				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
$ millions	**CAP**	**CAP**	**CAP**	**IAP**	**Total**
Residential mortgages					
Total gross carrying amount as at 30 September 2024	**53,255**	**14,064**	**630**	**79**	**68,028**
Transfers:					
Transfers to Stage 1	9,386	(9,386)	-	-	-
Transfers to Stage 2	(5,977)	6,319	(324)	(18)	-
Transfers to Stage 3 CAP	(70)	(627)	713	(16)	-
Transfers to Stage 3 IAP	(3)	(18)	(103)	124	-
Net further lending/(repayment)	(3,204)	(538)	(34)	(19)	(3,795)
New facilities originated	15,426	-	-	-	15,426
Facilities derecognised	(6,337)	(1,769)	(203)	(28)	(8,337)
Amounts written off	-	-	-	(4)	(4)
Total gross carrying amount as at 30 September 2025	**62,476**	**8,045**	**679**	**118**	**71,318**
Provision for ECL as at 30 September 2025	(35)	(98)	(57)	(31)	(221)
Total net carrying amount as at 30 September 2025	**62,441**	**7,947**	**622**	**87**	**71,097**
Other retail					
Total gross carrying amount as at 30 September 2024	**1,839**	**667**	**52**	**5**	**2,563**
Transfers:					
Transfers to Stage 1	876	(869)	(7)	-	-
Transfers to Stage 2	(845)	859	(14)	-	-
Transfers to Stage 3 CAP	(12)	(61)	75	(2)	-
Transfers to Stage 3 IAP	-	-	(5)	5	-
Net further lending/(repayment)	(210)	53	(5)	(2)	(164)
New facilities originated	573	-	-	-	573
Facilities derecognised	(256)	(90)	(24)	-	(370)
Amounts written off	-	-	(22)	(2)	(24)
Total gross carrying amount as at 30 September 2025	**1,965**	**559**	**50**	**4**	**2,578**
Provision for ECL as at 30 September 2025	(10)	(28)	(9)	(2)	(49)
Total net carrying amount as at 30 September 2025	**1,955**	**531**	**41**	**2**	**2,529**
Corporate					
Total gross carrying amount as at 30 September 2024	**24,321**	**7,220**	**117**	**106**	**31,764**
Transfers:					
Transfers to Stage 1	3,322	(3,302)	(20)	-	-
Transfers to Stage 2	(1,939)	1,971	(32)	-	-
Transfers to Stage 3 CAP	(3)	(130)	168	(35)	-
Transfers to Stage 3 IAP	-	-	(26)	26	-
Net further lending/(repayment)	(240)	18	(2)	15	(209)
New facilities originated	5,174	-	-	-	5,174
Facilities derecognised	(3,353)	(624)	(83)	(16)	(4,076)
Amounts written off	-	-	(1)	(6)	(7)
Total gross carrying amount as at 30 September 2025	**27,282**	**5,153**	**121**	**90**	**32,646**
Provision for ECL as at 30 September 2025	(27)	(91)	(24)	(32)	(174)
Total net carrying amount as at 30 September 2025	**27,255**	**5,062**	**97**	**58**	**32,472**

The above gross carrying amount table does not include 'Other' credit exposures (refer to Note 11) on the basis that the provision for ECL is nil.

iii. Asset quality (continued)

	THE BANKING GROUP				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	
$ millions	CAP	CAP	CAP	IAP	Total
Residential mortgages					
Total gross carrying amount as at 30 September 2023	50,499	14,758	477	32	65,766
Transfers:					
Transfers to Stage 1	7,727	(7,708)	(19)	-	-
Transfers to Stage 2	(9,388)	9,616	(227)	(1)	-
Transfers to Stage 3 CAP	(61)	(546)	619	(12)	-
Transfers to Stage 3 IAP	-	(12)	(78)	90	-
Net further lending/(repayment)	(2,587)	(509)	(16)	(16)	(3,128)
New facilities originated	11,473	-	-	-	11,473
Facilities derecognised	(4,408)	(1,535)	(126)	(8)	(6,077)
Amounts written off	-	-	-	(6)	(6)
Total gross carrying amount as at 30 September 2024	53,255	14,064	630	79	68,028
Provision for ECL as at 30 September 2024	(29)	(148)	(49)	(21)	(247)
Total net carrying amount as at 30 September 2024	53,226	13,916	581	58	67,781
Other retail					
Total gross carrying amount as at 30 September 2023	1,864	725	58	1	2,648
Transfers:					
Transfers to Stage 1	967	(958)	(9)	-	-
Transfers to Stage 2	(980)	993	(13)	-	-
Transfers to Stage 3 CAP	(10)	(80)	91	(1)	-
Transfers to Stage 3 IAP	-	-	(5)	5	-
Net further lending/(repayment)	(217)	83	(28)	2	(160)
New facilities originated	478	-	-	-	478
Facilities derecognised	(263)	(96)	(19)	-	(378)
Amounts written off	-	-	(23)	(2)	(25)
Total gross carrying amount as at 30 September 2024	1,839	667	52	5	2,563
Provision for ECL as at 30 September 2024	(9)	(31)	(11)	(4)	(55)
Total net carrying amount as at 30 September 2024	1,830	636	41	1	2,508
Corporate					
Total gross carrying amount as at 30 September 2023	23,578	7,441	174	29	31,222
Transfers:					
Transfers to Stage 1	2,798	(2,795)	(3)	-	-
Transfers to Stage 2	(3,799)	3,901	(101)	(1)	-
Transfers to Stage 3 CAP	(21)	(275)	302	(6)	-
Transfers to Stage 3 IAP	-	(72)	(28)	100	-
Net further lending/(repayment)	641	691	(73)	6	1,265
New facilities originated	6,477	-	-	-	6,477
Facilities derecognised	(5,353)	(1,671)	(152)	(18)	(7,194)
Amounts written off	-	-	(2)	(4)	(6)
Total gross carrying amount as at 30 September 2024	24,321	7,220	117	106	31,764
Provision for ECL as at 30 September 2024	(26)	(112)	(22)	(36)	(196)
Total net carrying amount as at 30 September 2024	24,295	7,108	95	70	31,568

The above gross carrying amount table does not include 'Other' credit exposures (refer to Note 11) on the basis that the provision for ECL is nil.

iii. Asset quality (continued)

Other asset quality information

	THE BANKING GROUP				
	30 Sep 25				
$ millions	**Residential Mortgages**	**Other Retail**	**Corporate**	**Other**	**Total**
Undrawn commitments with individually impaired counterparties	**1**	**-**	**19**	**-**	**20**
Other assets under administration	**-**	**-**	**-**	**-**	**-**

	THE BANKING GROUP				
	30 Sep 24				
$ millions	Residential Mortgages	Other Retail	Corporate	Other	Total
Undrawn commitments with individually impaired counterparties	-	1	16	-	17
Other assets under administration	-	-	-	-	-

iv. Capital adequacy and regulatory liquidity ratios (Unaudited)

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

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

The Banking Group's capital summary as at 30 September 2025

		THE BANKING GROUP
$ millions	Note	**2025**
Tier 1 capital		
Common Equity Tier 1 capital		
Paid-up ordinary shares issued by the Bank plus related share premium	21	**7,300**
Retained earnings (net of appropriations)		**2,724**
Accumulated other comprehensive income and other disclosed reserves[1]		**(66)**
Less deductions from Common Equity Tier 1 capital		
Goodwill		**(477)**
Other intangible assets[2]		**(441)**
Cash flow hedge reserve		**12**
Deferred tax asset deduction		**(181)**
Expected loss excess over eligible allowance		**(82)**
Total Common Equity Tier 1 capital		**8,789**
Additional Tier 1 capital		
Additional Tier 1 loan capital[3]	20	**500**
PPS[4]	21	**1,375**
Total Additional Tier 1 capital		**1,875**
Total Tier 1 capital		**10,664**
Tier 2 capital		
Tier 2 capital instruments[3]	20	**1,200**
Revaluation reserves		**-**
Eligible impairment allowance in excess of expected loss		**-**
Total Tier 2 capital		**1,200**
Total capital		**11,864**

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

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

[3] Classified as a liability under Generally Accepted Accounting Practice and excludes capitalised transaction costs. Additional Tier 1 loan capital and Tier 2 capital instruments are itemised in Note 20. Further details on convertibility for Additional Tier 1 loan capital are noted in the 'Conversion' section.

[4] Classified as equity under Generally Accepted Accounting Practice and excludes transaction costs. AT1 PPS are itemised in Note 21.

iv. Capital adequacy and regulatory liquidity ratios (Unaudited) (continued)

Capital structure

Refer to Note 20 Loan capital and Note 21 Shareholders' equity for information on the Banking Group's capital structure.

Credit risk subject to the IRB approach

Credit risk exposures by asset class

The Banking Group's credit risk exposures by asset class as at 30 September 2025

Exposure-weighted PD Grade (%)	Weighted Average PD %	EAD $ millions	Exposure-weighted LGD %	Exposure-weighted Risk Weight %	RWA[1] $ millions
Residential mortgages					
Up to and including 0.10	-	-	-	-	-
Over 0.10 up to and including 0.50	**0.47**	**35,346**	**14**	**12**	**4,931**
Over 0.50 up to and including 1.0	**0.70**	**28,825**	**22**	**24**	**8,285**
Over 1.0 up to and including 2.5	**1.52**	**14,821**	**25**	**51**	**8,993**
Over 2.5 up to and including 10.0	**3.78**	**974**	**27**	**92**	**1,074**
Over 10.0 up to and including 99.99	-	-	-	-	-
Default	**100.00**	**800**	**22**	**156**	**1,498**
Total	**1.77**	**80,766**	**19**	**26**	**24,781**
Other retail					
Up to and including 0.10	**0.05**	**745**	**46**	**7**	**61**
Over 0.10 up to and including 0.50	**0.26**	**1,750**	**40**	**18**	**373**
Over 0.50 up to and including 1.0	**0.78**	**832**	**41**	**35**	**351**
Over 1.0 up to and including 2.5	**1.81**	**855**	**53**	**65**	**672**
Over 2.5 up to and including 10.0	**5.06**	**461**	**62**	**91**	**505**
Over 10.0 up to and including 99.99	**18.92**	**67**	**66**	**134**	**107**
Default	**100.00**	**61**	**41**	**263**	**192**
Total	**2.60**	**4,771**	**46**	**39**	**2,261**
Corporate					
Up to and including 0.04	**0.03**	**5,492**	**42**	**18**	**1,211**
Over 0.04 up to and including 0.10	**0.07**	**3,278**	**47**	**22**	**853**
Over 0.10 up to and including 0.40	**0.22**	**6,894**	**34**	**33**	**2,765**
Over 0.40 up to and including 3.0	**1.16**	**14,230**	**32**	**62**	**10,550**
Over 3.0 up to and including 10.0	**4.78**	**585**	**30**	**91**	**638**
Over 10.0 up to and including 99.99	**25.76**	**1,003**	**34**	**167**	**2,015**
Default	**100.00**	**275**	**51**	**164**	**540**
Total	**2.35**	**31,757**	**36**	**49**	**18,572**
Total credit risk exposures subject to the IRB approach		**117,294**			**45,614**

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

iv. Capital adequacy and regulatory liquidity ratios (Unaudited) (continued)

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

	THE BANKING GROUP			
	30 Sep 25			
	Undrawn commitments and other off-balance sheet contingent liabilities[1]		Counterparty credit risk on derivatives and securities financing transactions	
$ millions	**Value**	**EAD**	**Value**	**EAD**
Residential mortgages	13,819	9,961	-	-
Other retail	3,427	2,168	-	-
Corporate	11,408	5,921	3,288	107
Total	**28,654**	**18,050**	**3,288**	**107**

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

Additional mortgage information

Residential mortgages by LVR as at 30 September 2025

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

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

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

	THE BANKING GROUP					
	30 Sep 25					
LVR range ($ millions)	**Does not exceed 60%**	**Exceeds 60% and not 70%**	**Exceeds 70% and not 80%**	**Exceeds 80% and not 90%**	**Exceeds 90%**	**Total**
On-balance sheet exposures	30,880	14,717	17,194	5,651	2,254	70,696
Undrawn commitments and other off-balance sheet exposures	7,681	1,109	825	160	186	9,961
Value of exposures	**38,561**	**15,826**	**18,019**	**5,811**	**2,440**	**80,657**

Specialised lending subject to the slotting approach

The Banking Group's specialised lending: Project and property finance credit risk exposures as at 30 September 2025

On-balance sheet exposures subject to the slotting approach	Total Exposures After Credit Risk Mitigation (EAD) $ millions	Risk Weight %	RWA[1] $ millions
Supervisory slotting grade			
Strong	5,092	70	4,277
Good	2,587	90	2,794
Satisfactory	262	115	362
Weak	78	250	234
Default	-	-	-

Off-balance sheet exposures subject to the slotting approach	EAD $ millions	Average Risk Weight %	RWA[1] $ millions
Undrawn commitments and other off-balance sheet exposures	1,096	81	1,069
Total specialised lending exposures subject to the slotting approach	**9,115**		**8,736**

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

iv. Capital adequacy and regulatory liquidity ratios (Unaudited) (continued)

Standardised equivalents of IRB risk weighted assets

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

	THE BANKING GROUP			
	30 Sep 25			
$ millions	Exposure Under the IRB Approach	IRB RWA[1]	Equivalent Exposure Under the Standardised Approach	Standardised Equivalents of RWA
IRB Exposure Class				
Residential mortgages	80,766	24,781	77,477	30,012
Other retail	4,771	2,261	2,694	2,471
Corporate	31,757	18,572	30,901	29,249
Specialised lending subject to the slotting approach	9,115	8,736	8,695	8,514
Total	126,409	54,350	119,767	70,246

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

Credit risk exposures subject to the standardised approach

The Banking Group's credit risk exposures subject to the standardised approach as at 30 September 2025

On-balance sheet exposures by separate risk weight	Total Exposure After Credit Risk Mitigation $ millions	Risk Weight %	RWA[1] $ millions
Cash and gold bullion	199	0	-
Sovereigns and central banks	10,876	0	-
	-	20	-
	-	50	-
	-	100	-
	-	150	-
Multilateral development banks and other international organisations	1,797	0	-
	-	20	-
	-	50	-
	-	100	-
	-	150	-
Public sector entities	1,933	20	387
	-	50	-
	-	100	-
	-	150	-
Banks	721	20	144
	835	50	418
	-	100	-
	-	150	-

iv. Capital adequacy and regulatory liquidity ratios (Unaudited) (continued)

Other on-balance sheet exposures by average risk weight[2]	Total Exposure After Credit Risk Mitigation $ millions	Average Risk Weight %	RWA[1] $ millions
Past due assets	-	150	1
Other assets[3]	1,638	64	1,046

Off-balance sheet exposures[2]	Total Exposure Or Principal Amount $ millions	Average Credit Conversion Factor %	Credit Equivalent Amount $ millions	Average Risk Weight %	RWA[1] $ millions
Total off-balance sheet exposures subject to the standardised approach	910	41.43	377	24	91

Counterparty credit risk for counterparties subject to the standardised approach	Total Exposure Or Principal Amount $ millions	Credit Equivalent Amount $ millions	Average Risk Weight %	RWA[1] $ millions
Foreign exchange contracts	26,192	1,563	28	430
Interest rate contracts	73,062	271	23	63
Other[2]	1,504	415	-	-
Credit Valuation Adjustment capital charge[4]	N/A	N/A	N/A	540

Equity exposures[2]	Total Exposure $ millions	Risk Weight %	RWA[1] $ millions
Equity holdings (not deducted from capital) not included in NZX50 or overseas equivalent	3	400	12
Total credit risk exposures subject to the standardised approach	**20,628**		**3,132**

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

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

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

[4] The Credit Valuation Adjustment (CVA) capital charge is $43 million and the implied risk weighted exposure for CVA is $540 million.

Credit risk mitigation

The Banking Group uses a variety of techniques to reduce the credit risk arising from its lending activities. This includes the Banking Group establishing that it has direct, irrevocable and unconditional recourse to collateral and other credit enhancements through obtaining legally enforceable documentation.

iv. Capital adequacy and regulatory liquidity ratios (Unaudited) (continued)

Portfolios subject to the standardised approach

The following table shows the value of exposures in portfolios subject to the standardised approach which are covered by eligible financial collateral as at 30 September 2025.

	THE BANKING GROUP
	30 Sep 25
$ millions	Total value of exposures covered by eligible financial collateral (after haircutting)
Sovereign	-
Bank	935
Corporate (including specialised lending)	-
Residential mortgages	-
Other	-
Total for portfolios subject to the standardised approach	**935**

All portfolios

The Banking Group includes the effect of credit risk mitigation through eligible guarantees within the calculation applied to LGD. Due to system limitations, the value of the guarantee is not always separately recorded, and therefore, neither the total value of exposures covered by guarantees, nor a close alternative, is available for disclosure under Clause 7 of Schedule 11 to the Order. The Banking Group does not apply any credit risk mitigation from credit derivatives as at 30 September 2025.

Impact of the Standardised Floor on Total Credit Risk RWAs

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

- The greater of:
  - 1.2 x total RWAs subject to the IRB treatment (as shown in the tables in the sections Credit risk subject to the IRB approach and Specialised lending subject to the slotting approach on pages 89 and 90 respectively); and
  - 0.85 x total Standardised Equivalent RWAs for each credit risk exposure subject to the IRB treatment (commonly referred to as the standardised floor); and
- 1.0 x total RWAs subject to the Standardised treatment.

The following table shows the output from these calculations, and the resulting total credit risk RWAs used in the calculation of the Bank and the Banking Group's total capital requirements and capital ratios as at 30 September 2025.

	THE BANKING GROUP	
	30 Sep 25	
	RWA	
$ millions	Calculated for compliance purposes	Recalculated using the standardised approach
Total IRB and supervisory slotting exposures[1]	54,350	70,245
Standardised floor at 85% of standardised equivalents	N/A	59,708
IRB and slotting RWAs with floor applied	59,708	N/A
RWAs for standardised exposures[2]	3,132	N/A
Total credit risk RWAs	**62,840**	**N/A**

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

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

iv. Capital adequacy and regulatory liquidity ratios (Unaudited) (continued)

Operational risk

Operational risk capital requirement

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

	THE BANKING GROUP	
	30 Sep 25	
$ millions	Implied Risk Weighted Exposure	Total Operational Risk Capital Requirement
Standardised Approach		
Operational risk	8,140	651

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

Market risk

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

For each category of market risk, the Banking Group's peak end-of-day aggregate capital charge is derived by determining the maximum over the six months ended 30 September 2025 of the aggregate capital charge for that category of market risk derived in accordance with BPR140 Market risk exposure.

The following table provides a summary of the Banking Group's capital charges by risk type as at the reporting date and the peak end-of-day capital charges by risk type for the six months ended 30 September 2025:

	THE BANKING GROUP	
	30 Sep 25	
$ millions	Implied Risk Weighted Exposure	Aggregate Capital Charge
End-of-period		
Interest rate risk	2,074	166
Foreign currency risk	29	2
Equity risk	-	-
Peak end-of-day		
Interest rate risk	4,085	327
Foreign currency risk	174	14
Equity risk	-	-

Total capital requirements

Banking Group Pillar 1 Total Capital Requirement

	THE BANKING GROUP		
	30 Sep 25		
$ millions	Total Exposure After Credit Risk Mitigation	Risk Weighted Exposure or Implied Risk Weighted Exposure	Total Capital Requirement[1]
Total credit risk	140,395	62,840	5,656
Operational risk	N/A	8,140	733
Market risk	N/A	2,103	189
Total	N/A	73,083	6,578

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

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

iv. Capital adequacy and regulatory liquidity ratios (Unaudited) (continued)

Capital ratios

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

	THE BANKING GROUP			THE BANK	
%	Reserve Bank Minimum Ratios[1]	30 Sep 25	30 Sep 24	30 Sep 25	30 Sep 24
Common Equity Tier 1 capital ratio	4.5	**12.0**	11.8	**12.0**	11.8
Tier 1 capital ratio	7.0	**14.6**	14.4	**14.6**	14.5
Total capital ratio	9.0	**16.2**	16.2	**16.3**	16.2
	Buffer Trigger Ratio				
Prudential capital buffer ratio[2]	5.5	**7.2**	7.2	**N/A**	N/A

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

[2] The prudential capital buffer ratio increased from 4.5% to 5.5% on 1 July 2025.

Capital for other material risks

Summary of ICAAP

The Banking Group's ICAAP outlines the Banking Group's approach to meeting minimum capital requirements and confirming that capital held by the Bank is commensurate with its risk profile. The Banking Group's ICAAP complies with the requirements set out in Part D of the Reserve Bank document 'Capital Adequacy' (BPR100) dated 1 July 2024 in accordance with the Bank's conditions of registration.

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

The Banking Group's internal capital allocation for 'other material risks' is $347 million as at 30 September 2025 (30 September 2024: $295 million).

Standardised equivalent capital ratios

The following table is disclosed in accordance with Clause 17B of Schedule 11 to the Order. The Banking Group's standardised equivalent capital ratios are for disclosure purposes and do not form part of the Bank's Conditions of Registration. Refer to the Capital ratios sections on page 64 and 95 for the Banking Group's capital adequacy ratios for compliance purposes.

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

	THE BANKING GROUP		
	30 Sep 25		
	CET1 capital	Tier 1 capital	Total capital
Standardised equivalent capital amount ($ millions)	**8,871**	**10,746**	**11,946**
Standardised equivalent total RWAs ($ millions)	**83,619**	**83,619**	**83,619**
Ratio (%)	**10.6**	**12.9**	**14.3**

iv. Capital adequacy and regulatory liquidity ratios (Unaudited) (continued)

Historical comparison with standardised capital ratios and risk weights

The following table discloses total capital ratios and average risk weights under the IRB and standardised approaches for comparative purpose:

	THE BANKING GROUP	
%	30 Sep 25	30 Sep 24
IRB Approach		
Total capital ratio[1]	**16.2**	**16.2**
Actual average risk weight for all modelled credit risk exposures[2]	**43.0**	**43.4**
Standardised Approach		
Total capital ratio[3]	**14.3**	**14.2**
Average risk weight for all modelled credit risk exposures[4]	**58.7**	**59.5**

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

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

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

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

Ultimate Parent Bank Group and Ultimate Parent Bank capital adequacy

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

%	30 Sep 25 Unaudited	30 Sep 24 Unaudited
Ultimate Parent Bank Group (excluding entities specifically excluded by APRA)[1,2]		
Common Equity Tier 1 capital ratio	**12.5**	12.5
Additional Tier 1 capital ratio	**1.9**	2.3
Tier 1 capital ratio	**14.4**	14.8
Tier 2 capital ratio	**7.2**	6.6
Total regulatory capital ratio	**21.7**	21.4
Ultimate Parent Bank (Extended Licensed Entity)[1,3]		
Common Equity Tier 1 capital ratio	**12.7**	12.7
Additional Tier 1 capital ratio	**2.1**	2.5
Tier 1 capital ratio	**14.8**	15.2
Tier 2 capital ratio	**8.0**	7.3
Total regulatory capital ratios	**22.8**	22.5

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

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

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

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

iv. Capital adequacy and regulatory liquidity ratios (Unaudited) (continued)

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

The Ultimate Parent Bank Board has determined a target post dividend CET1 capital ratio of above 11.25% in normal operating conditions. This target includes consideration of APRA's increase in the minimum CET1 ratio of 0.25% to 10.50% effective 1 January 2027 and replaces the previous CET1 capital operating range of between 11.00% and 11.50%.

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

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

The Ultimate Parent Bank Group (excluding entities specifically excluded by APRA regulations) and Ultimate Parent Bank (Extended Licensed Entity as defined by APRA) exceeded the minimum capital adequacy requirements as specified by APRA as at 30 September 2025.

Regulatory liquidity ratios

The Bank calculates liquidity ratios in accordance with BS13. Ratios are calculated daily and are part of the Bank’s management of liquidity risk. Quarterly average ratios are produced in line with the Reserve Bank rules and guidance.

	THE BANKING GROUP	
%	**30 Sep 25**	30 Jun 25
Average for the three months ended		
One-week mismatch ratio	**8.5**	8.7
One-month mismatch ratio	**8.1**	7.9
Core funding ratio	**86.8**	86.2

v. Concentration of credit exposures to individual counterparties

The following credit exposures are based on actual credit exposures to individual counterparties and groups of closely related counterparties.

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

	THE BANKING GROUP	
	Exposure as at 30 September 2025[1]	**Peak end-of-day exposure over six months to 30 September 2025**
Exposures to non-bank counterparties[2]		
With a long-term credit rating of A- or A3 or above, or its equivalent		
Exceeds 10% and not 15%	**2**	**3**
Exceeds 15% and not 20%	**-**	**-**

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

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

The peak end-of-day aggregate credit exposure to each individual counterparty (which are not members of a group of closely related counterparties) or a group of closely related counterparties has been calculated by determining the maximum end-of-day aggregate amount of actual credit exposure over the six-month period ending 30 September 2025, and then dividing that amount by the Banking Group’s Common Equity Tier 1 capital as at 30 September 2025.

Credit exposures to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties exclude exposures to connected persons, to the central government or central banks of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any supranational or quasi-sovereign agency with a long-term credit rating of A- or A3 or above, or its equivalent. These calculations relate only to exposures held in the financial records of the Banking Group and were calculated net of individually assessed provisions.

vi. Credit exposures to connected persons

The Banking Group's credit exposure to connected persons is derived in accordance with the Bank's conditions of registration and the Reserve Bank document 'Connected Exposures Policy' (BS8) dated October 2023, is net of individual credit impairment allowances and excludes advances to connected persons of a capital nature.

Credit exposures to connected persons are based on actual credit exposures rather than internal limits. Peak end-of-day aggregate credit exposures to connected persons expressed as a percentage of Tier 1 capital of the Banking Group have been derived by determining the maximum end-of-day aggregate amount of credit exposure over the year ended 30 September 2025 and then dividing that amount by the Banking Group's Tier 1 capital as at 30 September 2025.

Credit exposures to connected persons reported in the following table have been calculated on a bilateral net basis. Netting has occurred in respect of certain transactions which are the subject of a bilateral netting agreement.

	THE BANKING GROUP	
$ millions	**As at 30 Sep 25**	**Peak end-of-day for the Year Ended 30 Sep 25**
Credit exposures to connected persons:		
On gross basis, before netting	**2,518**	**2,743**
As a percentage of Tier 1 capital of the Banking Group at end of the year	**23.6%**	**25.7%**
Amount that has been netted off in determining the net exposure	**652**	**539**
As a percentage of Tier 1 capital of the Banking Group at end of the year	**6.1%**	**5.1%**
On partial bilateral net basis	**1,866**	**2,204**
As a percentage of Tier 1 capital of the Banking Group at end of the year	**17.5%**	**20.7%**
Credit exposures to non-bank connected persons	**12**	**6**
As a percentage of Tier 1 capital of the Banking Group at end of the year	**0.1%**	**0.1%**

As at 30 September 2025, the rating-contingent limit applicable to the Banking Group was 60% of Tier 1 capital on a bilateral net basis. There have been no changes to this rating-contingent limit over the year ended 30 September 2025. Within the overall rating-contingent limit there is a sub-limit of 15% of Tier 1 capital which applies to the aggregate credit exposure to non-bank connected persons.

Where a bank is funding a large loan it is common practice to share the risk of a customer default through risk transfer to an acceptable entity. These arrangements are called risk lay-off arrangements. As at 30 September 2025, the Banking Group had $20 million of unfunded contingent credit protection arrangements provided by connected persons arising from risk lay-off arrangements in respect of credit exposures to counterparties (excluding counterparties that are connected persons).

The aggregate amount of the Banking Group's loss allowance for credit exposures to connected persons that are credit impaired was nil as at 30 September 2025.

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

Insurance business

The Banking Group does not conduct any insurance business.

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

Securitisation

The Banking Group uses structured entities to securitise its financial assets through the Covered Bond Programme and the Bank's internal residential mortgage-backed securitisation 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 Bank markets the retail managed investment products of BTNZ, a member of the Ultimate Parent Bank Group, through its branches, advisory business and private bank. The Bank derives distribution fees from the sale of these managed investment products, marketed on behalf of BTNZ (except the PIE Funds). The Bank also provides investment advice to a number of clients (including investors in BTNZ's managed investment products), which includes the provision of other fiduciary activities.

The PIE Funds are administered by the Banking Group (refer to Note 22 for further details) and invest in deposits with the Bank. The Bank is considered to control the PIE Funds, and as such they are consolidated within the financial statements of the Banking Group. As at 30 September 2025, $5,682 million (30 September 2024: $5,352 million) of funds under management were invested by the PIE Funds in the Bank's deposits.

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 Banking Group (30 September 2024: nil).

vii. Insurance business, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products (continued)

Marketing and distribution of insurance products

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

Financial services provided to entities conducting the above activities

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

Assets purchased from entities conducting the above activities

Assets purchased by any member of the Banking Group from entities which conduct the trust, custodial, securitisation, funds management and other fiduciary activities specified above, or on whose behalf insurance products are marketed or distributed, have been purchased on arm's length terms and conditions and at fair value.

Funding provided to entities in aggregate and individually

During the year ended 30 September 2025, the Banking Group did not provide any funding to entities that provide services relating to the Banking Group's involvement in conducting trust and custodial activities, funds management and other fiduciary activities, securitisation activities or insurance product marketing and distribution activities described in this note (30 September 2024: nil).

viii. Risk management policies

Information about risk

Risk Management Framework

The Banking Group regards the management of risk to be a fundamental management activity performed at all levels of its business in support of our purpose of taking action now to create a better future. The Banking Group's Risk Management Framework is the totality of systems, structures, policies, processes and people who identify, measure, evaluate, monitor, report and control or mitigate internal and external sources of material risks.

The Banking Group's Board Risk Appetite Statement documents the Banking Group's risk appetite settings for each of the 11 Risk Classes. The Risk Appetite Statement is reviewed and approved annually by the Board, and is monitored and reported quarterly through the RISKCO and BRCC. Reporting includes the details of remediation activity for any risk appetite measures outside tolerance.

The Banking Group adopts a 'Three Lines of Defence model standard' approach to risk management which enables all employees to understand their role and responsibilities in the active management of risk.

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 independent insight, oversight and challenge of First Line activities

The Banking Group's risk management function is the Second Line of Defence and reports to the Chief Risk Officer. It sets risk frameworks, policies and standards for use across the Banking Group, including providing guidance and standards on the design, implementation, and testing of controls (including policies and limits). 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

The Third Line of Defence is an assurance function that provides the Board, Board Committees and senior management with independent and objective evaluation of the adequacy and effectiveness of the Banking Group's governance, risk management and internal controls.

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 Banking Group.

viii. Risk management policies (continued)

Other key material risks

Capital adequacy risk

Capital adequacy risk is the risk that the 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.

Operational risk represents a category of risk that could have the potential to impact the Banking Group's ability to achieve business objectives. In addition, operational risk events could have a negative impact on financial performance, and/or result in poor customer outcomes and/or reputational damage.

The Banking Group has an Operational Risk Management Framework, which is aligned to the Ultimate Parent Bank's Operational Risk Framework and outlines the business requirements for managing operational risk with respect to governance, risk and control assessments, incident management, issues management and ongoing reporting and monitoring.

The Bank's RISKCO, chaired by the Banking Group's Chief Risk Officer, is responsible for overseeing the effectiveness and implementation of the Operational Risk Management Framework. RISKCO monitors the operational risk profiles and the action plans and has the discretion to escalate material matters to the Bank's BRCC and/or the relevant Ultimate Parent Bank Group Risk Committee.

The Bank calculates Operational Risk Capital as set out in BPR150: Standardised operational risk. In addition, the Bank continues to be required to comply with the qualitative requirements as set out in Section B1 of BPR151 AMA operational risk.

Compliance and conduct risk

Compliance and conduct risk is the risk of failing to abide by the 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 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 Banking Group manages compliance and conduct risks by implementing and embedding frameworks, systems, policies, standards, procedures and controls.

The Banking Group has a 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 Banking Group's RISKCO is responsible for overseeing the effectiveness and implementation of the Compliance and Conduct Risk Management Framework. RISKCO oversees compliance and conduct risks across the Banking Group and regularly reports material matters to the Banking Group's BRCC and the relevant Ultimate Parent Bank Group Risk Committee.

Financial crime risk

Financial crime risk is the risk that the Banking Group fails to prevent financial crime and/or fails to comply with applicable global financial crime regulatory obligations. Financial crime risk includes bribery and corruption, money laundering, sanctions and export control violations, tax evasion, fraud and scams, terrorist financing and proliferation.

The 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.

Cyber risk

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

The Banking Group proactively manages cyber risk exposure, to limit the likelihood of inappropriate access, manipulation or damage to the 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 Banking Group's integrity and competence by clients, counterparties, investors, regulators, employees or the public.

The Banking Group seeks to cultivate stakeholders' trust in the Banking Group's integrity and competence and to balance commerciality of decisions with stakeholder expectations, 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 Banking Group makes inappropriate strategic choices, does not implement its strategies successfully, or does not respond effectively to changes in the operating environment.

The 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.

viii. Risk management policies (continued)

Risk culture

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

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

Capital adequacy

Refer to Note 30 Capital management for the Banking Group's approach to assessing the adequacy of its capital to support current and future activities and the role that directors and senior management take in the capital management process.

Reviews of the Banking Group's risk management systems

Westpac New Zealand Audit, with support from the Ultimate Parent Bank's Group Audit unit, periodically reviews the Bank'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 Banking Group or the Ultimate Parent Bank, though they are independent and have no direct authority over the activities of management.

Various external reviews of the Bank's risk management system have been conducted during the year ended 30 September 2025 as part of ongoing compliance with regulatory requirements.

Internal audit function of the Banking Group

The Banking Group has an internal audit function headed by the Chief Internal Auditor who reports directly to the Banking Group's Board Audit Committee.

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

The Board Audit Committee meets regularly, and its responsibilities include the oversight of the Banking Group's statutory financial reporting requirements and the internal audit function.

Measurement of impaired assets

Impaired assets are measured on a monthly basis. Refer to Note 6 Impairment charges/(benefits) and Note 12 Provision for expected credit losses which describe the approaches the Banking Group follows for assessing asset impairment.

Recoverable amounts are represented by net loans, which are calculated as gross loans less provisions for impairment.

Credit risk mitigation

Refer to Note 13.5 Credit risk mitigation, collateral and other credit enhancements and Note 25 Offsetting financial assets and financial liabilities for the policies and processes the Banking Group follows to mitigate credit risk.

Where the effect of credit risk mitigation through eligible collateral is used to reduce our measure of risk, the Banking Group, as an Advanced IRB Bank, uses the comprehensive method to measure the mitigating effects of the collateral or eligible guarantees.

Additional information about credit risk

Classification of Banking Group exposures by regulatory exposure class

The Banking Group determines credit risk RWAs under BPR130 Credit risk RWAs overview. The regulation specifies two different methodologies to be applied in calculating credit risk RWAs: the standardised approach and the internal ratings based (IRB) approach (which includes the supervisory slotting calculation method for specialised lending). For modelled exposure classes, the IRB approach applies, with total RWAs being subject to a floor of 85% of the standardised RWAs as described in Note iv. Capital adequacy and regulatory liquidity ratios. For non-modelled exposure classes, the standardised approach applies.

viii. Risk management policies (continued)

Modelled exposure classes – standardised floor applies		
Exposures subject to IRB approach		
Residential mortgages		Standard residential mortgage loans as defined in section B4.2 of BPR 133 IRB Credit risk RWAs.
Other retail	Small business	Program-managed business lending.
	Other retail	All other program-managed lending to retail customers, including credit cards, personal loans and personal overdrafts.
Corporate		Exposures to corporations, partnerships, or proprietorships that do not fall into another exposure class, further classified as follows:
	Corporate	Non-farm customers whose annual turnover is equal to or greater than $50 million.
	Corporate SME	Non-farm corporate customers whose annual turnover is less than $50m.
	Farm Lending	Corporate customers classified within 'agriculture' ANZSIC.
Exposures subject to slotting approach		
Corporate	Specialised lending - property finance	Exposures to corporate customers where the primary source of debt service, security and repayment is derived from either the sale of a property development or income produced by one or more investment properties.
	Specialised lending - project finance	Exposure to corporate customers where the primary source of debt service, repayment and security is revenues generated by a project.
Non-modelled exposure classes		
Exposures subject to standardised approach		
Sovereign	Crown	Exposures to the Crown, Reserve Bank or other sovereigns and their central banks.
	Lowest-risk multilateral development banks and supranationals	Exposures to organisations listed in section C2.4(1) of BPR131 Standardised credit risk RWAs.
	Other development banks	Exposures to organisations listed in section C2.4(2) of BPR131 Standardised credit risk RWAs.
Bank	Public Sector Entities	Exposures to Local Authorities.
	Bank	Exposures to NZ registered banks, overseas banks, and non-bank deposit takers.
Other assets		All assets not falling within the above asset classes.
Equity exposures		
Equity		All equity items that have not been deducted from capital and meet the definition of equity exposures in BPR001 Glossary.

Overview of the internal credit risk ratings process by portfolio

(a) ***Transaction-managed approach (including business lending, corporate, Sovereign and bank)***

The process for assignment and approval of individual PDs and LGDs involves business unit representatives recommending the CRGs and LGDs under criteria guidelines. Credit Officers then independently evaluate the recommendations and approve the final outcomes. An expert judgement decision-making process is employed to evaluate the CRG. The following represent the types of business lending, corporate, sovereign and banking exposures included within the transaction-managed portfolio approach:

- direct lending exposures;
- contingent lending exposures;
- pre-settlement exposures;
- FX settlement exposures; and
- transaction exposures.

All of the above exposure categories also apply to Specialised Lending, which is an asset sub-class of Corporate and in the Banking Group comprises Property Finance and Project Finance. Regulatory risk-weights are also applied to Specialised Lending.

viii. Risk management policies (continued)

Definitions, methods and data for estimation and validation of PD, LGD and EAD

PD

The PD is a through-the-cycle assessment of the likelihood of a customer defaulting on its financial obligations within one year. The Banking Group reflects its PD estimate in a CRG.

LGD

The LGD represents an estimate of the expected severity of a loss to the Banking Group should a customer default occur during an economic downturn. The Banking Group assigns an LGD to each credit facility, assuming an event of default has occurred, and taking into account a conservative estimate of the net realisable value of assets to which the Banking Group has recourse and over which it has security. LGDs also reflect the seniority of exposures in the customer's capital and debt structure.

LGD estimates are benchmarked against observed historical LGDs from internal and external data and are calibrated to reflect losses expected in an economic downturn. The calculation of historical LGDs is based on an economic loss and includes allowances for workout costs and the discounting of future cash flows to the date of default.

LGD values range from 5% to 100%. The range of LGD values ensures that the risk of loss is differentiated across many credit facilities extended to customers.

EAD and CCF

EAD represents an estimate of the amount of committed exposure expected to be drawn by the customer at the time of default. The proportion of undrawn commitments ultimately utilised by customers is termed the CCF. EAD therefore consists of the initial outstanding balances plus the CCF multiplied by undrawn commitments.

(b) ***Program-managed approach (including residential mortgages, small business and other retail)***

Each customer is rated using details of their account performance or application details and segmented into pools of similar risk. These segments are created by analysing characteristics that have historically proven predictive in determining if an account is likely to go into default. Customers are then grouped according to these predictive characteristics of default. The retail (program-managed) portfolio is divided into a number of segments per product with each segment assigned a quantified measurement of its PD, LGD and EAD.

Retail asset class exposures included in the retail (program-managed) portfolio approach are split into the following categories of products:

Exposure classes	Product categories
Residential mortgages	• Mortgages
Small business	• Equipment finance
	• Business overdrafts
	• Business term loans
	• Business credit cards
Other retail	• Credit cards
	• Personal loans
	• Overdrafts

PD

PDs are assigned at the retail segment level and reflect the likelihood of accounts within that segment to default. A long-run average is used to assign a PD to each account in a segment based on the segment's characteristics. The PD estimate for each segment is based on internal data.

Models are used to help determine or establish the appropriate internal rating for program-managed portfolios.

LGD

LGD measures the proportion of the exposure that will be lost if default occurs. LGD is measured as a percentage of EAD. The approach to LGD varies depending on whether the retail product is secured or unsecured. A downturn period is used to reflect the effect on the collateral for secured products. For unsecured products, a long-run estimate is used for LGD.

EAD

EAD represents an estimate of the amount of committed exposure expected to be drawn by the customer at the time of default. To calculate EAD, historical data is analysed to determine what proportion of undrawn commitments are ultimately utilised by customers who end up in default.

viii. Risk management policies (continued)

Additional information about operational risk

Calculating operational risk capital

Operational risk regulatory capital is calculated on a quarterly basis. Standardised operational risk capital is based on a prescribed formula universal to all New Zealand registered banks that apply this approach to Operational Risk capital calculation.

The standardised operational risk capital requirement is the sum of two components, covering the operational risk arising on retail and commercial banking business on the one hand and all other activities on the other. The calculation takes into account a combination of loans, advances and securities in the retail and commercial parts of the bank and proportions of various income components for all other activities.

Controls surrounding credit risk rating systems

Refer to Note 13.1 Credit risk management framework and Note 13.2 Credit risk ratings system for a discussion of the control mechanisms for the rating systems the Banking Group uses to measure credit risk.

Conditions of Registration

Conditions of registration for Westpac New Zealand Limited

The registration of the Bank in New Zealand is subject to the following conditions, which applied on and after 1 July 2025:

The registration of the Bank as a registered bank is subject to the following conditions:

1. That:

   (a) the Total capital ratio of the Banking Group is not less than 9%;

   (b) the Tier 1 capital ratio of the Banking Group is not less than 7%;

   (c) the Common Equity Tier 1 capital ratio of the Banking Group is not less than 4.5%;

   (d) the Total capital of the Banking Group is not less than $30 million.

For the purposes of this condition of registration,:

"Total capital ratio", "Tier 1 capital ratio", and "Common Equity Tier 1 capital ratio" have the same meaning as in Subpart B2 of BPR100: Capital Adequacy, except that in the formulae for calculating the ratios, the term "total capital requirement for operational risk" included in "total RWAs equivalents" has the same meaning as in BPR150: Standardised Operational Risk; "Total capital" has the same meaning as in BPR110: Capital Definitions.

1A. That:

   (a) the Bank has an internal capital adequacy assessment process ('**ICAAP**') that accords with the requirements set out in Part D of BPR100: Capital Adequacy;

   (b) under its ICAAP the Bank identifies and measures its "other material risks" defined in Part D of BPR100: Capital Adequacy; and

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

1B. That the Bank must:

   (a) comply with the minimum requirements for using the IRB approach set out in BPR134: IRB Minimum System Requirements;

   (b) comply with the minimum qualitative requirements for using the AMA approach for operational risk set out in subpart B1 of BPR151: AMA Operational Risk;

   (c) follow the process in Part E of BPR120: Capital Adequacy Process Requirements for obtaining Reserve Bank approval for any changes to any IRB credit risk model;

   (d) maintain a compendium of approved models in accordance with the requirements of section E1.5 of BPR120: Capital Adequacy Process requirements.

1C. That if the Prudential Capital Buffer ('**PCB**') ratio of the Banking Group is 5.5% or less, the Bank must:

   (a) according to the following table, limit the aggregate distributions of the Bank's earnings, other than discretionary payments payable to holders of Additional Tier 1 capital instruments, to the percentage limit on distributions that corresponds to the Banking Group's PCB ratio; and:

Banking Group's PCB ratio	Percentage limit on distributions of the Bank's earnings	Capital Buffer Response Framework stage
0% – 0.5%	0%	Stage 3
>0.5 – 3.5%	30%	Stage 2
>3.5 – 5%	60%	Stage 1
>5 – 5.5%	100%	None

   (b) comply with the Capital Buffer Response Framework requirements as set out in Part D of BPR120: Capital Adequacy Process Requirements.

For the purposes of this condition of registration:

"prudential capital buffer ratio", "distributions", and "earnings" have the same meaning as in Subpart B2 of BPR100: Capital Adequacy;

an Additional Tier 1 capital instrument is an instrument that meets the requirements of B2.2(2)(a), (c) or (d) of BPR110: Capital Definitions.

1CA. That the Bank must not make any distribution on a transitional AT1 capital instrument on or after the date on which on any conversion or write-off provision in the terms and conditions of the instrument is triggered due to either a loss absorption trigger event or a non-viability trigger event.

For the purposes of this condition of registration, "transitional AT1 capital instrument" has the meaning given in section A2.3 of BPR110: Capital Definitions and "loss absorption trigger event" and "non-viability trigger event" have the meanings given in sub-section C2.2(3) of BPR120: Capital Adequacy Requirements.

1D. That—

   (a) the Bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued on or after 1 July 2021 in the calculation of its capital ratios unless it has completed the notification requirements in Part B of BPR120: Capital Adequacy Process Requirements in respect of the instrument; and

   (b) the Bank meets the requirements of Part C of BPR120: Capital Adequacy Process Requirements in respect of regulatory capital instruments.

For the purposes of this condition of registration,:

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection B2.2(2)(a) or (c) of BPR110: Capital Definitions;

a Tier 2 capital instrument is an instrument that meets the requirements of subsection B3.2(2)(a) or (c) of BPR110: Capital Definitions.

1E. That for the purposes of LGD estimates for farm lending exposures covered by a Deed of Indemnity from the Crown under the North Island Weather Events Loan Guarantee Scheme, the Bank may choose to apply either the relevant minimum LGD in Table C3.2 of BPR133, or an LGD of 8.5%.

For the purposes of this condition of registration, "LGD" (loss given default) has the meaning given in BPR001: Glossary.

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

Conditions of Registration

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

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

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

4. The Bank must comply with all the requirements set out in the following document: BS8 Connected Exposures 1 October 2023.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.

6. That the Bank complies with the following corporate governance requirements:

   (a) the board of the Bank must have at least five directors;

   (b) the majority of the board members must be non-executive directors;

   (c) at least half of the board members must be independent directors;

   (d) an alternate director:

      (i) for a non-executive director must be non-executive; and

      (ii) for an independent director must be independent;

   (e) at least half of the independent directors of the Bank must be ordinarily resident in New Zealand;

   (f) the chairperson of the board of the Bank must be independent; and

   (g) the Bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the Bank).

   For the purposes of this condition of registration, 'non-executive' and 'independent' have the same meaning as in the Reserve Bank of New Zealand document entitled 'Corporate Governance' (BS14) dated July 2014.

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the Bank 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.

8. That a person must not be appointed as chairperson of the board of the Bank 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.

9. That the Bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:

   (a) the mandate of the committee must include: ensuring the integrity of the Bank's financial controls, reporting systems and internal audit standards;

   (b) the committee must have at least three members;

   (c) every member of the committee must be a non-executive director of the Bank;

   (d) the majority of the members of the committee must be independent; and

   (e) the chairperson of the committee must be independent and must not be the chairperson of the Bank.

   For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

10. That a substantial proportion of the Bank's business is conducted in and from New Zealand.

11. That the Bank must comply with the Reserve Bank of New Zealand document "Outsourcing Policy" (BS11) dated September 2022.

12. That:

   (a) the business and affairs of the Bank are managed by, or under the direction or supervision of, the board of the Bank;

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

   (c) all staff employed by the Bank have their remuneration determined by (or under the delegated authority of) the board or the CEO of the Bank and are accountable (directly or indirectly) to the CEO of the Bank.

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

14. That the Banking Group complies with the following quantitative requirements for liquidity-risk management:

(a) the one-week mismatch ratio of the Banking Group is not less than zero per cent at the end of each business day;

(b) the one-month mismatch ratio of the Banking Group is not less than zero per cent at the end of each business day; and

(c) the one-year core funding ratio of the Banking Group is not less than 75 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled 'Liquidity Policy' (BS13) dated July 2022 and 'Liquidity Policy Annex: Liquid Assets' (BS13A) dated July 2022.

15. That the Bank has an internal framework for liquidity risk management that is adequate in the Bank's view for managing the Bank's liquidity risk at a prudent level, and that, in particular:

(a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;

(b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;

(c) identifies the principal methods that the Bank will use for measuring, monitoring and controlling liquidity risk; and

(d) considers the material sources of stress that the Bank might face, and prepares the Bank to manage stress through a contingency funding plan.

16. That no more than 10% of total assets may be beneficially owned by a SPV.

For the purposes of this condition:

"total assets" means all assets of the Banking Group plus any assets held by any SPV that are not included in the Banking Group's assets:

"SPV" means a person:

(a) to whom any member of the Banking Group has sold, assigned, or otherwise transferred any asset;

(b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and

(c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the Banking Group under a covered bond:

"covered bond" means a debt security issued by any member of the Banking Group, for which repayment to holders is guaranteed by a SPV, and investors retain an unsecured claim on the issuer.

17. That:

(a) no member of the Banking Group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:

(i) the Bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and

(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the Bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15)dated December 2011; and

(b) no member of the Banking Group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:

(i) the Bank has notified the Reserve Bank in writing of the intended acquisition or business combination;

(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the Bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document 'Significant Acquisitions Policy' (BS15) dated December 2011; and

(iii) the Reserve Bank has given the Bank a notice of non-objection to the significant acquisition or business combination.

For the purposes of this condition of registration, "qualifying acquisition or business combination", "notification threshold" and "non-objection threshold" have the same meaning as in the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011.

18. That the Bank is pre-positioned for Open Bank Resolution and in accordance with a direction from the Reserve Bank, the Bank can:

(a) close promptly at any time of the day and on any day of the week and that effective upon the appointment of the statutory manager:

(i) all liabilities are frozen in full; and

(ii) no further access by customers and counterparties to their accounts (deposits, liabilities or other obligations) is possible;

(b) apply a de minimis to relevant customer liability accounts;

(c) apply a partial freeze to the customer liability account balances;

(d) reopen by no later than 9am the next business day following the appointment of a statutory manager and provide customers access to their unfrozen funds;

(e) maintain a full freeze on liabilities not pre-positioned for open bank resolution; and

(f) reinstate customers' access to some or all of their residual frozen funds.

For the purposes of this condition of registration, "de minimis", "partial freeze", "customer liability account", and "frozen and unfrozen funds" have the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated June 2022.

19. That the Bank has an Implementation Plan that:

(a) is up-to-date; and

(b) demonstrates that the Bank's prepositioning for Open Bank Resolution meets the requirements set out in the Reserve Bank document: 'Open Bank Resolution Pre-positioning Requirements Policy' (BS17) dated June 2022.

For the purposes of this condition of registration, "Implementation Plan" has the same meaning as in the Reserve

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Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated June 2022.

20. That the Bank has a compendium of liabilities that:

(a) at the product-class level lists all liabilities, indicating which are:

(i) pre-positioned for Open Bank Resolution; and

(ii) not pre-positioned for Open Bank Resolution;

(b) is agreed to by the Reserve Bank; and

(c) if the Reserve Bank's agreement is conditional, meets the Reserve Bank's conditions.

For the purposes of this condition of registration, "compendium of liabilities", and "pre-positioned and non pre-positioned liabilities" have the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated June 2022.

21. That on an annual basis the Bank tests all the component parts of its Open Bank Resolution solution that demonstrates the Bank's prepositioning for Open Bank Resolution as specified in the Bank's Implementation Plan.

For the purposes of this condition of registration, "Implementation Plan" has the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated June 2022.

22. That, for a loan-to-valuation measurement period ending on or after 30 September 2024, the total of the Bank'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 5% 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.

23. That, for a loan-to-valuation measurement period ending on or after 30 September 2024, the total of the Bank'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 20% 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.

24. That, for a debt-to-income measurement period, the total of the Bank'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.

25. That, for a debt-to-income measurement period, the total of the Bank'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.

26. That the Bank 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.

In these conditions of registration,:

"Banking Group" means Westpac New Zealand Limited (as reporting entity) and all other entities included in the group as defined in section 6(1) of the Financial Markets Conduct Act 2013 for the purposes of Part 7 of that Act.

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

In these conditions of registration, the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents that are referred to in the capital adequacy conditions 1 to 1E, or are referred to in turn by those documents or by Banking Supervision Handbook (BS) documents, are —

BPR document	Version date
BPR100: Capital adequacy	1 July 2024
BPR110: Capital definitions	1 October 2023
BPR120: Capital adequacy process requirements	1 October 2023
BPR130: Credit risk RWAs overview	1 July 2024
BPR131: Standardised credit risk RWAs	1 July 2024
BPR132: Credit risk mitigation	1 July 2024
BPR133: IRB credit risk RWAs	1 July 2024
BPR134: IRB minimum system requirements	1 July 2024
BPR140: Market risk exposure	1 July 2024
BPR150: Standardised operational risk	1 July 2024
BPR151: AMA operational risk	1 July 2024
BPR160: Insurance, securitisation, and loan transfers	1 July 2024
BPR001: Glossary	1 October 2023

In conditions of registration 22 and 23,:

"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:

"loan-to-valuation measurement period" means a rolling period of three calendar months ending on the last day of the third calendar month.

In conditions of registration 24 and 25,:

"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:

"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

Conditions of Registration

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

In condition of registration 26,:

"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.

Changes to Conditions of Registration

On 1 July 2025, the Bank's Conditions of Registration were updated to increase the Prudential Capital Buffer ratio from 4.5% to 5.5%.

On 14 October 2025, the Reserve Bank advised the Bank of proposed changes to its Conditions of Registration which would ease residential mortgage loan-to-value ratio (LVR) restrictions. These changes are proposed to take effect from 1 December 2025 as follows:

- for owner occupiers, increasing the limit on the share of new lending allowed with an LVR above 80% to 25% (up from 20%); and
- for investors, increasing the limit on the share of new lending allowed with an LVR above 70% to 10% (up from 5%).

Independent Auditor's Report

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

Report on the audit of the consolidated disclosure statement

Opinion

Within the consolidated disclosure statement we have audited the accompanying consolidated financial statements and the supplementary information (excluding supplementary information relating to General Information and Capital Adequacy and Regulatory Liquidity Ratios) (the **financial statements and supplementary information**) which comprise:

- the consolidated financial statements comprised of:
  - the balance sheet as at 30 September 2025;
  - 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, 11, 13, 14, 15 and 17 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (**Order**) and is included within notes 12, 13, 30 and 31 and registered bank disclosures i to viii);

  (the **financial statements**).
- the supplementary information that is required to be disclosed in accordance with Schedules 4, 7, 13, 14, 15 and 17 of the Order (the **supplementary information**), contained within note 30 and registered bank disclosures ii, iii, v, vi, vii and viii.

We have not audited the information related to General Information and Capital Adequacy and Regulatory Liquidity Ratios disclosed in accordance with Schedules 2 and 11 of the Order within notes 20, 21 and 31 and registered bank disclosures i and iv, and our opinion does not extend to this information.

In our opinion, the accompanying financial statements of Westpac New Zealand Limited and its controlled entities (the **Banking Group**) within pages 7 to 76:

- give a true and fair view of the Banking Group's financial position as at 30 September 2025 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 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 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 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 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 Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as auditor of the Banking Group. The firm has no other relationship with, or interest in, the Banking Group.

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 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 Banking Group's major activities in the financial year ended 30 September 2025. The Banking Group has certain operational processes which are critical to financial reporting for the 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 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 $85 million determined with reference to a benchmark of the Banking Group's profit before tax. We chose the benchmark because, in our view, this is a key measure of the 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 shareholder as a body 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 $444 million for the Banking Group at 30 September 2025. The 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 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 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 Banking Group's calculation of the provision for ECL.

— Economic judgements: Complex and subjective auditor judgement was applied in assessing the 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 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 Banking Group's models and associated model assumptions as follows:
  - evaluating the 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 Banking Group's modelling methodology;
  - reperforming the model output for a selection of models using the Banking Group's documented methodology and comparing our output with the 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 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 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 Banking Group's disclosures in the financial statements using our understanding obtained from our testing and against the requirements of NZ IFRS 9.

IT Systems and Controls

The key audit matter

The 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 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 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 6, 77 to 82 (excluding the information on page 82 relating to registered bank disclosure ii which forms part of the supplementary information) and 105 to 109, and the information relating to capital adequacy and regulatory liquidity ratios disclosed in accordance with Schedule 11 of the Order within note 30 and registered bank disclosure iv, but does not include the financial statements and supplementary information and our auditor's report thereon. The other information also includes the Westpac New Zealand Climate Report (**Climate Report**) to be published at a later date. Other than the Climate Report which we will receive at a later date, we have received all the other information expected to be included in the annual report and disclosure statement.

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.

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 on the other information that we obtained prior to the date of the auditor's report, 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.

When we read the Climate Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to directors.

Other matter

The financial statements and supplementary information of the Banking Group, for the year ended 30 September 2024 was audited by another auditor who expressed an unmodified opinion on the financial statements and supplementary information on 3 November 2024.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder. Our audit work has been undertaken so that we might state to the shareholder 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 shareholder for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of directors for the consolidated disclosure statement

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

— the preparation and fair presentation of the financial statements in accordance with Clause 24 of the Order;

— the preparation and fair presentation of supplementary information in accordance with Schedules 2, 4, 7, 11, 13, 14, 15 and 17 of the Order;

— implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and

— assessing the ability of the 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 and supplementary information 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

2 November 2025

Independent Limited Assurance Report

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

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

Conclusion

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

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

Information subject to assurance

We have reviewed the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios, as disclosed in registered bank disclosure iv within the consolidated disclosure statement for the period ended 30 September 2025.

Criteria

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

Standards we followed

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

— used our professional judgement to plan and perform the engagement to obtain limited assurance that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios, are free from material misstatement and non-compliance, whether due to fraud or error;

— considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls;

— ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies;

— obtained an understanding of the process, models, data and internal controls implemented over the preparation of the information relating to Capital Adequacy and Regulatory Liquidity Ratios;

— performed inquiry and analytical procedures over the Capital Adequacy and Regulatory Liquidity Ratios;

— obtained an understanding of the Bank's compliance framework and internal control environment over the information relating to Capital Adequacy and Regulatory Liquidity Ratios, including the Bank's assessment of any matters of non-compliance with the Reserve Bank of New Zealand's Prudential Requirements; and

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

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

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

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

Misstatements, including omissions, within the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios 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 Capital Adequacy and Regulatory Liquidity Ratios.

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 2025 does not provide assurance on whether compliance with Schedule 11 of the Order will continue in the future.

Use of this assurance Report

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

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

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

Our conclusion is not modified in respect of this matter.

Directors' responsibility for the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios

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

Our responsibility

Our responsibility is to express a conclusion to the Bank on whether anything has come to our attention that would lead us to believe that, in all material respects the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios has not been disclosed in accordance with Schedule 11 of the Order for the period ended 30 September 2025.

Our independence and quality management

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

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

Our firm has also provided other services to the Bank in relation to 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 Bank on normal terms within the ordinary course of trading activities of the business of the Bank. These matters have not impaired our independence as assurance providers of the Bank for this engagement. The firm has no other relationship with, or interest in, the Bank.

For and on behalf of:

KPMG

KPMG
Auckland

2 November 2025

TOGETHER
GREATER

Westpac New Zealand Limited.

JN17600