

ASB Disclosure Statement

For the six months ended 31 December 2024



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General Disclosures

(To be read in conjunction with the Financial Statements)

31 December 2024

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"). CBA's registered office and address of service is: Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney, NSW 2000, Australia.

Changes to Directors

There were no changes to the Board of Directors of ASB (the "Board") between 30 June 2024 and 31 December 2024.

Mr David Cohen resigned from the Board on 9 February 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 and Mr Nigel Williams.

Credit Ratings

As at the date of the signing of 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+	Stable

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 \$2.3 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 2024, 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 2024, 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 signing date of 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 2024, 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 2024, the Reserve Bank of New Zealand ("RBNZ") amended the Bank's Conditions of Registration to:

- implement changes to the minimum Total capital ratio (from 8% to 9%) and Tier 1 capital ratio (from 6% to 7%) from 1 July 2024, in line with the decisions announced by the RBNZ in the 2019 Capital Review.
- activate Debt-to-Income ("DTI") restrictions at settings of a 20% limit on new residential lending to owner-occupiers with a DTI greater than 6 and a 20% limit on new residential lending to investors with a DTI greater than 7.
- ease Loan-to-Value Ratio ("LVR") restrictions to a 20% limit on new lending to owner-occupiers with an LVR above 80% (from a 15% limit) and a 5% limit on new lending to investors with an LVR above 70% (from an LVR threshold of above 65%).
- remove Condition 4A relating to disclosure reporting, which had been included on an interim basis.
- incorporate a revised version of BPR131: *Standardised credit risk RWAs* to incorporate minor edits that clarify the risk weighting of exposures to sovereigns with unsolicited credit ratings, and the treatment of past due Kāinga Whenua loans.
- update legislative references in the Banking Prudential Requirements ("BPRs").

There have been no other changes to Conditions of Registration between 30 June 2024 and 31 December 2024.

Other Material Matters

There are no matters relating to the business or affairs of the Bank or the Banking Group which are not contained elsewhere in this Disclosure Statement which 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		31-Dec-24	31-Dec-23
	Note		
Interest income			
Effective interest income		4,020	3,709
Other interest income		18	-
Interest expense		2,492	2,236
Net interest income		1,546	1,473
Other income	2	230	225
Total operating income		1,776	1,698
Impairment losses on financial assets	8	17	10
Total operating income after impairment losses		1,759	1,688
Total operating expenses		697	647
Salaries and other staff expenses		429	384
Building occupancy and equipment expenses		46	48
Information technology expenses		142	129
Other expenses		80	86
Net profit before tax		1,062	1,041
Tax expense		299	292
Net profit after tax		763	749

Statement of Comprehensive Income

\$ millions		Banking Group	
		Unaudited	Unaudited
For the six months ended		31-Dec-24	31-Dec-23
Net profit after tax		763	749
Other comprehensive income, net of tax			
Items that will not be reclassified to the Income Statement:			
Net change in equity compensation reserve		1	-
		1	-
Items that may be reclassified subsequently to the Income Statement:			
Net change in fair value through other comprehensive income reserve		(75)	(16)
Net change in cash flow hedge reserve		45	(218)
		(30)	(234)
Total other comprehensive income, net of tax		(29)	(234)
Total comprehensive income		734	515

These statements are to be read in conjunction with the notes on pages 8 to 42.

Statement of Changes in Equity

		Banking Group			
\$ millions	Note	Contributed Capital	Reserves	Retained Earnings	Total Shareholder's Equity
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	15	700	-	-	700
Ordinary dividends paid	14	-	-	(1,100)	(1,100)
Balance as at 31 December 2024		6,873	(154)	4,683	11,402
For the six months ended 31 December 2023					
Unaudited					
Balance as at 1 July 2023		6,173	141	4,365	10,679
Net profit after tax		-	-	749	749
Other comprehensive income		-	(234)	-	(234)
Total comprehensive income		-	(234)	749	515
Ordinary dividends paid	14	-	-	(800)	(800)
Balance as at 31 December 2023		6,173	(93)	4,314	10,394

These statements are to be read in conjunction with the notes on pages 8 to 42.

Balance Sheet

\$ millions		Banking Group	
As at		Unaudited 31-Dec-24	Audited 30-Jun-24
	Note		
Assets			
Cash and liquid assets		4,577	5,450
Receivables from financial institutions		519	630
Securities:			
At fair value through Income Statement	4	1,000	-
At fair value through other comprehensive income		10,987	9,729
Derivative assets		1,803	881
Advances to customers	5	111,581	109,010
Other assets		547	542
Property, plant and equipment		311	293
Intangible assets		268	253
Deferred tax assets		307	301
Total assets		131,900	127,089
<i>Total interest earning and discount bearing assets</i>		<i>128,748</i>	<i>125,071</i>
Liabilities			
Deposits and other borrowings	11	94,846	92,449
Payables to financial institutions		2,326	1,422
Derivative liabilities		511	956
Current tax liabilities		48	145
Other liabilities		1,481	1,447
Provisions		128	139
Debt issues:			
At fair value through Income Statement	12	613	887
At amortised cost	12	19,513	17,635
Loan capital		1,032	941
Total liabilities		120,498	116,021
Shareholder's equity			
Contributed capital - ordinary shares	15	6,873	6,173
Reserves		(154)	(125)
Retained earnings		4,683	5,020
Ordinary shareholder's equity		11,402	11,068
Total shareholder's equity		11,402	11,068
Total liabilities and shareholder's equity		131,900	127,089
<i>Total interest and discount bearing liabilities</i>		<i>108,546</i>	<i>104,690</i>

These statements are to be read in conjunction with the notes on pages 8 to 42.

Cash Flow Statement

\$ millions		Banking Group	
For the six months ended		Unaudited 31-Dec-24	Unaudited 31-Dec-23
	Note		
Cash flows from operating activities			
Net profit before tax		1,062	1,041
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		34	40
Amortisation of intangible assets		38	42
Net change in allowance for expected credit loss and bad debts written off		23	15
Amortisation of loan establishment fees		60	47
Net change in fair value of financial instruments and hedged items		85	(126)
Other non-cash items		41	50
Net (increase)/decrease in operating assets:			
Net change in reverse repurchase agreements		(1,337)	(179)
Net change in receivables from financial institutions		111	(443)
Net change in securities at fair value through income statement		(986)	-
Net change in securities at fair value through other comprehensive income		(943)	(2,131)
Net change in derivative assets		262	(489)
Net change in advances to customers		(2,635)	736
Net change in other assets		(4)	(69)
Net increase/(decrease) in operating liabilities:			
Net change in deposits and other borrowings		2,245	2,116
Net change in payables to financial institutions		903	90
Net change in derivative liabilities		(239)	379
Net change in other liabilities and provisions		(30)	75
Net tax paid		(390)	(461)
Net cash flows from operating activities		(1,700)	733
Cash flows from investing activities			
Cash was applied to:			
Purchase of property, plant and equipment		(18)	(12)
Development and purchase of intangible assets		(61)	(44)
Total cash outflows applied to investing activities		(79)	(56)
Net cash flows from investing activities		(79)	(56)
Cash flows from financing activities			
Cash was provided from:			
Issue of debt securities (net of issue costs)	12	4,558	1,727
Total cash inflows provided from financing activities		4,558	1,727
Cash was applied to:			
Redemption of debt securities	12	(4,571)	(4,048)
Payment of the principal portion of lease liabilities		(18)	(19)
Ordinary dividends paid	14	(400)	(800)
Total cash outflows applied to financing activities		(4,989)	(4,867)
Net cash flows from financing activities		(431)	(3,140)
Summary of movements in cash flows			
Net decrease in cash and cash equivalents		(2,210)	(2,463)
Add: cash and cash equivalents at beginning of period		4,478	8,639
Cash and cash equivalents at end of period		2,268	6,176
Cash and cash equivalents comprise:			
Cash and liquid assets		4,577	6,541
Less: reverse repurchase agreements included in cash and liquid assets		(2,309)	(365)
Cash and cash equivalents at end of period		2,268	6,176
Additional operating cash flow information			
Interest received as cash		4,019	3,675
Interest paid as cash		(2,468)	(1,930)

These statements are to be read in conjunction with the notes on pages 8 to 42.

Notes to the Financial Statements

For the six months ended 31 December 2024

1 Statement of Accounting Policies

The condensed interim financial statements of the Banking Group for the six months ended 31 December 2024 (the "financial statements") have been incorporated in this Disclosure Statement. These 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. These financial statements 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 2024. These financial statements comply with both IAS 34 *Interim Financial Reporting* and NZ IAS 34.

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 2024.

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 2024. 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.

Updated estimates and assumptions in relation to the allowance for expected credit loss are set out in note 6.

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 2024

2 Other Income

Unaudited

\$ millions For the six months ended	Banking Group	
	31-Dec-24	31-Dec-23
Lending fees	15	15
Commission and other fees	140	153
Funds management income	77	69
Fee and commission income	232	237
Fee and commission expense	(40)	(40)
Net fee and commission income	192	197
Trading income ⁽¹⁾	46	46
Hedge ineffectiveness	(15)	(5)
Other operating income⁽²⁾		
Net fair value gain/(loss) on financial assets at fair value through Income Statement and related derivatives	(2)	-
Net fair value gain/(loss) on financial liabilities at fair value through Income Statement and related derivatives	(1)	(1)
Net fair value gain/(loss) on derivatives not qualifying for hedge accounting	8	(12)
Other operating income	2	-
Total other operating income/(loss)	7	(13)
Total other income	230	225

(1) Trading income includes a credit risk adjustment loss of \$5 million (31 December 2023 \$2 million credit risk adjustment gain) on trading derivatives.

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

3 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 2024, the carrying amounts of financial assets pledged as collateral are as follows:

\$ millions As at	Banking Group 31-Dec-24
Securities pledged under repurchase agreements:	
Residential mortgage-backed securities pledged with the RBNZ ⁽¹⁾	5,059
Other securities	422
Collateral advanced against derivatives	345
Mortgage loans and cash pledged as security for the Covered Bonds	3,673
Other	4
Total financial assets pledged as collateral	9,503

(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 2024 the Banking Group has drawn down \$86 million under the TLF and \$3,500 million under the FLP using residential mortgage-backed securities as collateral.

Notes to the Financial Statements

For the six months ended 31 December 2024

4 Securities at Fair Value through Income Statement Unaudited

The following table details securities at fair value through Income Statement as at 31 December 2024. The net fair value gain on securities at fair value through Income Statement is disclosed in note 2 within the net fair value gain/(loss) on financial assets at fair value through Income Statement. Interest income on securities at fair value through Income Statement is accounted for on a contractual basis and includes amortisation of premiums/discounts. It is recognised within Other interest income in the Income Statement.

\$ millions As at	Banking Group	
	31-Dec-24	30-Jun-24
Government securities	827	-
Corporate bonds	124	-
Treasury bills	49	-
Total securities at fair value through Income Statement	1,000	-

As at 31 December 2024, \$49 million of the securities at fair value through Income Statement are due for settlement within 12 months of the reporting date (30 June 2024 nil).

5 Advances to Customers

\$ millions As at	Banking Group	
	Unaudited 31-Dec-24	Audited 30-Jun-24
Residential mortgages (refer to note 6(b))	78,390	76,100
Other retail (refer to note 6(c))	2,863	2,907
Corporate (refer to note 6(d))	30,941	30,622
Total gross carrying amount of advances to customers	112,194	109,629
Allowance for expected credit loss (refer to note 6(a))	(613)	(619)
Total advances to customers	111,581	109,010

Notes to the Financial Statements

For the six months ended 31 December 2024

6 Allowance for Expected Credit Loss

Unaudited

Information for the six months ended 31 December 2024 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 allowance for ECL.

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

Section (g) details the experienced credit judgement, management adjustments and overlays incorporated in the calculation of allowance 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 2024.

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.

Notes to the Financial Statements

For the six months ended 31 December 2024

6 Allowance for Expected Credit Loss (continued)

Unaudited

(a) Total Advances to Customers

The Banking Group's allowance for ECL decreased by \$6 million during the period, reflecting:

- A net decrease of \$10 million in collective allowances primarily due to updates to multiple macroeconomic scenarios and Additions and Deletions, partially offset by changes in portfolio quality and management adjustments; and
- A net increase of \$4 million in individually assessed allowances primarily due to the impact from home lending originated during the recent peak in asset prices.

\$ millions	Banking Group				
	Collective Allowances			Individually Assessed Allowances	Total
Movement in Allowance for Expected Credit Loss As at 31 December 2024	Stage 1	Stage 2	Stage 3	Stage 3	
Balance as at 1 July 2024	121	247	152	99	619
Charged to/(credited against) the Income Statement					
Changes in allowances due to transfers between ECL Stages					
Transfers to Stage 1	9	(21)	(1)	-	(13)
Transfers to Stage 2	(16)	43	(38)	-	(11)
Transfers to Stage 3	-	(17)	88	-	71
Net transfers between collective allowances and individually assessed allowances	-	(9)	(6)	15	-
Changes in allowances due to transfers between ECL Stages	(7)	(4)	43	15	47
Changes in collective allowances due to additions and deletions	8	(9)	(17)	-	(18)
Changes in collective allowances due to amounts written off	-	(1)	(12)	-	(13)
Total changes in allowances due to movements in gross carrying amounts	1	(14)	14	15	16
Other changes in collective allowances	1	4	(16)	-	(11)
New and increased individually assessed allowances	-	-	-	27	27
Write-back of individually assessed allowances no longer required	-	-	-	(21)	(21)
Total charged to/(credited against) the Income Statement	2	(10)	(2)	21	11
Amounts written off from individually assessed allowances	-	-	-	(17)	(17)
Balance as at 31 December 2024	123	237	150	103	613

\$ millions	Banking Group				
	Collectively Assessed			Individually Assessed	Total
Movement in Gross Carrying Amounts As at 31 December 2024	Stage 1	Stage 2	Stage 3	Stage 3	
Balance as at 1 July 2024	82,570	25,143	1,543	373	109,629
Changes due to transfers between ECL Stages					
Transfers to Stage 1	3,090	(3,066)	(24)	-	-
Transfers to Stage 2	(4,046)	4,456	(410)	-	-
Transfers to Stage 3	(13)	(795)	808	-	-
Net transfers to/(from) Stage 3 individually assessed	(7)	(76)	(47)	130	-
Total changes due to transfers between ECL Stages	(976)	519	327	130	-
Additions and deletions					
Additions	17,547	4,120	72	-	21,739
Deletions (excluding amounts written off)	(13,595)	(5,218)	(264)	(51)	(19,128)
Net additions/(deletions)	3,952	(1,098)	(192)	(51)	2,611
Amounts written off	(2)	(4)	(22)	(18)	(46)
Balance as at 31 December 2024	85,544	24,560	1,656	434	112,194

Notes to the Financial Statements

For the six months ended 31 December 2024

6 Allowance for Expected Credit Loss (continued)

Unaudited

(b) Residential Mortgages

The Banking Group's Residential mortgages allowance for ECL increased by \$2 million during the period, with a net increase of \$8 million in individually assessed allowances, offset by a net decrease of \$6 million in collective 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 \$34 million, presented within Other changes in collective allowances;
- A net increase of \$29 million primarily due to portfolio credit quality deterioration presented within Other changes in collective allowances and Transfers between ECL Stages, partly offset by movements in exposure within Additions and Deletions; and
- A net decrease in management adjustments of \$1 million for portfolio related risks not adequately covered by the ECL model, presented within Other changes in collective allowances.

\$ millions	Banking Group				
	Collective Allowances			Individually Assessed Allowances	
Movement in Allowance for Expected Credit Loss As at 31 December 2024	Stage 1	Stage 2	Stage 3	Stage 3	Total
Balance as at 1 July 2024	48	42	109	15	214
Charged to/(credited against) the Income Statement					
Changes in allowances due to transfers between ECL Stages					
Transfers to Stage 1	5	(7)	(1)	-	(3)
Transfers to Stage 2	(8)	18	(30)	-	(20)
Transfers to Stage 3	-	(7)	61	-	54
Net transfers between collective allowances and individually assessed allowances	-	(1)	(6)	7	-
Changes in allowances due to transfers between ECL Stages	(3)	3	24	7	31
Changes in collective allowances due to additions and deletions	3	(2)	(11)	-	(10)
Changes in collective allowances due to amounts written off	-	-	-	-	-
Total changes in allowances due to movements in gross carrying amounts	-	1	13	7	21
Other changes in collective allowances	(4)	(2)	(14)	-	(20)
New and increased individually assessed allowances	-	-	-	15	15
Write-back of individually assessed allowances no longer required	-	-	-	(11)	(11)
Total charged to/(credited against) the Income Statement	(4)	(1)	(1)	11	5
Amounts written off from individually assessed allowances	-	-	-	(3)	(3)
Balance as at 31 December 2024	44	41	108	23	216

\$ millions	Banking Group				
	Collectively Assessed			Individually Assessed	
Movement in Gross Carrying Amounts As at 31 December 2024	Stage 1	Stage 2	Stage 3	Stage 3	Total
Balance as at 1 July 2024	70,238	4,406	1,352	104	76,100
Changes due to transfers between ECL Stages					
Transfers to Stage 1	1,306	(1,282)	(24)	-	-
Transfers to Stage 2	(1,859)	2,237	(378)	-	-
Transfers to Stage 3	(12)	(718)	730	-	-
Net transfers to/(from) Stage 3 individually assessed	(4)	(31)	(47)	82	-
Total changes due to transfers between ECL Stages	(569)	206	281	82	-
Additions and deletions					
Additions	11,465	186	33	-	11,684
Deletions (excluding amounts written off)	(8,666)	(500)	(212)	(13)	(9,391)
Net additions/(deletions)	2,799	(314)	(179)	(13)	2,293
Amounts written off	-	-	(1)	(2)	(3)
Balance as at 31 December 2024	72,468	4,298	1,453	171	78,390

Notes to the Financial Statements

For the six months ended 31 December 2024

6 Allowance for Expected Credit Loss (continued)

Unaudited

(c) Other Retail

The Banking Group's Other retail allowance for ECL decreased by \$3 million during the period, due to a net decrease of \$3 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 portfolio credit quality deterioration presented within Transfers between ECL Stages and Other changes in collective allowances;
- Updates to multiple macroeconomic scenarios resulting in a net decrease of \$3 million, presented within Other changes in collective allowances; and
- A net increase in management adjustments of \$6 million for portfolio related risks not adequately covered by the ECL model, presented within Other changes in collective allowances;

\$ millions	Banking Group				
	Collective Allowances			Individually Assessed Allowances	Total
	Stage 1	Stage 2	Stage 3	Stage 3	
Movement in Allowance for Expected Credit Loss					
As at 31 December 2024					
Balance as at 1 July 2024	28	16	38	7	89
Charged to/(credited against) the Income Statement					
Changes in allowances due to transfers between ECL Stages					
Transfers to Stage 1	2	(6)	-	-	(4)
Transfers to Stage 2	(6)	14	(8)	-	-
Transfers to Stage 3	-	(6)	24	-	18
Net transfers between collective allowances and individually assessed allowances	-	-	-	-	-
Changes in allowances due to transfers between ECL Stages	(4)	2	16	-	14
Changes in collective allowances due to additions and deletions	3	(2)	(6)	-	(5)
Changes in collective allowances due to amounts written off	-	(1)	(12)	-	(13)
Total changes in allowances due to movements in gross carrying amounts	(1)	(1)	(2)	-	(4)
Other changes in collective allowances	5	(2)	(2)	-	1
New and increased individually assessed allowances	-	-	-	2	2
Write-back of individually assessed allowances no longer required	-	-	-	(1)	(1)
Total charged to/(credited against) the Income Statement	4	(3)	(4)	1	(2)
Amounts written off from individually assessed allowances	-	-	-	(1)	(1)
Balance as at 31 December 2024	32	13	34	7	86

\$ millions	Banking Group				
	Collectively Assessed			Individually Assessed	Total
	Stage 1	Stage 2	Stage 3	Stage 3	
Movement in Gross Carrying Amounts					
As at 31 December 2024					
Balance as at 1 July 2024	2,649	173	71	14	2,907
Changes due to transfers between ECL Stages					
Transfers to Stage 1	129	(129)	-	-	-
Transfers to Stage 2	(139)	158	(19)	-	-
Transfers to Stage 3	(1)	(43)	44	-	-
Net transfers to/(from) Stage 3 individually assessed	(1)	-	-	1	-
Total changes due to transfers between ECL Stages	(12)	(14)	25	1	-
Additions and deletions					
Additions	1,490	37	15	-	1,542
Deletions (excluding amounts written off)	(1,498)	(37)	(22)	-	(1,557)
Net additions/(deletions)	(8)	-	(7)	-	(15)
Amounts written off	(2)	(4)	(21)	(2)	(29)
Balance as at 31 December 2024	2,627	155	68	13	2,863

Notes to the Financial Statements

For the six months ended 31 December 2024

6 Allowance for Expected Credit Loss (continued)

Unaudited

(d) Corporate

The Banking Group's Corporate allowance for ECL decreased by \$5 million during the period, with a net decrease of \$4 million in individually assessed allowances and a net decrease of \$1 million in collective allowances.

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

- A net release of \$5 million due to changes in portfolio credit quality and portfolio size, presented within Transfers between ECL Stages, Other changes in collective allowances, and Additions and Deletions; partly offset by
- Updates to multiple macroeconomic scenarios resulting in a net increase of \$4 million, presented within Other changes in collective allowances.

\$ millions	Banking Group				
	Collective Allowances			Individually Assessed Allowances	Total
	Stage 1	Stage 2	Stage 3	Stage 3	
Movement in Allowance for Expected Credit Loss					
As at 31 December 2024					
Balance as at 1 July 2024	45	189	5	77	316
Charged to/(credited against) the Income Statement					
Changes in allowances due to transfers between ECL Stages					
Transfers to Stage 1	2	(8)	-	-	(6)
Transfers to Stage 2	(2)	11	-	-	9
Transfers to Stage 3	-	(4)	3	-	(1)
Net transfers between collective allowances and individually assessed allowances	-	(8)	-	8	-
Changes in allowances due to transfers between ECL Stages	-	(9)	3	8	2
Changes in collective allowances due to additions and deletions	2	(5)	-	-	(3)
Changes in collective allowances due to amounts written off	-	-	-	-	-
Total changes in allowances due to movements in gross carrying amounts	2	(14)	3	8	(1)
Other changes in collective allowances	-	8	-	-	8
New and increased individually assessed allowances	-	-	-	10	10
Write-back of individually assessed allowances no longer required	-	-	-	(9)	(9)
Total charged to/(credited against) the Income Statement	2	(6)	3	9	8
Amounts written off from individually assessed allowances	-	-	-	(13)	(13)
Balance as at 31 December 2024	47	183	8	73	311

\$ millions	Banking Group				
	Collectively Assessed			Individually Assessed	Total
	Stage 1	Stage 2	Stage 3	Stage 3	
Movement in Gross Carrying Amounts					
As at 31 December 2024					
Balance as at 1 July 2024	9,683	20,564	120	255	30,622
Changes due to transfers between ECL Stages					
Transfers to Stage 1	1,655	(1,655)	-	-	-
Transfers to Stage 2	(2,048)	2,061	(13)	-	-
Transfers to Stage 3	-	(34)	34	-	-
Net transfers to/(from) Stage 3 individually assessed	(2)	(45)	-	47	-
Total changes due to transfers between ECL Stages	(395)	327	21	47	-
Additions and deletions					
Additions	4,592	3,897	24	-	8,513
Deletions (excluding amounts written off)	(3,431)	(4,681)	(30)	(38)	(8,180)
Net additions/(deletions)	1,161	(784)	(6)	(38)	333
Amounts written off	-	-	-	(14)	(14)
Balance as at 31 December 2024	10,449	20,107	135	250	30,941

Notes to the Financial Statements

For the six months ended 31 December 2024

6 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 2024.

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:

As at	Banking Group	
	31-Dec-24	30-Jun-24
Upside	2.5%	2.5%
Central	55%	55%
Downside	32.5%	32.5%
Severe downside	10%	10%

For the six months ended 31 December 2024, macroeconomic scenarios were revised for the current economic conditions including consideration of higher unemployment, lower interest rates and the improving residential property market. The current scenario weightings remain appropriate given the level of uncertainty in the economic environment.

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: Unemployment rate, business investment index, stock exchange index and exchange rate.

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 (55%): The outlook for the next twelve months reflects a combination of unemployment at 5.1%, house price growth of 9.4% reflecting an improving residential property market, growth in business investment of 2.6% and the OCR reducing to 3.25%. 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 with the December 2027 position including unemployment of 4.3%, OCR of 3.25%, annual house price growth of 5.4% and annual business investment of 2.5%.
- Upside (2.5%): The scenario reflects a more positive outlook for the next twelve months, with unemployment improving to 3.0%, house price growth of 10.4%, business investment growth of 10% and the OCR reducing to 3.75%. The positive outlook continues in the next 24 months.

Notes to the Financial Statements

For the six months ended 31 December 2024

6 Allowance for Expected Credit Loss (continued)

Unaudited

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

- Downside (32.5%): The outlook for the next twelve months reflects adverse macroeconomic conditions resulting from economic trade challenges causing acute inflationary pressures, leading to unemployment rising to 8.5%, house price reductions of 15%, business investment contraction of 20% and the OCR increasing to 6.5%. Economic recovery commences in the following 24 months with the December 2027 position including unemployment of 8.1%, OCR of 4%, annual house price growth of 0% and annual business investment growth of 3%.
- Severe downside (10%): Reflects the most significant economic shock, which continues over the longer term. In the next twelve months unemployment rises to a peak of 13%, house prices fall by 20% and business investment contracts by 30%, offset by a supportive OCR of 1.5%. This negative trend continues through the following 24 months with the December 2027 position including unemployment of 11%, OCR of 0.5%, annual house price growth of 0% and annual business investment of 0%.

(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 As at	Banking Group	
	31-Dec-24	30-Jun-24
Upside	(296)	(302)
Central	(268)	(267)
Downside	95	102
Severe downside	1,241	1,215

Sensitivity to SICR Assessment

If an additional 1% of Stage 1 financial assets were assessed as having a SICR at 31 December 2024, with the scenario weightings applied at 31 December 2024 held constant, the Banking Group's allowance for ECL would increase by \$9 million (30 June 2024 \$10 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 \$1 million (30 June 2024 \$1 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. The impacts from historic climate events are implicitly reflected in the Banking Group's PD and LGD estimates, and 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 2024 (30 June 2024 nil). Climate change and the measurement thereof is evolving and will develop over time, and this perspective may change in the future.

Notes to the Financial Statements

For the six months ended 31 December 2024

7 Credit Quality Information for Advances to Customers

Unaudited

\$ millions	Banking Group			
	Residential Mortgages	Other Retail	Corporate	Total
As at 31 December 2024				
Past due assets not individually impaired				
1 to 7 days	1,490	70	221	1,781
8 to 29 days	1,101	56	44	1,201
1 to 29 days	2,591	126	265	2,982
30 to 59 days	318	27	18	363
60 to 89 days	173	17	12	202
90 days and over	412	44	31	487
Total past due assets not individually impaired	3,494	214	326	4,034
Other asset quality information				
Other assets under administration	11	1	2	14
Undrawn lending commitments to customers with individually impaired assets	-	-	16	16

8 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	
	31-Dec-24	31-Dec-23
For the six months ended		
Impairment losses charged to/(credited against) the Income Statement for collective allowances	(23)	(23)
Impairment losses charged to/(credited against) the Income Statement for individually assessed allowances	17	21
Bad debts written off directly to the Income Statement	29	17
Recovery of amounts previously written off	(6)	(5)
Total impairment losses/(recoveries) recognised in the Income Statement	17	10

Impairment losses on other financial assets for the period ended 31 December 2024 are not material to the Banking Group.

Notes to the Financial Statements

For the six months ended 31 December 2024

9 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			
	Financial Assets at Amortised Cost	Financial Assets at Fair Value	Other Credit Exposures	Total Credit Exposures
As at 31 December 2024				
Concentration by industry				
Agriculture	10,470	7	1,025	11,502
Forestry and Fishing, Agriculture Support Services	367	8	126	501
Manufacturing	1,022	33	450	1,505
Electricity, Gas, Water and Waste Services	614	86	165	865
Construction	886	-	388	1,274
Wholesale Trade	983	14	691	1,688
Retail Trade and Accommodation	2,273	3	538	2,814
Transport, Postal and Warehousing	756	1	253	1,010
Financial and Insurance Services	5,866	5,466	1,016	12,348
Rental, Hiring and Real Estate Services	37,084	20	1,534	38,638
Professional, Scientific, Technical, Administrative and Support Services	957	3	564	1,524
Public Administration and Safety	28	8,140	43	8,211
Education and Training	205	-	85	290
Health Care and Social Assistance	1,449	1	475	1,925
Arts, Recreation and Other Services	419	8	135	562
Households	53,272	-	9,687	62,959
All Other	26	-	28	54
Total credit exposures by industry	116,677	13,790	17,203	147,670
Concentration by geographic region				
Auckland	54,052	1,274	8,919	64,245
Rest of New Zealand	59,897	8,367	7,928	76,192
Overseas	2,728	4,149	356	7,233
Total credit exposures by geographic region	116,677	13,790	17,203	147,670

Notes to the Financial Statements

For the six months ended 31 December 2024

10 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 2024.

	Banking Group	
	Exposure as at 31-Dec-24	Peak end-of-day exposure over six months to 31-Dec-24
Number of exposures that equals or exceeds 10% of CET1 capital		
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	-	1
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	-	-

11 Deposits and Other Borrowings

\$ millions	Banking Group	
	Unaudited 31-Dec-24	Audited 30-Jun-24
As at		
Certificates of deposit	3,022	2,548
Term deposits	43,508	41,845
On demand and short term deposits	33,810	33,463
Deposits not bearing interest	10,500	9,630
Repurchase agreements	4,006	4,963
Total deposits and other borrowings	94,846	92,449

Notes to the Financial Statements

For the six months ended 31 December 2024

12 Debt Issues

\$ millions	Banking Group	
	Unaudited	Audited
As at	31-Dec-24	30-Jun-24
Debt issues by programme		
USD commercial paper	2,434	2,020
Euro medium term notes	8,603	7,388
USD medium term notes	4,203	3,847
NZD domestic bonds	2,771	2,458
Covered bonds	2,115	2,809
Total debt issues	20,126	18,522
Debt issues at fair value through Income Statement	613	887
Debt issues at amortised cost	19,513	17,635
Total debt issues	20,126	18,522
Movement in debt issues		
Balance as at 1 July 2024	18,522	
Issuances during the period	4,558	
Repayments during the period	(4,571)	
Fair value hedge adjustment movements	321	
Foreign exchange and other movements	1,296	
Balance as at 31 December 2024	20,126	

13 Commitments, Contingent Liabilities and Litigation

Commitments and credit related contingent liabilities

\$ millions	Banking Group	
	Notional Amount	
As at	Unaudited	Audited
	31-Dec-24	30-Jun-24
Credit and capital commitments		
Lending commitments approved but not yet advanced ⁽¹⁾	16,125	15,482
Capital expenditure commitments	6	5
Total credit and capital commitments	16,131	15,487
Credit related contingent liabilities		
Financial guarantees	292	281
Letters of credit	154	145
Other credit facilities	632	598
Total credit related contingent liabilities	1,078	1,024

(1) These amounts include irrevocable lending commitments.

The notional amount represents the maximum potential amount that could be lost if a counterparty fails to meet its financial obligations.

Notes to the Financial Statements

For the six months ended 31 December 2024

13 Commitments, Contingent Liabilities and Litigation (continued)

Other contingent liabilities and Litigation

Class Action

Proceedings were served on ASB on 29 September 2021 by plaintiffs seeking to bring a representative ("class action") proceeding 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.

On 23 and 24 April 2024, the New Zealand Court of Appeal heard ASB's appeal from an earlier High Court decision permitting the plaintiffs to pursue their claims as an opt-out representative proceeding on behalf of a class. On 19 July 2024, the Court of Appeal confirmed the earlier Court's decision to allow the plaintiffs to bring the action against ASB as an opt-out representative action.

On 20 December 2024, the Supreme Court of New Zealand dismissed ASB's application for leave to appeal the Court of Appeal's decision to make a common fund order in favour of the plaintiffs.

The plaintiffs' class definition covers all customers who had a home or personal loan with ASB between 6 June 2015 and 18 June 2019 covered by the CCCFA and who were not provided with compliant variation disclosure. Given this definition and the fact that issues raised in the claim have not been determined by the Courts before, the size of the class is unknown. However, the class and the allegations made in the proceedings would potentially cover hundreds of thousands of loans.

In their claim, the plaintiffs argue that ASB is not entitled to retain any interest or fees paid by any class member for the period during which it is alleged that ASB did not provide, and has not provided, compliant variation disclosure under the CCCFA. ASB denies that the relief sought by the plaintiffs is available to them and is vigorously defending the proceedings.

It is not possible to determine the ultimate impact of this claim, if any, on ASB.

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 committed to remediate all customers affected by these two matters, including for the period that pre-dates the FMA's claim. Remediation of the FastNet Business fees customers is complete, and remediation of the multi-policy discounts is well advanced.

ASB is considering the FMA's claim and has until 15 March 2025 to file a defence in respect of the two matters. ASB has provided for certain costs associated with these matters.

Other

The Banking Group is exposed to these claims and potential liabilities in respect of other actual and potential claims, proceedings and regulatory investigations. The Banking Group has identified a number of matters where it is undertaking reviews relating to products and services provided to customers which may require remediation and, in some cases, engagement with regulators.

These matters include instances where the potential liability of the Banking Group, if any, cannot be accurately assessed until such claims, proceedings or regulatory investigations 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 provision made in the financial statements where required by NZ GAAP. 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.

Notes to the Financial Statements

For the six months ended 31 December 2024

14 Related Party Transactions and Balances

\$ millions	Banking Group	
	Unaudited 31-Dec-24	Audited 30-Jun-24
As at		
Amounts receivable from related parties		
Commonwealth Bank Group	1,884	1,280
Superannuation and managed investment schemes managed by ASB Group Investments Limited	19	17
Trade Window Holdings Limited	1	1
Total amounts receivable from related parties	1,904	1,298
Amounts payable to related parties		
Commonwealth Bank Group	2,167	1,818
ASB Holdings Limited	-	9
Superannuation and managed investment schemes managed by ASB Group Investments Limited	959	1,404
Trade Window Holdings Limited	-	1
Total amounts payable to related parties	3,126	3,232

For the six months ended 31 December 2024, significant related party transactions included interest expense paid to the Commonwealth Bank Group of \$228 million (31 December 2023 \$332 million), interest expense paid to schemes managed by ASB Group Investments Limited of \$20 million (31 December 2023 \$33 million) and management and administration fees received from schemes managed by ASB Group Investments Limited of \$72 million (31 December 2023 \$63 million).

Dividends paid

Dividends on ordinary shares for the six months ended 31 December 2024 were \$1,100 million (for the six months ended 31 December 2023 \$800 million). The dividends on ordinary shares were settled as follows:

- On 27 September 2024, the Bank paid a cash dividend of \$400 million on ordinary shares to ASB Holdings Limited.
- On 14 November 2024, the Bank paid a dividend of \$700 million on ordinary shares to ASB Holdings Limited. Effected on the same date, the Bank raised \$700 million from the issuance of 700 million ordinary shares to ASB Holdings Limited. These two transactions were settled net and not in cash. Refer note 15.

15 Contributed Capital - Ordinary Shares

Unaudited	Banking Group	
	Number of shares	\$ millions
As at	31-Dec-24	31-Dec-24
Issued and fully paid ordinary share capital		
Balance as at 1 July 2024	6,148,121,300	6,173
Share capital issued	700,000,000	700
Balance as at 31 December 2024	6,848,121,300	6,873

Notes to the Financial Statements

For the six months ended 31 December 2024

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 determines the valuation of financial instruments classified in level 1 and level 2 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.

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 2024.

(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 2024				
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities:				
At fair value through Income Statement	827	173	-	1,000
At fair value through other comprehensive income	9,049	1,936	2	10,987
Derivative assets	-	1,803	-	1,803
Total financial assets measured at fair value	9,876	3,912	2	13,790
Financial liabilities				
Derivative liabilities	-	511	-	511
Debt issues at fair value through Income Statement	-	613	-	613
Total financial liabilities measured at fair value	-	1,124	-	1,124

Audited				
\$ millions				
As at 30 June 2024				
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities at fair value through other comprehensive income	7,931	1,796	2	9,729
Derivative assets	-	881	-	881
Total financial assets measured at fair value	7,931	2,677	2	10,610
Financial liabilities				
Derivative liabilities	-	956	-	956
Debt issues at fair value through Income Statement	-	887	-	887
Total financial liabilities measured at fair value	-	1,843	-	1,843

Notes to the Financial Statements

For the six months ended 31 December 2024

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	
	31-Dec-24		30-Jun-24	
As at	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Cash and liquid assets	4,577	4,577	5,450	5,450
Receivables from financial institutions	519	519	630	630
Advances to customers	111,699	111,581	108,345	109,010
Other financial assets	437	437	444	444
Total	117,232	117,114	114,869	115,534
Financial liabilities				
Deposits and other borrowings	95,042	94,846	92,503	92,449
Payables to financial institutions	2,326	2,326	1,422	1,422
Other financial liabilities ⁽¹⁾	1,301	1,301	1,286	1,286
Debt issues at amortised cost	19,549	19,513	17,643	17,635
Loan capital	1,045	1,032	959	941
Total	119,263	119,018	113,813	113,733

(1) Other financial liabilities exclude the lease liability of \$180 million as at 31 December 2024 (30 June 2024 \$161 million) as no fair value disclosure is required in respect of lease liabilities.

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.

- From 30 June 2024, IRB banks must disclose both IRB and standardised capital information.
- On 1 July 2024, minimum Tier 1 requirements increased from 6.0% to 7.0% (of which AT1 can comprise of 2.5%, up from 1.5%) and minimum Total capital requirements increased from 8.0% to 9.0% (of which Tier 2 can continue to comprise of 2.0%).
- The Buffer Trigger Ratio currently set at 4.5% will increase by 100bps on 1 July 2025 (5.5%), 1 July 2026 (6.5%) and 1 July 2027 (7.5%), and then by 150bps on 1 July 2028 to reach 9.0% (for IRB banks).

For the six months ended 31 December 2024, the Banking Group has complied with all the RBNZ minimum capital ratios to which it is subject.

Notes to the Financial Statements

For the six months ended 31 December 2024

17 Capital Adequacy (continued)

Unaudited

\$ millions	Banking Group
As at	31-Dec-24
Capital under Basel III IRB approach	
Tier 1 capital	
CET1 capital	
Issued and fully paid-up ordinary share capital	6,873
Retained earnings	4,683
Accumulated other comprehensive income and other disclosed reserves ⁽¹⁾	(171)
Deductions from CET1 capital:	
Goodwill and other intangible assets	(268)
Deferred tax assets	(307)
Cash flow hedge reserve	101
Excess of expected loss over eligible allowance for impairment	(7)
Total CET1 capital	10,904
Additional Tier 1 capital	-
Total Tier 1 capital	10,904
Tier 2 capital	
Loan capital	1,066
Asset revaluation reserve	17
Total Tier 2 capital	1,083
Total capital	11,987

Accumulated other comprehensive income and other disclosed reserves include the fair value through other comprehensive income reserve of (\$72 million), the cash flow hedge reserve of (\$101 million) and the equity compensation reserve of \$2 million.

(1) the cash flow hedge reserve of (\$101 million) and the equity compensation reserve of \$2 million.

As at	Banking Group		Bank	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Capital ratios				
CET1 capital ratio	14.8%	14.1%	14.7%	14.1%
Tier 1 capital ratio	14.8%	14.1%	14.7%	14.1%
Total capital ratio	16.3%	15.5%	16.2%	15.4%
Prudential capital buffer ratio	7.3%	7.5%	7.2%	7.4%
Minimum ratio requirement				
CET1 capital ratio	4.5%	4.5%	4.5%	4.5%
Tier 1 capital ratio	7.0%	6.0%	7.0%	6.0%
Total capital ratio	9.0%	8.0%	9.0%	8.0%
Buffer trigger ratio	4.5%	4.5%	4.5%	4.5%

\$ millions	Banking Group		
As at 31 December 2024	Total Exposure ⁽¹⁾	RWE ⁽²⁾	Total Capital Requirement ⁽³⁾
Capital requirements			
Total credit risk	146,669	62,063	5,586
Operational risk	N/A	8,206	739
Market risk	N/A	3,492	314
Total		73,761	6,639

As at 31 December 2024, the Banking Group held \$5,348 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.

Notes to the Financial Statements

For the six months ended 31 December 2024

17 Capital Adequacy (continued)

Unaudited

Capital Structure

Ordinary Shares

The total number of ordinary shares issued by the Bank as at 31 December 2024 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.

Notes to the Financial Statements

For the six months ended 31 December 2024

17 Capital Adequacy (continued)

Unaudited

Credit risk exposures subject to the IRB approach by exposure class

PD Grade	Weighted Average PD %	Exposure Amounts \$ millions	Banking Group Exposure- Weighted LGD used for the capital calculation %	Exposure- Weighted Risk Weight %	Risk Weighted Assets ⁽¹⁾ \$ millions
As at 31 December 2024					
Exposures secured by residential mortgages					
Less than and including 0.50%	0.33%	30,818	16%	11%	3,898
Over 0.50% up to and including 0.85%	0.66%	13,393	19%	20%	3,255
Over 0.85% up to and including 3.26%	1.47%	38,926	22%	39%	18,176
Over 3.26% up to and including 7.76%	5.94%	730	24%	94%	820
Over 7.76% up to and including 99.99%	-	-	-	-	-
Default PD grade	100.00%	1,710	22%	191%	3,928
Total exposures secured by residential mortgages	2.94%	85,577	19%	29%	30,077
Other retail exposures					
Less than and including 0.50%	0.33%	967	84%	47%	546
Over 0.50% up to and including 0.85%	0.65%	279	84%	70%	234
Over 0.85% up to and including 3.26%	1.28%	693	84%	93%	769
Over 3.26% up to and including 7.76%	3.29%	158	84%	119%	225
Over 7.76% up to and including 99.99%	-	-	-	-	-
Default PD grade	100.00%	23	84%	506%	141
Total other retail exposures	1.98%	2,120	84%	75%	1,915
Corporate exposures - small and medium enterprises					
Less than and including 0.20%	0.14%	569	26%	17%	113
Over 0.20% up to and including 0.50%	0.31%	3,858	24%	27%	1,260
Over 0.50% up to and including 1.00%	0.69%	9,893	25%	40%	4,703
Over 1.00% up to and including 2.30%	1.43%	7,278	24%	49%	4,254
Over 2.30% up to and including 99.99%	7.21%	2,028	27%	88%	2,135
Default PD grade	100.00%	330	37%	256%	1,013
Total corporate exposures - small and medium enterprises	2.76%	23,956	25%	47%	13,478
Other corporate exposures					
Less than and including 0.20%	0.10%	2,003	54%	37%	891
Over 0.20% up to and including 0.50%	0.31%	2,007	39%	43%	1,045
Over 0.50% up to and including 1.00%	0.65%	2,436	36%	60%	1,748
Over 1.00% up to and including 2.30%	1.34%	978	31%	63%	737
Over 2.30% up to and including 99.99%	9.04%	296	44%	161%	571
Default PD grade	100.00%	64	32%	162%	123
Total other corporate exposures	1.64%	7,784	41%	55%	5,115
Total credit risk exposures subject to the IRB approach		119,437			50,585

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

Notes to the Financial Statements

For the six months ended 31 December 2024

17 Capital Adequacy (continued)

Unaudited

Included in the previous tables 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 2024	Value	Exposure at Default	Value	Exposure at Default
Exposures secured by residential mortgages	8,060	8,238	-	-
Other retail exposures	1,858	1,183	-	-
Corporate exposures - small and medium enterprises	3,382	2,681	2,465	46
Other corporate exposures	2,285	1,962	4,054	109
	15,585	14,064	6,519	155

\$ millions	Banking Group					
LVR Range	Does not exceed 60%	Exceeds 60% and not 70%	Exceeds 70% and not 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
As at 31 December 2024						
Residential mortgages by loan-to-valuation ratio ("LVR")						
On balance sheet exposures	37,329	15,672	19,700	5,101	985	78,787
Off balance sheet exposures	6,374	926	914	61	136	8,411
Total value of exposures	43,703	16,598	20,614	5,162	1,121	87,198
Expressed as a percentage of total exposures	50.1%	19.0%	23.7%	5.9%	1.3%	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.

\$ millions	Banking Group
As at	31-Dec-24
Reconciliation of mortgage-related amounts	
Residential mortgages in Advances to customers (refer to note 5)⁽¹⁾	78,390
Add/(less):	
Off balance sheet exposures	8,411
Exposure at default adjustments	823
Unamortised loan establishment fees and expenses	(426)
Residential mortgages in LVR disclosure	87,198
Add/(less):	
Corporate lending secured by residential mortgages (subject to the standardised approach)	(1,610)
Residential mortgages (subject to the standardised approach)	(11)
Residential mortgages subject to the IRB approach	85,577

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

Notes to the Financial Statements

For the six months ended 31 December 2024

17 Capital Adequacy (continued)

Unaudited

On-balance sheet exposures subject to the slotting approach as at 31 December 2024	Banking Group		Risk Weighted Assets ⁽¹⁾ \$ millions
	Total Exposure after Credit Risk Mitigation \$ millions	Risk Weight	
Strong	524	70%	440
Good	2,945	90%	3,181
Satisfactory	701	115%	967
Weak	58	250%	173
Default	11	0%	-
	4,239		4,761

Off-Balance Sheet Exposures Subject to the Slotting approach as at 31 December 2024	Banking Group		Risk Weighted Assets ⁽¹⁾ \$ millions
	Exposure at Default \$ millions	Average Risk Weight	

Undrawn commitments and other off balance sheet exposures

268 88% 284

Credit risk exposures subject to the standardised approach

On-balance sheet exposures by separate risk weight as at 31 December 2024	Banking Group		Risk Weighted Assets \$ millions
	Total Exposure after Credit Risk Mitigation \$ millions	Average Risk Weight	
Cash and gold bullion	113	0%	-
	10,782	0%	-
	-	20%	-
Sovereigns and central banks	-	50%	-
	-	100%	-
	-	150%	-
	2,351	0%	-
	221	20%	44
Multilateral development banks and other internal organisations	-	50%	-
	-	100%	-
	-	150%	-
	886	20%	177
Public sector entities	-	50%	-
	-	100%	-
	-	150%	-
	365	20%	73
Banks	1,206	50%	603
	-	100%	-
	-	150%	-
	15,924		897

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

Notes to the Financial Statements

For the six months ended 31 December 2024

17 Capital Adequacy (continued)

Unaudited

Other on-balance sheet exposures by risk weight as at 31 December 2024	Banking Group		
	Total	Average Risk Weight	Risk Weighted Assets
	Exposure after Credit Risk Mitigation		
	\$ millions		\$ millions
Corporate	1,323	99%	1,315
Residential mortgages	1,433	38%	548
Past due assets	29	109%	32
Other assets	1,632	100%	1,632
Total balance sheet exposures	4,417		3,527

Off Balance Sheet Exposures as at 31 December 2024	Banking Group				
	Total Exposure or Principal Amount	Average Credit Conversion Factor	Credit Equivalent Amount	Average Risk Weight	Risk Weighted Assets
	\$ millions		\$ millions		\$ millions
Total off balance sheet exposures subject to the standardised approach	1,483	52%	778	63%	493
Memo item: Undrawn commitment to the Business Growth Fund	-	0%	-	0%	-

Counterparty credit risk for counterparties subject to the standardised approach as at 31 December 2024	Banking Group			
	Total Exposure or Principal Amount	Credit Equivalent Amount	Average Risk Weight	Risk Weighted Assets
	\$ millions	\$ millions		\$ millions
Foreign exchange contracts	25,941	1,025	27%	273
Interest rate contracts	19,122	23	38%	8
Other	4	15	20%	3
Total counterparty credit risk for counterparties subject to the standardised approach	45,067	1,063		284

Exposures arising from trades settled on Qualifying Central Counterparties (QCCPs) as at 31 December 2024	Banking Group		
	Trade Exposure or Collateral Amount	Average Risk Weight	Risk Weighted Assets
	\$ millions		\$ 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	206	4%	8
Collateral posted for clearing via member bank	330	4%	13
Total Exposures arising from trades settled on Qualifying Central Counterparties	536		21

Notes to the Financial Statements

For the six months ended 31 December 2024

17 Capital Adequacy (continued)

Unaudited

Banking Group			
	Total Exposure \$ millions	Risk Weight	Risk Weighted Exposure \$ millions
Equity exposures as at 31 December 2024			
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)	7	400%	28
Total Equity Exposures Subject to the Standardised approach	7		28

Banking Group			
\$ millions	Total exposure after credit risk mitigation	Total risk weighted exposures	Total Capital requirement
Total credit risk as at 31 December 2024			
Exposures subject to the IRB approach	119,437	50,585	4,552
Specialised lending subject to the slotting approach	4,507	5,045	454
Standardised floor impact ⁽¹⁾	-	710	64
Exposures subject to the standardised approach	22,725	5,250	473
Credit valuation adjustment	-	473	43
Total credit risk (including standardised floor impact)	146,669	62,063	5,586

(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.
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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.

Notes to the Financial Statements

For the six months ended 31 December 2024

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 2024.

\$ millions	Banking Group Risk Weighted Assets	
	Calculated for Compliance Purposes	Recalculated Using the Standardised Approach
As at 31 December 2024		
Total IRB and supervisory slotting exposures	55,630	66,282
Standardised floor at 85% of standardised equivalents	n/a	56,340
IRB and slotting RWAs with floor applied	56,340	n/a
RWAs for standardised exposures	5,723	n/a
Total credit risk RWAs	62,063	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	
	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
As at 31 December 2024		
Total exposures		
Sovereign	2,098	-
Bank	3,648	-
Corporate (including specialised lending)	68	-
Residential mortgage	3	-
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 2024 was \$8,206 million.

The total operational risk capital requirement as at 31 December 2024 was \$656 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.

Notes to the Financial Statements

For the six months ended 31 December 2024

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 aggregate capital charge is derived by taking the highest market risk exposure over the six months ended 31 December 2024.

\$ millions	Banking Group		
	Interest Rate Risk	Foreign Currency Risk	Equity Risk
Exposures as at 31 December 2024			
Implied risk-weighted exposure ⁽¹⁾	3,474	18	-
Aggregate capital charge	278	1	-

\$ millions	Banking Group		
	Interest Rate Risk	Foreign Currency Risk	Equity Risk
Peak end-of-day exposures for the six months ended 31 December 2024			
Implied risk-weighted exposure ⁽¹⁾	4,252	38	-
Aggregate capital charge	340	3	-

(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 2024, internal capital allocations of \$277 million (31 December 2023 \$326 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.

From 1 January 2023, Australian Prudential Regulation Authority ("APRA") prudential standards require the ultimate parent banking group to have a minimum CET1 ratio of 4.5% plus an additional CET1 capital conservation buffer of 5.75%, inclusive of a D-SIB requirement of 1.0% and a countercyclical capital buffer ("CCyB") of 1.0%⁽¹⁾, which brings the CET1 requirement to at least 10.25% as required under APRA's application of Basel III requirements.

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 2024, the minimum capital requirements were met (31 December 2023 minimum capital requirements were met).

As at	Ultimate Parent Bank		Ultimate Parent Banking Group	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
CET1 capital ratio	12.1%	12.5%	12.2%	12.3%
Tier 1 capital ratio	14.2%	15.1%	14.1%	14.7%
Total capital ratio	21.3%	21.5%	20.7%	20.5%

(1) In November 2024, 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 0-350 basis points, can be released in times of systemic stress and post-stress recovery.

Notes to the Financial Statements

For the six months ended 31 December 2024

17 Capital Adequacy (continued)

Unaudited

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.

Credit risk: standardised equivalents of IRB risk-weighted assets

The standardised equivalents of the Banking Group's IRB exposures classes as at 31 December 2024 is disclosed in the table below.

\$ millions	Banking Group			
	Exposure under the IRB Approach	IRB Risk Weighted Assets	Equivalent Exposure under Standardised Approach	Standardised Equivalents of Risk Weighted Assets
As at 31 December 2024				
IRB exposure class				
Exposures secured by residential mortgages	85,577	30,077	81,542	31,590
Other retail exposures	2,120	1,915	863	864
Corporate exposures - small and medium enterprises	23,956	13,478	23,747	22,198
Other corporate exposures	7,784	5,115	7,730	7,503
Specialised lending subject to the slotting approach	4,507	5,045	4,485	4,127
Total Credit Risk	123,944	55,630	118,367	66,282

Standardised equivalent capital ratios

The standardised equivalents of the Banking Group's capital ratios as at 31 December 2024 are disclosed in the table below. The standardised equivalent capital amounts and the Banking Group's reported total capital values (refer table 'Capital under Basel III IRB approach' 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	Banking Group		
	CET1 Capital	Tier 1 Capital	Total Capital
Standardised equivalent capital ratios			
As at 31 December 2024			
Standardised equivalent capital amount	10,911	10,911	11,994
Standardised equivalent total RWAs	83,703	83,703	83,703
Ratios	13.0%	13.0%	14.3%

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 2024.

As at 31 December 2024	Banking Group	
	31-Dec-24	31-Dec-23
Capital Ratios		
Total Capital ratio ⁽¹⁾	16.3%	15.5%
Total Capital ratio recalculated as if the bank were not an IRB Bank ⁽²⁾	14.3%	13.6%
Actual average risk weight for all modelled credit risk exposures ⁽³⁾	44.9%	43.6%
Standardised equivalent average risk weight for all modelled credit risk exposures ⁽⁴⁾	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*.

Notes to the Financial Statements

For the six months ended 31 December 2024

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 Changes in the Composition of the Banking Group during the Reporting Period

Unaudited

There were no changes in the composition of the Banking Group for the six months ended 31 December 2024.

20 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" basis. Cash profit 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.

The Banking Group operates predominantly in the banking industry within New Zealand. The Banking Group has very limited exposure to risks associated with operating in different economic environments or political conditions in other countries. On this basis no geographical segment information is provided.

Notes to the Financial Statements

For the six months ended 31 December 2024

20 Financial Reporting by Operating Segments (continued)

Unaudited

\$ millions	Banking Group				
	Personal Banking	Business Banking	Corporate Banking	Other	Total
Income Statement					
For the six months ended 31 December 2024					
Net interest income	753	577	133	11	1,474
Lending fees	2	9	4	-	15
Commission and other fees	106	23	11	-	140
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) ⁽¹⁾	26	19	-	(4)	41
Total operating income	921	631	148	7	1,707
Impairment (losses)/recoveries on financial assets	(18)	(11)	12	-	(17)
Operating expenses	(432)	(204)	(59)	-	(695)
Cash net profit before tax	471	416	101	7	995
Tax expense	(132)	(116)	(28)	(3)	(279)
Cash net profit after tax ("Cash profit")	339	300	73	4	716
Reconciliation of Cash profit to Statutory profit					
Cash profit					716
Reconciling items:					
Hedging and IFRS volatility ⁽²⁾					(7)
Notional inter-group charges ⁽³⁾					68
Reporting structure differences ⁽⁴⁾					6
Tax on reconciling items					(20)
Net profit after tax ("Statutory profit")					763
Balance Sheet					
As at 31 December 2024					
Advances to customers	64,004	42,235	5,342	-	111,581
Total assets	64,206	42,556	5,704	19,434	131,900
Deposits and other borrowings	57,064	19,202	8,676	9,904	94,846
Total liabilities	57,257	19,209	8,592	35,440	120,498

(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 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 for internal reporting but included in Statutory profit.

Notes to the Financial Statements

For the six months ended 31 December 2024

20 Financial Reporting by Operating Segments (continued)

Unaudited

\$ millions	Banking Group				Total
	Personal Banking	Business Banking	Corporate Banking	Other	
Income Statement ⁽¹⁾					
For the six months ended 31 December 2023					
Net interest income	728	547	136	(8)	1,403
Lending fees	2	9	4	-	15
Commission and other fees	117	25	11	-	153
Funds management income	65	4	-	-	69
Fee and commission income	184	38	15	-	237
Fee and commission expense	(40)	-	-	-	(40)
Net fee and commission income	144	38	15	-	197
Other operating income/(loss) ⁽²⁾	30	20	(3)	(7)	40
Total operating income/(loss)	902	605	148	(15)	1,640
Impairment recoveries/(losses) on financial assets	4	(19)	5	-	(10)
Operating (expenses)/benefit	(403)	(191)	(51)	2	(643)
Cash net profit/(loss) before tax	503	395	102	(13)	987
Tax (expense)/benefit	(141)	(110)	(29)	3	(277)
Cash net profit/(loss) after tax ("Cash profit")	362	285	73	(10)	710

Reconciliation of Cash profit to Statutory profit

Cash profit	710
Reconciling items:	
Hedging and IFRS volatility ⁽³⁾	(18)
Notional inter-group charges ⁽⁴⁾	64
Reporting structure differences ⁽⁵⁾	8
Tax on reconciling items	(15)
Net profit after tax ("Statutory profit")	749

Balance Sheet⁽¹⁾

As at 30 June 2024

Advances to customers	61,701	42,138	5,171	-	109,010
Total assets	61,830	42,210	5,554	17,495	127,089
Deposits and other borrowings	54,431	18,589	9,632	9,797	92,449
Total liabilities	54,573	18,599	9,603	33,246	116,021

(1) For the six months ended 31 December 2024, the Banking Group made some minor changes to its structure and some refinements to the allocation of costs to support units. These changes have not impacted the Group's net profit after tax 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 restated 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.

Notes to the Financial Statements

For the six months ended 31 December 2024

21 Interest Rate Repricing Schedule

Unaudited

The following table represents a breakdown of the Banking Group's assets and liabilities by their contractual repricing. 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						Total
	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	
As at 31 December 2024							
Assets							
Cash and liquid assets	4,457	-	-	-	-	120	4,577
Receivables from financial institutions	519	-	-	-	-	-	519
Securities:							
At fair value through Income Statement	-	-	49	225	726	-	1,000
At fair value through other comprehensive income	841	568	664	539	8,373	2	10,987
Derivative assets	-	-	-	-	-	1,803	1,803
Advances to customers	50,822	21,018	23,656	12,876	3,415	(206)	111,581
Other financial assets	-	-	-	-	-	437	437
Total financial assets	56,639	21,586	24,369	13,640	12,514	2,156	130,904
Non-financial assets							996
Total assets							131,900
Liabilities							
Deposits and other borrowings	58,902	14,917	7,171	1,784	1,572	10,500	94,846
Payables to financial institutions	2,291	-	-	-	-	35	2,326
Derivative liabilities	-	-	-	-	-	511	511
Other financial liabilities	-	-	-	-	-	1,481	1,481
Debt issues:							
At fair value through Income Statement	-	613	-	-	-	-	613
At amortised cost	3,748	74	1,100	3,969	11,343	(721)	19,513
Loan capital	-	-	-	-	1,062	(30)	1,032
Total financial liabilities	64,941	15,604	8,271	5,753	13,977	11,776	120,322
Non-financial liabilities							176
Total liabilities							120,498
Net derivative notionals	7,345	(3,686)	(14,919)	1,039	10,221		
Interest rate sensitivity gap	(957)	2,296	1,179	8,926	8,758		

Notes to the Financial Statements

For the six months ended 31 December 2024

22 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 2024 and 30 September 2024 are reflected in the table below.

Average for the three months ended	Banking Group	
	31-Dec-24	30-Sep-24
One-month mismatch ratio	7.8%	7.8%
One-week mismatch ratio	8.3%	8.1%
Core funding ratio	88.7%	88.5%

23 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 December 2024	
Cash and balances with central banks	2,268
Government and Local Authority securities	9,966
Supranational securities	2,573
Corporate Securities	1,409
Residential mortgage-backed securities ⁽¹⁾	6,595
Total qualifying liquid assets	22,811

- (1) As at 31 December 2024, 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 2024, \$6,528 million of the residential mortgage-backed securities held by the Banking Group qualified as liquid assets, which is calculated based on the two months prior to the reporting date in accordance with BS13A.

Notes to the Financial Statements

For the six months ended 31 December 2024

24 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							Carrying Value
As at 31 December 2024	On Demand	Within 6 Months	Between 6-12 Months	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total	
Non-derivative financial liabilities								
Deposits and other borrowings	44,310	39,593	8,567	1,915	1,686	-	96,071	94,846
Payables to financial institutions	1,934	392	-	-	-	-	2,326	2,326
Other financial liabilities	56	1,009	193	36	147	70	1,511	1,481
Debt issues:								
At fair value through Income Statement	-	622	-	-	-	-	622	613
At amortised cost	-	2,196	1,972	4,418	10,241	2,864	21,691	19,513
Loan capital	-	26	28	56	1,094	-	1,204	1,032
Total non-derivative financial liabilities	46,300	43,838	10,760	6,425	13,168	2,934	123,425	119,811
Derivative financial liabilities⁽¹⁾								
Inflows from derivatives	-	1,207	691	1,067	3,450	2,241	8,656	
Outflows from derivatives	-	(2,072)	(1,095)	(1,490)	(3,874)	(2,265)	(10,796)	
	-	(865)	(404)	(423)	(424)	(24)	(2,140)	
Off balance sheet items								
Lending commitments	12,873	3,252	-	-	-	-	16,125	
Financial guarantees	292	-	-	-	-	-	292	
Other credit related contingent liabilities	786	-	-	-	-	-	786	
Total off balance sheet items	13,951	3,252	-	-	-	-	17,203	

(1) Excludes cash provided on cleared derivatives as part of partial settlement.

Notes to the Financial Statements

For the six months ended 31 December 2024

25 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-24
Total funding comprises:	
Deposits and other borrowings	94,846
Payables to financial institutions	2,326
Debt issues:	
At fair value through Income Statement	613
At amortised cost	19,513
Loan capital	1,032
Total funding	118,330
Concentration by industry	
Agricultural, Forestry and Fishing	1,543
Manufacturing	1,427
Construction	1,595
Wholesale Trade	1,015
Retail Trade and Accommodation	1,524
Transport, Postal and Warehousing	471
Information Media and Telecommunications	574
Financial and Insurance Services	34,864
Rental, Hiring and Real Estate Services	4,503
Professional, Scientific, Technical, Administrative and Support Services	6,216
Public Administration and Safety	1,405
Education and Training	2,188
Health Care and Social Assistance	1,985
Arts, Recreation and Other Services	2,208
Households	56,357
All Other	455
Total funding by industry	118,330
Concentration by geographic region	
New Zealand	91,481
Overseas	26,849
Total funding by geographic region	118,330

26 Events after the Reporting Period

Unaudited

There were no 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 2024:

- 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
Chair



Vittoria Shortt
Managing Director

12 February 2025

Independent Auditor's Review Report



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 2024 of ASB Bank Limited (the "Bank") and the entities it controlled at 31 December 2024 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 2024, the related income statement, the statement of comprehensive income, the statement of changes in equity and the 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.

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 the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. In our capacity as auditor and assurance practitioner, our firm provides review, other assurance, agreed-upon procedures and other services for the Banking Group or in respect of funds managed by the Banking Group. Our firm carried out other assignments for the Banking Group in the area of capital benchmarking. 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 Banking Group. The firm has no other relationship with, or interests in, the Banking Group and funds managed by the Banking Group.

Independent Auditor's Review Report (continued)



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.

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:

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in black ink.

PricewaterhouseCoopers
12 February 2025

Auckland

Independent Assurance Report



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 2024 (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 22, 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.

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.

We are independent of the Bank and the entities it controlled at 31 December 2024 or from time to time during the period (together, the "Banking Group"). In our capacity as auditor and assurance practitioner, our firm provides audit, review, other assurance, agreed-upon procedures and other services for the Banking Group or in respect of funds managed by the Banking Group. Our firm carried out other assignments for the Banking Group in the area of capital benchmarking. 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 Banking Group. The firm has no other relationship with, or interests in, the Banking Group and funds managed by 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

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Independent Assurance Report (continued)



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.

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.

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in black ink.

PricewaterhouseCoopers
12 February 2025

Auckland

PwC



