

ASB Covered Bond Trust Financial Statements

For the year ended 30 June 2025

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Statement of Comprehensive Income

\$ thousands				
For the year ended 30 June	Note	2025	2024	
Interest income	4	217,735	297,678	
Interest expense	4	216,677	296,468	
Net interest income		1,058	1,210	
Total operating income		1,058	1,210	
Total operating expenses		1,038	1,190	
Other expenses	4	1,038	1,190	
Net profit before tax		20	20	
Tax expense		-	-	
Net profit after tax		20	20	
Total comprehensive income		20	20	

Statement of Changes in Trust Funds

\$ thousands	Note	Trust Capital	Retained Earnings	Total Trust Funds
For the year ended 30 June 2025				
Balance as at 1 July 2024		2	-	2
Net profit after tax and total comprehensive income		-	20	20
Distribution to the Beneficiary	4	-	(20)	(20)
Balance as at 30 June 2025		2	-	2
For the year ended 30 June 2024				
Balance as at 1 July 2023		2	-	2
Net profit after tax and total comprehensive income		-	20	20
Distribution to the Beneficiary	4	-	(20)	(20)
Balance as at 30 June 2024		2	-	2

These statements are to be read in conjunction with the notes on pages 5 to 12.

Balance Sheet

\$ thousands

As at 30 June

Note

2025

2024

Assets

Cash and cash equivalents	4	13,379	7,683
Other assets	4	15,753	21,966
Advances to related parties	4	4,809,945	4,197,682
Total assets		4,839,077	4,227,331

Liabilities

Other liabilities	4	29,130	29,647
Borrowings from related parties	4	4,809,945	4,197,682
Total liabilities		4,839,075	4,227,329

Net assets

2	2
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Trust funds

Trust capital	3	2	2
Retained earnings		-	-
Total trust funds		2	2

The Board of Directors of the Manager authorised these financial statements for issue on 10 October 2025

Director



Director



These statements are to be read in conjunction with the notes on pages 5 to 12.

Cash Flow Statement

\$ thousands

For the year ended 30 June

Note

2025

2024

Cash flows from operating activities

Net profit before tax

20

20

Reconciliation of net profit before tax to net cash flows from operating activities

Net (increase)/decrease in operating assets:

Net change in other assets

6,213

5,715

Net increase/(decrease) in operating liabilities:

Net change in other liabilities

(517)

(6,013)

Net cash flows from operating activities

5,716

(278)

Cash flows from investing activities

Cash was provided from:

Net decrease in advances to related parties

1,143,607

1,040,546

Total cash inflows provided from investing activities

1,143,607

1,040,546

Net cash flows from investing activities

1,143,607

1,040,546

Cash flows from financing activities

Cash was applied to:

Repayment of borrowings from related parties

(1,143,607)

(1,040,546)

Distribution to the Beneficiary

(20)

(20)

Total cash outflows applied to financing activities

(1,143,627)

(1,040,566)

Net cash flows from financing activities

(1,143,627)

(1,040,566)

Summary of movements in cash flows

Net increase/(decrease) in cash and cash equivalents

5,696

(298)

Add: cash and cash equivalents at beginning of year

7,683

7,981

Cash and cash equivalents at end of year

13,379

7,683

Additional operating cash flow information

Interest received as cash

229,647

303,095

Interest paid as cash

(222,895)

(302,164)

Other

Non-cash investing and financing activities

Increase in advances to related parties

4

(1,755,870)

-

Drawdown of borrowings from related parties

4

2,585,270

767,750

Repayments of borrowings from related parties

4

(829,400)

(767,750)

These statements are to be read in conjunction with the notes on pages 5 to 12.

Notes to the Financial Statements

For the year ended 30 June 2025

1 Accounting Policies

General Accounting Policies

The reporting entity, ASB Covered Bond Trust (the "Trust"), was established in New Zealand on 11 August 2011 under the terms of the Trust Establishment Deed. The Trustee of the Trust and Covered Bond Guarantor is ASB Covered Bond Trustee Limited (the "Guarantor" or "Trustee"). The sole beneficiary of the Trust is ASB Securitisation Charitable Trust (the "Beneficiary"). The manager of the Trust is Securitisation Management Services Limited (the "Manager"), a wholly owned subsidiary of ASB Bank Limited ("ASB"). The registered office of the Manager is Level 2, ASB North Wharf, 12 Jellicoe Street, Auckland 1010, New Zealand.

The Trust is a special purpose, bankruptcy remote entity, established by ASB. The activities of the Trust include the acquisition, management and sale of mortgage loans, the borrowing of monies to fund the acquisition of the assets and the hedging of associated risks.

The Guarantor provides guarantees over covered bonds issued by ASB (the "Issuer"). Covered Bonds previously issued through ASB Finance Limited ("AFL"), are now issued by ASB following amalgamation of AFL into ASB on 15 June 2023. The 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 Trust. The amount of the guarantee is limited to the assets of the Trust. There are no material conditions applicable to the guarantee other than non-performance.

These financial statements are for the year ended 30 June 2025 and have been prepared in accordance with the requirements of the Trust Establishment Deed, New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), other applicable Financial Reporting Standards and authoritative notices, as appropriate for for-profit entities. The financial statements comply with NZ IFRS and International Financial Reporting Standards Accounting Standards.

New Standards or Amendments (effective 1 July 2024)

New standards or amendments to standards in the reporting period did not have a material impact on the Trust.

New Standards or Amendments (not yet effective)

The following new standard relevant to the Trust has been issued. The Trust does not intend to apply this standard until its effective date.

NZ IFRS 18 *Presentation and Disclosure in Financial Statements*

NZ IFRS 18 will replace NZ IAS 1 *Presentation of Financial Statements*. NZ IFRS 18 introduces three sets of new requirements to improve reporting of financial performance and give investors a better basis for analysing and comparing performance as follows:

- Five defined categories for income and expenses – operating, investing, financing, income taxes and discontinued operations – to improve the structure of the income statement, and a requirement to provide new defined subtotals, including a subtotal for operating profit.
- Requirements to disclose explanations of entity-specific measures of performance that are related to the income statement.
- Enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes (and avoid providing information that is too summarised or too detailed).

This standard is effective for the Trust's reporting period beginning on 1 July 2027. The Trust is in the process of assessing the impact of NZ IFRS 18.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to NZ IFRS 9 and NZ IFRS 7)

Amendments to NZ IFRS 9 *Financial Instruments* and NZ IFRS 7 *Financial Instruments: Disclosures* amend or clarify:

- Requirements for derecognition of financial liabilities settled through electronic transfer.
- Application guidance for assessing whether cash flows of a financial asset are consistent with those of a basic lending arrangement.
- Guidance on financial assets with non-recourse features.
- Characteristics of contractually linked instruments.
- Disclosure requirements for investments designated as at fair value through other comprehensive income ("FVTOCI").
- Disclosure requirements regarding contractual terms that change the amount or timing of cash flows.

The amendments are effective for the Trust's reporting period beginning on 1 July 2027. The Trust is currently assessing the full impact of the amendments.

There are no other standards, amendments to standards or interpretations issued but not yet effective that could have a material effect on the Trust.

Basis of Preparation

The measurement base adopted is that of historical cost except where otherwise stated.

Presentation Currency and Rounding

The functional and presentation currency is New Zealand dollars. The amounts contained in these financial statements are presented in thousands, unless otherwise stated.

Notes to the Financial Statements

For the year ended 30 June 2025

1 Accounting Policies (continued)

Material Accounting Policies

The following material accounting policies have been applied on a consistent basis.

- **Revenue Recognition**

INTEREST INCOME

The effective interest method is used to measure interest income recognised in the Statement of Comprehensive Income.

Certain fees are charged by ASB to the Trust in exchange for maintaining records, settlement and credit management of the mortgages on behalf of the Trust. Where these costs relate directly to the specific transactions they are deferred and amortised to interest income using the effective interest method.

- **Expense Recognition**

Interest expense is recognised using the effective interest method.

- **Income Tax**

Under tax rules, ASB is treated as carrying out the activities of the Trust. Consequently it is ASB, and not the Trust, that accounts for and reports tax arising from these activities. The Trust therefore has no income tax expense or tax payable.

- **Financial Instruments**

RECOGNITION AND DERECOGNITION

The Trust recognises financial assets on the date it becomes a party to the contractual agreement and recognises financial liabilities when an obligation arises.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired. Derecognition also occurs when the rights to receive cash flows from financial assets have been transferred together with substantially all of their risks and rewards.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Financial assets are measured initially at their fair value plus transaction costs.

The classification of financial asset debt instruments depends on the Trust's business model within which financial assets are managed and the contractual cashflow characteristics (whether the cash flows represent 'solely payments of principal and interest' ("SPPI")).

The Trust assesses the business model at a portfolio level. Information that is considered in determining the business model includes:

- Policies and objectives for the relevant portfolio;
- How the performance and risks of the portfolio are managed, evaluated and reported to management; and
- The frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

In assessing whether contractual cashflows are SPPI, the Trust considers the contractual terms of the instrument. This includes assessing the contract for any terms that could change the timing of contractual cashflows such that they would not be consistent with a basic lending arrangement. In making the assessment, the Trust also considers the following primary terms and assesses if the contractual cashflows of the instruments meet the SPPI test:

- Performance linked features;
- Non-recourse arrangements;
- Prepayment and extension terms;
- Contingent and leverage features; and
- Features that modify elements of the time value of money.

FINANCIAL ASSETS AT AMORTISED COST

Financial assets with contractual cash flows that comprise SPPI, and which are held in a business model whose objective is to collect their contractual cash flows are subsequently measured at amortised cost. Amounts are reported net of allowances for expected credit loss ("ECL") to reflect the estimated recoverable amounts. Interest income from these financial assets is recognised in the Statement of Comprehensive Income using the effective interest rate method.

Financial assets in this category include:

- *Cash and cash equivalents*
Cash and cash equivalents include current bank accounts.
- *Other assets*
Other assets is comprised of interest receivable.
- *Advances to related parties*
The Trust has acquired residential mortgage loans (the "Mortgage Loans") originated by ASB. The Mortgage Loans have not been derecognised in the financial statements of ASB because it retains exposure to substantially all of the risks and rewards of the Mortgage Loans. Accordingly, the Mortgage Loans are recognised as Advances to related parties at amortised cost.

Notes to the Financial Statements

For the year ended 30 June 2025

1 Accounting Policies (continued)

Material Accounting Policies (continued)

• Financial Instruments (continued)

FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

Financial assets with contractual cash flows that do not represent SPPI, or which are held under a different business model (e.g. one for which the objective is held for trading) are subsequently measured at Financial Assets at Fair Value Through Income Statement ("FVTIS"), with gains and losses arising from remeasurement recognised in the Statement of Comprehensive Income. Financial assets can also be designated at FVTIS if doing so eliminates or significantly reduces an accounting mismatch.

IMPAIRMENT OF FINANCIAL ASSETS

The Trust assesses credit impairment of all financial assets measured at amortised cost, loan commitments and financial guarantee contracts (if any).

ECLs are probability-weighted credit losses estimated by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions. The ECL models multiply the exposure at balance date by the following credit risk factors to calculate ECL:

- Probability of default: The estimate of the probability that a debtor defaults;
- Exposure at default: The estimate of the receivable that may be outstanding in the event of a default; and
- Loss given default: The estimate of the proportion that is not expected to be recovered following default.

ASB is considered an investment grade counterparty with low credit risk. As a result, the advances to ASB are Stage 1 "performing" financial assets under NZ IFRS, for which the ECL is determined as one year of expected credit losses. The ECL has been assessed as not material.

FINANCIAL LIABILITIES AT AMORTISED COST

Liabilities in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost and interest expense is recognised in the Statement of Comprehensive Income using the effective interest rate method.

Financial liabilities in this category include:

- *Other Liabilities*
Other liabilities include interest payable and other related party payables.
- *Borrowings from Related Parties*
The Trust has taken demand and fixed term deposits from ASB.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset where there is currently a legally enforceable right to set-off and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The Trust does not offset its financial assets and liabilities on the Balance Sheet.

• Distributions

The Trust distributes net income to the Beneficiary in cash as determined in accordance with the Trust Establishment Deed.

2 Auditor's Remuneration

\$ thousands		
For the year ended 30 June	2025	2024
PricewaterhouseCoopers New Zealand⁽¹⁾		
Audit of financial statements ⁽²⁾	17	17
Audit or review related services:		
Trust's programme comfort letter agreed upon procedures	67	-
Trust's asset monitor and register and loan pool testing agreed upon procedures	17	46
Total auditor's remuneration	101	63

(1) All fees incurred by the Trust are paid by ASB on behalf of the Trust.

(2) Fees relate to incremental statutory audit of the Trust's annual financial statements.

3 Trust Capital

\$ thousands		
As at 30 June	2025	2024
Total value	2	2

There were no changes to trust capital during the year ended 30 June 2025 (30 June 2024 nil).

Notes to the Financial Statements

For the year ended 30 June 2025

4 Related Party Transactions and Balances

During the year the Trust entered into transactions with ASB and other related parties. The following are considered to be related parties:

- ASB and its controlled entities;
- Securitisation Management Services Limited (the Manager of the Trust which is also a controlled entity of ASB) and its directors;
- ASB Covered Bond Trustee Limited (the Trustee or Guarantor); and
- ASB Securitisation Charitable Trust which is the sole beneficiary of the Trust.

The Trust has engaged ASB to act as the Servicer of the mortgage loans that ASB has sold to the Trust, which involves administering and servicing these mortgage loans and providing other related services to the Trust. ASB charges the Trust a servicer fee of \$11 million per annum which is included within the interest income from ASB recognised using the effective interest method (30 June 2024 \$11 million included within the interest income from ASB). Refer below for details of other fees paid to ASB.

The Trust purchases eligible assets and borrows funds from ASB under floating rate fixed term loan facilities that bear interest and have maturity dates between one and six years as at 30 June 2025 (between one and seven years as at 30 June 2024).

The Trust has also entered into a total return swap with ASB to hedge interest rate risk on certain assets and liabilities. The terms of the total return swap are such that ASB retains exposure to substantially all of the risks and rewards of the Mortgage Loans. Under the terms of the total return swap, all mortgage interest flows received by the Trust are paid away to ASB in exchange for floating rate payments from ASB. The Trust receives interest at a rate equivalent to the floating leg of the swap (BKM plus a margin). Consequently, the Trust treats the Mortgage Loans acquired and the total return swap as an imputed loan (hybrid instrument), shown as Advances to related parties on the Balance Sheet.

Covered bonds are guaranteed by the Guarantor in its capacity as trustee of the Trust (refer to note 1 for further information). To ensure sufficient funds are available to meet the guarantee if invoked, the Trust has entered into contingent cross currency swaps with ASB. The cross currency swaps would be activated simultaneously with the guarantee by the Guarantor to mitigate currency and interest rate risk between the underlying Mortgage Loan receivables and the foreign currency denominated covered bonds subject to that guarantee.

The cross currency swaps are contingent on the Issuer defaulting on payments, becoming insolvent or failing to perform obligations with respect to the covered bonds. They are not reported on the Balance Sheet as their fair value at balance date is nil.

In April 2020, ASB's short term rating from Fitch Australia Pty Limited was downgraded from F1+ to F1. As a result the Trust is required to build up a cash reserve (the "Reserve Fund") under the Trust Establishment Deed such that it is able to cover the Trust's interest payments and expenses for three months.

The Cash and cash equivalents held with ASB disclosed below and in the Cash Flow Statement includes \$13 million relating to the Reserve Fund as at 30 June 2025, all of which requires approval for the Trust to use until ASB's short term credit rating from Fitch Australia Pty Limited returns above F1 in accordance with the terms of the Trust Establishment Deed (30 June 2024 \$8 million relating to the Reserve Fund, all of which requires approval for the Trust to use).

During the year ended 30 June 2025, the Trust had the following transactions which were not settled in cash:

- The Trust's demand loan facility increased by \$829 million to repay the intercompany loan from ASB relating to the covered bond which matured on 18 October 2024 (30 June 2024 \$768 million).
- The Trust borrowed \$1,756 million from ASB on its demand loan facility and used to purchase additional mortgage loans (30 June 2024 nil).

During the year ended 30 June 2025, the Trust has also repaid borrowings under the demand loan facility of \$1,144 million which were settled in cash (30 June 2024 \$1,041 million).

The Trustee and Manager (under the direction of its directors) provide Key Management Personnel services to the Trust. Fees paid to the Trustee and the Manager are disclosed in the table below. The Directors of the Manager are paid by ASB and there is no recharge to the Manager or Trust. The Directors of the Manager hold roles within ASB and other subsidiaries of ASB and it is not possible to make a reasonable apportionment of their compensation in respect of ASB and subsidiaries. Accordingly, no compensation is disclosed in respect of their roles within the Trust. Their total compensation is included in the aggregate of key management personnel compensation and salaries and other staff costs disclosed in the ASB Bank Disclosure Statement and Annual Report.

Notes to the Financial Statements

For the year ended 30 June 2025

4 Related Party Transactions and Balances (continued)

\$ thousands		
For the year ended 30 June	2025	2024
Related Party Transactions		
Interest income		
Interest income from ASB	217,735	297,678
Interest expense		
Interest expense charged by ASB	216,677	296,468
Other expenses		
Administration fees charged by ASB	120	120
Management fees charged by Manager	798	950
Trustee fees charged by the Trustee	120	120
	1,038	1,190
Distribution to the Beneficiary		
Total Distribution to the Beneficiary	20	20

\$ thousands		
As at 30 June	2025	2024
Related Party Balances		
Cash and cash equivalents		
Held with ASB	13,379	7,683
Other assets		
Interest receivable from ASB	15,753	21,966
Advances to related parties		
Advances to ASB	4,809,945	4,197,682
Total related party assets	4,839,077	4,227,331
Other liabilities		
Interest payable to ASB	15,704	21,922
Accrued distributions payable to the Beneficiary	20	20
Administration fees payable to ASB	10	10
Management fees payable to the Manager	75	73
Deferred consideration payable to ASB	13,321	7,622
	29,130	29,647
Borrowings from related parties		
Borrowings from ASB	4,809,945	4,197,682
Total related party liabilities	4,839,075	4,227,329

As at 30 June 2025, related party other assets and other liabilities were due for settlement within 12 months of balance date (30 June 2024 within 12 months of balance date).

As at 30 June 2025, related party borrowings of \$2,616 million was due for settlement within 12 months of balance date if demand was made by ASB, but was not expected to be settled within 12 months (30 June 2024 \$2,062 million). As at 30 June 2025 and 30 June 2024, the remaining related party borrowings and advances were due for settlement over 12 months from balance date.

Notes to the Financial Statements

For the year ended 30 June 2025

5 Fair Value of Financial Instruments

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 Trust 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 Trust 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 years ended 30 June 2025 and 30 June 2024.

Financial Instruments Not Measured at Fair Value

Cash and Cash Equivalents

These are short term in nature and the related carrying value is equivalent to their fair value.

Cash and cash equivalents have been classified as level 1 in the fair value hierarchy as at 30 June 2025 and 30 June 2024.

Advances to Related Parties

The Trust has entered into a total return swap with ASB. As discussed in note 4, the Trust treats the Mortgage Loans acquired and the total return swap as an imputed loan. The total return swap is repriced on a monthly basis which converts the fixed and floating interest received from the underlying Mortgage Loans to BKBM plus margin. As the loan balance and the total return swap are not accounted for separately, this implies that the carrying value approximates the fair value.

Advances to related parties have been classified as level 2 in the fair value hierarchy as at 30 June 2025 and 30 June 2024.

Borrowings from Related Parties

The Trust has a demand loan from ASB to allow the Trust to acquire further Mortgage Loans or other qualifying assets. It is a floating rate loan which reprices on a monthly basis therefore the carrying value approximates the fair value.

The Trust has floating rate intercompany loans from ASB which are essentially ASB on-lending the proceeds from the underlying covered bonds issued to the Trust with the addition of a margin. Floating rate term loans reprice on a monthly basis, therefore the carrying value approximates the fair value.

Borrowings from related parties have been classified as level 2 in the fair value hierarchy as at 30 June 2025 and 30 June 2024.

Other Assets and Other Liabilities

Carrying amounts are reasonable estimates of their fair values.

Other assets and Other liabilities have been classified as level 2 in the fair value hierarchy as at 30 June 2025 and 30 June 2024.

Notes to the Financial Statements

For the year ended 30 June 2025

6 Risk Management Policies

The Trust is exposed to risk through its financial assets and financial liabilities, and is committed to the management of risk.

The risk management strategy of ASB and its subsidiaries, including the Trust, is set by ASB's Board of Directors through the Board Risk and Compliance Committee ("BRCC"). All non-executive directors of ASB are members of the BRCC. The Chief Risk Officer of ASB is responsible for implementation of risk management strategy, and all executives have responsibility for the day-to-day management of risk across ASB and its subsidiaries. Formal executive committees are in place governing all risk types (credit, market, liquidity/funding, operational, compliance and strategic risk).

ASB has management structures and information systems to manage individual risks. Risk initiation and monitoring tasks are separated where feasible, and all material information systems are subjected to regular internal audits.

Key components of the financial risk management policies for the Trust relate to credit risk, liquidity risk and market risk, as set out below.

Credit Risk

Credit risk is the potential risk of loss arising from the failure of a debtor or counterparty to meet their contractual obligations.

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Trust to incur a financial loss. The Trust's credit exposures are concentrated primarily to one counterparty, ASB.

ASB is considered to be an investment grade counterparty with low credit risk. As at 30 June 2025, ASB had long-term credit ratings of AA- from Standard and Poor's (Australia) Pty Limited, Aa3 from Moody's Investors Service Pty Limited and A+ from Fitch Australia Pty Limited (30 June 2024 AA-, Aa3 and A+ respectively). The maximum credit risk of financial instruments is considered to be the carrying amount.

Credit risk associated with the underlying Mortgage Loans is borne by ASB. ASB has procedures in place to ensure certain qualifying characteristics of the assets in the pool are met.

As at 30 June 2025, there were no eligible Mortgage Loans where ASB was mortgagee in possession (30 June 2024 nil). There were no Mortgage Loans in arrears greater than 90 days past due (30 June 2024 nil). As at 30 June 2025, there were no Mortgage Loans which were not accruing interest (30 June 2024 nil).

Asset Quality

The Trust's financial assets at amortised cost are considered to be of sound quality. None of these financial assets were past due or impaired as at 30 June 2025 (30 June 2024 nil).

There were no impairment losses for year ended 30 June 2025 (30 June 2024 nil).

Concentrations of Credit Exposures and Effect of Collateral

Advances to related parties and Other assets due from related parties are balances with ASB, and are therefore not collateralised.

The maximum exposure to credit risk on these balances is represented by the carrying values included in note 4.

Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its obligations as they fall due. In accordance with the Trust's policy, the Manager monitors the Trust's liquidity position on a daily basis.

Liquidity management is designed to ensure that the Trust has the ability to generate sufficient cash in a timely manner to meet its financial commitments. To achieve this objective, the Trust has entered into a total return swap and contingent cross currency swaps.

Market Risk

Market risk is the risk that movements in the level or volatility of market rates and prices will affect the Trust's income or the value of its holdings of financial instruments. The Trust is subject to interest rate risk and currency risk.

Interest rate risk

Where changes in the interest rate applicable to the deposits taken are not offset by changes in the interest rate applicable to the advance to ASB, the Trust has entered into total return swap to remove remaining interest rate risk.

Currency risk

The Trust is currently not exposed to any currency risk as the imputed loan and the related party borrowings payable to ASB are denominated in New Zealand dollars. However, in the event that ASB is unable to meet its obligations under the covered bonds and a Notice to Pay is triggered the Trust would be required to pay the investors in the currency the covered bonds were issued. The possibility of this occurring is deemed remote given ASB's strong credit rating. However if this was to occur any currency risk is managed through the contingent cross currency swap agreement the Trust has in place. Refer to note 4.

The Trust's exposure to liquidity risk, interest rate risk and currency risk has been materially mitigated through the total return swap and contingent cross currency swaps in place. On this basis a sensitivity analysis is not required.

Notes to the Financial Statements

For the year ended 30 June 2025

7 Maturity Analysis for Undiscounted Contractual Cash Flows

The following tables present the Trust's cash flows by remaining contractual maturities for financial liabilities as at 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 Trust and its counterparties.

\$ thousands As at 30 June 2025	On Demand	Within 6 Months	Between 6-12 Months	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total	Carrying Value
Financial liabilities								
Other liabilities	-	29,130	-	-	-	-	29,130	29,130
Borrowings from related parties	-	2,679,469	45,504	91,008	1,205,510	1,302,637	5,324,128	4,809,945
Total financial liabilities	-	2,708,599	45,504	91,008	1,205,510	1,302,637	5,353,258	4,839,075

\$ thousands As at 30 June 2024	On Demand	Within 6 Months	Between 6-12 Months	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total	Carrying Value
Financial liabilities								
Other liabilities	-	29,647	-	-	-	-	29,647	29,647
Borrowings from related parties	-	2,155,029	69,469	985,552	238,763	1,409,291	4,858,104	4,197,682
Total financial liabilities	-	2,184,676	69,469	985,552	238,763	1,409,291	4,887,751	4,227,329

8 Capital Commitments and Contingent Liabilities

The Trust had no capital commitments or contingent liabilities as at 30 June 2025 (30 June 2024 nil).

9 Events after the Reporting Period

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



Independent auditor's report

To the Trustee of ASB Covered Bond Trust

Our opinion

In our opinion, the accompanying financial statements of ASB Covered Bond Trust (the Trust), present fairly, in all material respects, the financial position of the Trust as at 30 June 2025, its financial performance, and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Trust's financial statements comprise:

- the balance sheet as at 30 June 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in trust funds for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers, PwC Tower, 15 Customs Street West,
Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000

We are the auditor of Securitisation Management Services Limited, the Manager. In our capacity as auditor and assurance practitioner we also provide agreed-upon procedures for the Trust or the Manager. We have no other relationships with, or interests in, the Trust. The provision of these other services has not impaired our independence as auditor of the Trust.

Responsibilities of the Manager for the financial statements

The Manager is responsible, on behalf of the Trust, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to ASB Covered Bond Trustee Limited (the Trustee). Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Trust and the Trust's Trustee, for our audit work, for this report, or for the opinions we have formed.

The engagement leader on the audit resulting in this independent auditor's report is Mathew McQueen.

For and on behalf of

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, handwritten-style font.

PricewaterhouseCoopers
10 October 2025

Auckland