ONE STEP AHEAD

ASB Disclosure Statement

For the six months ended 31 December 2025

asb.co.nz

Contents

General Disclosures

(To be read in conjunction with the Financial Statements)

31 December 2025

This Disclosure Statement has been issued by ASB Bank Limited (the "Bank" or "ASB") in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order").

Corporate Information

The Bank is a company incorporated under the Companies Act 1993. The registered office of the Bank is Level 2, ASB North Wharf, 12 Jellicoe Street, Auckland 1010, New Zealand.

The "Banking Group" consists of the Bank and its controlled entities.

Ultimate Parent Bank

The ultimate parent bank of the Bank is Commonwealth Bank of Australia ("CBA").

Changes to Directors

There was one change to the Board of Directors of ASB (the "Board") between 30 June 2025 and 31 December 2025.

Mr Mark Verbiest was appointed as an independent non-executive director of the Board on 1 October 2025.

Responsible Persons

The Chair of the Board, Dame Therese Walsh, and the Managing Director, Ms Vittoria Shortt, have been authorised in writing to sign this Disclosure Statement in accordance with section 82 of the Banking (Prudential Supervision) Act 1989, on behalf of the other directors, being Mr Ross Buckley, Dr Roderick Carr, Ms Victoria Crone, Mr Colin MacDonald, Ms Juliet Tainui-Hernandez, Mr Mark Verbiest and Mr Nigel Williams.

Credit Ratings

As at the date of signing this Disclosure Statement, the following long-term ratings were assigned to the Bank by these rating agencies:

Rating Agency	Current Long-Term Credit Rating	Credit Rating Outlook
Moody's Investors Service Pty Limited ("Moody's")	Aa3	Stable
S&P Global Ratings Australia Pty Limited ("S&P")	AA-	Stable
Fitch Australia Pty Limited ("Fitch")	A+	Positive

Pending Proceedings or Arbitration

Other than the information disclosed in note 13, the Banking Group is not a party to any pending legal proceedings or arbitration that may have a material adverse effect on the Bank or the Banking Group.

Auditor

PricewaterhouseCoopers New Zealand is the appointed auditor of the Bank. The auditor's address is PwC Tower, 15 Customs Street West, Auckland 1010, New Zealand.

Guarantee Arrangements

On 11 August 2011, the ASB Covered Bond Trust (the "Covered Bond Trust") was established to acquire and hold certain residential mortgage loans ("Mortgage Loans") originated by the Bank. ASB Covered Bond Trustee Limited (the "Covered Bond Guarantor"), solely in its capacity as trustee of the Covered Bond Trust, provides guarantees over certain debt securities ("Covered Bonds") issued by the Bank.

The Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee which is secured over the Mortgage Loans, related security and other assets of the Covered Bond Trust. Covered Bonds (including accrued interest) of $2.5 billion were guaranteed as at the signing date of this Disclosure Statement. The amount of the guarantee is limited to the assets of the Covered Bond Trust. There are no material conditions applicable to the guarantee other than non-performance. There are no material legislative or regulatory restrictions in New Zealand which would have the effect of subordinating the claims under the guarantee of any creditors of the Bank on the assets of the Covered Bond Guarantor, to other claims on the Covered Bond Guarantor, in a winding up of the Covered Bond Guarantor.

The Covered Bond Guarantor's address for service is Level 16, SAP Tower, 151 Queen Street, Auckland 1010, New Zealand. The Covered Bond Guarantor is not a member of the Banking Group and has no credit ratings applicable to its long-term senior unsecured obligations payable in New Zealand dollars. As at 31 December 2025, the Covered Bonds issued have been assigned a long-term rating of 'AAA' by Fitch and 'Aaa' by Moody's. Additional information about this guarantee arrangement is included in the Bank's disclosure statement for the year ended 30 June 2025, a copy of which is available at the internet address www.asb.co.nz. A printed copy will also be made available, free of charge, upon request.

As at the date of signing this Disclosure Statement, no other material obligations of the Bank are guaranteed.

General Disclosures

(To be read in conjunction with the Financial Statements)

Restrictions on CBA's Ability to Provide Material Financial Support to the Bank

Since 30 June 2025, there has been no material change in regulations, legislation, or other restrictions of a legally enforceable nature that may materially inhibit the legal ability of CBA to provide material financial support to the Bank.

Conditions of Registration

Effective 1 July 2025, the Reserve Bank of New Zealand ("RBNZ") amended the Bank's Conditions of Registration to:

- incorporate an increase in the Prudential Capital Buffer ("PCB") ratio requirement to 5.5% (from 4.5%) in line with decisions announced in the 2019 Capital Review.
- update PCB ratio bands to reflect the impact of this increase.

Effective 1 December 2025, the RBNZ amended the Bank's Conditions of Registration to:

- increase the limit on the share of new lending to owner occupiers with a Loan-to-Value ratio ("LVR") above 80% to 25% (from 20%).
- increase the limit on the share of new lending to investors with a LVR above 70% to 10% (from 5%).

The new limits apply to loan-to-valuation measurement periods ending on or after 28 February 2026.

There have been no other changes to Conditions of Registration between 30 June 2025 and 31 December 2025.

Depositor Compensation Scheme

The Deposit Takers Act 2023 was enacted in July 2023 and established the Depositor Compensation Scheme ("DCS") with effect from 1 July 2025. Under the DCS, if a licensed deposit taker (including the Bank) fails, eligible deposits up to $100,000 in aggregate per eligible depositor, per deposit taker are protected. Most transaction, savings, notice and term deposit accounts are eligible deposits. The DCS is administered by the RBNZ. For further information on the DCS, refer to the RBNZ's website at www.rbnz.govt.nz/dcs.

Other Material Matters

There are no matters relating to the business or affairs of the Bank and the Banking Group which are not contained elsewhere in this Disclosure Statement that would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the Bank or any member of the Banking Group is the issuer.

Income Statement

$ millions		Banking Group	
		Unaudited	Unaudited
For the six months ended	Note	**31-Dec-25**	31-Dec-24
Interest income			
Effective interest income		**3,565**	4,020
Other interest income		**18**	18
Interest expense		**1,923**	2,492
Net interest income		**1,660**	1,546
Other income	2	**243**	230
Total operating income		**1,903**	1,776
Impairment losses on financial assets	7	**3**	17
Total operating income after impairment losses		**1,900**	1,759
Total operating expenses		**841**	697
Salaries and other staff expenses		**461**	429
Building occupancy and equipment expenses		**45**	46
Information technology expenses		**155**	142
Other expenses		**180**	80
Net profit before tax		**1,059**	1,062
Tax expense		**294**	299
Net profit after tax		**765**	763

Statement of Comprehensive Income

$ millions	Banking Group	
	Unaudited	Unaudited
For the six months ended	**31-Dec-25**	31-Dec-24
Net profit after tax	**765**	763
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to the Income Statement:		
Net change in fair value through other comprehensive income reserve	**42**	(75)
Net change in cash flow hedge reserve	**10**	45
Net change in equity compensation reserve	**(2)**	1
Total other comprehensive income, net of tax	**50**	(29)
Total comprehensive income	**815**	734

These statements are to be read in conjunction with the notes on pages 8 to 41.

Statement of Changes in Equity

	Banking Group			
$ millions	Contributed Capital	Reserves	Retained Earnings	Total Shareholder's Equity
For the six months ended 31 December 2025				
Unaudited				
Balance as at 1 July 2025	**6,873**	**(50)**	**4,669**	**11,492**
Net profit after tax	**-**	**-**	**765**	**765**
Other comprehensive income	**-**	**50**	**-**	**50**
Total comprehensive income	**-**	**50**	**765**	**815**
Balance as at 31 December 2025	**6,873**	**-**	**5,434**	**12,307**
For the six months ended 31 December 2024				
Unaudited				
Balance as at 1 July 2024	6,173	(125)	5,020	11,068
Net profit after tax	-	-	763	763
Other comprehensive income	-	(29)	-	(29)
Total comprehensive income	-	(29)	763	734
Share capital issued	700	-	-	700
Ordinary dividends paid	-	-	(1,100)	(1,100)
Balance as at 31 December 2024	6,873	(154)	4,683	11,402

These statements are to be read in conjunction with the notes on pages 8 to 41.

Balance Sheet

$ millions		Banking Group	
		Unaudited	Audited
As at	Note	**31-Dec-25**	30-Jun-25
Assets			
Cash and liquid assets		**4,691**	5,584
Receivables from financial institutions		**533**	578
Securities:			
At fair value through Income Statement		**1,146**	1,083
At fair value through other comprehensive income		**10,863**	10,483
Derivative assets		**2,139**	1,244
Advances to customers	4	**118,723**	114,727
Other assets		**541**	510
Property, plant and equipment		**409**	314
Intangible assets		**393**	331
Deferred tax assets		**276**	310
Total assets		**139,714**	135,164
Total interest earning and discount bearing assets		***135,834***	*132,531*
Liabilities			
Deposits and other borrowings	11	**94,486**	93,422
Payables to financial institutions		**2,484**	1,539
Derivative liabilities		**269**	410
Current tax liabilities		**62**	187
Other liabilities		**1,093**	1,187
Provisions	13	**333**	188
Debt issues:			
At fair value through Income Statement	12	**599**	1,959
At amortised cost	12	**27,052**	23,808
Loan capital		**1,029**	972
Total liabilities		**127,407**	123,672
Shareholder's equity			
Contributed capital - ordinary shares		**6,873**	6,873
Reserves		**-**	(50)
Retained earnings		**5,434**	4,669
Ordinary shareholder's equity		**12,307**	11,492
Total shareholder's equity		**12,307**	11,492
Total liabilities and shareholder's equity		**139,714**	135,164
Total interest and discount bearing liabilities		***114,077***	*111,537*

These statements are to be read in conjunction with the notes on pages 8 to 41.

Cash Flow Statement

$ millions		Banking Group	
		Unaudited	**Unaudited**
For the six months ended	Note	**31-Dec-25**	31-Dec-24
Cash flows from operating activities			
Net profit before tax		**1,059**	1,062
Reconciliation of net profit before tax to net cash flows from operating activities			
Non-cash items included in net profit before tax:			
Depreciation of property, plant and equipment		**36**	34
Amortisation of intangible assets		**45**	38
Net change in allowance for expected credit loss and bad debts written off		**8**	23
Amortisation of loan establishment fees		**76**	60
Net change in fair value of financial instruments and hedged items		**(9)**	85
Other non-cash items		**135**	41
Net (increase)/decrease in operating assets:			
Net change in reverse repurchase agreements		**(117)**	(1,337)
Net change in receivables from financial institutions		**45**	111
Net change in securities at fair value through Income Statement		**(42)**	(986)
Net change in securities at fair value through other comprehensive income		**(259)**	(943)
Net change in derivative assets		**252**	262
Net change in advances to customers		**(4,053)**	(2,635)
Net change in other assets		**(36)**	(4)
Net increase/(decrease) in operating liabilities:			
Net change in deposits and other borrowings		**991**	2,245
Net change in payables to financial institutions		**936**	903
Net change in derivative liabilities		**(91)**	(239)
Net change in other liabilities and provisions		**(214)**	(30)
Net tax paid		**(407)**	(390)
Net cash flows from operating activities		**(1,645)**	(1,700)
Cash flows from investing activities			
Cash was applied to:			
Purchase of equity investment		**(1)**	-
Purchase of property, plant and equipment		**(28)**	(18)
Development and purchase of intangible assets		**(113)**	(61)
Total cash outflows applied to investing activities		**(142)**	(79)
Net cash flows from investing activities		**(142)**	(79)
Cash flows from financing activities			
Cash was provided from:			
Issue of debt securities (net of issue costs)	12	**6,403**	4,558
Total cash inflows provided from financing activities		**6,403**	4,558
Cash was applied to:			
Repayment of debt securities	12	**(5,610)**	(4,571)
Payment of the principal portion of lease liabilities		**(16)**	(18)
Ordinary dividends paid		**-**	(400)
Total cash outflows applied to financing activities		**(5,626)**	(4,989)
Net cash flows from financing activities		**777**	(431)
Summary of movements in cash flows			
Net decrease in cash and cash equivalents		**(1,010)**	(2,210)
Add: cash and cash equivalents at beginning of period		**4,289**	4,478
Cash and cash equivalents at end of period		**3,279**	2,268
Cash and cash equivalents comprise:			
Cash and liquid assets		**4,691**	4,577
Less: reverse repurchase agreements included in cash and liquid assets		**(1,412)**	(2,309)
Cash and cash equivalents at end of period		**3,279**	2,268
Additional operating cash flow information			
Interest received as cash		**3,586**	4,019
Interest paid as cash		**(2,121)**	(2,468)

These statements are to be read in conjunction with the notes on pages 8 to 41.

Notes to the Financial Statements

For the six months ended 31 December 2025

1 Accounting Policies

The condensed interim financial statements of the Banking Group for the six months ended 31 December 2025 (the "financial statements") have been incorporated in this Disclosure Statement. The financial statements consolidate the financial statements of the Bank and its controlled entities. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") as appropriate for for-profit entities, NZ IAS 34 *Interim Financial Reporting* ("NZ IAS 34") and the Order. The financial statements comply with both IAS 34 *Interim Financial Reporting* and NZ IAS 34. They do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Banking Group's financial statements for the year ended 30 June 2025.

The consolidated financial statements are presented in New Zealand dollars, which is the Banking Group's functional and presentation currency. All amounts are presented in millions, unless otherwise stated.

All policies have been applied on a basis consistent with that used in the financial year ended 30 June 2025.

International Tax Reform – Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development published the Pillar Two Model Rules which are designed to ensure large multinational enterprises pay a minimum level of tax of 15% in each of the jurisdictions where they operate.

Pillar Two legislation has been enacted in New Zealand and is effective for the Banking Group from 1 July 2025. The Banking Group is part of a multinational enterprise group under CBA, headquartered in Australia, and falls within the Pillar Two rules in New Zealand. The Banking Group does not expect a material exposure, if any, to Pillar Two top-up taxes as at 31 December 2025.

Critical Accounting Estimates and Judgements

Information regarding the critical accounting estimates, assumptions and judgements is provided in the financial statements for the year ended 30 June 2025. These estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical estimates and assumptions in relation to the allowance for expected credit loss are set out in note 5.

Judgements in relation to provisions and contingent liabilities are set out in note 13.

Changes to Comparatives

Comparative information has been restated or reclassified, where appropriate, to ensure consistency with presentation in the current period. All comparative restatements and reclassifications are footnoted throughout the financial statements. All restatements and reclassifications have no impact on the previously reported Balance Sheet or Net profit after tax.

Notes to the Financial Statements

For the six months ended 31 December 2025

2 Other Income

Unaudited

$ millions **For the six months ended**	**Banking Group** **31-Dec-25**	 31-Dec-24
Lending, commission and other fees[1]	**133**	155
Funds management income	**88**	77
Fee and commission income	**221**	232
Fee and commission expense	**(42)**	(40)
Net fee and commission income	**179**	192
Trading income[2]	**49**	46
Hedge ineffectiveness	**-**	(15)
Other operating income		
Net fair value gain/(loss) on financial assets at fair value through Income Statement and related derivatives	**5**	(2)
Net fair value gain/(loss) on financial liabilities at fair value through Income Statement and related derivatives	**-**	(1)
Net fair value gain on derivatives not qualifying for hedge accounting	**8**	8
Other operating income	**2**	2
Total other operating income	**15**	7
Total other income	**243**	230

(1) Comparative information has been reclassified to ensure consistency with presentation in the current period.

(2) Included in trading income is a credit risk adjustment on trading derivatives that rounded to nil (31 December 2024 $5 million credit risk adjustment loss).

3 Financial Reporting by Operating Segments

Unaudited

The Banking Group is organised into the following major business segments which are consistent with internal reporting provided to the Banking Group's chief operating decision maker (being the executive management team).

Personal Banking: The Personal Banking segment provides banking, investment and insurance services to personal customers.

Business Banking: The Business Banking segment provides services to commercial, rural and small business customers.

Corporate Banking: The Corporate Banking segment provides services to corporate customers, transactional banking services and retail broking services. It also comprises the Bank's financial markets activities, including financial instruments trading and sales of financial instruments to customers bank wide.

The **Other** category primarily includes:

- Business units that do not meet the definition of operating segments under NZ IFRS 8 *Operating Segments,* including the Bank's Treasury function and other functions that supply support and services to the segments; and
- 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.

Business segment performance is assessed on a "Cash profit/(loss)" basis, a non-IFRS measure which represents how segments are managed internally. Cash profit/(loss) reflects the Banking Group's underlying operating results and excludes items that introduce volatility and/or one-off distortions which are not considered representative of ongoing financial performance.

Operating income in each segment includes transfer pricing adjustments to reflect inter-segment funding arrangements. Inter-segment transactions are eliminated for the purposes of reporting the consolidated Banking Group's results and are included in the Other segment.

3 Financial Reporting by Operating Segments (continued)

Unaudited

	Banking Group				
$ millions	Personal Banking	Business Banking	Corporate Banking	Other	Total
Income Statement					
For the six months ended 31 December 2025					
Net interest income	853	586	131	32	1,602
Lending, commission and other fees	108	28	15	(18)	133
Funds management income	83	5	-	-	88
Fee and commission income	191	33	15	(18)	221
Fee and commission expense	(41)	(1)	-	-	(42)
Net fee and commission income	150	32	15	(18)	179
Other operating income [1]	24	19	6	5	54
Total operating income	1,027	637	152	19	1,835
Impairment (losses)/recoveries on financial assets	(4)	34	(33)	-	(3)
Operating expenses	(474)	(221)	(59)	(85)	(839)
Cash net profit/(loss) before tax	549	450	60	(66)	993
Tax (expense)/benefit	(154)	(126)	(17)	23	(274)
Cash net profit/(loss) after tax ("Cash profit/(loss)")	395	324	43	(43)	719
Reconciliation of Cash profit to Statutory profit					
Cash profit					719
Reconciling items:					
Hedging and IFRS volatility [2]					7
Notional inter-group charges [3]					53
Reporting structure differences [4]					6
Tax on reconciling items					(20)
Net profit after tax ("Statutory profit")					765
Balance Sheet					
As at 31 December 2025					
Advances to customers	69,295	43,825	5,603	-	118,723
Total assets	69,490	43,889	5,998	20,337	139,714
Deposits and other borrowings	60,172	19,523	9,773	5,018	94,486
Total liabilities	60,365	19,531	9,793	37,718	127,407

(1) Includes trading income, net fair value gains/(losses) and other operating income.

(2) Includes unrealised fair value gains/(losses) on economic hedges that do not qualify for hedge accounting and unrealised fair value gains or losses on the ineffective portion of hedges that do qualify for hedge accounting under NZ IFRS. These fair value gains or losses are excluded from Cash profit/(loss) since the asymmetric recognition of the gains or losses does not affect the performance of the Banking Group over the life of the hedge.

(3) Represents the recognition of a notional cost of capital from the ultimate parent and other allocated costs which are not included in Statutory profit.

(4) Certain business units results are excluded from Cash profit/(loss) for internal reporting but included in Statutory profit.

Notes to the Financial Statements

For the six months ended 31 December 2025

3 Financial Reporting by Operating Segments (continued)

Unaudited

$ millions	Personal Banking	Business Banking	Corporate Banking	Other	Total
	Banking Group				
Income Statement [(1)]					
For the six months ended 31 December 2024					
Net interest income	751	575	134	11	1,471
Lending, commission and other fees	108	32	15	-	155
Funds management income	73	4	-	-	77
Fee and commission income	181	36	15	-	232
Fee and commission expense	(39)	(1)	-	-	(40)
Net fee and commission income	142	35	15	-	192
Other operating income/(loss) [(2)]	26	19	-	(4)	41
Total operating income	919	629	149	7	1,704
Impairment (losses)/recoveries on financial assets	(18)	(11)	12	-	(17)
Operating expenses	(432)	(202)	(61)	-	(695)
Cash net profit before tax	469	416	100	7	992
Tax expense	(131)	(116)	(28)	(3)	(278)
Cash net profit after tax ("Cash profit")	338	300	72	4	714
Reconciliation of Cash profit to Statutory profit					
Cash profit					714
Reconciling items:					
Hedging and IFRS volatility [(3)]					(7)
Notional inter-group charges [(4)]					71
Reporting structure differences [(5)]					6
Tax on reconciling items					(21)
Net profit after tax ("Statutory profit")					763
Balance Sheet					
As at 30 June 2025					
Advances to customers	66,525	42,817	5,385	-	114,727
Total assets	66,704	42,888	5,670	19,902	135,164
Deposits and other borrowings	58,043	18,474	9,251	7,654	93,422
Total liabilities	58,218	18,483	9,096	37,875	123,672

(1) The Banking Group made some minor changes to its structure and some refinements to the allocation of support costs to support units. These changes have not impacted the Banking Group's statutory profit but have resulted in changes to the presentation of the Income Statement and the Balance Sheet of the affected segments. Certain comparative information has been reclassified to ensure consistency with presentation in the current period.

(2) Includes trading income, net fair value gains/(losses) and other operating income.

(3) Includes unrealised fair value gains/(losses) on economic hedges that do not qualify for hedge accounting and unrealised fair value gains or losses on the ineffective portion of hedges that do qualify for hedge accounting under NZ IFRS. These fair value gains or losses are excluded from Cash profit since the asymmetric recognition of the gains or losses does not affect the performance of the Banking Group over the life of the hedge.

(4) Represents the recognition of a notional cost of capital from the ultimate parent and other allocated costs which are not included in Statutory profit.

(5) Certain business units results are excluded from Cash profit for internal reporting but included in Statutory profit.

4 Advances to Customers

$ millions						
	Banking Group					
	Unaudited			Audited		
As at	31-Dec-25			30-Jun-25		
	Gross Carrying Amount	Allowance for ECL	Total Advances to Customers	Gross Carrying Amount	Allowance for ECL	Total Advances to Customers
Residential mortgages (refer to note 5(b))	**84,153**	**(225)**	**83,928**	81,052	(233)	80,819
Other retail (refer to note 5(c))	**2,743**	**(78)**	**2,665**	2,824	(85)	2,739
Corporate (refer to note 5(d))	**32,433**	**(303)**	**32,130**	31,485	(316)	31,169
Total Advances to Customers	**119,329**	**(606)**	**118,723**	115,361	(634)	114,727

5 Allowance for Expected Credit Loss

Unaudited

Information for the six months ended 31 December 2025 is presented separately for the following categories of Advances to customers, as prescribed by the Order:

- Total Advances to customers, presented in section (a) including an explanation of movements in allowance for expected credit loss ("ECL"); and
- Total Advances to customers broken down into three categories as follows:
  - Residential mortgages, presented in section (b) and its explanation of movements in allowance for ECL;
  - Other retail, presented in section (c) and its explanation of movements in allowance for ECL; and
  - Corporate, presented in section (d) and its explanation of movements in allowance for ECL.

Section (e) details the basis of inputs and assumptions, including forward looking information, used in the calculation of allowances for ECL.

Section (f) provides a sensitivity analysis of the Banking Group's allowance for ECL.

Section (g) details the experienced credit judgement, management adjustments and overlays incorporated in the calculation of allowances for ECL.

Section (h) acknowledges the risks associated with natural hazards and climate change, and the potential for these risks to impact the Banking Group and its customers.

Unless stated otherwise, information is not presented in respect of other financial assets or credit related contingent liabilities as the related allowances for ECL are not material to the Banking Group.

Movement in Allowance for ECL

The movement in allowance for ECL tables are presented on the following basis:

- Changes in collective allowances due to transfers between ECL Stages include the impact of both the initial transfer and subsequent remeasurement of the allowance for ECL. The remeasurement of transferred amounts occurs in the Stage to which the allowance for ECL has transferred and includes the impact of management adjustments and overlays;
- The effect of any Stage 3 discount unwind is included within Other changes in collective allowances and within New and increased individually assessed allowances. This discount unwind is presented in the Income Statement as a reduction in Interest income;
- Other changes in collective allowances also includes the impact of changes in future forecast economic assumptions, other changes in models or assumptions, changes in the expected life of existing lending and other changes in the credit quality of existing lending (excluding those related to significant increases in credit risk ("SICR")). This includes the impact of management adjustments and overlays; and
- The impact of additions, deletions and transfers between Stages on the allowance for ECL will be impacted by the credit quality of the underlying gross carrying amounts.

Movement in Gross Carrying Amount

The movement in gross carrying amount tables set out on the following pages summarise changes in gross carrying amounts to explain changes in the Banking Group's allowance for ECL for the six months ended 31 December 2025.

They are presented on the following basis:

- Additions include amounts drawn either from existing or new facilities during the period; and
- Deletions include amounts which have been repaid on facilities during the period.

Explanations of the material drivers of the movement in allowance for ECL, including how changes in the gross carrying amounts contributed to changes in the allowance for ECL, are provided above the ECL tables.

5 Allowance for Expected Credit Loss (continued)

Unaudited

(a) Total Advances to Customers

The Banking Group's allowance for ECL decreased by $28 million during the period, reflecting:

- A net decrease of $12 million in individually assessed allowances primarily due to the impact from Corporate; and
- A net decrease of $16 million in collective allowances primarily due to updates to multiple macroeconomic scenarios, write-offs and movements in exposure presented within Other changes in collective allowances, Amounts written off and Additions and Deletions, partially offset by changes in portfolio quality presented within Other changes in collective allowances and Transfers between ECL Stages.

$ millions	Banking Group				
Movement in Allowance for Expected Credit Loss	**Collective Allowances**			**Individually Assessed Allowances**	
As at 31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 3**	**Total**
Balance as at 1 July 2025	125	241	145	123	634
Charged to/(credited against) the Income Statement					
Changes in allowances due to transfers between ECL Stages					
Transfers to Stage 1	10	(24)	(5)	-	(19)
Transfers to Stage 2	(15)	52	(59)	-	(22)
Transfers to Stage 3	-	(13)	88	-	75
Net transfers between collective allowances and individually assessed allowances	-	(1)	(4)	5	-
Changes in allowances due to transfers between ECL Stages	(5)	14	20	5	34
Changes in collective allowances due to additions and deletions	8	(9)	(17)	-	(18)
Changes in collective allowances due to amounts written off	-	(1)	(8)	-	(9)
Total changes in allowances due to movements in gross carrying amounts	3	4	(5)	5	7
Other changes in collective allowances	16	(37)	3	-	(18)
New and increased individually assessed allowances	-	-	-	32	32
Write-back of individually assessed allowances no longer required	-	-	-	(29)	(29)
Total charged to/(credited against) the Income Statement	19	(33)	(2)	8	(8)
Amounts written off from individually assessed allowances	-	-	-	(20)	(20)
Balance as at 31 December 2025	144	208	143	111	606

$ millions	Banking Group				
Movement in Gross Carrying Amounts	**Collectively Assessed**			**Individually Assessed**	
As at 31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 3**	**Total**
Balance as at 1 July 2025	89,486	23,827	1,603	445	115,361
Changes due to transfers between ECL Stages					
Transfers to Stage 1	10,632	(10,600)	(32)	-	-
Transfers to Stage 2	(3,842)	4,560	(718)	-	-
Transfers to Stage 3	(12)	(847)	859	-	-
Net transfers to/(from) Stage 3 individually assessed	(6)	(24)	-	30	-
Total changes due to transfers between ECL Stages	6,772	(6,911)	109	30	-
Additions and deletions					
Additions	22,191	3,298	61	-	25,550
Deletions (excluding amounts written off)	(16,615)	(4,541)	(289)	(98)	(21,543)
Net additions/(deletions)	5,576	(1,243)	(228)	(98)	4,007
Amounts written off	(1)	(3)	(15)	(20)	(39)
Balance as at 31 December 2025	101,833	15,670	1,469	357	119,329

5 Allowance for Expected Credit Loss (continued)

Unaudited

(b) Residential Mortgages

The Banking Group's Residential mortgages allowance for ECL decreased by $8 million during the period, with a net decrease of $11 million in collective allowances and a net increase of $3 million in individually assessed allowances.

With respect to the collective allowances in the table below, the movement primarily reflects:

- Updates to multiple macroeconomic scenarios resulting in a net decrease of $5 million, presented within Other changes in collective allowances;
- A net decrease of $4 million from improvements in portfolio credit quality, including lower levels of late-stage arrears and resolution of long-standing workout cases and Additions and Deletions, partly offset by new arrears presented within Other changes to collective allowances; and
- A net decrease of $2 million in management adjustments for portfolio related risks not adequately covered by the ECL model, presented within Other changes in collective allowances.

$ millions	Banking Group				
Movement in Allowance for Expected Credit Loss	**Collective Allowances**			**Individually Assessed Allowances**	
As at 31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 3**	**Total**
Balance as at 1 July 2025	**45**	**45**	**103**	**40**	**233**
Charged to/(credited against) the Income Statement					
Changes in allowances due to transfers between ECL Stages					
Transfers to Stage 1	**4**	**(7)**	**(3)**	**-**	**(6)**
Transfers to Stage 2	**(6)**	**19**	**(49)**	**-**	**(36)**
Transfers to Stage 3	**-**	**(4)**	**47**	**-**	**43**
Net transfers between collective allowances and individually assessed allowances	**-**	**(1)**	**(3)**	**4**	**-**
Changes in allowances due to transfers between ECL Stages	**(2)**	**7**	**(8)**	**4**	**1**
Changes in collective allowances due to additions and deletions	**2**	**(3)**	**(9)**	**-**	**(10)**
Changes in collective allowances due to amounts written off	**-**	**-**	**-**	**-**	**-**
Total changes in allowances due to movements in gross carrying amounts	**-**	**4**	**(17)**	**4**	**(9)**
Other changes in collective allowances	**1**	**3**	**(2)**	**-**	**2**
New and increased individually assessed allowances	**-**	**-**	**-**	**26**	**26**
Write-back of individually assessed allowances no longer required	**-**	**-**	**-**	**(21)**	**(21)**
Total charged to/(credited against) the Income Statement	**1**	**7**	**(19)**	**9**	**(2)**
Amounts written off from individually assessed allowances	**-**	**-**	**-**	**(6)**	**(6)**
Balance as at 31 December 2025	**46**	**52**	**84**	**43**	**225**

$ millions	Banking Group				
Movement in Gross Carrying Amounts	**Collectively Assessed**			**Individually Assessed**	
As at 31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 3**	**Total**
Balance as at 1 July 2025	**74,720**	**4,659**	**1,441**	**232**	**81,052**
Changes due to transfers between ECL Stages					
Transfers to Stage 1	**1,236**	**(1,207)**	**(29)**	**-**	**-**
Transfers to Stage 2	**(1,790)**	**2,476**	**(686)**	**-**	**-**
Transfers to Stage 3	**(9)**	**(717)**	**726**	**-**	**-**
Net transfers to/(from) Stage 3 individually assessed	**(5)**	**(22)**	**-**	**27**	**-**
Total changes due to transfers between ECL Stages	**(568)**	**530**	**11**	**27**	**-**
Additions and deletions					
Additions	**14,376**	**229**	**31**	**-**	**14,636**
Deletions (excluding amounts written off)	**(10,667)**	**(584)**	**(233)**	**(43)**	**(11,527)**
Net additions/(deletions)	**3,709**	**(355)**	**(202)**	**(43)**	**3,109**
Amounts written off	**-**	**-**	**(2)**	**(6)**	**(8)**
Balance as at 31 December 2025	**77,861**	**4,834**	**1,248**	**210**	**84,153**

5 Allowance for Expected Credit Loss (continued)

Unaudited

(c) Other Retail

The Banking Group's Other retail allowance for ECL decreased by $7 million during the period, due to a net decrease of $7 million in collective allowances.

With respect to the collective allowances in the table below, the movement primarily reflects:

- A net decrease of $6 million due to write-offs and a decrease in portfolio size, presented within Amounts written off and Additions and Deletions, partly offset by Transfers between ECL Stages;
- A net decrease in management adjustments of $2 million for portfolio related risks not adequately covered by the ECL model, presented within Other changes in collective allowances; and
- Updates to multiple macroeconomic scenarios resulting in a net increase of $1 million, presented within Other changes in collective allowances.

$ millions	Banking Group				
Movement in Allowance for Expected Credit Loss	**Collective Allowances**			**Individually Assessed Allowances**	
As at 31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 3**	**Total**
Balance as at 1 July 2025	30	12	35	8	85
Charged to/(credited against) the Income Statement					
Changes in allowances due to transfers between ECL Stages					
Transfers to Stage 1	2	(5)	(2)	-	(5)
Transfers to Stage 2	(5)	13	(10)	-	(2)
Transfers to Stage 3	-	(4)	20	-	16
Net transfers between collective allowances and individually assessed allowances	-	-	(1)	1	-
Changes in allowances due to transfers between ECL Stages	(3)	4	7	1	9
Changes in collective allowances due to additions and deletions	2	(2)	(5)	-	(5)
Changes in collective allowances due to amounts written off	-	(1)	(8)	-	(9)
Total changes in allowances due to movements in gross carrying amounts	(1)	1	(6)	1	(5)
Other changes in collective allowances	-	(1)	-	-	(1)
New and increased individually assessed allowances	-	-	-	1	1
Write-back of individually assessed allowances no longer required	-	-	-	(1)	(1)
Total charged to/(credited against) the Income Statement	(1)	-	(6)	1	(6)
Amounts written off from individually assessed allowances	-	-	-	(1)	(1)
Balance as at 31 December 2025	29	12	29	8	78

$ millions	Banking Group				
Movement in Gross Carrying Amounts	**Collectively Assessed**			**Individually Assessed**	
As at 31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 3**	**Total**
Balance as at 1 July 2025	2,595	142	68	19	2,824
Changes due to transfers between ECL Stages					
Transfers to Stage 1	98	(95)	(3)	-	-
Transfers to Stage 2	(116)	135	(19)	-	-
Transfers to Stage 3	(1)	(33)	34	-	-
Net transfers to/(from) Stage 3 individually assessed	(1)	-	-	1	-
Total changes due to transfers between ECL Stages	(20)	7	12	1	-
Additions and deletions					
Additions	1,454	29	14	-	1,497
Deletions (excluding amounts written off)	(1,502)	(33)	(23)	(2)	(1,560)
Net additions/(deletions)	(48)	(4)	(9)	(2)	(63)
Amounts written off	(1)	(3)	(13)	(1)	(18)
Balance as at 31 December 2025	2,526	142	58	17	2,743

5 Allowance for Expected Credit Loss (continued)

Unaudited

(d) Corporate

The Banking Group's Corporate allowance for ECL decreased by $13 million during the period, with a net decrease of $15 million in individually assessed allowances and a net increase of $2 million in collective allowances.

With respect to the collective allowances in the table below, the movement primarily reflects:

- A net increase of $15 million due to changes in portfolio credit quality (reflecting an increase in stage 3 exposure partially offset by net transfers from stage 2 to stage 1 given improving economic conditions) and an increase in portfolio size, presented within Transfers between ECL Stages, Other changes in collective allowances, and Additions and Deletions, partly offset by;
- Updates to provision models, impacts from associated stage transfers and updates to multiple macroeconomic scenarios resulting in a net release of $10 million, presented within Other changes in collective allowances, and a net decrease in management adjustments of $3 million for manufacturing and wholesale sectors, presented within Transfers between ECL Stages and Other changes in collective allowances.

$ millions	Banking Group				
Movement in Allowance for Expected Credit Loss	**Collective Allowances**			**Individually Assessed Allowances**	
As at 31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 3**	**Total**
Balance as at 1 July 2025	**50**	**184**	**7**	**75**	**316**
Charged to/(credited against) the Income Statement					
Changes in allowances due to transfers between ECL Stages					
Transfers to Stage 1	**4**	**(12)**	**-**	**-**	**(8)**
Transfers to Stage 2	**(4)**	**20**	**-**	**-**	**16**
Transfers to Stage 3	**-**	**(5)**	**21**	**-**	**16**
Net transfers between collective allowances and individually assessed allowances	**-**	**-**	**-**	**-**	**-**
Changes in allowances due to transfers between ECL Stages	**-**	**3**	**21**	**-**	**24**
Changes in collective allowances due to additions and deletions	**4**	**(4)**	**(3)**	**-**	**(3)**
Changes in collective allowances due to amounts written off	**-**	**-**	**-**	**-**	**-**
Total changes in allowances due to movements in gross carrying amounts	**4**	**(1)**	**18**	**-**	**21**
Other changes in collective allowances	**15**	**(39)**	**5**	**-**	**(19)**
New and increased individually assessed allowances	**-**	**-**	**-**	**5**	**5**
Write-back of individually assessed allowances no longer required	**-**	**-**	**-**	**(7)**	**(7)**
Total charged to/(credited against) the Income Statement	**19**	**(40)**	**23**	**(2)**	**-**
Amounts written off from individually assessed allowances	**-**	**-**	**-**	**(13)**	**(13)**
Balance as at 31 December 2025	**69**	**144**	**30**	**60**	**303**

$ millions	Banking Group				
Movement in Gross Carrying Amounts	**Collectively Assessed**			**Individually Assessed**	
As at 31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 3**	**Total**
Balance as at 1 July 2025	**12,171**	**19,026**	**94**	**194**	**31,485**
Changes due to transfers between ECL Stages					
Transfers to Stage 1	**9,298**	**(9,298)**	**-**	**-**	**-**
Transfers to Stage 2	**(1,936)**	**1,949**	**(13)**	**-**	**-**
Transfers to Stage 3	**(2)**	**(97)**	**99**	**-**	**-**
Net transfers to/(from) Stage 3 individually assessed	**-**	**(2)**	**-**	**2**	**-**
Total changes due to transfers between ECL Stages	**7,360**	**(7,448)**	**86**	**2**	**-**
Additions and deletions					
Additions	**6,361**	**3,040**	**16**	**-**	**9,417**
Deletions (excluding amounts written off)	**(4,446)**	**(3,924)**	**(33)**	**(53)**	**(8,456)**
Net additions/(deletions)	**1,915**	**(884)**	**(17)**	**(53)**	**961**
Amounts written off	**-**	**-**	**-**	**(13)**	**(13)**
Balance as at 31 December 2025	**21,446**	**10,694**	**163**	**130**	**32,433**

5 Allowance for Expected Credit Loss (continued)

Unaudited

(e) Basis of Inputs and Assumptions used in the Calculation of Allowance for ECL

The methodology used to estimate expected credit losses is consistent with that applied at 30 June 2025.

The sections below detail the forward-looking information the Banking Group has utilised in determining its allowance for ECL and applicable sensitivity analyses.

Multiple Macroeconomic Scenarios

The Banking Group continues to use the following four alternative macroeconomic scenarios to reflect a probability-weighted range of possible future outcomes in estimating ECL, which have been updated to reflect the revised expected impact of economic conditions:

- Central scenario: This scenario considers the Banking Group's base case assumptions used in business forecasting (including the credit risk factors outlined below);
- Upside and Downside scenarios: These scenarios are set relative to the Central scenario and reflect more favourable or adverse macroeconomic conditions, which would lead to lower or higher expected credit losses (including a strengthening or deterioration of the credit risk factors outlined below); and
- Severe downside scenario: This scenario has been included to account for a potentially severe impact of less likely extremely adverse macroeconomic conditions which would lead to the highest expected credit losses of any of the four scenarios (including a significant deterioration of the credit risk factors outlined below).

The probability weights assigned to each scenario are based on management's estimate of their relative likelihood. The same four scenarios and probability weights apply across all portfolios.

The Banking Group's assessment of SICR also incorporates the impact of multiple probability-weighted future forecast economic scenarios on exposures' internal risk grades using the same four scenarios as described above.

The table below summarises the weightings the Banking Group has applied to each scenario in determining the allowance for ECL:

	Banking Group	
As at	**31-Dec-25**	30-Jun-25
Upside	**2.5%**	2.5%
Central	**52.5%**	52.5%
Downside	**35%**	35%
Severe downside	**10%**	10%

For the six months ended 31 December 2025, the forward-looking macroeconomic scenarios were revised for the current economic conditions including consideration of decreasing unemployment, lower interest rates and a less favourable residential property market.

Macroeconomic Credit Risk Factors

The central case scenario includes credit risk factors which are point in time estimates of forward-looking conditions for each portfolio, for example:

- Retail portfolios: Official cash rate ("OCR"), unemployment rate and house price index; and
- Corporate portfolios (including new credit risk factors implemented in November 2025): Unemployment rate, gross domestic product (GDP), trade weighted index (TWI), commercial real estate capital value index and business investment index.

The Banking Group also estimates these same credit risk factors in other macroeconomic scenarios, and probability weights those scenarios to calculate the Banking Group's estimated ECL.

Central credit risk factors have been refreshed during the period to reflect the ongoing changes in economic outlook. Other scenarios reflect a distribution of losses relative to this central case and have also been updated. These scenarios represent forecasts used for the purpose of estimating ECL and are created based on judgement to derive relative loss distributions for the scenarios. A summary of the material assumptions for each scenario is as follows:

- Central (52.5%): This scenario represents one where monetary policy controls are being loosened as inflation has been brought under control relatively quickly, with moderate economic impacts. Economic stabilisation is expected in the following 24 months.
- Upside (2.5%): The scenario reflects a more positive outlook for the next twelve months.
- Downside (35%): The outlook for the next twelve months reflects adverse macroeconomic conditions resulting from economic trade challenges causing acute inflationary pressures.
- Severe downside (10%): Reflects the most significant economic shock, which continues over the longer term.

5 Allowance for Expected Credit Loss (continued)

Unaudited

(e) Basis of Inputs and Assumptions used in the Calculation of Allowance for ECL (continued)

The table below provides a summary of key macroeconomic variables used in the Central and Downside scenarios as at 31 December 2025.

	Central Calendar Year		Downside Calendar Year	
	2026	**2027**	**2026**	**2027**
Unemployment rate (%)	**4.6**	**4.0**	**8.5**	**8.9**
Official Cash Rate (%)	**2.25**	**2.75**	**5.5**	**4.5**
House prices (annual % change)	**3.8**	**3.6**	**(15.0)**	**0.0**
Commercial real estate capital values (annual % change)	**3.5**	**2.2**	**(30.0)**	**(10.0)**
Gross Domestic Product (annual % change)	**2.6**	**2.5**	**(3.5)**	**(1.2)**
Trade Weighted Index (TWI)	**69**	**69**	**65**	**65**

(f) Sensitivity Analyses

The following table details the increase/(decrease) in the Banking Group's allowance for ECL, assuming a 100% weighting on each scenario and holding all other assumptions constant. The sensitivity analyses have been performed on the allowance for ECL on Advances to customers, lending commitments and credit related contingent liabilities.

$ millions	Banking Group	
As at	**31-Dec-25**	30-Jun-25
Upside	**(256)**	(302)
Central	**(238)**	(286)
Downside	**200**	110
Severe downside	**612**	1,190

Sensitivity to SICR Assessment

If an additional 1% of Stage 1 financial assets were assessed as having a SICR at 31 December 2025, with the scenario weightings applied at 31 December 2025 held constant, the Banking Group's allowance for ECL would increase by $12 million (30 June 2025 $9 million) as a result of recognising a loss allowance equal to Stage 2 lifetime ECL (rather than at an amount equal to one year of ECL). Conversely, if 1% of Stage 2 financial assets were assessed as no longer having a SICR, the Banking Group's allowance for ECL would decrease by $2 million (30 June 2025 $2 million).

(g) Incorporation of experienced credit judgement, management adjustments and overlays

Management exercises credit judgement in assessing whether an exposure has experienced a SICR and in determining the amount of allowance for ECL at each reporting date. Where applicable, credit risk factors (PD and LGD) are adjusted to incorporate reasonable forward-looking information about known or expected risks for specific segments of portfolios that would otherwise not have been considered in the modelling process. Credit judgement is used to determine the degree of adjustment to be applied and considers information such as risks at an industry, geographic or portfolio segment level.

The Banking Group also applies overlays which are determined based on a range of techniques including stress testing, benchmarking, scenario analysis and expert judgement. Overlays are subject to internal governance and applied as an incremental ECL top-up amount to the impacted portfolio segments. Overlays are continually reassessed, and if the risk is determined to have changed or is subsequently captured in the ECL models, the overlay is adjusted accordingly.

The Banking Group also applies management adjustments and overlays for factors that cannot be adequately accounted for through the ECL models.

(h) Natural hazards and climate change risk

The Banking Group acknowledges the risks resulting from natural hazards and climate change, which can impact our customers' ability to service or repay their loans, to obtain insurance, and the value of collateral the Banking Group holds to secure loans, ultimately affecting customers' PD and LGD. Future portfolio risk drivers are important to measure, monitor and mitigate where possible. Assessed impacts from existing climate events and natural hazards are reflected in the Banking Group's PD and LGD estimates. Further, a scenario with severe deterioration in house or asset prices and an increase in unemployment is already considered within the Banking Group's expected credit loss framework. As a result, the Banking Group has concluded that no further adjustments are required to the allowance for ECL for climate risk as at 31 December 2025 (30 June 2025 nil). Climate change and the measurement thereof is evolving and will develop over time, and this perspective may change in the future.

6 Credit Quality Information for Advances to Customers

Unaudited

$ millions	Banking Group			
As at 31 December 2025	**Residential Mortgages**	**Other Retail**	**Corporate**	**Total**
Past due assets not individually impaired				
Less than 30 days	2,777	113	335	3,225
30 to 59 days	308	23	1	332
60 to 89 days	145	13	1	159
90 days and over	291	38	24	353
Total past due assets not individually impaired	3,521	187	361	4,069
Other asset quality information				
Other assets under administration	13	3	4	20
Undrawn lending commitments to customers with individually impaired assets	-	-	6	6

7 Impairment Losses on Financial Assets

Unaudited

The table below includes impairment losses on Advances to customers, lending commitments and credit related contingent liabilities.

$ millions	Banking Group	
For the six months ended	**31-Dec-25**	31-Dec-24
Impairment losses credited against the Income Statement for collective allowances	(16)	(23)
Impairment losses charged to the Income Statement for individually assessed allowances	5	17
Bad debts written off directly to the Income Statement	19	29
Recovery of amounts previously written off	(5)	(6)
Total impairment losses recognised in the Income Statement	3	17

Impairment losses on other financial assets for the period ended 31 December 2025 are not material to the Banking Group.

8 Concentrations of Credit Exposures

Unaudited

The following table presents the maximum exposure to credit risk of financial assets and other credit exposures, before taking account of any collateral held or other credit enhancements unless such credit enhancements meet the offsetting criteria in NZ IAS 32 *Financial Instruments: Presentation* ("NZ IAS 32").

For financial assets recognised on the Balance Sheet, the maximum exposure to credit risk equals their carrying values. Other credit exposures include irrevocable lending commitments, guarantees, standby letters of credit and other off balance sheet credit commitments. The maximum exposure to credit risk for guarantees and standby letters of credit is the maximum amount that the Banking Group would have to pay if the facilities were called upon. For irrevocable lending commitments and other credit commitments, the maximum exposure to credit risk is the full amount of the committed facilities.

Other financial assets have been excluded from the analysis, on the basis that any credit exposure is insignificant.

Concentrations of credit arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Australian and New Zealand Standard Industrial Classification ("ANZSIC") codes have been used as the basis for categorising customer industry sectors. The significant categories shown are in line with the level one New Zealand Standard Industry Output Categories ("NZSIOC"), except that Agriculture is shown separately as required by the Order.

$ millions	Banking Group			
As at 31 December 2025	**Financial Assets at Amortised Cost**	**Financial Assets at Fair Value**	**Other Credit Exposures**	**Total Credit Exposures**
Concentration by industry				
Agriculture	10,639	8	1,202	11,849
Forestry and Fishing, Agriculture Support Services	328	4	133	465
Manufacturing	880	18	435	1,333
Electricity, Gas, Water and Waste Services	695	70	240	1,005
Construction	884	-	426	1,310
Wholesale Trade	994	10	744	1,748
Retail Trade and Accommodation	2,201	4	744	2,949
Transport, Postal and Warehousing	745	3	239	987
Financial and Insurance Services	6,082	5,383	1,226	12,691
Rental, Hiring and Real Estate Services	40,833	25	2,391	43,249
Professional, Scientific, Technical, Administrative and Support Services	1,045	1	670	1,716
Public Administration and Safety	72	8,612	43	8,727
Education and Training	206	-	139	345
Health Care and Social Assistance	1,556	2	457	2,015
Arts, Recreation and Other Services	397	8	176	581
Households	56,360	-	10,246	66,606
All Other	30	-	34	64
Total credit exposures by industry	123,947	14,148	19,545	157,640
Concentration by geographic region				
Auckland	57,060	1,077	9,525	67,662
Rest of New Zealand	64,689	8,687	9,668	83,044
Overseas	2,198	4,384	352	6,934
Total credit exposures by geographic region	123,947	14,148	19,545	157,640

Notes to the Financial Statements

For the six months ended 31 December 2025

9 Concentration of Credit Exposures to Individual Counterparties

Unaudited

The basis of calculation of the Banking Group's aggregate concentration of credit exposure to individual counterparties is the actual credit exposure. Credit exposures to the central government or central bank of any country with a long-term credit rating of A- or A3 or above, or its equivalent, and any supranational or quasi-sovereign agency with a long-term credit rating of A- or A3 or above, or its equivalent, and connected persons are excluded.

The peak end-of-day aggregate concentration of credit exposure to individual counterparties has been calculated by determining the maximum end-of-day aggregate amount of credit exposure over the six-month period and then dividing that amount by the Banking Group's Common Equity Tier 1 ("CET1") capital as at 31 December 2025.

	Banking Group	
Number of exposures that equals or exceeds 10% of CET1 capital	**Exposure as at 31-Dec-25**	**Peak end-of-day exposure over six months to 31-Dec-25**
Exposures to banks		
With a long-term credit rating of A- or A3 or above, or its equivalent		
10% to less than 15% of CET1 capital	-	-
With a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent	-	-
Exposures to non-banks		
With a long-term credit rating of A- or A3 or above, or its equivalent	-	-
With a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent	-	-

10 Financial Assets Pledged as Collateral

Unaudited

As part of standard terms of transactions with financial institutions, the Banking Group has pledged collateral as part of entering into repurchase, derivative and other agreements. As at 31 December 2025, the carrying amounts of financial assets pledged as collateral are as follows:

$ millions **As at**	**Banking Group 31-Dec-25**
Securities pledged under repurchase agreements:	
Residential mortgage-backed securities pledged with the RBNZ [(1)]	**42**
Other securities	**360**
Total securities pledged under repurchase agreements	**402**
Collateral advanced against derivatives	**378**
Mortgage loans and cash pledged as security for the Covered Bonds	**4,208**
Other	**4**
Total financial assets pledged as collateral	**4,992**

(1) The Banking Group has undertaken repurchase agreements with the RBNZ under the Term Lending Facility ("TLF") and Funding For Lending Programme ("FLP"). As at 31 December 2025, the Banking Group has drawn down $18 million under the TLF using residential mortgage backed securities as collateral. The FLP was repaid during the period.

Notes to the Financial Statements

For the six months ended 31 December 2025

11 Deposits and Other Borrowings

$ millions	Banking Group	
	Unaudited	Audited
As at	**31-Dec-25**	30-Jun-25
Certificates of deposit	**1,767**	2,547
Term deposits	**44,006**	43,972
On demand and short term deposits	**36,286**	34,587
Deposits not bearing interest	**12,149**	10,667
Repurchase agreements	**278**	1,649
Total deposits and other borrowings	**94,486**	93,422

12 Debt Issues

$ millions	Banking Group	
	Unaudited	Audited
As at	**31-Dec-25**	30-Jun-25
Debt issues by programme		
Euro commercial paper	**599**	570
USD commercial paper	**4,935**	5,307
Euro medium term notes	**10,232**	9,948
USD medium term notes	**5,575**	3,966
NZD domestic bonds	**3,967**	2,774
Covered bonds	**2,343**	3,202
Total debt issues	**27,651**	25,767
Debt issues at fair value through Income Statement	**599**	1,959
Debt issues at amortised cost	**27,052**	23,808
Total debt issues	**27,651**	25,767
Movement in debt issues		
Balance as at 1 July 2025	**25,767**	
Issuances during the period	**6,403**	
Repayments during the period	**(5,610)**	
Fair value hedge adjustments	**(45)**	
Foreign exchange	**1,131**	
Other	**5**	
Balance as at 31 December 2025	**27,651**	

13 Provisions, Contingent Liabilities and Commitments

a) Litigation, investigations and reviews

In New Zealand, the financial services industry is subject to evolving regulatory environments and heightened levels of regulatory reviews and investigations.

The Banking Group is exposed to potential liabilities in respect of actual and potential court proceedings, claims and investigations conducted by regulatory authorities including issues that the Banking Group has self-identified and reported to its regulators.

The scope of court proceedings, claims, regulatory investigations and reviews can be wide-ranging and may relate to or have related in recent years to matters including anti-money laundering and counter financing of terrorism ("AML/CFT") obligations, responsible lending practices, disclosure obligations, interest and fees and the entitlement to charge them, customer remediations, competition and fair dealing obligations. These matters can result in enforcement actions, fines and other financial penalties, customer remediation and reputational damage.

These matters include instances where the potential liability of the Banking Group, if any, cannot be accurately assessed until such proceedings, claims, regulatory investigations or reviews are further progressed or because the application of the law is uncertain.

An assessment of the Banking Group's likely loss in respect of these matters has been made on a case-by-case basis and provisions are made in the financial statements where the recognition criteria are met. Contingent liabilities exist in part or in full with respect to these matters where it is not possible to determine the extent of any obligation or the potential liability cannot be reliably estimated. Information relating to any contingent liability or provision is not disclosed where it can be expected to prejudice seriously the interests of the Banking Group.

While controls are regularly monitored and tested, there is also a risk of undetected failures of internal controls, or the ineffective remediation of compliance issues which could lead to breaches and result in potential penalties.

In addition to regulatory investigations, enforcement actions, fines and other financial penalties, there may also be financial exposure to claims by customers and third parties.

Risk context

The Banking Group is exposed to a range of financial, non-financial and strategic risks which are described in Note 43 to the Financial Statements for the year ended 30 June 2025. The matters disclosed in this note are influenced by several of those risks, including:

- operational risk, being the risk of losses from inadequate or failed internal processes, systems or people or from external events, which extends to data management risk and fraud and scams risk (external and internal); and
- compliance risk, being the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that the Banking Group may incur as a result of failure to comply with its obligations and which extends to a failure to comply with laws and regulations or voluntary commitments, including industry standards, rules or codes of practice, including with respect to privacy and financial crime.

The outcomes associated with the matters discussed in this note, remain uncertain and may be materially affected by these and other risks.

Financial crime, fraud and scams

The Banking Group is exposed to risks of fraud, scams and financial crime through its interactions with customers, service providers, internal actors and other external parties.

The Banking Group continues to invest in people, systems, processes and controls to respond to a rapidly evolving operating environment. This includes responding to risks such as the increasingly sophisticated use of technology by criminals targeting the financial system to perpetrate scams, fraud, and cyberattacks.

The Banking Group plays a crucial role in mitigating the impact of financial crime and it continues to make significant investment in its financial crime disruption capabilities delivered by a range of risk, compliance, operations, technology and business teams. The Banking Group also continues to undertake activities to improve financial crime related processes and controls, including in relation to data completeness and accuracy, transaction monitoring coverage and customer risk assessment.

The Banking Group also continues to review known AML/CFT compliance issues. As this work progresses, further compliance issues may continue to be identified and reported to the RBNZ, who may also investigate certain matters, and additional enhancements of systems and processes may be required.

The Banking Group provides updates to RBNZ and other regulators on its AML/CFT program and other financial crime compliance capabilities, related enhancements and remediation activities.

13 Provisions, Contingent Liabilities and Commitments (continued)

a) Litigation, investigations and reviews (continued)

Significant reforms have been introduced under Australia's Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024 (Cth). A substantial number of new requirements commence on 31 March 2026, including provisions that will apply to the Banking Group, which AUSTRAC will be able to enforce against ASB. Given the scale and complexity of these reforms, both the Commonwealth Bank Group and the Banking Group will not be compliant with all new requirements by 31 March 2026. AUSTRAC has acknowledged there are industry-wide compliance challenges given the timeframe to comply and complexity of the reforms and has published its regulatory expectations noting that entities should have a documented implementation plan where they are unable to meet new or changed obligations within the required timeframes. The Australian Government has also stated its intention to adopt transitional rules to allow additional periods of time for reporting entities to comply with some of the new obligations. The Commonwealth Bank Group is developing and implementing a large-scale implementation plan (which includes the Banking Group) across multiple years to seek to achieve compliance with these reforms, which includes significant investment in technology infrastructure, enhanced customer due diligence processes, expanded transaction monitoring, and updates to policies and control frameworks. The Commonwealth Bank Group continues to engage with AUSTRAC on the reforms. Risks associated with the reforms include that the Commonwealth Bank Group's implementation plan (in whole or in part) may not align with AUSTRAC's expectations and foreshadowed transitional rules, including with regard to timeframes, that implementation may be delayed or not achieve the intended compliance outcomes, and that the Commonwealth Bank Group (including the Banking Group) may be subject to regulatory scrutiny or enforcement action in relation to inadequate compliance with the new reforms. A failure to adequately update the Commonwealth Bank Group's or the Banking Group's systems and processes to address the evolving complexity of financial crime risk could result in breach of financial crime laws, which may result in substantial financial penalties, reputational damage or materially adversely impact the Commonwealth Bank Group or the Banking Group.

Except for the RBNZ proceedings disclosed in this note, the Banking Group is not currently aware of any enforcement proceeding commenced by any regulators in respect of its financial crime compliance. As the Banking Group regularly engages with regulators, including in respect of compliance issues, there can be no assurance that the Banking Group will not be subject to further enforcement proceedings in the future.

Litigation

The main litigated claims against the Banking Group as at 31 December 2025 are summarised below.

Class Action

Proceedings were served on ASB on 29 September 2021 by plaintiffs seeking to bring representative ("class action") proceedings against ASB in the High Court of New Zealand. The proceedings relate to ASB's compliance with parts of the Credit Contracts and Consumer Finance Act 2003 ("CCCFA") which requires a variation disclosure to be issued when customers and ASB make agreed changes to loan agreements captured under the CCCFA.

A settlement has been reached between the parties, with ASB agreeing to pay $135.6 million. In agreeing to resolve the litigation, ASB makes no admission of liability. The settlement was approved by the High Court of New Zealand on 14 January 2026.

ASB has provided for the agreed settlement amount.

Financial Markets Authority ("FMA") proceedings

On 7 October 2024, the FMA commenced civil proceedings in the High Court of New Zealand alleging ASB made false and misleading representations in contravention of section 22 of the Financial Markets Conduct Act 2013 in respect of two matters. The first matter relates to multi-policy discounts that were not applied to some insurance policies underwritten by IAG New Zealand Limited. The second matter relates to FastNet Business fees that were incorrectly charged to some customers.

The FMA alleges between April 2014 (when the relevant legislation came into force) and May 2022 a total of 23,062 customers were affected by the multi-policy discount issue and 2,435 customers were affected by the FastNet Business fees issue.

The issues were self-reported to the FMA. ASB has completed remediation of both matters.

ASB has provided for costs associated with these matters.

RBNZ AML/CFT proceedings

Following an investigation, on 12 December 2025, the RBNZ filed civil proceedings in the High Court of New Zealand against ASB alleging breaches of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (NZ) ("AML/CFT Act") from at least December 2019.

ASB's non-compliance relates to its failures to establish, implement, or maintain an AML/CFT programme that complied in all respects with the requirements of the AML/CFT Act, adequately conduct ongoing customer due diligence, report suspicious activities within the timeframe provided in the AML/CFT Act, conduct enhanced customer due diligence, and terminate business relationships as required by the AML/CFT Act.

ASB has admitted liability for all alleged causes of action, and the RBNZ and ASB have agreed to jointly recommend to the Court that a penalty of $6.7 million is appropriate. The final penalty will be determined by the Court. This matter will be heard in the High Court on 9 March 2026.

ASB has provided for the proposed penalty.

13 Provisions, Contingent Liabilities and Commitments (continued)

b) Commitments and credit related contingent liabilities

$ millions	Banking Group Face Value	
	Unaudited	Audited
As at	31-Dec-25	30-Jun-25
Credit and capital commitments		
Lending commitments approved but not yet advanced	**18,542**	16,803
Capital expenditure commitments	**9**	8
Total credit and capital commitments	**18,551**	16,811
Credit related contingent liabilities		
Financial guarantees and letters of credit	**461**	430
Performance related contingencies	**542**	530
Total credit related contingent liabilities	**1,003**	960

14 Changes in the Composition of the Banking Group

Unaudited

On 24 September 2025, Trade Window Holdings Limited ceased to be an associate of the Banking Group following a share issuance that diluted its ownership interest to below 20%. The Bank's investment in Trade Window Holdings Limited is now recognised within Securities at fair value through other comprehensive income.

On 12 December 2025, ASB Management Services Limited, a wholly owned subsidiary, was amalgamated into the Bank.

There was no material impact on the consolidated financial statements following these transactions.

There were no other changes in the composition of the Banking Group for the six months ended 31 December 2025.

15 Related Party Transactions and Balances

$ millions	Banking Group	
	Unaudited	Audited
As at	31-Dec-25	30-Jun-25
Amounts receivable from related parties		
Commonwealth Bank Group	**2,485**	1,773
Superannuation and managed investment schemes managed by ASB Group Investments Limited	**21**	19
Total amounts receivable from related parties	**2,506**	1,792
Amounts payable to related parties		
Commonwealth Bank Group	**1,717**	1,123
Superannuation and managed investment schemes managed by ASB Group Investments Limited	**687**	698
Total amounts payable to related parties	**2,404**	1,821

Trade Window Holdings Limited ceased to be a related party on 24 September 2025; accordingly, balances at 31 December 2025 are excluded. Amounts receivable from Trade Window Holdings Limited for the year ended 30 June 2025 were $1 million.

For the six months ended 31 December 2025, significant related party transactions included interest expense paid to the Commonwealth Bank Group of $94 million (31 December 2024 $228 million) and management fees received from schemes managed by ASB Group Investments Limited of $80 million (31 December 2024 $72 million).

16 Fair Value of Financial Instruments

The Banking Group's financial assets and financial liabilities are measured on an on-going basis either at fair value or amortised cost.

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

There are three levels in the hierarchy of fair value measurements which are based on the observability of inputs used to measure fair values:

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities that the Banking Group can access;
- Level 2 – fair values are based on quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; or
- Level 3 – fair values are estimated using significant inputs that are unobservable for the financial asset or financial liability.

The Banking Group considers transfers between levels, if any, to have occurred at the end of the reporting period for which the financial statements are prepared. There were no transfers between levels for recurring fair value measurements for the period ended 31 December 2025.

Fair Value Estimates

The Banking Group determines the valuation of financial instruments as follows:

Derivative assets and Derivative liabilities
The fair values are obtained from quoted prices, market yields and discounted cash flow models or option pricing models as appropriate.

Securities at fair value through Income Statement, Securities at fair value through other comprehensive income and Debt issues at fair value through Income Statement
The fair value is based on quoted market prices, where available, or calculated using discounted cash flow models based on current market rates.

(a) Fair Value Hierarchy of Financial Instruments Measured at Fair Value

The following tables present an analysis by level in the fair value hierarchy of the financial instruments that are recognised and measured at fair value on a recurring basis.

Unaudited $ millions **As at 31 December 2025**		**Banking Group**		
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Securities:				
At fair value through Income Statement	**397**	**749**	**-**	**1,146**
At fair value through other comprehensive income	**9,591**	**1,270**	**2**	**10,863**
Derivative assets	**-**	**2,139**	**-**	**2,139**
Total financial assets measured at fair value	**9,988**	**4,158**	**2**	**14,148**
Financial liabilities				
Derivative liabilities	**-**	**269**	**-**	**269**
Debt issues at fair value through Income Statement	**-**	**599**	**-**	**599**
Total financial liabilities measured at fair value	**-**	**868**	**-**	**868**

Audited $ millions **As at 30 June 2025**		**Banking Group**		
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Securities:				
At fair value through Income Statement	619	464	-	1,083
At fair value through other comprehensive income	8,804	1,677	2	10,483
Derivative assets	-	1,244	-	1,244
Total financial assets measured at fair value	9,423	3,385	2	12,810
Financial liabilities				
Derivative liabilities	-	410	-	410
Debt issues at fair value through Income Statement	-	1,959	-	1,959
Total financial liabilities measured at fair value	-	2,369	-	2,369

16 Fair Value of Financial Instruments (continued)

(b) Fair Value of Financial Instruments Not Measured at Fair Value

The following table compares the carrying values of financial instruments not measured at fair value with their estimated fair values.

$ millions	Banking Group			
	Unaudited		Audited	
As at	**31-Dec-25**		30-Jun-25	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial assets				
Cash and liquid assets	**4,691**	**4,691**	5,584	5,584
Receivables from financial institutions	**533**	**533**	578	578
Advances to customers	**118,878**	**118,723**	114,966	114,727
Other financial assets	**412**	**412**	408	408
Total	**124,514**	**124,359**	121,536	121,297
Financial liabilities				
Deposits and other borrowings	**94,629**	**94,486**	93,601	93,422
Payables to financial institutions	**2,484**	**2,484**	1,539	1,539
Other financial liabilities[1]	**829**	**829**	1,017	1,017
Debt issues at amortised cost	**27,177**	**27,052**	23,862	23,808
Loan capital	**1,036**	**1,029**	980	972
Total	**126,155**	**125,880**	120,999	120,758

[1] Other financial liabilities exclude the lease liability of $264 million as at 31 December 2025 as no fair value disclosure is required in respect of lease liabilities (30 June 2025 $170 million).

17 Capital Adequacy

Unaudited

The Banking Group is subject to regulation by the RBNZ. The RBNZ has set regulatory capital requirements for New Zealand registered banks, which define what qualifies as capital and provides methods of measuring the risks incurred by the Banking Group.

The Banking Group must comply with RBNZ minimum capital adequacy ratios under the Bank's Conditions of Registration. These Conditions of Registration require capital adequacy ratios for the Banking Group to be calculated in accordance with the RBNZ's capital requirements detailed in their Banking Prudential Requirements ("BPRs"). The Banking Group has been accredited by the RBNZ to adopt the internal ratings based ("IRB") approach for calculating regulatory capital.

For the six months ended 31 December 2025, the Banking Group has complied with all the RBNZ minimum capital ratios to which it is subject.

2025 RBNZ Capital Review

The RBNZ released its final decisions on the 2025 Capital Review in mid-December 2025. Compared to the 2019 Capital Review decisions that were being phased in through to 2028, the revised capital framework introduces lower Common Equity Tier 1 ("CET1") requirements, more granular standardised risk weights, and a simplified set of capital instruments through the removal of Additional Tier 1 capital. For ASB and other Group 1 banks, the total capital requirement under the revised framework will be 15%, which comprises 12% CET1 capital and 3% Tier 2 capital. Additionally, the RBNZ has introduced a 6% Loss Absorbing Capacity ("LAC") requirement above the total capital requirement, bringing the total requirement including LAC to 21%. For these banks, both LAC and Tier 2 instruments must be issued to their Australian parents. ASB's current Tier 2 instrument will no longer be eligible under the RBNZ's new criteria. The implementation schedule, including the transitional path and derecognition of Tier 2, have yet to be confirmed, with consultation on the detailed design of Tier 2 and LAC requirements expected to occur in 2026 and 2027.

17 Capital Adequacy (continued)

Unaudited

$ millions **As at**	**Banking Group** **31-Dec-25**
Tier 1 capital	
CET1 capital	
Issued and fully paid-up ordinary share capital	**6,873**
Retained earnings	**5,434**
Accumulated other comprehensive income and other disclosed reserves[1]	**(17)**
Deductions from CET1 capital:	
Goodwill and other intangible assets	**(393)**
Deferred tax assets	**(276)**
Cash flow hedge reserve	**13**
Excess of expected loss over eligible allowance for impairment	**(20)**
Total CET1 capital	**11,614**
Additional Tier 1 capital	**-**
Total Tier 1 capital	**11,614**
Tier 2 capital	
Loan capital	**1,038**
Asset revaluation reserve	**17**
Total Tier 2 capital	**1,055**
Total capital	**12,669**

[1] Accumulated other comprehensive income and other disclosed reserves include the fair value through other comprehensive income reserve of ($4 million) and the cash flow hedge reserve of ($13 million).

	RBNZ Minimum		**Banking Group**		**Bank**	
As at	**31-Dec-25**	31-Dec-24	**31-Dec-25**	31-Dec-24	**31-Dec-25**	31-Dec-24
Capital ratios						
CET1 capital ratio	**4.5%**	4.5%	**14.7%**	14.8%	**14.6%**	14.7%
Tier 1 capital ratio	**7.0%**	7.0%	**14.7%**	14.8%	**14.6%**	14.7%
Total capital ratio	**9.0%**	9.0%	**16.0%**	16.3%	**15.9%**	16.2%
Prudential capital buffer ratio[1]	**5.5%**	4.5%	**7.0%**	7.3%	**n/a**	n/a

[1] On 1 July 2025, the prudential capital buffer ratio increased from 4.5% to 5.5%.

$ millions		**Banking Group**	
As at 31 December 2025	**Total Exposure[1]**	**RWE[2]**	**Total Capital Requirement[3]**
Capital requirements			
Total credit risk	**155,737**	**66,384**	**5,975**
Operational risk	**N/A**	**8,471**	**762**
Market risk	**N/A**	**4,323**	**389**
Total		**79,178**	**7,126**

As at 31 December 2025, the Banking Group held $5,543 million of capital in excess of its regulatory capital requirements.

[1] Total exposure is after credit risk mitigation.

[2] RWE is risk-weighted exposure or implied risk-weighted exposure.

[3] Total capital requirement is calculated based on minimum capital requirement ratio which is 9%, effective from 1 July 2024.

17 Capital Adequacy (continued)

Unaudited

Capital Structure

Ordinary Shares

The total number of ordinary shares issued by the Bank as at 31 December 2025 was 6,848,121,300. All ordinary shares have equal voting rights and share equally in dividends and any profit on winding up. Dividends are declared, subject in all cases, to the applicable directors' resolutions being passed. Ordinary shares qualify as CET1 capital under the RBNZ's BPRs.

Loan Capital

On 17 June 2022, the Bank issued subordinated and unsecured debt securities ("USD Subordinated Notes") under its USD10 billion USMTN Programme. The USD Subordinated Notes are denominated in USD with a face value of USD600 million. The USD Subordinated Notes meet the criteria for Tier 2 capital designation under the RBNZ's BPRs and are classified as financial liabilities under NZ IAS 32.

Maturity and Redemption

The USD Subordinated Notes will mature on 17 June 2032, but subject to certain conditions, the Bank has the right to redeem all or some of the USD Subordinated Notes on the date falling five years after their issue date ("call option date"). At any time, subject to certain conditions, the Bank may redeem the USD Subordinated Notes for tax or regulatory reasons.

Interest

The USD Subordinated Notes bear an interest rate of 5.284% per annum fixed for five years. The interest rate will be reset for a further five year period if the USD Subordinated Notes are not redeemed in full on or before their call option date. Payment of interest is semi-annual in arrears and is subject to the Bank being solvent at the time the payment is due and remaining solvent immediately after such payment is made.

Ranking

In the event of a liquidation of the Bank, holders of the USD Subordinated Notes will rank after holders of the Bank's obligations, including depositors and holders of the Bank's unsubordinated debt issues set out in note 12.

17 Capital Adequacy (continued)

Unaudited

IRB Credit risk exposures by asset class and exposure-weighted PD Grade

			Banking Group		
As at 31 December 2025	Weighted Average PD %	Exposure Amounts $ millions	Exposure-Weighted LGD used for the capital calculation %	Exposure-Weighted Risk Weight %	Risk Weighted Assets[1] $ millions
Exposures secured by residential mortgages[2]					
Less than and including 0.50%	0.33%	33,984	17%	11%	4,502
Over 0.50% up to and including 1.00%	0.79%	27,502	20%	24%	8,076
Over 1.00% up to and including 1.50%	1.19%	11,189	22%	35%	4,695
Over 1.50% up to and including 3.00%	2.06%	17,838	24%	53%	11,373
Over 3.00% up to and including 99.99%	5.94%	749	25%	100%	897
Default PD grade	100.00%	1,462	23%	193%	3,390
Total exposures secured by residential mortgages	2.52%	92,724	20%	30%	32,933
Other retail exposures[2]					
Less than and including 0.50%	0.33%	995	84%	47%	559
Over 0.50% up to and including 1.00%	0.75%	462	84%	74%	412
Over 1.00% up to and including 1.50%	1.11%	258	84%	89%	276
Over 1.50% up to and including 3.00%	1.73%	256	84%	104%	320
Over 3.00% up to and including 99.99%	3.29%	133	84%	119%	190
Default PD grade	100.00%	18	84%	539%	117
Total other retail exposures	1.72%	2,122	84%	74%	1,874
Corporate exposures - small and medium enterprises					
Less than and including 0.20%	0.13%	1,506	18%	12%	223
Over 0.20% up to and including 0.50%	0.33%	5,040	26%	30%	1,795
Over 0.50% up to and including 1.00%	0.67%	10,409	25%	40%	4,934
Over 1.00% up to and including 2.30%	1.42%	6,320	24%	48%	3,652
Over 2.30% up to and including 99.99%	7.39%	1,729	27%	84%	1,735
Default PD grade	100.00%	187	41%	253%	569
Total corporate exposures - small and medium enterprises	1.96%	25,191	25%	43%	12,908
Other corporate exposures					
Less than and including 0.20%	0.09%	2,058	54%	32%	794
Over 0.20% up to and including 0.50%	0.32%	2,896	35%	39%	1,349
Over 0.50% up to and including 1.00%	0.67%	2,287	33%	55%	1,510
Over 1.00% up to and including 2.30%	1.31%	872	34%	70%	736
Over 2.30% up to and including 99.99%	6.64%	490	43%	137%	808
Default PD grade	100.00%	105	49%	209%	264
Total other corporate exposures	2.02%	8,708	39%	52%	5,461
Total credit risk exposures subject to the IRB approach		128,745			53,176

(1) Risk-weighted assets include a scalar of 1.2 in accordance with BPR130: *Credit Risk RWAs Overview.*

(2) The distribution of disclosed retail PD bands has been updated as at December 2025 to achieve a more even distribution.

Notes to the Financial Statements

For the six months ended 31 December 2025

17 Capital Adequacy (continued)

Unaudited

Included in the tables on the previous page are the following off balance sheet exposures:

$ millions	Banking Group			
	Undrawn Commitments and Other Off Balance Sheet Contingent Liabilities		Counterparty Credit Risk on Derivatives and Securities Financing Transactions	
As at 31 December 2025	**Value**	**Exposure at Default**	**Value**	**Exposure at Default**
Exposures secured by residential mortgages	9,462	9,660	-	-
Other retail exposures	1,873	1,201	-	-
Corporate exposures - small and medium enterprises	3,578	2,782	2,642	39
Other corporate exposures	3,044	2,635	4,852	107
	17,957	16,278	7,494	146

Residential mortgages by loan-to-valuation ratio ("LVR")

$ millions	Banking Group					
LVR Range						
As at 31 December 2025	**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	36,907	17,037	23,135	6,327	1,029	84,435
Off balance sheet exposures	7,527	1,032	1,058	67	145	9,829
Total value of exposures	44,434	18,069	24,193	6,394	1,174	94,264
Expressed as a percentage of total exposures	47.1%	19.2%	25.7%	6.8%	1.2%	100.0%

LVR is calculated as the total exposure amount divided by the valuation of the security at the date of loan origination. Off balance sheet exposures include commitments to lend. On balance sheet and off balance sheet exposures for which no LVR information is available are included in the exceeds 90% range.

Reconciliation of mortgage-related amounts

$ millions	Banking Group
As at	**31-Dec-25**
Residential mortgages in Advances to customers (refer to note 4)[1]	84,153
Add/(less):	
Off balance sheet exposures	9,829
Exposure at default adjustments	845
Unamortised loan establishment fees and expenses	(563)
Residential mortgages in LVR disclosure	94,264
Add/(less):	
Corporate lending secured by residential mortgages (subject to the standardised approach)	(1,529)
Residential mortgages (subject to the standardised approach)	(11)
Residential mortgages subject to the IRB approach	92,724

(1) Residential mortgages include loans secured over residential property for owner-occupier and residential property investment.

17 Capital Adequacy (continued)

Unaudited

Specialised Lending Subject to the Slotting Approach

On-Balance Sheet Exposures As at 31 December 2025	Banking Group Total Exposure after Credit Risk Mitigation $ millions	Risk Weight	Risk Weighted Assets[1] $ millions
Strong	912	70%	766
Good	2,606	90%	2,814
Satisfactory	728	115%	1,005
Weak	14	250%	42
Default	15	0%	-
	4,275		4,627

Off-Balance Sheet Exposures As at 31 December 2025	Banking Group Exposure at Default $ millions	Average Risk Weight	Risk Weighted Assets[1] $ millions
Undrawn commitments and other off balance sheet exposures	311	85%	316

Credit Risk Exposures Subject to the Standardised Approach

On-Balance Sheet Exposures by Separate Risk Weight As at 31 December 2025	Banking Group Total Exposure after Credit Risk Mitigation $ millions	Average Risk Weight	Risk Weighted Assets $ millions
Cash and gold bullion	134	0%	-
Sovereigns and central banks	10,605	0%	-
	-	20%	-
	-	50%	-
	-	100%	-
	-	150%	-
Multilateral development banks and other international organisations	2,123	0%	-
	249	20%	50
	-	50%	-
	-	100%	-
	-	150%	-
Public sector entities	952	20%	190
	-	50%	-
	-	100%	-
	-	150%	-
Banks	339	20%	68
	1,032	50%	516
	-	100%	-
	-	150%	-
	15,434		824

[1] Risk-weighted assets include a scalar of 1.2 in accordance with BPR130: *Credit Risk RWAs Overview.*

17 Capital Adequacy (continued)

Unaudited

Other On-Balance Sheet Exposures by Average Risk Weight As at 31 December 2025	Banking Group Total Exposure after Credit Risk Mitigation $ millions	Average Risk Weight	Risk Weighted Assets $ millions
Corporate	1,228	100%	1,226
Residential mortgages	1,356	38%	519
Past due assets	33	114%	37
Other assets	1,795	100%	1,795
Total balance sheet exposures	**4,412**		**3,577**

Off-Balance Sheet Exposures As at 31 December 2025	Total Exposure or Principal Amount $ millions	Average Credit Conversion Factor	Banking Group Credit Equivalent Amount $ millions	Average Risk Weight	Risk Weighted Assets $ millions
Total off-balance sheet exposures subject to the standardised approach	**1,430**	**50%**	**714**	**66%**	**475**
Memo item: Undrawn commitment to the Business Growth Fund	-	-	-	-	-

Counterparty Credit Risk Subject to the Standardised Approach As at 31 December 2025	Total Exposure or Principal Amount $ millions	Banking Group Credit Equivalent Amount $ millions	Average Risk Weight	Risk Weighted Assets $ millions
Foreign exchange contracts	32,317	1,371	24%	329
Interest rate contracts	11,818	24	27%	7
Other	-	-	0%	-
Total counterparty credit risk for counterparties subject to the standardised approach	**44,135**	**1,395**		**336**

Exposures Arising from Trades Settled on Qualifying Central Counterparties (QCCP) As at 31 December 2025	Banking Group Trade Exposure or Collateral Amount $ millions	Average Risk Weight	Risk Weighted Assets $ millions
Bank as QCCP clearing member, clearing own trades	-	-	-
Collateral posted for clearing own trades	-	-	-
Bank as client of QCCP member, clearing trades through that member	274	4%	11
Collateral posted for clearing via member bank	166	4%	7
Total exposures arising from trades settled on QCCP	**440**		**18**

17 Capital Adequacy (continued)

Unaudited

	Banking Group		
Equity Exposures **As at 31 December 2025**	**Total Exposure $ millions**	**Risk Weight**	**Risk Weighted Exposure $ millions**
Equity holdings in the Business Growth Fund that qualify for 250% risk weight	-	250%	-
Equity holdings (not deducted from capital) included in the NZX 50 or overseas equivalent index	-	300%	-
All equity holdings (not deducted from capital)	10	400%	39
Total equity exposures subject to the standardised approach	10		39

$ millions	Banking Group		
Total Credit Risk **As at 31 December 2025**	**Total Exposure after Credit Risk Mitigation**	**Risk Weighted Exposure[(1)]**	**Total Capital requirement**
Exposures subject to the IRB approach	128,745	53,176	4,786
Specialised lending subject to the slotting approach	4,586	4,943	445
Standardised floor impact [(1)]	-	2,378	214
Exposures subject to the standardised approach	22,406	5,269	474
Credit valuation adjustment	-	618	56
Total credit risk (including standardised floor impact)	155,737	66,384	5,975

(1) Standardised floor relates to exposures subject to the IRB approach and specialised lending subject to the slotting approach.

Exposures Subject to the IRB Approach	
Secured by residential mortgages	Home lending fully or partially secured by residential property.
Other retail exposures	Personal credit cards.
Corporate exposures	Corporate exposures - clients where turnover exceeds $50 million; small and medium enterprises ("SME") - clients where turnover is less than $50 million and group exposure exceeds $1 million.

Exposures Subject to the Slotting Approach	
Specialised lending	Income-producing real estate.

Exposures Subject to the Standardised Approach	
Sovereign and central banks	Exposures to the Crown; RBNZ; any other sovereign or its central bank.
Multilateral development banks and other international organisations	Specified multilateral development banks.
Public sector entities	Exposures to local authorities.
Banks	Exposures to banks.
Secured by residential mortgages	A small non-scored home loan portfolio and SME where group exposure is less than $1 million that is secured by residential property.
Other assets	SME where group exposure is less than $1 million and not secured by residential property, personal lending, and all other assets not falling within any other asset class.

17 Capital Adequacy (continued)

Unaudited

Impact of the Standardised Floor on Total Credit Risk RWAs

BPR130 requires IRB Banks to calculate total credit risk RWA as the sum of:

- The greater of:
  - total RWA's calculated using the IRB approach on all credit exposures (as shown in tables in the sections above Credit Risk subject to the IRB approach and Specialised lending subject to the slotting approach, with the risk-weighted asset amount disclosed including a scalar of 1.2 in accordance with BPR130); and
  - 0.85 x total standardised equivalent RWA for each credit risk exposure subject to the IRB RWA treatment (commonly referred to as the standardised floor); and
- 1.0 x total RWA calculated using the standardised approach on all credit and other exposures.

The table below shows the Banking Group's application of the standardised floor to calculate total reported credit risk RWA as at 31 December 2025.

$ millions	Banking Group Risk Weighted Assets	
As at 31 December 2025	**Calculated for Compliance Purposes**	**Recalculated Using the Standardised Approach**
Total IRB and supervisory slotting exposures	**58,119**	**71,173**
Standardised floor at 85% of standardised equivalents	**n/a**	**60,497**
IRB and slotting RWAs with floor applied	**60,497**	**n/a**
RWAs for standardised exposures	**5,887**	**n/a**
Total credit risk RWAs	**66,384**	**n/a**

Credit Risk Mitigation

The Banking Group assesses the integrity and ability of debtors or counterparties to meet their contracted financial obligations for repayment. Collateral security in the form of real property or a security interest in personal property is generally taken for business credit except for major government, bank and corporate counterparties of strong financial standing. Housing loans and some small business loans are secured against residential real estate, while credit cards, personal loans and overdrafts are generally unsecured.

Information of the credit risk exposures subject to the standardised approach covered by eligible financial collateral (i.e. cash, debt securities or equity securities) is disclosed in the table below. Across all portfolios, no exposures are covered by credit derivatives. Information on the total value of exposures covered by financial guarantees is not disclosed, as the effect of these guarantees on the underlying credit risk exposures is not considered to be material.

$ millions	Banking Group	
As at 31 December 2025	**For portfolios subject to the standardised approach: total value of exposures covered by eligible financial collateral (after haircutting)**	**For all portfolios: total value of exposures covered by guarantees or credit derivatives**
Exposure Class		
Sovereign	**14**	**-**
Bank	**3,272**	**-**
Corporate (including specialised lending)	**68**	**-**
Residential mortgage	**2**	**-**
Other	**-**	**-**

Operational Risk

The Banking Group has elected to utilise the standardised approach set out in BPR150: *Standardised Operational Risk* to calculate capital requirements for operational risk.

The implied risk-weighted exposure[1] for operational risk as at 31 December 2025 was $8,471 million.

The total operational risk capital requirement as at 31 December 2025 was $678 million.

[1] The implied risk weighted exposure is equal to 12.5 x total operational risk capital requirement in accordance with BPR100: *Capital Adequacy* and as prescribed by the Order.

17 Capital Adequacy (continued)

Unaudited

Market Risk Capital Charges

The Banking Group's aggregate market risk exposure is derived in accordance with BPR140: *Market Risk*. The peak end-of-day capital charge is derived by taking the highest market risk exposure over the six months ended 31 December 2025.

$ millions	Banking Group		
Aggregate Exposures As at 31 December 2025	**Interest Rate Risk**	**Foreign Currency Risk**	**Equity Risk**
Implied risk-weighted exposure[1]	**4,295**	**28**	**-**
Aggregate capital charge	**344**	**2**	**-**

$ millions	Banking Group		
Peak End-of-Day Capital Charge For the six months ended 31 December 2025	**Interest Rate Risk**	**Foreign Currency Risk**	**Equity Risk**
Implied risk-weighted exposure[1]	**4,776**	**29**	**-**
Aggregate capital charge	**382**	**2**	**-**

(1) Implied risk weighted exposures are equal to 12.5 x aggregate capital charge in accordance with BPR100: Capital Adequacy and as prescribed by the Order.

Capital for Other Material Risks

The Banking Group's internal capital adequacy assessment process ("ICAAP") includes an assessment of capital required to cover material risks not already captured in the measurement of regulatory capital. Other material risks considered by the Banking Group include strategic and reputational risk, funding and liquidity risk, compliance risk, and concentration risk. As at 31 December 2025**,** internal capital allocations of $413 million (31 December 2024 $277 million) had been made for other material risks.

Capital Adequacy of Ultimate Parent Bank and Ultimate Parent Banking Group

The ultimate parent bank of the Banking Group is CBA. The ultimate parent banking group is the Commonwealth Bank Group.

The ultimate parent banking group is predominantly accredited to use the Advanced Internal-Ratings Based ("AIRB") approach for credit risk and the Standardised Measurement Approach for operational risk. The ultimate parent banking group is also required to assess its traded market risk and Interest Rate Risk in the Banking Book requirements under Pillar 1 of the Basel capital framework.

APRA's prudential standards require the ultimate parent banking group and ultimate parent bank to have minimum capital ratios at least equal to those specified under the Basel II capital framework, including a minimum CET1 ratio of 4.5%. APRA's prudential standards also require the ultimate parent banking group and ultimate parent bank to have an additional CET1 capital conservation buffer of 5.75%, inclusive of a Domestic Systemically Important Banks (D-SIBs) requirement of 1.0% and a countercyclical capital buffer of 1.0%[1], which brings the CET1 requirement to at least 10.25%.

The ultimate parent banking group is required to disclose capital adequacy information quarterly. This information is made available via Pillar 3 documents on the ultimate parent banking group's corporate website (https://www.commbank.com.au/about-us/investors/regulatory-disclosure).

As at 31 December 2025, the minimum capital requirements were met (31 December 2024 minimum capital requirements were met).

	Ultimate Parent Bank		Ultimate Parent Banking Group	
As at	**31-Dec-25**	**31-Dec-24**	**31-Dec-25**	**31-Dec-24**
CET1 capital ratio	**12.2%**	12.1%	**12.3%**	12.2%
Tier 1 capital ratio	**13.9%**	14.2%	**13.8%**	14.1%
Total capital ratio	**21.3%**	21.3%	**20.6%**	20.7%

(1) In November 2025, APRA announced that the CCyB for Australian exposures will remain at 1%. The ultimate parent banking group has limited exposures to those offshore jurisdictions which a CCyB in excess of 0% has been imposed. The CCyB, which may be varied by APRA in the range of 0%-3.5%, can be released in times of systemic stress and post-stress recovery.

Dual Reporting Disclosures for IRB Banks

The RBNZ requires IRB accredited banks to include additional information in their disclosure statements for standardised RWA's (as required per BPR131: *Standardised Credit RWAs*) and resulting capital ratios recalculated as if the banks were subject to the standardised approach. This is referred to as dual reporting. These disclosures are for dual reporting disclosure purposes only and compare IRB modelled outcomes to standardised outcomes. They do not relate to the Banking Group's compliance with RBNZ regulatory capital requirements.

17 Capital Adequacy (continued)

Unaudited

Credit Risk: Standardised Equivalents of IRB Risk-Weighted Assets

The standardised equivalents of the Banking Group's IRB exposures classes as at 31 December 2025 is disclosed in the table below.

$ millions	Banking Group			
As at 31 December 2025	Exposure under the IRB Approach	IRB Risk Weighted Assets	Equivalent Exposure under Standardised Approach	Standardised Equivalents of Risk Weighted Assets
IRB exposure class				
Exposures secured by residential mortgages	92,724	32,933	88,460	34,337
Other retail exposures	2,122	1,874	854	855
Corporate exposures - small and medium enterprises	25,191	12,908	25,010	23,466
Other corporate exposures	8,708	5,461	8,609	8,370
Specialised lending subject to the slotting approach	4,586	4,943	4,564	4,145
Total Credit Risk	133,331	58,119	127,497	71,173

Standardised Equivalent Capital Ratios

The standardised equivalents of the Banking Group's capital ratios as at 31 December 2025 are disclosed in the table below. The standardised equivalent capital amounts and the Banking Group's reported total capital values (refer table 'Tier 1 Capital' above) differ under the two approaches due to the 'Eligible impairment allowance in excess of expected loss' that only applies under the IRB approach. The standardised equivalent total RWAs and the Banking Group's reported total RWA differ under the two approaches due to credit RWA, with the Banking Group accredited to report under BPR133: *IRB Credit Risk RWAs* for compliance purposes, whereas for the purposes of dual reporting, the risk weighted assets of these exposures have been recalculated under the requirements of BPR131: *Standardised Credit RWAs*.

$ millions **Standardised Equivalent Capital Ratios** **As at 31 December 2025**	Banking Group		
	CET1 Capital	Tier 1 Capital	Total Capital
Standardised equivalent capital amount	11,634	11,634	12,689
Standardised equivalent total RWAs	89,854	89,854	89,854
Ratios	12.9%	12.9%	14.1%

Historical Comparison with Standardised Capital Ratios and Risk Weights

The below table discloses reported total capital ratios and average risk weights under the Banking Group's compliance obligations compared to the standardised equivalents as at 31 December 2025.

	Banking Group		
As at	31-Dec-25	31-Dec-24	31-Dec-23
Capital Ratios			
Total Capital ratio[1]	16.0%	16.3%	15.5%
Total Capital ratio recalculated as if the bank were not an IRB Bank[2]	14.1%	14.3%	13.6%
Actual average risk weight for all modelled credit risk exposures[3]	43.6%	44.9%	43.6%
Standardised equivalent average risk weight for all modelled credit risk exposures[4]	55.8%	56.0%	55.9%

(1) Total Capital ratio is calculated by dividing the total capital amount by the total risk weighted exposures as required under the Banking Group's compliance obligations.

(2) Total Capital ratio recalculated as if the bank were not an IRB bank is calculated by dividing the standardised equivalent capital amount by total risk weighted assets calculated under the standardised approach.

(3) Actual average risk weight for all modelled credit risk exposures is calculated by dividing the total risk weighted assets for all exposures that are subject to IRB modelling approach or the supervisory slotting approach (including any applicable scalar), by the exposure at default as required under the Banking Group's compliance obligations.

(4) Standardised equivalent average risk weight for all modelled credit risk exposures is calculated by dividing the total risk weighted assets subject to the IRB modelling approach or the supervisory slotting approach recalculated as if the bank were a standardised bank, by the total on-balance sheet and credit equivalent amounts for these exposures in accordance with the standardised risk weighting approach in BPR131: *Standardised Credit Risk RWAs*.

18 Insurance Business

Unaudited

The Banking Group does not conduct any insurance business. However, certain general, travel and life insurance products are marketed and distributed by the Bank for the following entities: IAG New Zealand Limited, AIG Insurance New Zealand Limited and AIA New Zealand Limited. None of these are affiliated insurance entities.

19 Interest Rate Repricing Schedule

Unaudited

The following table represents a breakdown of the Banking Group's assets and liabilities by their contractual repricing as required by the Order. The carrying amounts of derivative financial instruments, which are principally used to reduce the Banking Group's exposure to interest rate movements, are included under the heading "Non-interest Bearing". The Banking Group does not manage its interest rate risk on the basis of the information below.

$ millions	Banking Group						
As at 31 December 2025	**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**
Assets							
Cash and liquid assets	4,524	-	-	-	-	167	4,691
Receivables from financial institutions	533	-	-	-	-	-	533
Securities:							
At fair value through Income Statement	125	188	367	20	446	-	1,146
At fair value through other comprehensive income	421	391	251	1,157	8,634	9	10,863
Derivative assets	-	-	-	-	-	2,139	2,139
Advances to customers	47,781	19,059	24,376	22,187	5,374	(54)	118,723
Other financial assets	-	-	-	-	-	412	412
Total financial assets	53,384	19,638	24,994	23,364	14,454	2,673	138,507
Non-financial assets							1,207
Total assets							139,714
Liabilities							
Deposits and other borrowings	57,025	13,479	7,463	1,944	2,446	12,129	94,486
Payables to financial institutions	2,447	-	-	-	-	37	2,484
Derivative liabilities	-	-	-	-	-	269	269
Other financial liabilities	-	-	-	-	-	1,093	1,093
Debt issues:							
At fair value through Income Statement	-	599	-	-	-	-	599
At amortised cost	7,355	1,710	2,296	3,170	13,109	(588)	27,052
Loan capital	-	-	-	1,034	-	(5)	1,029
Total financial liabilities	66,827	15,788	9,759	6,148	15,555	12,935	127,012
Non-financial liabilities							395
Total liabilities							127,407
Net derivative notionals	13,861	(8,813)	(9,746)	(7,195)	11,893		
Interest rate sensitivity gap	418	(4,963)	5,489	10,021	10,792		

Notes to the Financial Statements

For the six months ended 31 December 2025

20 Regulatory Liquidity Ratios

Unaudited

The Bank is subject to the conditions of the RBNZ's liquidity policy as set out in the RBNZ documents *Liquidity Policy* ("BS13") and *Liquidity Policy Annex: Liquid Assets* ("BS13A").

The Bank calculates liquidity ratios in accordance with BS13. The ratios are calculated daily and are a key component of the Bank's liquidity management framework.

The RBNZ requires banks to hold minimum amounts of liquid assets to help ensure that they are effectively managing their liquidity risks. The mismatch ratio is a measure of a bank's liquid assets, adjusted for expected cash inflows and outflows during a one-week or one-month period of stress. The Banking Group must maintain its one-week and one-month mismatch ratios above zero on a daily basis, with the mismatch ratio representing surplus liquidity as a portion of total funding of the Bank.

The RBNZ requires banks to obtain a minimum amount of funding from stable sources called core funding. The minimum core funding ratio required to be held is 75%.

The average of these ratios for the quarters ended 31 December 2025 and 30 September 2025 are reflected in the table below.

	Banking Group	
Average for the three months ended	**31-Dec-25**	30-Sep-25
One-month mismatch ratio	**6.9%**	8.1%
One-week mismatch ratio	**7.5%**	9.0%
Core funding ratio	**89.9%**	89.1%

21 Qualifying Liquid Assets

Unaudited

The table below provides details of the qualifying liquid assets held by the Banking Group for the purpose of managing liquidity risk.

When the Bank enters into a repurchase agreement with the RBNZ, the qualifying liquid assets sold under the agreement are subject to a reduction in value ("haircut") in accordance with the RBNZ's Operating Rules and Guidelines. This haircut can range from 1% to 20%, depending on the qualifying asset, and reduces the value of the qualifying liquid assets available for liquidity purposes. The table below does not adjust the qualifying liquid assets for this haircut.

$ millions	**Banking Group**
As at	**31-Dec-25**
Cash and balances with central banks	**3,279**
Government and local authority securities	**9,597**
Supranational securities	**2,372**
Corporate Securities	**1,201**
Residential mortgage-backed securities [1]	**6,986**
Total qualifying liquid assets	**23,435**

(1) As at 31 December 2025, the Bank had internally securitised $15,525 million of RMBS through the Medallion NZ Series Trust 2009-1R, of which $14,025 million of Class A floating rate notes have been assigned a credit rating of AAA by Fitch Ratings and are eligible for acceptance as collateral for repurchase agreements by the RBNZ. As at 31 December 2025, $6,947 million of the residential mortgage-backed securities held by the Banking Group qualified as liquid assets, which is calculated based on the date that is two months prior to the reporting date in accordance with BS13A.

22 Maturity Analysis for Undiscounted Contractual Cash Flows

Unaudited

The following tables present the Banking Group's cash flows by remaining contractual maturities for financial liabilities as at the reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows and include principal and future interest cash flows, and therefore may not agree to the carrying values on the Balance Sheet.

Actual cash flows may differ significantly from the contractual cash flows presented below as a result of changes in market conditions and future actions of the Banking Group and its counterparties, such as early repayments or refinancing of term loans.

Deposits and other borrowings include customer savings and transaction account deposits, which are at call. History demonstrates that such accounts provide a stable source of long-term funding for the Banking Group. The Banking Group does not manage its liquidity risk on the basis of the information below.

$ millions	Banking Group							
As at 31 December 2025	On Demand	Within 6 Months	Between 6-12 Months	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total	Carrying Value
Non-derivative financial liabilities								
Deposits and other borrowings	48,445	34,751	7,636	2,088	2,579	-	95,499	94,486
Payables to financial institutions	2,324	160	-	-	-	-	2,484	2,484
Other financial liabilities	55	659	89	44	134	213	1,194	1,093
Debt issues:								
At fair value through Income Statement	-	606	-	-	-	-	606	599
At amortised cost	-	5,231	4,500	4,859	12,108	2,794	29,492	27,052
Loan capital	-	25	27	1,065	-	-	1,117	1,029
Total non-derivative financial liabilities	50,824	41,432	12,252	8,056	14,821	3,007	130,392	126,743
Derivative financial liabilities[1]								
Inflows from derivatives	-	977	2,584	819	3,178	445	8,003	
Outflows from derivatives	-	(1,751)	(2,888)	(1,025)	(3,339)	(433)	(9,436)	
	-	(774)	(304)	(206)	(161)	12	(1,433)	
Off balance sheet items								
Lending commitments	14,505	4,037	-	-	-	-	18,542	
Financial guarantees and letters of credit	461	-	-	-	-	-	461	
Performance related contingencies	542	-	-	-	-	-	542	
Total off balance sheet items	15,508	4,037	-	-	-	-	19,545	

[1] Excludes cash provided on cleared derivatives as part of partial settlement.

23 Concentrations of Funding

Unaudited

The following tables present the Banking Group's concentrations of funding, which are reported by industry and geographic region.

ANZSIC codes have been used as the basis for categorising industry sectors. The significant categories shown are in line with the NZSIOC.

$ millions **As at**	**Banking Group** **31-Dec-25**
Total funding comprises:	
Deposits and other borrowings	**94,486**
Payables to financial institutions	**2,484**
Debt issues:	
At fair value through Income Statement	**599**
At amortised cost	**27,052**
Loan capital	**1,029**
Total funding	**125,650**
Concentration by industry	
Agricultural, Forestry and Fishing	**1,993**
Manufacturing	**1,676**
Construction	**1,635**
Wholesale Trade	**1,042**
Retail Trade and Accommodation	**1,696**
Transport, Postal and Warehousing	**669**
Information Media and Telecommunications	**616**
Financial and Insurance Services	**38,430**
Rental, Hiring and Real Estate Services	**5,030**
Professional, Scientific, Technical, Administrative and Support Services	**6,379**
Public Administration and Safety	**1,157**
Education and Training	**2,336**
Health Care and Social Assistance	**1,797**
Arts, Recreation and Other Services	**2,153**
Households	**58,627**
All Other	**414**
Total funding by industry	**125,650**
Concentration by geographic region	
New Zealand	**92,038**
Overseas	**33,612**
Total funding by geographic region	**125,650**

24 Events after the Reporting Period

Unaudited

Refer to note 13 for an update on the class action.

There were no other events subsequent to the reporting period which would materially affect the financial statements.

Directors' Statement

After due enquiry by the Directors, each Director believes that over the six months ended 31 December 2025:

- The Bank has complied in all material respects with each Condition of Registration that applied during the period;
- Credit exposures to connected persons were not contrary to the interests of the Banking Group; and
- The Bank had systems in place to monitor and control adequately the material risks of the Banking Group 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.

After due enquiry by the Directors, each Director believes that as at the date on which the Disclosure Statement is signed:

- The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended); and
- The Disclosure Statement is not false or misleading.

The Disclosure Statement is signed by Dame Therese Walsh and Ms Vittoria Shortt as Directors and as responsible persons on behalf of all the other Directors.

Dame Therese Walsh	Vittoria Shortt
Chair	Managing Director

11 February 2026

Independent auditor's review report

To the shareholder of ASB Bank Limited

Report on the condensed interim Financial Statements and the Supplementary Information (excluding the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 11)

Our conclusion

We have reviewed the condensed interim financial statements (the Financial Statements) for the six month period ended 31 December 2025 of ASB Bank Limited (the Bank) and the entities it controlled at 31 December 2025 or from time to time during the period (together, the Banking Group) as required by clause 25 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the Order) and the supplementary information disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order (the Supplementary Information), excluding the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 11 of the Order, contained in the half year disclosure statement (the Disclosure Statement).

The Financial Statements comprise the balance sheet as at 31 December 2025 the related income statement, statement of comprehensive income, statement of changes in equity, cash flow statement for the six month period then ended and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying:

- Financial Statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34); and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order:
    - does not present fairly, in all material respects, the matters to which it relates; or
    - is not disclosed, in all material respects, in accordance with those schedules.

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Independent auditor's review report (continued)

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the Financial Statements and the Supplementary Information* section of our report.

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 (PES 1), as applicable to audits and reviews of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1.

In our capacity as auditor and assurance practitioner, our firm also provides audit, other assurance and agreed-upon procedures for the Banking Group or in respect of funds managed by the Banking Group. In addition, certain partners and employees of our firm may deal with the Banking Group on normal terms within the ordinary course of trading of the Banking Group. The firm has no other relationship with, or interests in, the Banking Group or funds managed by the Banking Group.

Responsibilities of the Directors for the Disclosure Statement

The Directors are responsible, on behalf of the Bank, for the preparation and fair presentation of the Financial Statements in accordance with clause 25 of the Order, NZ IAS 34 and IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the Financial Statements and the Supplementary Information that are free from material misstatement, whether due to fraud or error.

In addition, the Directors are responsible on behalf of the Bank for the preparation and fair presentation of the Disclosure Statement which includes:

- all of the information prescribed in Schedule 3 of the Order; and
- the information prescribed in Schedules 5, 7, 11, 13, 16 and 18 of the Order.

Auditor's responsibilities for the review of the Financial Statements and the Supplementary Information

Our responsibility is to express a conclusion on the Financial Statements and the Supplementary Information based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the:

- Financial Statements, taken as a whole, have not been prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34; and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order:
  - does not present fairly, in all material respects, the matters to which it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules; or
  - if applicable, has not been prepared, in all material respects, in accordance with any conditions of registration relating to disclosure requirements imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

Independent auditor's review report (continued)

A review in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the Financial Statements and the Supplementary Information.

Who we report to

This report is made solely to the Bank's shareholder. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholder for our review procedures, for this report, or for the conclusions we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Lisa Crooke.

For and on behalf of

PricewaterhouseCoopers

PricewaterhouseCoopers
11 February 2026

Auckland

Independent assurance report

To the shareholder of ASB Bank Limited

Limited assurance report on compliance with the information required on capital adequacy and regulatory liquidity requirements

Our conclusion

We have undertaken a limited assurance engagement on ASB Bank Limited (the Bank)'s compliance, in all material respects, with clause 22 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the Order) which requires information prescribed in Schedule 11 of the Order relating to capital adequacy and regulatory liquidity requirements to be disclosed in its half year disclosure statement for the six month period ended 31 December 2025 (the Disclosure Statement). The Disclosure Statement containing the information prescribed in Schedule 11 of the Order relating to capital adequacy and regulatory liquidity requirements will accompany our report, for the purpose of reporting to the shareholder of ASB Bank Limited.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order and disclosed in notes 17 and 20 , is not, in all material respects, disclosed in accordance with Schedule 11 of the Order.

Basis for conclusion

We have conducted our 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Directors' responsibilities

The Directors are responsible on behalf of the Bank for compliance with the Order, including clause 22 of the Order which requires information relating to capital adequacy and regulatory liquidity requirements prescribed in Schedule 11 of the Order to be included in the Disclosure Statement, for the identification of risks that may threaten compliance with that clause, controls that would mitigate those risks and monitoring ongoing compliance.

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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)* issued by the New Zealand Auditing and Assurance Standards Board, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

In our capacity as auditor and assurance practitioner, our firm also provides audit, review and other assurance and agreed-upon procedures for the Banking Group and also in respect of funds managed by the Banking Group. In addition, certain partners and employees of our firm may deal with the Banking Group on normal terms within the ordinary course of trading activities of the business. The firm has no other relationship with, or interests in, the Banking Group.

Assurance practitioner's responsibilities

Our responsibility is to express a limited assurance conclusion on whether the Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order is not, in all material respects, disclosed in accordance with Schedule 11 of the Order. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order, is not, in all material respects, disclosed in accordance with Schedule 11 of the Order.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with clause 22 of the Order in respect of the information relating to capital adequacy and regulatory liquidity requirements is likely to arise.

Given the circumstances of the engagement we:

- 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 requirements;
- obtained an understanding of the Bank's compliance framework and internal control environment to ensure the information relating to capital adequacy and regulatory liquidity requirements is in compliance with the Reserve Bank of New Zealand's (the RBNZ) prudential requirements for banks;
- obtained an understanding and assessed the impact of any matters of non-compliance with the RBNZ's prudential requirements for banks that relate to capital adequacy and regulatory liquidity requirements and inspected relevant correspondence with the RBNZ;
- performed analytical and other procedures on the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 11 of the Order, and considered its consistency with the condensed interim financial statements; and
- agreed the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 11 of the Order to information extracted from the Bank's models, accounting records or other supporting documentation, which included publicly available information as prescribed by clause 18 of Schedule 11 of the Order.

Independent assurance report (continued)

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 and 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. Accordingly, we do not express a reasonable assurance opinion on compliance with the compliance requirements.

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 the compliance requirements may occur and not be detected.

A limited assurance engagement on the Bank's information relating to capital adequacy and regulatory liquidity requirements prescribed in Schedule 11 of the Order to be included in the Disclosure Statement in compliance with clause 22 of the Order does not provide assurance on whether compliance will continue in the future.

Use of report

This report has been prepared for use by the Bank’s shareholder for the purpose of establishing that these compliance requirements have been met. Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Bank and the Bank’s shareholder or for any purpose other than that for which it was prepared.

The engagement partner on the engagement resulting in this independent assurance report is Lisa Crooke.

For and on behalf of

PricewaterhouseCoopers

PricewaterhouseCoopers Auckland
11 February 2026

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