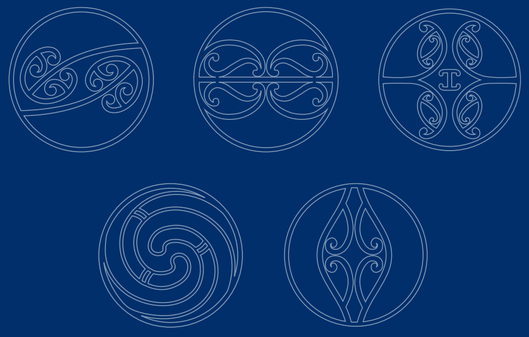
Bank of New Zealand Climate Statements

For the year ended 30 September 2025

Contents

Throughout our reports, we include toi Māori (Māori art) designs co-created by Hāmiora Bailey (Ngāti Porou Ki Harataunga, Ngāti Huarere). These pattern systems are inspired by toi whakairo, tukutuku, and tāniko (traditional Māori art forms). They act as a poutokomanawa (central pole) along the spine of the report providing support for the content, and visualising Te Pēke o Aotearoa (the Bank of New Zealand) on its haerenga (journey) to create a more sustainable future. As well as representing our people, these toi Māori work to illuminate BNZ's strategy of integrating te ao Māori (the Māori world) into all our business practices, policies, products and services.



Overview

Important information

Bank of New Zealand (BNZ) is a climate reporting entity and is required to prepare group climate statements under the Financial Markets Conduct Act 2013. This document contains BNZ Group's Climate Statements for the financial reporting period 1 October 2024 to 30 September 2025 (Statements). These Statements have been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS).

References to 'BNZ' or the 'Bank' means Bank of New Zealand. References to the 'BNZ Group', 'Banking Group' or the 'Group', 'we', 'us' and 'our', means BNZ, all its wholly owned entities and other entities consolidated for financial reporting purposes.

BNZ has prepared these Statements on behalf of the BNZ Group, which is BNZ and all entities consolidated for financial reporting purposes. Within this boundary, the information within the Governance, Strategy and Risk Management sections of these Statements is disclosed for those entities assessed as material to the BNZ Group from a climate-related perspective. The BNZ Group's financial year ends on 30 September. The financial year ended 30 September 2025 is referred to as FY25 and other financial years are referred to in a corresponding manner. All references to $ in these Statements are to New Zealand dollars.

The ultimate holding company of BNZ is National Australia Bank Limited ABN 12 004 044 937 (NAB).

Adoption provisions

BNZ has elected to use the following adoption provisions from NZ CS 2 in preparing these Statements:

Adoption provision	Description	Section	BNZ Approach
2: Anticipated financial impacts	Exempts BNZ from disclosing the anticipated financial impacts of climate-related risks and opportunities reasonably expected by it, and a description of the time horizons over which the anticipated financial impacts could reasonably be expected to occur (NZ CS 1 paragraphs 15(b), (c) and (d)).	Strategy	Adoption provision applied.
4: Scope 3 greenhouse gas (GHG) emissions	Exempts BNZ from disclosing all or a selected subset of its scope 3 GHG emission sources (NZ CS 1 paragraphs 22(a)(iii)).	Metrics and Targets	Adoption provision applied to a selected subset of our scope 3 GHG emission categories. Our reported and excluded scope 3 categories are outlined in Appendix C, Table 25.
6: Comparatives for metrics	Permits BNZ in FY25 to disclose one year of comparative information for each metric (NZ CS 3, paragraph 40).	Metrics and Targets	Adoption provision applied. We have disclosed more than one year of comparative information for certain metrics.
7: Analysis of trends	Exempts BNZ from disclosing analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period (FY25), and permits BNZ to exclude in FY25 and FY26 analysis of main trends for selected scope 3 GHG emission categories not reported in FY25 (NZ CS 3, paragraph 42).	Metrics and Targets	Adoption provision applied. We have disclosed analysis of the main trends evident for certain metrics.
8: Scope 3 GHG emissions assurance	Allows BNZ in FY25 to exclude its scope 3 GHG emissions disclosures (including financed emissions) from the scope of its assurance engagements (NZ CS 1 paragraphs 25, 26(a)(iii), 26(b) and 26(c)).	Metrics and Targets	Adoption provision applied to reported financed emissions only. Other reported Scope 3 categories are subject to assurance.

Cautionary statements

This document contains:

- BNZ's understanding and assessment of the future climate-related risks and opportunities that could affect its business and customers, as well as its planning to address these risks and opportunities; and
- statements that are, or may be considered to be, forward looking statements.

All statements other than statements of historical facts included in this document are forward-looking statements. The words 'anticipate', 'believe', 'expect', 'estimate', 'likely', 'should', 'could', 'may', 'focus', 'beyond', 'aim' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements may, without limitation, relate to statements regarding:

- goals, targets, commitments, pathways, ambitions, expectations, objectives, scenarios and strategies, and mitigating and adapting to related risks and opportunities;
- certain plans, strategies and objectives of management, and perceived costs, benefits and opportunities for BNZ associated with such plans, strategies and objectives;
- the assumptions, beliefs and conclusions in our climate change related statements and strategies; and
- our commitments to sustainable finance funding, sustainability reporting, frameworks, standards and initiatives.

By their very nature, forward-looking statements reflect judgements, predictions, estimates, projections, assumptions, and conclusions about the future that:

- are subject to inherent known and unknown risks, uncertainties and other factors, and continue to evolve;
- depend on a number of factors out of BNZ's control, including but not limited to domestic and offshore governmental policy, regulatory, environmental and economic factors, and the actions of third parties, including our customers;
- rely on customer and other third-party data over which BNZ has no control; and
- are not forecasts of future outcomes, are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Banking Group. This may cause actual results to differ materially from those expressed or implied in such statements.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement made by any person (including BNZ or any of its advisors). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in these Statements will actually occur.

BNZ has set out the basis and limitations of its analysis in these Statements. BNZ believes that as at the date of preparing these Statements, BNZ's judgements, predictions, estimates, projections, assumptions, and conclusions about the future, and the standards, metrics, measurements, methodologies and models used by BNZ in preparing these Statements, are based on reasonable assumptions but outcomes may be materially different than anticipated. In addition, many of the standards, metrics, measurements, methodologies and models used in preparing these Statements, as well as the data underlying our climate analysis and strategy, and these Statements, continue to evolve. Due to the inherent uncertainty and limitations in measuring GHG emissions under the calculation methodologies used in the preparation of such data, GHG emissions or references to GHG emissions (including ratios or percentages) in these Statements may include estimates.

The limitations set out in these Statements mean that the extent to which these Statements may be useful for decision-making is necessarily limited and readers should make their own assessments and not place undue reliance on these Statements. These limitations may also lead to BNZ revisiting its analysis and changing its views in the future (including, but not limited to, as its understanding of climate-related risks and opportunities, and the quality and completeness of data, standards, metrics, measurements, methodologies and models, continues to evolve and improve). BNZ does not intend to update any information in these Statements, and expressly disclaims any obligation or undertaking to do so, except where required to do so under the NZ CS or applicable law.

This section should be read together with the limitations identified elsewhere in these Statements.

These Statements have been produced for primary users as required by the NZ CS, namely our existing and potential investors, lenders and other creditors and are provided to inform readers, but do not take into account any circumstances of the reader, nor are they financial advice or earnings guidance. These Statements are not audited, although BNZ's GHG inventory is subject to reasonable assurance for scope 1 and 2 emission sources, and limited assurance for reported scope 3 emission categories (excluding category 15 financed emissions), from Ernst & Young (EY). EY also provides limited assurance over BNZ's Sustainable Finance figures, (refer to the Independent Assurance Report at the end of these Statements). Readers should make their own assessments, not place undue reliance on these Statements and take appropriate professional advice in considering these Statements.

These Statements include disclosures that may include more detail and be from a different perspective than BNZ's other mandatory disclosures, in which we may use a definition of materiality established under applicable laws for the purpose of complying with the disclosure rules and regulations of applicable regulators and applicable stock exchange listing standards. While certain matters discussed in these Statements may be of interest and importance to our stakeholders, the use of the terms 'material', 'significant', 'important' or similar words or phrases should not necessarily be read as rising to the level of materiality used for the purposes of securities or other laws and regulations. Any matters identified as 'material', or terms of similar meaning, for the purposes of climate-related or sustainability-related matters in this document are therefore not necessarily material for the purposes of financial reporting, securities disclosures or reporting under other regimes.

Nothing in these Statements shall constitute, or form part of, an offer to sell or a solicitation of an offer to buy or subscribe for any security or other instrument of BNZ or any of its affiliates, or as an invitation, recommendation or inducement to enter into any investment activity, and no part of this document shall form the basis of, or be relied upon in connection with, any contract, commitment or investment decision. Offers to sell, sales, solicitations of offers to buy or purchases of securities issued by BNZ or any of its affiliates may only be made or entered into pursuant to appropriate offering materials prepared and distributed in accordance with the laws, regulations, rules and market practices of the jurisdictions in which such offers, solicitations or sales may be made. Professional advice should be sought prior to any decision to invest in securities.

Third-party references and website references and/or links throughout these Statements are provided for convenience only, and the content on the referenced websites is not incorporated by reference into these Statements. Such third-party references and website references and/or links do not imply an affiliation, sponsorship or endorsement of any party. Refer to the important information contained in the Appendices to these Statements, including the glossary in Appendix A for a list of defined terms used in these Statements.

Signed on behalf of BNZ on 5 December 2025 by:

Warwick Hunt

Chair

Dan Huggins

Managing Director and Chief Executive Officer BNZ

1. Governance

1.1 Board governance and oversight

BNZ Board

The BNZ Board (Board) is the governance body responsible for oversight and implementation of BNZ Group's overall strategy, policies, and risk management framework, which includes oversight of climate-related risks and opportunities. The Board has overall responsibility for setting the direction of BNZ Group's response to climate change and for ensuring climate-related risks and opportunities affecting BNZ and its customers are appropriately identified, managed, and disclosed.

Risk is managed through the BNZ Group Risk Management Framework (RMF) which is set out in the NAB Group Risk Management Strategy (RMS) adopted by BNZ and reviewed and adopted by the Board annually. The Board-approved BNZ Risk Appetite Statement (RAS) articulates BNZ's risk appetite and sets out BNZ's material risk categories (including Sustainability Risk which is defined in Section 3 of these Statements and incorporates climate-related risk). Risk management is integrated into all business activities. Refer to Section 3 Risk management for more information.

The Board is supported in its management of climate change risks and opportunities by two of its Board committees, the BNZ Board Risk and Compliance Committee (BRCC) and the BNZ Board Audit Committee (BAC) which provide updates and make recommendations, as required, to the Board, each discussed below.

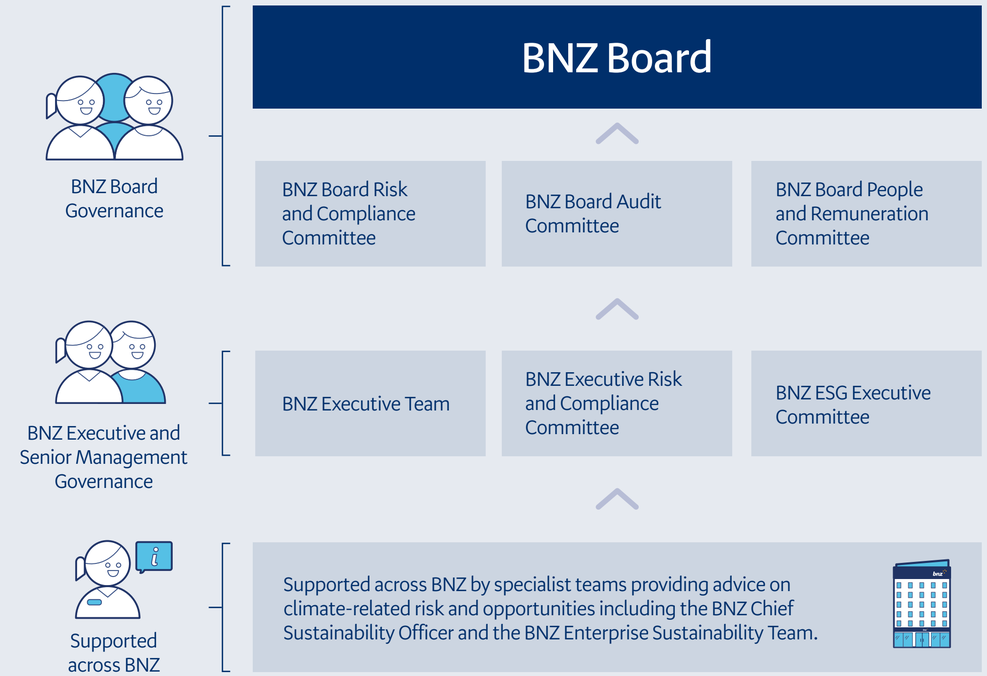
During FY25, the Board and its Committees considered climate-related risks and opportunities at its meetings through:

- receiving reporting on FY25 risk appetite settings for Sustainability Risk, including climate-related risk via the BNZ Executive, Chief Risk Officer (CRO) Report, which includes a RAS dashboard at five meetings and once via circular between meetings;
- receiving updates at four of its meetings covering matters relating to regulatory climate reporting and assurance relevant to these Statements (including consideration of the BNZ Transition Plan, progress on climate-related metrics and targets, and lending opportunities), as well as reviewing and approving the sector emission reduction target for residential real estate and executive performance and scorecards, discussed below;
- reviewing and approving the FY26 RAS and the annual adoption of the RMS;
- a Board training session upskilling directors on natural capital risks and opportunities. Two directors also attended an Aotearoa Circle training course; and
- the Board Strategy session discussed below.

The Board sets, monitors progress against, and oversees achievement of, climate-related metrics and targets including setting BNZ's sector emission reduction targets. Reporting on the progress made against BNZ's metrics and targets for managing climate-related risks is conducted at least annually and was included in the FY24 BNZ Climate Statements, discussed at the BAC and Board December 2024 meetings. Refer to Section 4 Metrics and Targets for more information on BNZ's metrics and targets.

The Board considered BNZ's strategic planning and implementation throughout FY25 and discussed BNZ's strategy and key priorities for FY26 at its annual Board strategy session in June 2025. This included consideration of embedding climate into the operating environment, managing climate risks, and focussing on climate opportunities. Refer to Section 2 Strategy for more information.

Figure 1: Climate-related risk and opportunity governance at BNZ.



Board committees

BNZ Board Risk and Compliance Committee

The BRCC is responsible for supporting the Board with its oversight of risk management, including climate-related risk, within the material risk category of Sustainability Risk as set out in its charter. As at the date of these Statements, the BRCC comprises all Board directors. During FY25, the BRCC discussed the CRO Report (also provided to the Board) at four of its meetings and reviewed and, following discussion with management, recommended the RAS and the adoption of the RMS to the Board for its approval.

BNZ Board Audit Committee

The Board has delegated responsibility for oversight of these Statements to the BAC, as set out in its charter. As at the date of these Statements, the BAC comprises three independent non-executive directors. The BAC is responsible for reviewing these Statements, and, following discussion with management and external auditors or other assurance providers as required, considers whether to recommend these Statements for approval by the Board. During FY25, the BAC received and discussed updates (including those which were also provided to the Board) at three of its meetings on the approach and process for these Statements leading up to its publication.

Board skills and competencies

The Board monitors its skills and competencies to identify any areas where further training, knowledge, and/or expertise may be required to enable the Board to provide oversight of risks and opportunities (including climate-related risks and opportunities) relevant to the BNZ Group. Training sessions are included in the annual Board work plan and additional sessions are scheduled throughout the year, as required, to help directors individually and collectively develop and maintain their skills and knowledge. Directors are also expected to develop their individual skills and knowledge to perform their role as directors on the Board.

The Board skills matrix was last updated in August 2025. All directors have self-assessed their skills and competencies as being ‘Highly Competent’, ‘Practised’, or ‘Aware’ based on their professional capabilities. ‘Governance’ and ‘Environmental/ Sustainability and Social’ are included as part of the skills and competencies assessed in the matrix.

The Board commissions an external review of its performance (including the Board committees) every three years, which was most recently completed in September 2024. In addition, an internal Board effectiveness review is currently completed in the period between external reviews. Directors also complete self-assessments annually.

1.2 BNZ Executive Management

BNZ's management is responsible for effectively managing the BNZ Group's climate-related risks and opportunities.

BNZ Executive Risk and Compliance Committee

At an executive level, risk is overseen by the BNZ Managing Director & Chief Executive Officer (CEO) through the BNZ Executive Risk and Compliance Committee (ERCC), which leads management in respect of risk matters relating to culture, integrated governance processes, risk strategy and performance. Governance and oversight of Sustainability Risk resides with the BNZ ESG Executive Committee (ESG EC), a sub-committee of ERCC. The ERCC is chaired by the CEO. The ERCC refers any matters of significant importance to BRCC for its consideration and attention.

As at the date of these Statements, all BNZ Executive Team (BNZ ET) members sit on the ERCC. At a management level, the ERCC delegates management of Sustainability Risk to the ESG EC. During FY25, the ERCC received regular risk reporting on risk appetite settings for Sustainability Risk including climate-related risks via the CRO Report presented six times throughout the year, and a Risk Performance Report, including a RAS dashboard, presented at four meetings. The BNZ Executive, Commercial Services and Responsible Business (BNZ Executive CSRB) and the Chief Sustainability Officer also provided five verbal updates on matters discussed at ESG EC meetings and ESG EC minutes to the ERCC.

BNZ ESG Executive Committee

As at the date of these Statements, the ESG EC comprises 10 ET members, the Chief Sustainability Officer, the Chief Regulatory & Compliance Officer and the General Manager, Legal Services & General Counsel. The BNZ Executive CSRB is the Chair of ESG EC. The ESG EC is the oversight body responsible for monitoring adherence to BNZ's obligations and commitments in relation to sustainability risks and opportunities. The ESG EC has the authority (by delegation from ERCC and as specified in its charter) to lead executive level management and approvals in respect of climate integration, targets and metrics, climate opportunity, and Environmental, Social and Governance (ESG) sector criteria which are used to manage Sustainability Risk (refer to Section 3.1 Risk identification and assessment for more information).

The ESG EC also approves the BNZ Sustainable Finance Framework (last approved in June 2024), which is available on our website at bnz.co.nz/sustainability.

In FY25, the ESG EC met eight times and received a quarterly sustainability risk update from the Risk team and held a transition planning workshop. The ESG EC disestablished its subsidiary committee, the ESG Risk Management Forum, on 1 October 2024 and its responsibilities have been incorporated into the ESG EC, as appropriate.

BNZ Executive Team

Specific responsibilities for climate-related risks and opportunities have been assigned to the following BNZ ET members:

- BNZ's CEO has delegated authority from the Board for management and operation of the day-to-day business of BNZ in accordance with BNZ's Delegations of Authority Framework. The CEO receives reporting on climate-related issues as a director of the Board and as a member of both the ERCC and the ESG EC.
- BNZ's CRO is the accountable executive responsible for implementing and integrating processes for identifying, assessing, and managing climate-related risk and provides periodic risk reporting (including commentary relating to climate-related risk) to the ERCC, BRCC, and Board. The CRO is also responsible for overseeing compliance with BNZ's ESG Policy.
- The BNZ Executive, Chief Financial Officer (CFO) is the accountable executive responsible for overseeing the assurance process for these Statements and jointly with the BNZ Executive CSRB, overseeing the preparation of these Statements.
- The BNZ Executive CSRB is the accountable executive for enterprise sustainability, with responsibility for overseeing BNZ's overall response to climate change, sustainability and climate strategies, policies and practices (including the BNZ Transition Plan and the BNZ Sustainable Finance Framework) and provides sustainability updates and reporting to the Board. Jointly with the CFO, the BNZ Executive CSRB also oversees the preparation of these Statements.
- The BNZ Executive, Digital, Data & Analytics is the accountable executive responsible for completing external data provider procurement, assessment, and integration into BNZ systems and processes, and analytics and insights across the BNZ portfolio.

BNZ ET members consider and address climate-related risks and opportunities as part of the management of their business units including product design and development, the management of risk, and the delivery of emission reductions.

Management remuneration

BNZ's performance is assessed on the achievement of financial and non-financial measures as set out in relevant BNZ ET scorecards. Scorecard measures are linked to BNZ's key strategic priorities, including risk, performance, and customer and colleague outcomes. In relation to remuneration for FY25, all members of the BNZ ET had performance metrics that specifically included a climate-related component as part of achievement of BNZ's strategic and risk metrics, including metrics to maintain compliance with BNZ's risk appetite (which includes climate-related risks, as described above). This component is not represented as a defined percentage or weighting for FY25, and it was not represented in that way in FY24. In addition, the BNZ Executive CSRB's remuneration has an outcome measure relating to integrating ESG into portfolio decision making and the CRO's remuneration has an outcome measure in relation to integration of climate-related risks in the lending origination process. BNZ ET performance metrics are reviewed and approved annually by the Board. The Board determines progress and performance outcomes against those metrics for each financial year, as part of BNZ's performance review process, following receipt of a recommendation from the BNZ Board People and Remuneration Committee.

2. Strategy

2.1 BNZ's current business model and strategy

BNZ is a company domiciled in New Zealand and was incorporated in New Zealand on 29 July 1861.

BNZ provides a broad range of banking and financial products and services organised into two major reportable and operating segments:

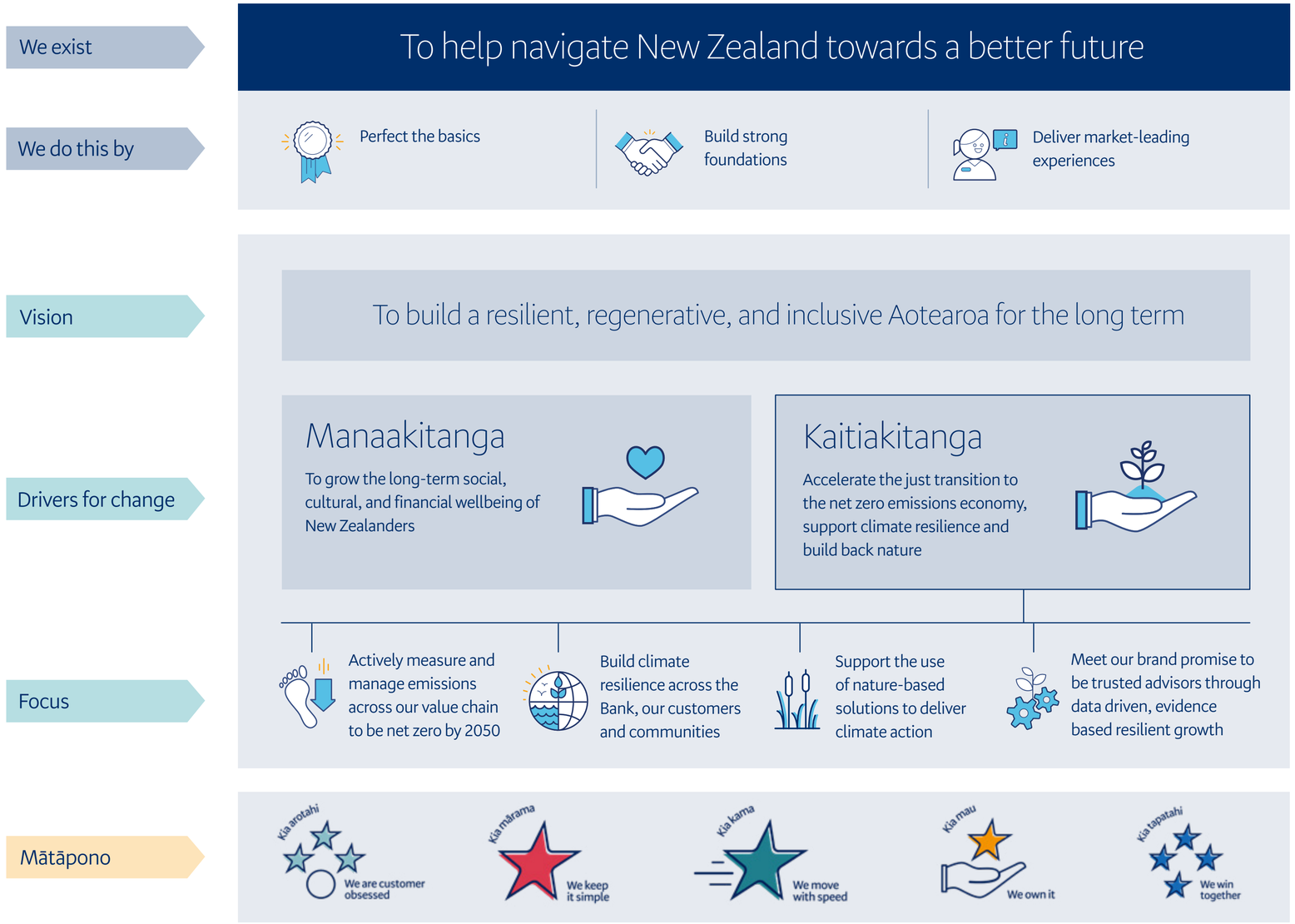
- Partnership Banking provides financial products and services to retail, small and medium businesses (including agribusiness), and private customers.
- Corporate and Institutional Banking provides financial products and services to large corporate and institutional customers (including property and agribusiness).

BNZ employs over 5,500 people in New Zealand and has 124 branches and Partners Centres across New Zealand. BNZ serves customers across New Zealand through a nationwide network of branches, ATMs, phone banking, and digital and assisted channels.

Figure 2 sets out BNZ's purpose, vision, and Te Pae Tawhiti – BNZ's sustainability strategy, built around the two main pillars of Kaitiakitanga[1], and Manaakitanga. BNZ's climate strategy – which shares the same vision as the Kaitiakitanga pillar – is described in the context of BNZ's climate transition planning. The Transition Plan aspects of BNZ's business model and strategy are further described in Section 2.5 Transition plan aspects of BNZ's strategy.

[1] Development of BNZ's Transition Plan has led to updates to the focus areas under the Kaitiakitanga pillar, since FY24. These focus areas or 'objectives' are discussed in Section 2.5 Transition plan aspects of BNZ's strategy.

Figure 2: BNZ's approach to sustainability.



2.2 Physical and transition risk approach

A summary of BNZ's approach to climate-related physical and transition risk identification and analysis is set out below, with further detail in Appendix B.

Table 1: Physical and transition risk analysis approach overview.

	Physical risk	Transition risk
Risk description	Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute), such as increased severity of extreme weather events, or relate to longer-term shifts (chronic) in rainfall and temperature, increased variability in weather patterns, and sea level rise.	Risks related to the transition to a low-emissions, climate resilient global and domestic economy, such as policy, legal, technology, market, and reputation changes associated with the mitigation and adaptation requirements relating to climate change.
How could this impact BNZ or its customers?	Customers may experience damage to the properties securing their loans; this could impact the value or use of the property (which may impact their ability to obtain financing) and cost and availability of insurance. Physical risks, such as supply chain disruption, may also impact productivity and profitability for customers, which could impact their ability to repay loans. Severe adverse weather also has the potential to directly disrupt BNZ operations, for example branch and office access or access to cash.	Customers may have assets, business strategies, employment, and livelihoods affected by emerging regulation, availability of insurance, changes in technology, consumer preferences, and increased requirements to maintain market access. Some industries may thrive while others are no longer viable as we transition to a low carbon, climate resilient economy. BNZ is also directly exposed to transition risks including reputation risk and the changing legislative environment (legal risk).
Current impacts (Section 2.3)	BNZ identified current climate-related physical impacts affecting BNZ and its customers through a screening of adverse weather events in FY25, externally sourced from the Ministry for Primary Industries - Manatū Ahu Matua and the National Emergency Management Agency Te Rākau Whakamarumaru. We also reviewed internal documentation covering impact and response where BNZ's operations have been impacted by weather events. The financial impact to BNZ is quantified by reviewing identified events to determine whether a direct financial impact to BNZ can be established, followed by a screening against our materiality framework.	BNZ determined current transition impacts through a workshop with BNZ Risk colleagues, including discussing Reserve Bank of New Zealand (RBNZ) examples[2] of how transition risk can compound existing BNZ risk types. The financial impact to BNZ is quantified by reviewing identified events to determine whether a direct financial impact to BNZ can be established, followed by a screening against our materiality framework.
Anticipated impacts (Section 2.4)	Qualitative scenario analysis: BNZ scenario analysis covered both physical and transition risks across three temperature outcomes: 1.5°C, 2.1°C, and 3.4°C. Detail on the climate scenario approach is provided below and in Appendix B. Quantitative physical risk analysis[3]: BNZ used third party climate model projections to estimate the impacts of certain physical climate risks on geocoded properties securing BNZ lending. Physical risks assessed were: • Acute – coastal inundation, fluvial/pluvial flooding, as well as drought and heat stress for its rural portfolio. • Chronic - sea level rise. The data used for these analyses is as at 30 September 2025, and findings of quantitative physical risk analysis are presented in Section 2.4 as a percentage of geocoded properties used for secured lending with BNZ. Assessed geocoded properties securing BNZ lending represent 79% of the Total Committed Exposure (TCE) (defined in the Glossary).	Qualitative scenario analysis: As for physical risk. No quantitative analysis on anticipated impacts from transition risk analysis has been conducted.

[2] RBNZ – Te Pūtea Matua. (26 March 2024). Managing climate-related risks. Guidance for prudentially regulated entities.

[3] BNZ separately assesses BNZ Properties against flood, sea level rise and coastal inundation.

Time horizons considered for climate risk and opportunity identification

BNZ considered the following short, medium, and long-term horizons when conducting its physical and transition risk analysis. Where BNZ has quantified outputs of its physical risk analysis (Section 2.4 Anticipated impacts of climate-related risks and opportunities), these Statements present these outputs as at both 2030 and 2050.

Short term

2025 to 2030
(0 to 5 years)

Link to BNZ strategic planning horizons and capital deployment plans

Short term is broadly aligned to the original documented term for Industry-related Loans, other than residential real estate. It also aligns with interim sector emission reduction targets (refer to Section 4.4 Sector emission reduction targets), and forecast spending on climate-related data (e.g. quantifying the anticipated financial impact of climate-related risks and opportunities).

Medium term

2031 to 2040
(6 to 15 years)

Link to BNZ strategic planning horizons and capital deployment plans

Medium term provides a data point in between our short- and long-term horizons (which are aligned to original documented terms for Industry-related Loans and residential real estate lending respectively), to inform our analysis. The medium-term horizon is not itself linked to our strategic planning horizons or capital deployment plans. Although internal quantitative physical risk analysis covers 2040 in addition to 2030 and 2050, for simplicity of reporting only 2030 and 2050 outputs are included in these Statements. Given the inherent uncertainty in planning to a longer-term horizon such as this, our Transition Plan aligns to 2030 but not yet to 2040 or 2050 (refer to Section 2.5 Transition plan aspects of BNZ's strategy).

Long term

2041 to 2050
(16 to 25 years)

Link to BNZ strategic planning horizons and capital deployment plans

Long term is broadly aligned to the original documented term for residential real estate lending and looks beyond BNZ's current strategic horizon and capital deployment plans but aligns with BNZ's vision of building a resilient, regenerative, and inclusive Aotearoa for the long term. Long term is also aligned to the New Zealand legislative net zero target in the Climate Change Response (Zero Carbon) Amendment Act 2019 and the 20-year timeframe over which the Independent Reference Group recommended that the Government works to a phase out of expected government funded support for properties impacted by physical risk. It is also aligned to global net zero goals in the United Nations Paris Agreement (adopted 12 December 2015, entered into force 4 November 2016), and BNZ's 2050 sector emission reduction targets. BNZ's long-term horizon is aligned with the medium-term time horizon proposed in the climate scenario narratives for the New Zealand banking sector[4].

Qualitative climate scenario analysis – approach to identify anticipated impacts

Climate scenario analysis is a forward-looking, structured, strategic tool that considers plausible futures and impacts to the financial resilience of an entity's business model under different temperature changes and over different time horizons. In FY24, BNZ undertook development of qualitative scenario narratives. BNZ's climate scenario analysis was undertaken as a separate standalone process with support from external scenario and climate change specialist consultants. This process incorporated tasks and activities designed to build BNZ's internal capability to understand climate-related impacts, undertake climate scenario development and analysis, and test its strategic resilience to projected climate impacts.

The climate scenarios focused on sectors determined through a combination of internal sectoral climate-related risk analysis and portfolio lending coverage. The sectors were Agriculture - dairy and livestock, Agriculture - horticulture, Residential real estate[5], and Commercial real estate. Power generation (and distribution) was included in the narratives due to the wider focus on energy sector emission reduction, the economic reliance on energy, and New Zealand's changing climatic conditions that impact renewable energy generation (and, therefore, the emissions of entities within BNZ's wider portfolio). The geographic focus was New Zealand. No specific exclusions of physical impacts (e.g. drought and sea level rise) or transition impacts (e.g. policy changes and technology advancements) were applied.

[4] Ernst & Young and the New Zealand Banking Association – Te Rangapū Pēke (NZBA). (2023). *Climate scenario narratives for the banking sector*.

[5] BNZ did not exclude elements of each sector's value chain, except for Residential real estate. Given the significant extent of that sector's value chain, it was limited to the immediate activities that could impact the ability of a customer to service a loan and impact the integrity of collateral held (for example, flooding, as opposed to downstream economic impacts from climate, such as job losses).

Climate scenario analysis process

In FY24, BNZ followed the six process steps detailed in the XRB's 2023 *Staff Guidance Entity Scenario Development*.

The climate scenarios project was overseen by the ESG EC. The Board was not directly involved in overseeing and managing the scenario analysis process but did receive updates on the project and its outcomes during the 2024 calendar year.

[6] This work took place in 2022 and 2023.

[7] Drafting of the scenario narratives was led by the scenario projects external facilitator, a third-party climate change specialist (Informed.City, supported by Chermack Scenarios).

Table 2: Climate scenario analysis process.

Step 1 **Engage stakeholders and prime an effective group**

The development of the three scenario narratives was led by Sector Working Groups, consisting of colleagues from across the bank representing core BNZ functions, sector experts, and functional representatives from strategy, finance, risk, analytics, and sustainability.

Step 2 **Define the problem**

BNZ followed XRB guidance and defined the problem with the following question: 'How could climate change plausibly affect BNZ. What should we do and when?'

Step 3 **Identify driving forces and critical uncertainties**

BNZ used the New Zealand Banking Association – Te Rangapū Pēke, New Zealand banking sector climate scenario narratives[6] to identify initial drivers and impacts. A robust internal process was then undertaken to identify key drivers for BNZ. These drivers were then ranked by impact and uncertainty and used to form the basis of each scenario narrative. The key drivers were independently reviewed for plausibility as well as how interconnections between the drivers could unfold over time.

Step 4 **Select temperature outcomes and emissions pathways**

The scenarios were aligned with a 1.5°C, 2.1°C, and a 3.4°C temperature outcome. All three scenarios place different stresses on a sector of BNZ's portfolio. Each scenario has been designed to show the systemic nature of climate risk facing BNZ. The emissions pathway selection was based on the potential political, regulatory, and geopolitical environments globally that would likely lead to each temperature outcome. The endpoints for each scenario were both time and temperature based.

Step 5 **Draft narratives**

The three narratives were developed, with external support[7], to help BNZ explore a broad range of challenging but plausible futures. The narrative of each scenario was structured chronologically, dividing the timeline into three distinct periods (2025-2030, 2031-2040, 2041-2050), each marked by significant environmental challenges and policy responses. This progression provided a clear, forward-moving storyline that helped readers understand the evolution of events and the escalating impact over time. The relevant temperature rise was reached by 2050 in each scenario.

Step 6 **Assess strategic resilience**

Strategic resilience was then assessed in two steps:

1. A working group workshop to identify likely responses to the scenarios and associated impacts on BNZ's lending to the sectors; and
2. Two executive level workshops to assess the implications of each scenario for the BNZ business model and identify options and opportunities to strengthen the resilience of BNZ's strategic ambition and business model.

Scenario architecture

Table 3 summarises the scenario architecture and assumptions underlying the three scenario pathways. These were used by BNZ in FY24 to develop narratives, below. These narratives present plausible, alternative futures and are not probabilistic predictions.

Each scenario has been given a name, Ruapehu, Rangitoto and Taupō, selected by the internal Sector Working Groups that helped develop the scenarios aligned with 1.5°C, 2.1°C and 3.4°C temperature outcomes. The scenario name is characterised by a well-known New Zealand volcano symbolic only by its sheer size and impact if active – the narratives are in no way related to the potential for an eruption.

Table 3: Scenario architecture and assumptions underlying scenario pathway development.

Scenario	Ruapehu Increase in global average temperature 1.5°C 2025-2050[8]	Rangitoto Increase in global average temperature 2.1°C 2025-2050[8]	Taupō Increase in global average temperature 3.4°C 2025-2050[8]
Climate impact and description	There is a discernible increase in extreme weather events – a new normal much of the globe has adapted to. New Zealand delays its transition, and this has a negative impact on its economy.	New Zealand acted early to transition to a low-carbon economy. However, the rest of the world delayed, and New Zealand faces challenging physical risks.	The planet faces a severe climate emergency, intensifying physical dangers, pushing critical thresholds, and reshaping the foundational ecosystem supporting the global economy.
New Zealand energy pathways	Initial focus on gas for electricity generation (to 2035), then rapid renewable electrification of the energy system (e.g. vehicles, industrial systems, heating) by 2050.	New Zealand energy system is electrified using renewable generation and decarbonised by 2050.	Strong reliance on natural gas for electricity supply, renewables are not prioritised.
Policy and socio-economic assumptions	New Zealand delays decarbonisation, then accelerates with supporting polices after 2030. The rapid response hurts the economy and vulnerable groups. The rest of world implemented rapid transition policies to limit warming to 1.5°C.	New Zealand acted early with bold, transformational policies. However, the rest of the world delayed transition policies until early 2030s. New Zealand experiences high cost of living pressures.	Minimal domestic climate response. Urban development extends into risky areas. Global policy not aligned to Paris Agreement. Insurance sector eventually fails. New Zealand closes borders, food insecurity is rife.
Macroeconomic trends	Global market support for transition, including border tariffs. New Zealand's credit rating is downgraded. Global dairy industry disrupted by technology.	Strong uptake of green technology in New Zealand, especially in agriculture including low-carbon precision protein technology; global capital and knowledge workers attracted. Urban sprawl is contained and linked with public transport.	Minimal and mismatched global and New Zealand market responses to climate-related issues. Global trading relationships dwindle, and localised economies emerge. The global insurance sector is constricted.
Data sources used to construct the scenario[9, 10]	Global temperature aligns to lower-percentile model outcomes of CMIP6[11], SSP1-1.9 (Sustainability - Taking the Green Road).	Global temperature aligns to mid-percentile model outcomes of CMIP6, SSP2-4.5 (Middle of the Road).	Global temperature aligns to upper-percentile model outcomes of CMIP6, SSP5-8.5 (Fossil-fuelled Development - Taking the Highway).

[8] The scenario endpoints were all defined by the time horizon, additionally the end point is designed to reach the required temperature endpoint.

[9] While no specific modelling was carried out for the scenarios, the global warming temperatures used to align with disclosure requirements were sense-checked with global model outcomes in the Intergovernmental Panel on Climate Change Assessment Report 6 (AR6) for plausibility. Global temperatures in each scenario are aligned to the 2040-2060 mean model output, and relative to pre-industrial (1850-1900) averages, see Table 4.2 Chapter 4 IPCC AR6. All climate model outputs contain uncertainty. Uncertainties in the CMIP6 climate models primarily stem from variations in climate sensitivity, internal variability, and differences in model parameterizations and scenarios. There was no specific reliance on carbon sequestration from afforestation, nature-based solutions, and negative emissions technology.

[10] An internal record of evidence points, including media; scientific research papers and reports from government departments, support the justification and reference for the scenario narratives. Sources include Ministry for the Environment (MfE). (2018). *Climate Change Projections for New Zealand: Atmosphere Projections Based on Simulations from the IPCC Fifth Assessment, 2nd Edition. Wellington; and MfE. (2020). National Climate Change Risk Assessment for New Zealand – Arotakenga Tūraru mō te Huringa Āhuarangi o Āotearoa: Technical report – Pūrongo whaihanga. Wellington.*

[11] The Coupled Model Intercomparison Project (CMIP) provides climate projections supported by worldwide climate science, and decision and policy-maker communities. CMIP is a project of the World Climate Research Programme, an organisation that coordinates and facilitates international climate research to develop, share, and apply the climate knowledge that contributes to societal well-being.

Ruapehu 1.5°C

Time horizon: 2025-2050

Reference scenario: SSP1-1.9 | Sustainability – Taking the Green Road

FY24 climate scenario analysis narratives

The narratives (below) present plausible, alternative future scenarios and are not probabilistic predictions. These narratives do not represent a view of the 'most likely' outcomes of climate change, rather they have been developed and used as scenarios to better understand and prepare for the uncertain future impacts of climate change.

2025-2030

New Zealand pulls back from climate leadership: domestic policies for urban resilience and electric vehicle subsidies are cut, and departmental resources dedicated to environmental research and innovation are reduced. Major nations fortify commitments to manage the climate threat, emerging as pillars in green technology. Nations commit to implementing the ambitious Methane Pledge and associated sizeable reduction in fossil and agricultural emissions within the decade. The largest companies in the food industry pledge to overhaul sustainability of supply chains and minimise their methane footprint. The New Zealand livestock sector responds by investing in selective breeding and methane reduction technology. Domestic concerns around the pace of change mean the response in other countries is faster than in New Zealand.

2031-2040

Climate-related risks are integrated into country credit ratings and New Zealand is downgraded. Global widespread adoption of emissions tariffs mean New Zealand faces a greater cost of capital and harder access to markets. Early successes in methane reduction saw New Zealand herds being some of the world's most emissions efficient. However, precision fermentation technologies developed overseas undercut traditional dairy prices and disproportionally impact rural communities.

New Zealand refocuses on climate action including electrification. Clean electricity and transport fuels become the focus, with tax incentives and subsidies to fund the changes required. Foreign ownership restrictions are repealed to attract international investment. An over-reliance on gas means that all sectors and homes are exposed to increased electricity prices.

The physical impacts of climate change are felt across New Zealand: frosts are halved, affecting key crops, especially in the North Island, while summer temperatures grow fiercer. To remain viable, the horticulture industry cultivates climate resilient and premium crops, embracing carbon-efficient farming techniques. They capitalise on cooler climates and lower land prices further south, once home to dairy herds. New Zealand's entry into burgeoning low-carbon markets is hampered by its transport sector, which is yet to make the essential shift to decarbonisation and resilience.

2041-2050

As the 2040s kick off, global progress on temperature targets looks positive. The world's economies are still affected by increased extreme weather events, but extensive resilience measures, resulting from business practices and government policies, soften the impact. Countries that acted early forged a distinct trade advantage. With a reduced export industry, New Zealand continues to struggle under the weight of debt and a shift of the country's wealth to bankroll a rapid and belated transformation. New Zealand sees a societal divide between those who benefited from the rapid policy changes of the 2030s and those who did not.

Rangitoto 2.1°C

Time horizon: 2025-2050

Reference scenario: SSP2-4.5 | Middle of the Road

2025-2030

The global response to mitigate climate change impacts is slow, however, New Zealand bucks the trend, driven by a devastating extreme weather event. New Zealand's largest corporations double down on commitments to reach net zero emissions. The world's largest food and beverage companies announce a pivotal shift towards alternative proteins by 2035, directly impacting New Zealand dairy suppliers.

In response, the Government leans in: foreign capital investment is courted, and a climate resilience fee is levied on all businesses and individuals. Monies are aligned to support climate resilience across electrification, agri-tech, and urban form, with new policies to ensure property development is banned outside highly climate resilient transport corridors and in hazard areas.

The livestock sector adopts 2035 as a timeframe to transform into a world-leading clean and green alternative protein sector. The nation's herd sees a managed downsize to a bespoke organic, high margin offering. Dairy land is converted to native forests, horticultural land, and residential housing. At the heart of this restructure is the establishment of a National Policy Statement for Just Transition.

2031-2040

Green-tech incubators and accelerators support startups dedicated to sustainable technology and the nation becomes a beacon for global capital and knowledge workers. Demand for both residential and commercial space soars, with prices curtailed to a degree by urban intensification and the strategic repurposing of farmland.

By 2035, as the globe wrestles with the new normal of frequent extreme weather, countries finally ramp up the resilience of their economies. Demand for zero-carbon technologies and climate-related services surge. Alternative milk proteins reach price and taste parity.

As global agriculture is reshaped, New Zealand capitalises on emerging trends. With a focus on sustainability and innovation, the nation begins exporting a diverse array of products, ranging from agri-tech through to expertise in climate-resilient farming practices.

While New Zealand's proactive policies have them well placed for resilience, there are limits to how much they could foresee. In 2038, a year-long drought culminates with an unprecedented heatwave. Electricity systems buckle causing brownouts. The ageing population is particularly affected, with hospitals witnessing a surge in heat-related ailments.

2041-2050

By 2040, New Zealand has established itself as a global leader in agricultural and climate technology and is advancing towards the infrastructure and affluence needed to withstand hardships posed by climate change. Regardless of its economic boom, throughout the decade, extreme weather events see the rise of an economy focused on infrastructure resilience. Some areas are deemed too costly to salvage.

While New Zealand fares better than many countries in coping with increasing extreme weather events, the country faces soaring living costs and an expensive housing market, leading to a lower standard of living for some. Tourism is limited to affluent holidaymakers drawn to the country's high-end tourism offerings.

Taupō 3.4 °C

Time horizon: 2025-2050

Reference scenario: SSP5-8.5 | Fossil-fuelled Development – Taking the Highway

2025-2030

Europe's green transition is delayed as inflationary woes and geopolitics seed local political turmoil. Big oil is the sponsor of COP29 and the US pulls out of the Paris Agreement for a second time. Despite geo-political turmoil, the markets are reassured by reinsurance giants and actuarial reserves remaining adequate. Economic growth is prioritised to the detriment of the environment. In New Zealand, politicians fixate on the near-term, removing climate considerations perceived as obstacles to business. Urban development extends into at-risk areas to free up land for struggling families in a housing crisis. The early support of the expansion of gas exploration proved both economically and politically prescient. During South Island droughts, the natural gas electricity generation plants support a faltering hydro sector when water is scarce. As the decade closed, rains return, limiting losses amongst dairy and livestock farms.

2031-2040

Global temperatures see a 1.6°C rise above pre-industrial levels for a fourth year and New Zealand's producers see increased demand for exports, as global food systems are hampered by extreme weather events. A building material shortage ensues from demand to rebuild homes, exacerbated by shipping disruptions. New Zealand's population hits 6.5 million, stressing resources and infrastructure, and increasing homelessness.

Intense rainfall and hail causes damage nationwide, washing out infrastructure and disrupting transportation routes. This is especially challenging for agricultural produce transportation from rural locations. Scorching temperatures heighten health risks for communities and ecosystems in warmer regions and prolonged droughts wreak havoc in others, resulting in severe water restrictions. Agricultural, commercial, and residential sectors, and the natural environment compete for water. A powerful cyclone strikes the North Island causing widespread destruction. Rebuilding is slow as a decade of insurance retreat highlights the true cost of unfinanced recovery. Local councils attempt to reign in expensive recovery efforts and tighten development controls - too late for tens of thousands of properties already damaged and lost. Those in rural areas or at the end of an electricity transmission line are last to have power reinstated. Opportunities to build resilience into the electricity system, such as solar panels and batteries, had been ignored in the earlier decade.

2041-2050

More than half of southern Europe's agricultural production is wiped out by rising temperatures and evaporation of water resources. Australia endures a ten-year drought and an increase in wildfires. In New Zealand, the South Island endures a two-year drought. Once thriving hubs for horticulture and forestry are decimated by wildfires, dealing a severe blow to local industries and communities.

Local food shortages and costs challenge the export market. As improvement and repair costs spiral and shipping costs increase, the nation's sheep and beef herd shrinks, relegated to luxury, niche exports for the global rich. Grass-fed livestock takes a backseat to artificially cooled industrial feedlots. The nation's dependence on imports is impacted as shipping disruptions and protective border measures strain supply chains, slowing the re-build of homes, businesses, and infrastructure. Prices of essential goods and commodities remain high. Nations look inwards, focusing on building resilience over emissions reduction as the thresholds of climate tipping points are breached.

FY25 climate scenario analysis integration tasks

In FY25, BNZ further integrated climate scenario analysis outcomes, and updates for FY25, into our broader business processes, as detailed in Section 3 Risk management. Scenario flags (key signals or drivers relating to the three future climate scenarios) are being monitored. For example, the New Zealand energy system is under increasing pressure, which is impacting (at a macro level), the New Zealand economy, and (at a micro level), business owners and householders. The scenario analysis in these Statements reflect assessments as at 30 September 2025. We note that, subsequent to that date, the New Zealand government made a number of announcements including, a package of actions in response to a review of New Zealand's energy market, a change to the New Zealand biogenic methane reduction target (moved from between 24% and 47% compared to 2017 levels by 2050 to between 14% and 24% compared to 2017 levels by 2050), and the introduction of the National Adaptation Framework[12]. These announcements, and any further subsequent government announcements, have not been reflected in the assessments described in the Statements.

Quantitative physical risk analysis – approach to identify anticipated impacts

As set out in Table 1, BNZ has analysed physical climate risks across 79% of our TCE, to establish risk exposure thresholds for reporting and provide insights to drive decision making. Although in some cases New Zealand-wide impacts of various events were considered, data and figures in these Statements relate only to BNZ's portfolio and customers.

BNZ used climate change models to support its assessment of climate-related physical risks. Climate models use scientific principles to show how GHG emissions will drive physical environmental changes. The extent of underlying GHG emissions is based on a range of socio-economic futures, known as Shared Socioeconomic Pathways (SSPs). SSPs show a range of potential global warming impacts over the coming century.

The three climate models used for BNZ's physical risk analysis are:

- SSP1-2.6, Sustainability – Taking the Green Road;
- SSP2-4.5, Middle of the Road; and
- SSP5-8.5, Fossil-fuelled Development.

All data disclosed in these Statements uses SSP5-8.5, Fossil-fuelled Development and 99th percentile (unless stated otherwise), as this highlights the outlier model risk of BNZ's potential exposure to physical risks. Refer to 'Understanding the percentiles of climate models' in Appendix B for further information.

Physical risk analysis is undertaken by property type (residential, commercial, or rural) rather than customer sector because physical risks of climate change are most usefully understood when assessed against the physical attributes of a property. As set out Table 1, geocoded residential properties assessed comprise 54% of total TCE, geocoded commercial properties assessed are 13% of total TCE and geocoded rural properties assessed are 12% of total TCE. Of this, the percentage of TCE assessed for each physical risk climate variable is as outlined in Table 4.

Table 4: Percentage of in-scope (refer to Table 1) TCE assessed, by property type and physical risk climate variable.

	Residential property	Commercial property	Rural property
Flood, Coastal inundation, Sea level rise[13]	100%	96%	98%
Drought	n/a	n/a	43% (analysis is on Dairy Farms and Sheep & Beef Farms only)
Heat stress	n/a	n/a	40% (analysis is on Dairy Farms only)

[12] MBIE (October 2025) At a glance: New Zealand's Energy Package; Ministry for the Environment (MfE) (12 October 2025) Webpage '*Government resets 2050 biogenic methane target*'; and MfE (16 October 2025) National adaptation framework.

[13] Percentage values of less than 100% due to data refresh lag in Toitū Te Whenua Land Information New Zealand (LINZ) dataset used for geocoding and spatial analysis. No property type exclusions made.

2.3 Current physical and transition impacts

This section sets out the physical and transition climate-related impacts identified or experienced by BNZ in FY25.

Current physical and transition climate-related impacts are impacts experienced by BNZ in the reporting period. BNZ identifies whether current impacts are material for primary users using both quantitative and qualitative assessments. More information on our process for assessing current impacts can be found in Section 2.2 Physical and transition risk approach.

Assumptions and limitations associated with our current impact process are:

- Planned spend, such as third-party support for production of the climate statement, and sustainable finance provided in line with BNZ's sustainable finance framework are included in Section 4.3 Climate-related metrics (data on capital deployment, and sustainable finance, respectively).
- Our approach is based on the ability to obtain supportable information, for example, being able to obtain financial data to quantify an impact. We continue to work to improve data capture processes.

[14] The NIWE Loan Guarantee Scheme (the Scheme) was put in place to provide relief for businesses highly impacted by the NIWE but could still receive commercial lending. The Scheme concluded on 30 June 2024, with Scheme loans no longer being available.

Table 5: FY25 physical and transition impacts.

Impact type	Current impact description	Current financial impacts
Physical impact: Acute weather events. Physical	**Severe weather events across New Zealand** In FY25, there were multiple severe weather events across New Zealand, including flooding and drought. Severe weather events can damage customer property, potentially impacting the value of the underlying property securing the loan, and impacting a customer's ability to meet their lending obligations. BNZ offered support to customers impacted by severe weather events in FY25. For example, following severe rainfall in Otago and Southland in October 2024, BNZ offered a range of practical support options, such as temporary overdrafts, to ease some of the immediate financial pressure its customers might be facing.	While there were multiple severe weather events in FY25 that may have impacted individual customers in FY25, the direct impacts identified were not on a scale that resulted in a material financial impact to BNZ. BNZ has not completed an assessment of downstream impacts, for example job losses, as there is a high level of uncertainty in respect of identifying these impacts, as well as limitations in assessing them. No prolonged branch closures were experienced by BNZ in relation to severe weather events in FY25.
Physical impact: Acute weather events. Physical	**2023 Auckland Anniversary Floods and Cyclone Gabrielle** The Auckland Anniversary Floods and Cyclone Gabrielle in February 2023 caused significant damage to customers' property and businesses, impacting the underlying value of their assets used to secure lending, and their ability to meet their lending obligations. In response BNZ offered multiple support packages to customers to ease financial pressure through the: • North Island Weather Event (NIWE) Loan Guarantee Scheme[14], and • BNZ Business Recovery and Resilience Fund. Expected credit loss (ECL) provisions related to the Auckland Anniversary Floods and Cyclone Gabrielle were released in FY24.	As at 30 September 2025, there were loans with an outstanding amount of $204 million under the NIWE Loan Scheme, and loans with an outstanding amount of $348 million under the Business Recovery and Resilience Fund.
Transition impacts Transition	**Transition risk related activity:** BNZ monitors transition risks and has reviewed activity in FY25. BNZ has not identified any material transition impacts in FY25.	BNZ has not identified any material transition impacts in FY25, and therefore transition impacts did not have a material financial impact on BNZ (in FY25). As above, there is currently a high level of uncertainty in respect of identifying any such impacts, as well as limitations in assessing them.

2.4 Anticipated impacts of climate-related risks and opportunities

BNZ has applied two main approaches to identify anticipated impacts of climate-related risks and opportunities:

1. Quantitative physical risk analysis, which comprises overlaying climate model projections with geocoded properties used for secured lending with BNZ, to estimate the anticipated impact of climate change for BNZ and its customers, based on the specific model.
2. Identification of broader physical and transition risks, and opportunities via the FY24 climate scenario analysis and ongoing internal processes including monitoring of scenario flags as part of our transition planning.

An overview of the approach to each is provided in Section 2.2 Physical and transition risk approach, with further details in Appendix B. FY25 findings are presented as a percentage of geocoded properties used for secured lending with BNZ.

The use of flood/flooding refers to temporary flooding caused by rivers overflowing (fluvial) and an extreme rainfall event (pluvial).

Quantitative physical risk analysis

Residential property lending portfolio

Moderate impact to properties securing BNZ loans where there is repairable structural damage

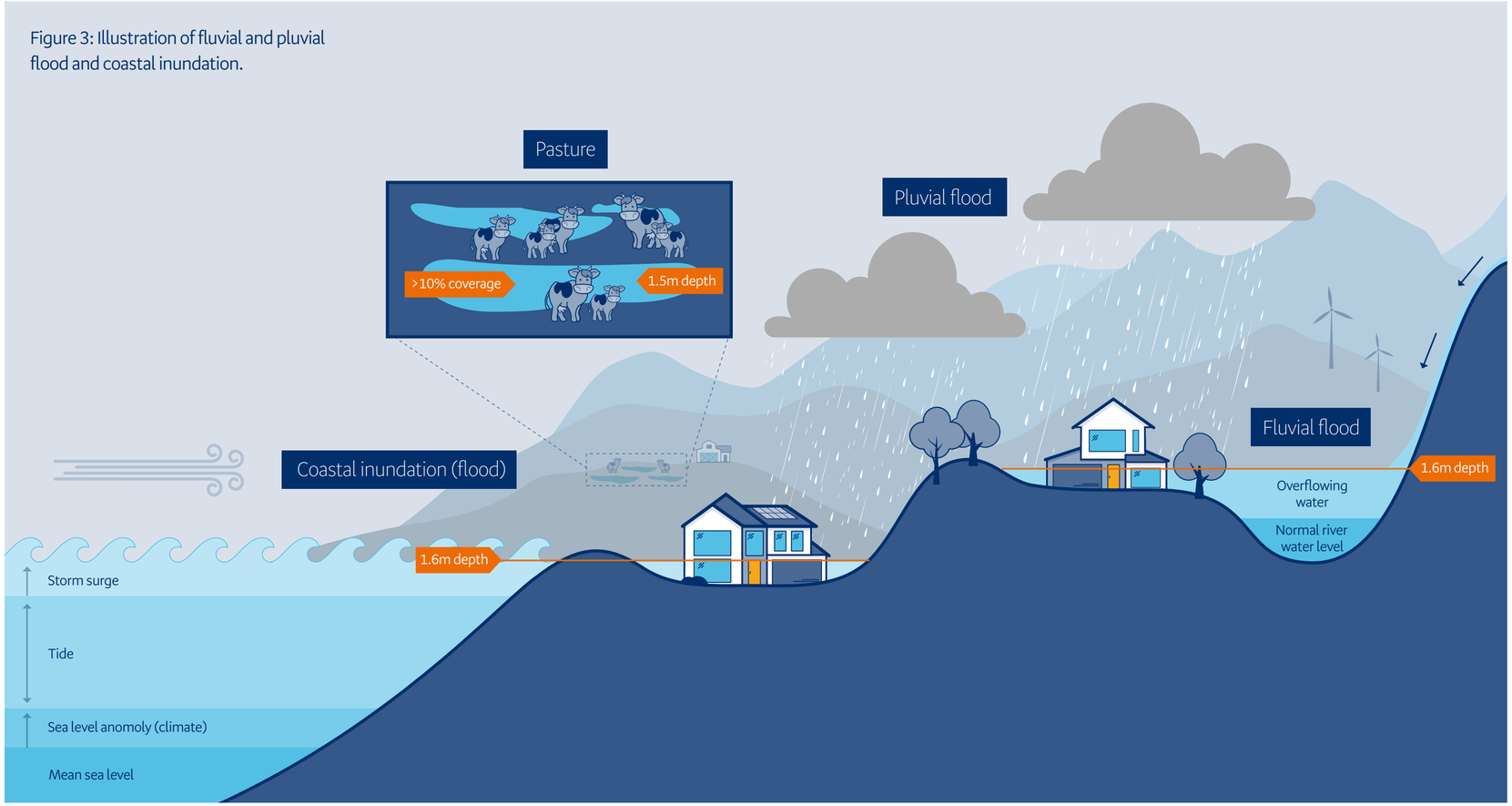
Severe impact to properties securing BNZ loans where there is irreparable structural damage.

The impacts of flood, coastal inundation, and sea level rise on residential properties can lead to temporary and permanent displacement of people, impacting the financial security, health, and wellbeing of the residents. These impacts can also result in damage to property used to secure loans, reducing the value of that asset.

For flood and coastal inundation, impact to properties securing BNZ loans was measured on the basis that Moderate impact damage would occur at >0.2m depth inundation, and Severe impact would occur at depths of >1.6m[15].

The exposure thresholds were applied, which considered the percentage of properties subject to Moderate impact and Severe impact within the residential lending portfolio at 2030, 2040, and 2050. Given the chronic nature of sea level rise risk, any (>0m) sea level rise inundation is considered 'exposed' (all portfolios)[15].

Figure 3: Illustration of fluvial and pluvial flood and coastal inundation.



[15] The same impact thresholds are applied to both the Residential and the Commercial portfolios.

Table 6 shows the percentage of total residential properties (i.e. geocoded residential properties used for secured lending with BNZ), categorised by flood impact severity bands. As set out in Table 1, physical risk analysis focused on properties associated with 79% of the TCE, of which residential lending comprises 54% of TCE.

Coastal inundation at Moderate and Severe exposure thresholds, by 2050, is likely to impact 2% of current residential properties used for secured lending with BNZ. Less than 1% of assessed residential properties securing BNZ loans are exposed to sea level rise by 2050.

Commercial property lending portfolio

Financial impacts can occur due to structural damage and risk to contents, lack of customer access to the buildings, or damage to key building infrastructure. For example, the Auckland Anniversary Weekend floods in 2023 resulted in damage to lifts in Auckland high rises, including apartment buildings, hotels, hospitals, and malls. BNZ assessed the commercial lending portfolio's exposure to flooding, which includes warehousing, industrial, manufacturing, offices, retail, hotels, and vacant land.

Table 7 shows the percentage of total commercial properties (i.e. geocoded commercial properties used for secured lending with BNZ), categorised by flood exposure severity bands. As set out in Table 1, physical risk analysis focused on properties associated with 79% of the TCE, of which BNZ's commercial lending comprises 13% of TCE.

Coastal inundation at Moderate and Severe exposure levels, by 2050, is likely to impact 3% of current commercial properties used for secured lending with BNZ. Less than 1% of assessed commercial properties securing BNZ loans are exposed to sea level rise by 2050.

Rural property lending portfolio

Climate change will affect what, where, and how much New Zealand farmers and producers can grow or harvest. Analysis considered the impacts of flood, sea level rise, coastal inundation, drought, and heat stress for rural properties currently used for secured lending with BNZ. Exposure to flood, sea level rise, and coastal inundation impacts were assessed using a combined metric of greater than 10% pasture coverage with depths at 1.5m or greater considered Severe exposure.

Table 8 shows exposure of current rural properties used for secured lending with BNZ to flood exposure. As set out in Table 1, physical risk analysis was focused on properties associated with 79% of the TCE, of which BNZ's rural lending comprises 12% of TCE.

Greater than 10% pasture coverage from coastal inundation (any depth), by 2050, impacts 2% of current rural properties used for secured lending with BNZ. 2% of assessed rural properties securing BNZ loans are exposed to sea level rise by 2050.

BNZ has developed internal approaches to analyse rural drought and heat stress:

- Drought analysis considered the annual probability of current (non-irrigated) dairy cattle properties, and sheep and beef properties used for secured lending with BNZ experiencing a 3-month drought. In 2050, the regions with the highest proportion of total assessed properties exposed to a 25% or greater probability of drought in a given year are Waikato, Canterbury, and Northland[16].
- Many factors contribute to heat stress, which can impact milk productivity, and livestock health and reproduction. Livestock heat stress analysis considered the current dairy cattle properties used for secured lending with BNZ that may be subject to severe levels of temperature and humidity for both more than one day, and more than an increase of one day from today, over time. By this definition, the regions with the highest proportion of total assessed properties exposed to Severe heat stress at 2050 are Waikato, Northland, and Canterbury.

[16] Regional drought data and livestock heat stress are both considered at the 50th percentile in this disclosure (other physical climate risks are reported at the 99th percentile), refer to Appendix B for details.

Table 6: Exposure to fluvial and pluvial flooding assessed as percentage of the total number of **residential properties.**

Flood depth		2030	2050
	Not exposed	89%	86%
	Moderate impact (>0.2m depth)	9%	11%
	Severe impact (>1.6m depth)	2%	3%
	Total assessed properties	**100%**	**100%**

Table 7: Exposure to fluvial and pluvial flooding assessed as percentage of the total number of **commercial properties.**

Flood depth		2030	2050
	Not exposed	78%	72%
	Moderate impact (>0.2m depth)	18%	21%
	Severe impact (>1.6m depth)	4%	7%
	Total assessed properties	**100%**	**100%**

Table 8: Exposure to fluvial and pluvial flooding assessed as percentage of the total number of **rural properties.**

Flood depth		2030	2050
	Not exposed	47%	42%
	Moderate impact (>10% parcel inundation, <1.5m depth)	48%	50%
	Severe impact (>10% parcel inundation, >1.5m depth)	5%	8%
	Total assessed properties	**100%**	**100%**

Any discrepancies in the Total assessed properties (100%) are due to rounding.

Anticipated impacts of climate-related risks and opportunities

The anticipated impacts summarised below are identified through a range of processes, including stress testing and scenario analysis. Table 9 and Table 10 below present BNZ's material climate-related risks, confirmed during FY25 through internal risk management processes[17]. For more details refer to Section 3.2 Risk management.

All risks and opportunities identified, and reasonably anticipated impacts of those risks, are experienced within New Zealand and are described without the mitigants that BNZ may implement to manage and reduce the impact. The impacts may eventuate earlier or later than the time horizons used in the FY24 climate scenario analysis and stated here.

[17] The material risks are different to those identified in FY24, reflecting updated insights and judgement about the potential impact of uncertain future climate-related events.

Table 9: Anticipated climate-related physical risks and impacts.

Physical risk type	Physical risk description	Anticipated impact to BNZ	Time horizon
 Credit risk – physical impacts to residential properties securing home loans.	Chronic and acute climate-related physical risks including more frequent or intense flooding, and coastal inundation may result in damage such as landslips/subsidence or water damage to properties securing loans provided by BNZ.	Impacts on customer assets can affect their ability to meet lending obligations to BNZ. Damage to property used as loan security may reduce its value, increasing the risk that sale proceeds will not cover the outstanding loan balance. In some cases, properties may become difficult to sell, or may be unable to be sold, leading to potential credit losses for BNZ.	Short, medium and long term.
 Credit risk – physical impacts on commercial real estate securing lending.	Physical risks such as flooding may result in damage to assets, and business interruption because of increased incidence and/or magnitude of extreme weather events. Other examples include flooding of below ground levels, such as car parks, and critical building infrastructure, such as elevator mechanisms.	Impacts on customers' cashflow (e.g. if they are unable to secure tenants) may flow through to their ability to meet their lending obligations to BNZ. As above, damage to property used as loan security may reduce its value, increasing the risk that sale proceeds will not cover the outstanding loan balance. In some cases, properties may become difficult to sell, or may be unable to be sold, leading to potential credit losses for BNZ.	Short, medium and long term.
 Credit risk – physical impacts on rural properties securing lending.	Chronic and acute climate-related physical risks such as more frequent or intense extreme weather events directly impacting agricultural properties and crops, and livestock, and increased pests and diseases may result in damage to properties or livestock used to secure lending from BNZ.	Impacts to customers' returns (e.g. lower milk production due to heat stress) may flow through to a customer's ability to meet their lending obligations to BNZ. As above, damage to property used as loan security may reduce its value, increasing the risk that sale proceeds will not cover the outstanding loan balance. In some cases, properties may become difficult to sell, or may be unable to be sold, leading to potential credit losses for BNZ.	Short, medium and long term.
 Credit risk - physical impacts to customer supply chains.	Global and domestic extreme weather events have potential to disrupt the supply chain of New Zealand organisations. One example is a drought impacting the Panama Canal, with potential to impact global shipping and, therefore, New Zealand businesses' ability to supply overseas markets.	This supply chain disruption could impact the receipt by New Zealand organisations of required imports or the export of New Zealand goods to customers in global markets. Similar disruption to domestic supply chains could impact the ability of New Zealand businesses to operate. This could impact the ability of BNZ customers to operate profitability or meet their lending obligations.	Short, medium and long term.

Table 10: Anticipated climate-related transition risks and impacts.

Transition risk type	Transition risk description	Anticipated impact	Time horizon
 Credit risk – transition risk related Industry-related Loan losses.	Certain customers, such as those in emissions-intensive sectors may have assets, business strategies, employment, and livelihoods impacted by the transition to a low carbon economy, for example, by emerging regulation, changing regulation, and/or changes in technology.	Exposure to customers in emissions intensive industries is more likely to present transition risk, such as sensitivity to carbon price or regulatory change or access to international markets, than low emission intensive industries. This could result in a credit risk to BNZ because of customers' inability to meet their lending obligations.	 Short and medium term.
 Credit, regulatory and capital risk – insurance retreat and affordability related loan losses.	Home insurance is a condition of a BNZ home loan. There is a risk of insurance retreat from certain higher risk areas due to increased incidence and magnitude of some hazards (e.g. flood, sea level rise, coastal inundation and wildfire). Similarly, significant increases in insurance premium costs could result in insurance becoming unaffordable for some customers. There is potential reputational risk, regulatory risk and credit risk to banks if insurers 'retreat' out of sync with local authorities and banks. There is also a capital risk if BNZ does not hold adequate funds to absorb associated potential losses.	Impacts could include: • Inability to lend on properties that are not insurable, leading to a reduction in properties where lending is available earlier than when the physical risk crystallises to the point that a property is uninhabitable. • Reduction in value of properties below outstanding bank lending leads to losses if the property can only be sold at a price lower than the remaining loan value or the property is unable to be sold. • If commercial premises are not insurable and business operations are affected, this may lead to an inability for a customer to service debt. • Risk of losses if BNZ holds security over a significant portion of properties in a higher risk area, subject to insurance retreat or increasing insurance premiums, exacerbated by the long term nature of mortgage lending compared with an annual insurance contract. • Insurance does not cover the amount of the outstanding loan, or insurance has lapsed, and an insurable event occurs. • Potential regulatory enforcement if BNZ is found to have not met the expectations of its various regulators (including New Zealand's regulators of financial stability and conduct) who may have different priorities. • There is also potential capital risk if BNZ does not hold adequate funds to absorb the losses.	 Short and medium term.
 Credit risk – disorderly transition leads to potential loan losses.	A disorderly transition (global or domestic) reduces the ability of organisations to plan and make forward-looking business decisions.	A disorderly transition could lead to widespread business failures and loss of employment impacting the ability of BNZ customers in multiple sectors to repay their loans.	 Short and medium term.
 Capital risk - losses arising from managed retreat.	There is uncertainty around how New Zealand will manage climate change adaptation, specifically managing and sharing the costs of managed retreat. As above, in October (subsequent to the 30 September year end date for these Statements), the New Zealand government announced a National Adaptation Framework. This announcement (and the impact of the National Adaptation Framework itself) have not been reflected in these Statements, but we intend to assess it during the FY26 reporting period.	Managed retreat and insurance retreat could lead to financial losses and reputational impacts e.g. if banks were required to bear some or all of the losses. Uncertainty with regard to ongoing government support for individual homeowners increases risk of banks bearing some or all of the losses.	 Short, medium and long term.

Anticipated impacts of climate-related opportunities

Responding to climate change provides opportunities for the banking sector as the entire economy moves towards lower emissions and greater climate resilience. These opportunities may emerge from resource efficiency and cost savings, the development of new products and services, access to new markets, technological advances, or building resilience across the supply chain. Table 11 summarises the climate-related opportunities identified by BNZ to date, relevant to all sectors, unless stated otherwise. These opportunities are consistent with transition planning work undertaken in FY25 and have been reviewed against scenario flags to check they remain valid.

Table 11: Summary of climate-related opportunities.

Climate-related opportunity	Customer impact	Anticipated impact for BNZ	Time horizon
New lending opportunities e.g. financing customers' emission reductions and resilience to climate change. Physical Transition	Opportunities for customers to enter new markets, requiring new product lines or services, enhance their brands or retain international market access via increased sustainability credentials, diversify current business models, and realise operational cost savings from investing in cheaper energy solutions such as solar power.	• Potential for lending growth to customers to decarbonise, including energy-efficient equipment, small-scale renewables, fuel-efficient vehicles, and nature-based solutions. This could mean seeking new customers who fit these criteria, such as solar installation companies, and developing new products and services that create new revenue streams. Provision of finance for mitigation, (e.g. to improve energy efficiency in building stock) and adaptation (e.g. to improve drainage or raise floor levels for flood prone properties), are also opportunities. • Increased sustainable or transition finance lending opportunities to support organisations to decarbonise and meet external commitments, as well as to help larger corporate customers meet their own emission reduction goals and maintain international market access. • Agriculture sector: Potential for new lending where customers have identified geographic areas that have become viable locations for varied agricultural production, due to a changing climate, or have developed new variants of a crop that better grow in the new climatic conditions.	Short and medium term.
Developing BNZ expertise in emerging areas to expand growth sectors and lending opportunities. Physical Transition	Opportunity for customers to diversify into, and benefit from, new revenue sources, e.g. carbon farming and renewable energy generation (solar and wind). There is also opportunity to support new customers (e.g. startups) where BNZ can understand the risk.	Agriculture sector: • There is an opportunity for BNZ to provide banking products and services to emerging subsectors. For example, supporting New Zealand's agricultural technology sector to assist with the transition (e.g. cultivating climate-resilient and premium crops, and methane reduction technologies) and exporting this technology from New Zealand to the rest of the world. • If New Zealand experiences relatively less severe physical impacts than other global food producing countries or an ability to diversify crops or geographical areas across New Zealand and, as a result, less damage to crops and produce, there may be increased demand for New Zealand agricultural products.	Short and medium term.

Table 11 continued on the next page.

Table 11 continued.

Climate-related opportunity	Customer impact	Anticipated impact for BNZ	Time horizon
Developing new solutions, collaborating with partners, increasing BNZ's reputation as sustainable lender of choice. Transition	BNZ investment in, and collaboration with, external parties seeking to develop innovative solutions to climate change is key to supporting customers/sectors in retaining market access as global customers increase expectations on their supply chain.	• There will continue to be opportunities for BNZ to partner with others to advance emission reduction solutions for customers and the wider economy. One enabler to support this is the FY25 release of BNZ's Climate Foundations interactive online learning programme. This is designed for all BNZ colleagues, with one objective being to enable colleagues to be more confident in discussing climate-related risks and opportunities with customers when appropriate. • Collaboration, through our memberships, plays a key role in helping advocate for change, the development of tools and the bringing together of public, private partnerships to help New Zealand achieve its sustainability goals. Our memberships and commitments include being a Leading partner of The Aotearoa Circle, founding partner of Toitū Tahua (Centre for Sustainable Finance), and member of the UN Principles for Responsible Banking (via NAB). Agriculture sector: • BNZ supports AgriZeroNZ, alongside government, and others to support emerging technology aimed at reducing emissions, and getting that technology into Kiwi farmers' hands quickly. In FY25, AgriZeroNZ investments boosted local and global efforts to develop effective methane inhibitors and probiotic-based feed additives for grazing livestock. BNZ supports AgriZeroNZ in the continuation of its work to provide farmers with a range of tools to reduce emissions. In FY25, AgriZeroNZ has more than $67 million committed across 14+ ventures, research projects, and trials. The first tool from its portfolio, a methane-inhibiting bolus, is expected to become available in 2026, pending regulatory approval. • Opportunity for BNZ to support food companies and growers that are leading on alternative proteins. This could mean seeking new customers who fit these criteria, as well as BNZ entering partnerships with industry bodies looking to deliver solutions in this space.	 Short and medium term.
Efficiencies and opportunities within BNZ's own operations. Transition	-	• Decreased operational costs due to investment in building-based energy efficiency and onsite generation of electricity e.g. rooftop solar on branches/retail outlets and data centres. • Realising emissions reductions and cost savings from reduced fuel costs via optimisation of BNZ's fleet, i.e. undertaking analysis to understand the most cost effective and energy efficient approach based on BNZ's business use.	 Short, medium and long term.

2.5 Transition plan aspects of BNZ's strategy

Transition Plan approach

BNZ has developed its first Transition Plan, which articulates the actions we have identified to manage BNZ's transition towards a low-emissions, climate resilient future state and its inherent climate risks and opportunities. A workshop was held with BNZ ET in May 2025 to agree the bank's ambition and key actions. The Transition Plan has been developed with oversight and extensive engagement with the BNZ ET and will be monitored quarterly and reviewed annually.

To deliver on the objectives outlined below, actions identified focus on three key portfolios: agriculture, the built environment (including residential and commercial real estate and infrastructure), and energy, covering personal through to large corporate and institutional customers. These portfolios were included in our climate scenario analysis in FY24 and were selected based on the Bank's lending exposure to these sectors, emissions intensity, and the importance of the portfolio to drive New Zealand's transition (i.e. the energy sector is fundamental to New Zealand's transition). These portfolios also align to BNZ's sector emissions reduction targets, outlined in Section 4.4 Sector emission reduction targets, which provide a key measure for tracking the success of our Transition Plan.

The BNZ ET has accountability for delivery of the Transition Plan objectives, which seeks to ensure that the Transition Plan is appropriately resourced, prioritised, and investment allocated. BNZ ET retains oversight of the implementation of the Transition Plan via quarterly updates to the ESG EC.

Limitations and assumptions associated with BNZ's first Transition Plan include:

- BNZ is currently only considering actions out to 2030 in its Transition Plan. This is because there is considerable uncertainty around the actions required beyond 2030 due to regulatory uncertainty, technological developments for certain sector transitions, and progress made towards climate resilience in the short to medium term, which will impact the actions required from 2030 onwards, both at a national level and by BNZ.
- BNZ considers longer term timeframes, out to 2050, as part of risk assessment and scenario analysis processes. BNZ is reviewing its scenario flags quarterly. If it is identified that these flags have been triggered, or have potential to occur soon, then BNZ will review the Transition Plan actions to assess whether these should change or additional actions should be added.
- The limitations and assumptions associated with sector emission reduction targets (Section 4.4 Sector emission reduction targets) are also key limitations and assumptions to the Transition Plan to 2030.

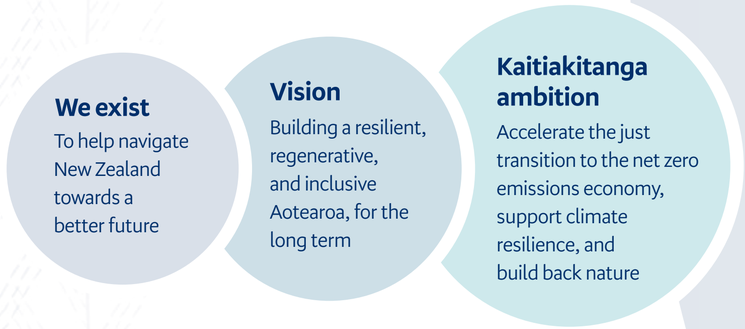
Transition Plan aspects of BNZ's business model and strategy

We are positioning ourselves to realise BNZ's vision of building a resilient, regenerative, and inclusive Aotearoa for the long term (set out in BNZ's approach to sustainability, Figure 2). We are here to help navigate New Zealand towards a better future, and we aim to do this in the following ways:

- Perfect the basics.
- Build strong foundations.
- Deliver market-leading experiences.

The climate-related risks and opportunities identified through physical and transition risk assessments, scenario analysis, and Transition Planning support our ambition to accelerate the just transition to the net zero emissions economy, support climate resilience, and build back nature; we thrive when our customers are thriving. We have identified four objectives that support this ambition and provide the framework for our Transition Plan, set out in Figure 4, below.

Figure 4: Transition Plan aspects of BNZ's strategy.



Short-term impact (2025-2030) Our aim is to fully integrate the Transition Plan into business operations with executive accountability (2025 to 2027), with additional actions to be developed and integrated as we work through the Plan (2026 to 2030).

Medium-to long-term impact (2031-2050) Supporting New Zealand's commitment to be net zero by 2050.

Objectives	Strategic alignment	How we keep track
Actively measuring and managing emissions across our value chain to be net zero by 2050.	**Perfect the basics** BNZ is focused on reducing emissions across operations through emissions avoidance and reduction. We are developing ways of supporting our customers to transition to low emissions, resilient models intended to help them adapt and build a better future.	Details are set out in Section 4.1 Operational emissions (including supplier emissions), Section 4.2 Financed emissions, and Section 4.4 Sector emission reduction targets (which cover 59% of BNZ's TCE).
Building climate resilience across the bank, our customers, and communities.	**Perfect the basics + Build strong foundations** BNZ intends to develop an overarching 'resilient growth' roadmap, that will reflect external developments including emerging climate-related risks and opportunities and central and local government adaptation frameworks and plans.	Details set out in Section 3 Risk management outlines how integration of climate and nature-related risk management into BNZ's broader RMF plays a central role in streamlining customer interactions and seeks to ensure that systems are aligned to support both risk mitigation and resilient growth.
Supporting nature-based solutions to deliver climate action.	**Deliver market-leading experiences** BNZ intends to develop and contribute to the development of nature finance revenue streams, to support customers to transition, and regenerate New Zealand's natural environment – key to the enduring strength of New Zealand's economy.	Exploration and research underway, with actions and metrics to be determined in FY26.
Meet the brand promise of 'trusted advisors' through data driven, evidence-based climate resilient growth.	**Deliver market-leading experiences** Through tracking the level of financing to various companies and sectors and setting targets for financed emissions in its material portfolios, BNZ aims to manage portfolio exposure to transition risks as well as better allocate capital towards the transition to a low emissions, climate resilient economy.	Refer to Section 4.2 Financed emissions and 4.3 Climate-related metrics for more information on financed emissions, capital deployment and climate-related opportunities. See also Section 4.4 Sector emission reduction targets.

BNZ will continue to offer a broad range of banking and financial products and services to our customers. In doing so, BNZ considers climate risk as a part of credit risk and is committed to supporting emissions reductions across the New Zealand economy and adaptation to the impact of climate change, supporting the resilient growth of our customers. This data driven, evidence-based approach is increasingly embedded into the way we do business.

There is also significant opportunity from transitioning to a low-emissions, climate resilient economy, as described in Section 2.4 Anticipated impacts of climate-related risks and opportunities. FY25 examples of BNZ entering partnerships to support development of new solutions and opportunities, and enabling policies are:

- The work of the BNZ Foundation, an independent charitable entity, providing strategic philanthropy, which has been working with The Nature Conservancy Aotearoa New Zealand (TNC NZ) on its coastal blue carbon programme. The focus of the programme is restoring vital coastal wetland habitats and ecosystems, enhancing carbon sequestration and resilience to climate threats, and creating new opportunities for nature-based markets in Aotearoa.
- Engagement, both directly and through the Aotearoa Circle and the Centre for Sustainable Finance, on key initiatives under the Government's Climate Strategy including development of the New Zealand Sustainable Finance Taxonomy, the National Adaptation Framework, and exploring ways to increase private capital flows into adaptation and mitigation activities, such as the Government's current work on voluntary nature markets.

Transition Plan alignment with capital deployment and funding decision-making processes

The climate-related risks and opportunities identified through various risk assessment processes, including climate scenario analysis, stress testing, and case-by-case customer assessment (for example via internal policies and sector emission reduction targets), are considered indirectly as part of the Bank's internal capital deployment and funding allocation processes. The actions within our Transition Plan are aligned with our internal capital deployment and funding decision making processes as they form part of our standard processes for strategy execution. For example, funding for Transition Plan actions will be included as part of BNZ's financial plan, which is approved by the Board. Actions within BNZ's Transition Plan include use of a climate economic model, enabling BNZ to further incorporate climate-related risks and opportunities into its risk appetite settings and annual financial planning process, and to promote climate resilient capital allocation. Other examples include allocating resource to engage with certain BNZ customers on transition plans, investments in partnerships like AgriZeroNZ, as well as competitive interest rates on BNZ's suite of products and services, including sustainable finance and green loan offerings. Under our Transition Plan, we will continue to assess the amount of capital being deployed to increase resilience to the impacts of climate change.

Refer to Section 4.3 Climate-related metrics for information on BNZ sustainable finance and the amount of capital deployed toward climate-related risks and opportunities.

As we improve climate-related processes and data, we are able to provide funding programmes where capital is targeted towards our customers' emissions reduction and resilience activities. These are customer driven decisions, considering their growth ambitions, how climate is physically impacting them, supplier or market access requirements, and to create new revenue streams or achieve productivity gains. When customers improve their resilience to climate impacts, those same customers improve their financial resilience through, for example, lower energy costs (operating costs) or reduce impacts from flood events (the need for capital expenditure to repair damage).

3. Risk Management

3. Risk Management

The BNZ Group defines climate-related risk as the potential risks that may arise from climate change or from efforts to mitigate climate change, their related impacts, and their economic and financial consequences for BNZ and its customers and suppliers. This is assessed, to the extent possible, based on the data available (further detail is outlined in Section 2.2 Physical and transition risk approach).

The BNZ Group includes climate-related risk within 'Sustainability Risk'[18], which has been identified as a material risk category. Sustainability Risk is the risk that ESG-related events or conditions arise that could negatively impact the sustainability, resilience, risk and return profile, value, or reputation of BNZ Group or its customers and suppliers, or its ultimate parent company, NAB. Material risk categories are those that could have a material impact, either financial and/or non-financial, on BNZ Group or on the interests of customers.

BNZ considers climate-related risks over the short term to 2030 (0 to 5 years), medium term to 2040 (6 to 15 years), and long term to 2050 (16 to 25 years), aligning to the time frames identified for the physical and transition risk analysis in Section 2.2 Physical and transition risk approach, BNZ's sector emission reduction targets (described in Section 4.4 Sector emission reduction targets), New Zealand's statutory emissions budgets, and, broadly, to lending timeframes for different products provided by BNZ to its customers (such as a home loan or commercial lending terms). The Strategy section of these Statements presents analysis as at both 2030 and 2050.

When identifying and assessing risks, BNZ considers its full value chain i.e. the full range of activities, resources and relationships related to the BNZ Group's business model and the external environment in which it operates, and applies a risk-based approach to prioritise its assessment and understanding of the potential impacts of climate change. The following aspects of the value chain were specifically excluded in FY25:

- Scenario analysis: Given the significant extent of the Residential real estate sector's value chain, consideration was limited to the immediate activities that could impact the ability of a mortgagor to service a loan and impact the integrity of any collateral held (for example, the direct impacts of flooding, as opposed to downstream economic impacts from climate, such as job losses).
- Elements of the GHG emissions inventory as noted in Table 25: Approach to GHG emissions measurements and reporting.
- The quantitative assessment of climate-related risk focuses only on TCE, which is defined in the Glossary. Total balance sheet items not currently assessed include items outside the definition of TCE, such as cash and liquid assets, derivative financial instruments, and trading assets. For the full list, refer to BNZ's Disclosure Statement for the year ended 30 September 2025.

BNZ manages risk (including climate-related risk) in line with the RMS. The RMS sets out the RMF applicable to BNZ, including material risk categories and risk management practices. BNZ operates a three lines of accountability model for risk management whereby all three lines are accountable for managing risk, with specific responsibilities across each line. Refer to Section 1.1 Board governance and oversight for more information about how the RMS is reviewed and adopted. Climate-related risk is integrated into BNZ's risk management processes through its inclusion in the material risk category of Sustainability Risk (and as appropriate, other material risk categories impacted by climate change such as credit risk and business disruption risk).

The BNZ RAS is a key component of the RMF. It sets out the degree of risk BNZ is prepared to accept in pursuit of strategic objectives. BNZ has set a tolerance for climate-related risk in its RAS, which is reviewed monthly and may be updated with additional measures as data becomes available. Risk appetite is translated and cascaded throughout the business both qualitatively (through risk policies, standards, and operating procedures) and quantitatively (through risk limits, settings, and decision authorities).

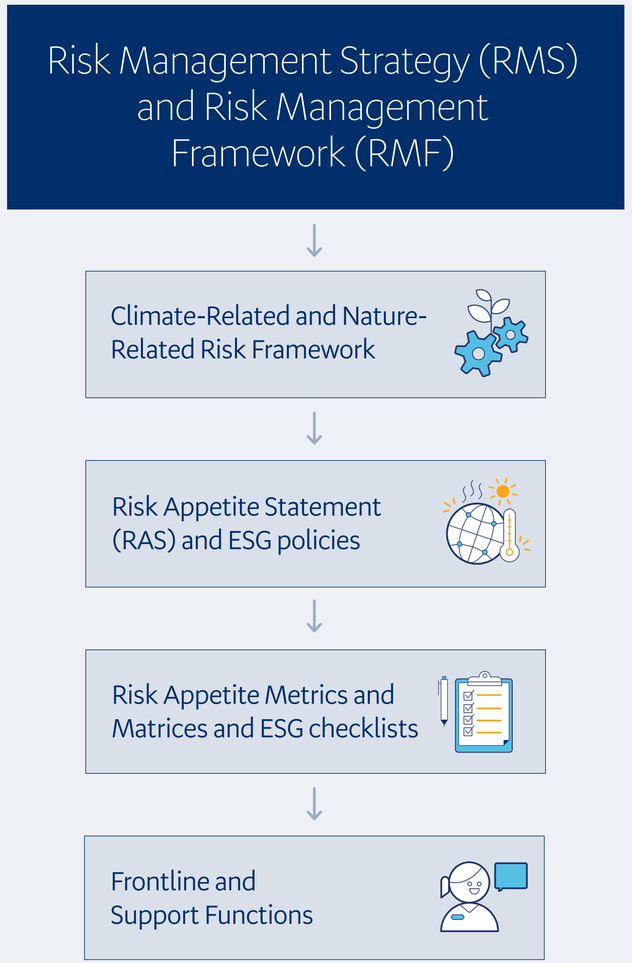
BNZ's policies use a classification framework of prohibited through to lower risk sectors to guide its on-boarding, lending and other customer-facing decisions. The assessment of sector risk includes consideration of climate-related risk factors. Both the RAS settings and BNZ's ESG Policy are increasingly implemented at a customer level through Risk Appetite Metrics and Matrices and ESG checklists to ensure they are appropriately rolled out to, and applied by, frontline bankers and support functions making customer-facing decisions.

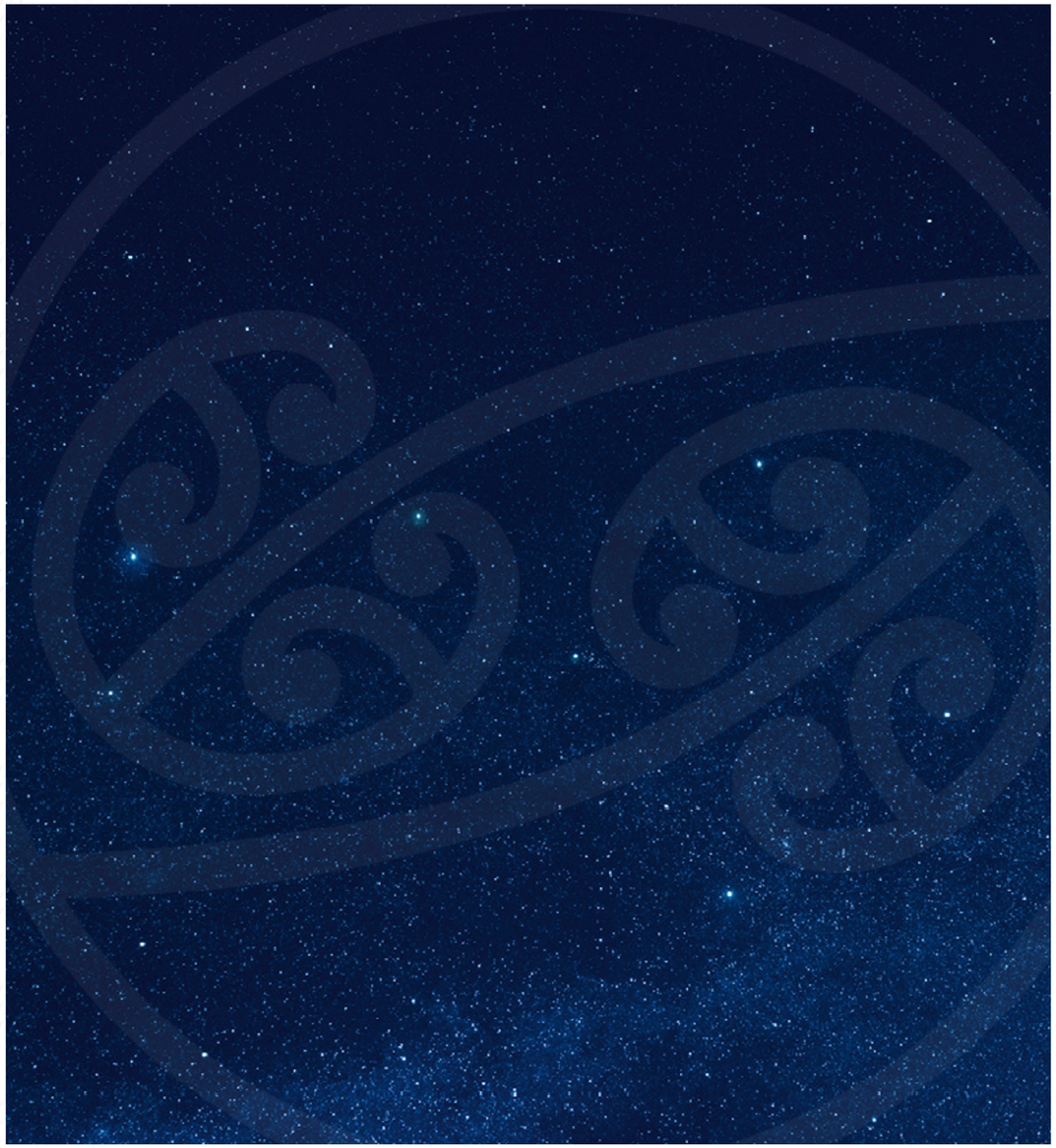
The BNZ Climate-Related and Nature-Related Risk Framework[19] describes how BNZ specifically manages climate-related and nature-related risks through the identification, evaluation, and management of such risk in accordance with its wider RMF (as shown in Figure 5).

[18] Sustainability Risk is defined in the Glossary.

[19] Previously the BNZ Sustainability Risk Management Framework.

Figure 5: Integration of climate-related risk within BNZ's overall Risk Management Framework.





3.1 Risk identification and assessment

BNZ is at a preliminary phase in the use of risk identification tools and methods to understand emerging climate-related risks. BNZ monitors and assesses current risks to manage these effectively within the BNZ's risk appetite. BNZ continues to make progress on the use of tools and methods, as they become available, to integrate climate-related risk into its overall risk identification process.

Climate-related risks can be different to other material risk categories set out in BNZ's RMS due to the extended and multi-year timeframes, interdependencies, and levels of uncertainty about the probability and potential impacts of climate change on BNZ and its customers. The characteristics that make climate-related risks different from other risk categories are incorporated into the risk identification and evaluation processes set out in BNZ's Climate-Related and Nature-Related Risk Framework, which builds on and enhances existing processes within BNZ's RMF.

Material risk categories are further operationalised through lower-level material risk exposures. BNZ refers to material risk exposures, or the types of risk events that may occur within a category of risk, as enterprise risks and collectively, these make up BNZ's Risk Register. Climate-related risks are increasingly incorporated into BNZ's Risk Register through their inclusion in the relevant enterprise risks they relate to (for example, physical risk impacts on the value of a security or a customer's ability to repay their lending would be reflected in increased credit risk). Climate-related risks are prioritised in the same way as other categories of risk, meaning that in accordance with the RMF methodology, the likelihood and impact (both financial and non-financial) of any identified risk, including climate-related risk, is assessed to determine the risk rating. The risk rating is considered in the overall risk profile for an enterprise risk, and this then drives the prioritisation and response.

Identified climate-related risks are maintained in a sub-register, and an aggregated summary (that includes the impacted enterprise risks and risk rating) is reviewed annually with senior leaders to confirm BNZ's material climate-related risks. This review may be more frequent if a material event or change to a driver of the rating is identified. Table 9 and Table 10 in Section 2.4 Anticipated impacts of climate-related risks and opportunities, set out BNZ's material climate-related risks for FY25 (based on inherent risk). The FY25 material risks differ to those identified in FY24, reflecting further assessment and judgement about the potential impact of future uncertain climate-related events. Below are examples of climate-related risk factors that BNZ has incorporated into risk assessments for some customers and industry sectors, and parts of its operations:

- vulnerability to extreme weather events including potential impacts on the value of assets used to secure lending or a customer's ability to repay lending;
- impacts of climate change on operational resilience and business continuity (including exposure to flood risk across the sites BNZ occupies);
- level of scope 1, 2 and 3 GHG emissions (refer to GHG emissions inventory, including BNZ's financed emissions, as noted in Section 4 Metrics and Targets); and
- exposure to high levels of transition risk, such as potential exposure to changes in climate-related policy or technology.

Figure 6

Tools and methods used to identify and assess climate-related risk

The tools and methods that BNZ uses to identify and assess the scope, size, and potential impact of climate-related risk for some customers and industry sectors, and parts of BNZ's operations include:

Customer risk assessment

BNZ completes ESG checklists at various points during the customer relationship on an as required basis to identify risks including climate-related risk for certain customers who fall within defined sector criteria. Sector criteria aid identification of customer activity that may have increased sustainability risk (including climate-related risk). The completion of the checklist occurs at key stages including when lending applications are received. BNZ increasingly assesses transition approaches for customers in defined sectors, or with individually significant carbon footprints, at annual reviews.

Physical risk data and analysis

As part of the annual physical risk analysis summarised in Section 2.2 Physical and transition risk approach, physical climate data is overlaid against certain BNZ exposures to identify areas of climate-related risk. This incorporates vulnerability to extreme weather events and potential impacts on the value of assets that may be used to secure lending. For new residential lending applications, BNZ uses data provided by third parties to assess the risk that a property may be exposed to different types of flooding above set thresholds.

To mitigate the risk of losses for BNZ and its customers, insurance cover for assets is required to be held by customers where those assets are used to secure lending.

Potential and actual impacts of climate change on operational resilience are assessed through a review of severe weather events (immediately following the events) and as part of annual business impact analysis. For BNZ properties, all new or renewed lease sites are assessed for the potential risk of flooding, coastal inundation or sea level rise as part of the leasing due diligence process. The results are used to identify where further investigation and analysis may be required.

Transition risk factors

Credit risk analysis for customer lending events includes consideration of climate-related transition risk factors for BNZ exposures in certain sectors (such as potential exposure to changes in climate-related policy or technology).

GHG inventory

BNZ's GHG inventory summarised in Section 4 Metrics and Targets, includes BNZ's operational and financed emissions, enabling BNZ to identify climate-related risks arising from available scope 1,2 and 3 GHG emissions data.

Stress testing

BNZ participates in regulatory climate stress tests, including the RBNZ's 2023 Climate Stress Test which took place over FY23 and FY24. RBNZ has published an aggregated summary of the climate stress test on its website[20].

BNZ conducts annual enterprise-wide macroeconomic stress testing and includes climate-related events in the scenario. Stress test results are incorporated into the development of BNZ's Internal Capital Adequacy Assessment Process (ICAAP) which is used on an ongoing basis to ensure that the bank has adequate overall capital in relation to its risk profile. In FY26 BNZ intends to continue to include climate-related events in the scenario within its internal capital stress testing programme. BNZ also conducts monthly internal market risk climate stress testing for BNZ's banking book to help understand and manage liquidity risk and the results are presented to the Bank's Asset, Liability and Capital Committee.

Scenario analysis and monitoring

During FY24, BNZ carried out qualitative climate scenario analysis as summarised in Section 2.2 Physical and transition risk approach. BNZ has implemented quarterly monitoring through a Climate Scenario Dashboard to identify whether the underlying themes or flags from the climate scenarios are occurring or are likely to occur. This aids the identification of emerging risks and opportunities and informs the ongoing assessment of the effectiveness of BNZ's Transition Plan.

Regulatory change monitoring

The need to respond to climate change risk and opportunity is driving government consultations, new legislation, policy change, and wider requirements. BNZ follows its existing regulatory change process for monitoring, identifying, and analysing regulatory change related to climate-related risk on an ongoing basis and embedding that change into its business activities.

Monitoring of emerging risks

Emerging risks, including those related to climate-related risks, are monitored on an ongoing basis, for example, through monitoring global and local trends and issues, and reported through to the Executive Team and Board via the CRO report as required.

Credit risk - sector monitoring

In response to emerging climate-related risks and trends, BNZ conducts ad hoc portfolio analysis of selected sectors and the market dynamics impacting those sectors. In FY25, the focus has included understanding the resilience of our customers to energy pricing and supply volatility. For certain sectors, BNZ prepares monthly reporting of physical risk exposures and TCE changes for financed emissions.

[20] Reserve Bank of New Zealand – Te Pūtea Matua. (2024). *2023 Climate Stress Test results*.

3.2 Risk management

Figure 7: Examples of how we manage climate-related risk.

Some of the risk management methodologies BNZ uses to manage climate-related risks include:

1

Work with our customers, counterparties, and suppliers identified as having higher climate risks to manage and improve their climate-related risk profile.

2

Set limits and apply other risk management measures to companies, economic sectors, geographical regions, or segments of products and services that do not align with BNZ's strategy or risk appetite.

3

Apply prohibited, restricted and low risk categorisation to certain sectors within our lending portfolios in accordance with our ESG policy. This includes the application of sector-specific criteria when onboarding new customers or extending credit to existing customers in certain sectors.

4

Apply additional risk management options to control or minimise material climate-related risks while taking into account conduct risk considerations, including:

- Adjusting credit underwriting criteria.
- Customer engagement.
- Supporting customers to implement adaptation or transition plans.
- Imposing limitations or restrictions on financing.

5

Use a Climate Scenario Dashboard to monitor whether the underlying themes or flags from the qualitative climate scenarios are occurring or are likely to occur, to identify and manage emerging risks and opportunities.

4. Metrics and Targets

The BNZ Group sets climate-related metrics and targets and discloses them annually in these Statements. The BNZ Group's key existing metrics and targets are discussed in this section.

The BNZ Group has taken an 'operational control' consolidation approach to account for emissions. The BNZ Group's organisational boundary encompasses the entities owned or controlled by BNZ. Additional detail on the BNZ Group's organisational boundary is provided in Appendix C.

Organisational boundaries are set, and emissions are measured in accordance with the methodology and guidance of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition) (GHG Protocol), the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard[21],and the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard, where possible, noting certain deviations from the PCAF standard are explained in Appendix D. Refer to Appendix C for a summary of the BNZ Group's measured and reported emissions sources and the adoption provisions applied, and Appendix D for financed emissions methodologies and assumptions.

[21] World Resources Institute and World Business Council for Sustainable Development, the 'GHG Protocol Corporate Accounting and Reporting Standard' (2004 and revised 2015) and its supplement, the 'GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard' (2011).

4.1 Operational emissions

Scope 1, 2, and 3 operational emissions currently measured by the BNZ Group are outlined in Table 25 and Table 27 (Appendix C). For FY25, the BNZ Group's operational emissions inventory is subject to reasonable assurance from EY for scope 1 and 2 and limited assurance for reported scope 3 categories (excluding category 15 financed emissions). For prior years, assurance was provided by Toitū Envirocare[22].

In FY25, the BNZ Group's gross operational emissions totalled 10,984 tCO2e, down 2.9% compared to FY24 and down 4.4% compared to FY23.

Table 12: BNZ Group FY25 Gross operational emissions, including reported scope 3 categories.

tCO2e	FY23	FY24	FY25*
Scope 1	1,528	1,605	1,457
Scope 2 - location based**	857	834	1,121
Scope 3	9,108	8,870	8,406
Category 1 - Purchased goods and services	350	364	356
Category 3 - Fuel and energy related activities not included in scope 1 or 2	582	542	552
Category 4 - Upstream transportation and distribution***	1,214	1,061	1,276
Category 5 - Waste generated in operations	68	70	69
Category 6 - Business travel***	2,713	2,541	1,579
Category 7 - Employee commuting	4,181	4,292	4,574
Total gross operational emissions	**11,493**	**11,309**	**10,984**
GHG operational emissions intensity (tCO2e/$million) ****			
Operational emission intensity (Gross tCO2e/$million)	**3.20**	**3.13**	**3.15**

*EY has provided assurance over FY25 only. Assurance provided by Toitū Envirocare for FY24 and FY23.

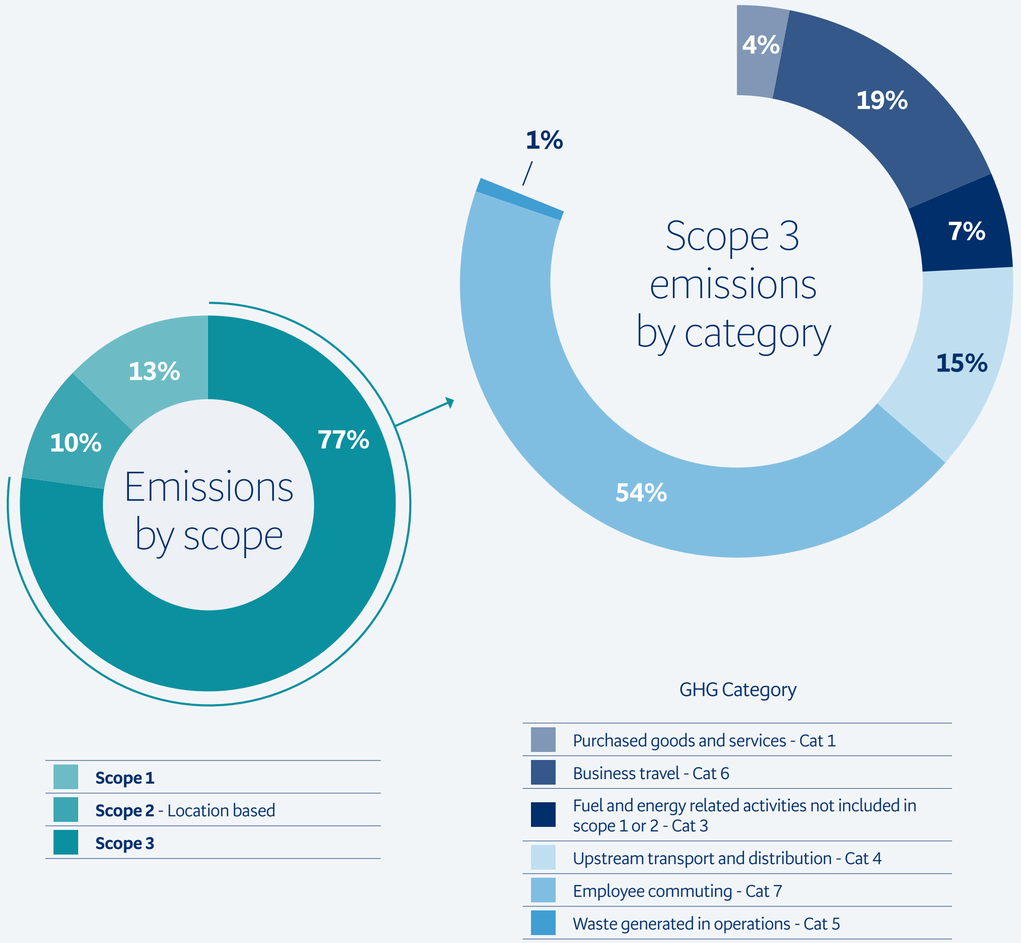
**Emissions from electricity used by BNZ's PHEVs have been reassessed and reclassified from scope 3 to scope 2 in FY25.

***Figures for FY23 and FY24 have been restated for amended third party courier, postage and freight input data and reflect a change to domestic air travel emission factors. The restatement results in a net increase of 304 tCO2e for FY23 and a net decrease of 143 tCO2e for FY24.

****Intensity is calculated as gross tCO2e divided by Total Operating Income.

[22] All Toitū Envirocare assurance reports are available on our website at bnz.co.nz/sustainability.

Figure 8: Scope 3 gross operational GHG emissions by category (Refer to Appendix C for further information on the BNZ Group's measured and reported emissions source).



Main trends in operational emissions changes in FY25 compared to FY24:

- A decrease in scope 1 emissions, which mainly relates to a decrease in the use of distributed natural gas at BNZ Group properties.
- An increase in scope 2 emissions associated with electricity mainly due to an increase in the emission factor for electricity published by Ministry for Environment (MfE). This increase has been partially offset by a decrease in electricity consumption due to a focus on energy efficiency during refurbishments, and in FY25 occupying an As Built Green Star 6 office in Wellington.
- A decrease in scope 3 emissions is mainly due to reductions in business travel, which has been driven by reductions in the emission factors for air travel.
- An increase in operational emissions intensity is due to a decrease in operating income compared to FY24.

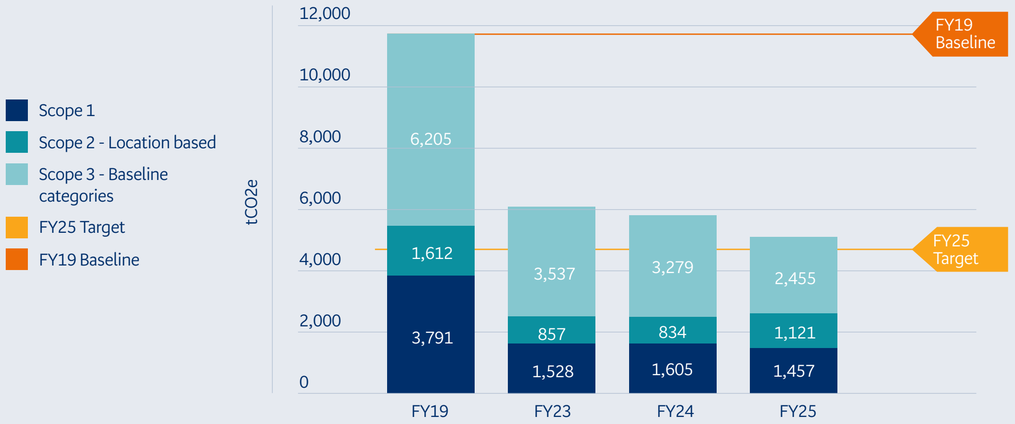
Operational emissions reduction target FY25

The BNZ Group has an absolute emissions reduction target to reduce our gross operational emissions, within the target boundary, by 60% by FY25, from a FY19 baseline. In respect of those emissions within the boundary of the target, this is consistent with limiting warming to 1.5°C above pre-industrial levels.[23] In contrast to our operational emissions, this target covers all scope 1 and 2 emissions and baseline scope 3 emissions, excluding emissions from employee commute, courier, postage, and freight and upstream purchased fuel and electricity. Scope 3 emissions excluded from our target boundary are additional operational emissions sources that have been added to the inventory since the target was set. By FY25, the BNZ Group achieved a 57% reduction in gross operational emissions (excluding additional sources) compared to FY19 baseline levels. This demonstrates sustained progress since FY19, with reductions previously recorded at 49% in FY23 and 51% in FY24 relative to FY19.

Table 13: BNZ Goup progress to target FY25 from baseline FY19.

	FY19 ** Baseline	FY23***	FY24***	FY25	FY25 target
Operational emissions against 2019 baseline categories (tCO2e)*	11,608	5,922	5,718	5,033	4,643
Progress to target**	-	49%	51%	57%	60%

Figure 9: BNZ operational emissions compared to our 60% reduction target against FY19 baseline (tCO2e).



*Baseline categories include all scope 1, scope 2, and scope 3 emission sources that were captured and measured at the time of setting BNZ's baseline of FY19 and excludes the following additional scope 3 emissions sources: employee commute; upstream purchased fuel and electricity; courier, postage & freight.

**The restatement of domestic air travel due to a change in the emission factor has resulted in a restatement of the FY19 baseline, reducing total gross operational emissions baseline categories by 118 tCO2e. The target percentage reduction remains unchanged at 60%.

***The restatement of domestic air travel due to a change in the emission factor used has resulted in a restatement of the FY23 and FY24 progress against baseline. Achieved reductions for FY23 changed from 51% to 49%, while the achieved reductions for FY24 changed from 49% to 51% baseline.

Couriers, Postage and Freight were not included in baseline categories for target setting and the restatement has no impact on progress to the FY25 target.

While the BNZ Group has not achieved its FY25 operational emissions reduction target, reductions across scopes 1, 2 and baseline scope 3 categories demonstrates important progress that has been made in sustaining emissions reductions. Areas of progress include:

- Scope 1 emissions have more than halved since FY19, mainly due to downsizing the BNZ Group's vehicle fleet and the transition to low-emission vehicle variants.
- Scope 2 reductions have been made through the consolidation of BNZ branches and corporate premises, and improvements to energy management at these properties.
- Scope 3 baseline category emissions reductions have been made and sustained through concerted efforts to reduce the climate impact of our business travel.

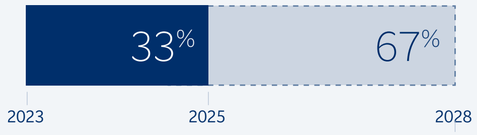
The BNZ Group's operational emission target is under review with a view to determining how we guide emissions reductions FY26-FY30.

[23] BNZ considers that its operational emissions reduction target is science-aligned, being consistent with limiting warming to 1.5°C, because it is more ambitious than the equivalent scope 1 and 2 requirements of recognised methodologies, such as the Science-Based Target initiative (SBTi). Note that our operational emissions target covers measured baseline scope 3 categories, but not scope 3 financed emissions (category 15).

Supplier engagement target

In 2023, BNZ set a supplier engagement target for 67% of its suppliers, by emissions, to have set science-aligned targets by 2028. During FY25, BNZ developed reporting tools to identify those suppliers comprising the top 67% by emissions. BNZ has started identifying which of its suppliers have published science-based or science-aligned targets[24] and has identified that approximately 33% by emissions do. Looking ahead, BNZ will continue to identify in-scope suppliers with published targets and will identify how best to engage with suppliers who have not yet established a science-based or science-aligned target, to encourage and support them to do so.

Figure 10: Progress against supplier engagement target (percentage of BNZ suppliers, by emissions).



Toitū Net Carbon Zero certification

BNZ continues to hold Toitū Net Carbon Zero certification[25] on behalf of the BNZ Group which means BNZ has met the criteria required for certification under their programme as it relates to measuring emissions to Toitū requirements; managing and reducing emissions against Toitū requirements; and offsetting remaining net emissions, to the Toitū minimum boundary. The minimum boundary covers net emissions associated with all scope 1 and 2 emission sources, and scope 3 - transmission and distribution losses from upstream fuel and electricity, waste to landfill, business travel (excluding hotel stays), and courier, postage and freight emissions.

The BNZ Group's approach to carbon offsets[26]

In FY25, BNZ purchased credits on behalf of the BNZ Group for 4,320 tCO2e of net operational emissions through the Toitū carbon programme to meet its Toitū certification requirements. Toitū due diligence standards for vetting carbon credit projects can be found on their website. Offsets were purchased from onshore projects including NZ Carbon Farm and Permanent Forest Sink projects that support biodiversity in New Zealand. We note that BNZ purchases offsets to the Toitū minimum boundary definition, which does not cover all operational emissions. Carbon credits purchased by BNZ are not relied on to achieve operational or sector emission reduction targets.

[24] BNZ notes that some SBTi targets for suppliers are at global group level, and those targets require an assessment by BNZ to understand if the local subsidiary that BNZ engages with is covered by the global group target. Where a supplier does not have a validated SBTi target, published company documentation (e.g. annual reports or climate statements) is reviewed to determine if any public disclosures of targets being science-based or science-aligned have been made.

[25] BNZ is a Toitū Net Carbon Zero certified organisation. This voluntary carbon certification programme requires adherence to a set of standards and rules on an annual basis, focusing on measuring and reducing GHG emissions according. Toitū Net Carbon Zero certification documentation is available on our website at bnz.co.nz/sustainability.

[26] In FY25 BNZ changed its primary electricity retailer. Prior to the change, BNZ purchased a green electricity product, which included power purchase agreements (PPAs) exclusively with renewable generators. Under this arrangement, sourced electricity had a market-based zero emission factor. BNZ now purchases Renewable Energy Certificates (RECs) that match all scope 2 electricity consumption with renewable energy generation in the same year. BNZ purchases Tier 2 RECs issued from the New Zealand Energy Certificate System, which means that RECs are only issued from generation sources built or repurposed in the last 15 years. All RECs issued to BNZ are from Wind Generation and are verified by the New Zealand Body for Certificate Issuance. The purchase of these RECs reduces BNZ's carbon offset requirements. RECs purchased by BNZ are not relied on to achieve operational or sector emission reduction targets.

4.2 Financed emissions

Measuring financed emissions

BNZ Group endeavours to strengthen its understanding of the emissions associated with the financing it provides to customers (financed emissions) and how the measurement methods used can continue to mature. BNZ Group's reporting focus in FY25 was on assessing appropriate data sources to support enhanced data quality and measurement of additional asset classes, aligned with evolving regulatory expectations and the NZ CS.

Financed emissions fall within scope 3, category 15 (investments) of the GHG Protocol and are the most significant part of our GHG Inventory. Where possible, BNZ Group measures financed emissions in accordance with the PCAF standard[27]. BNZ Group applies PCAF asset class measurement methods, where applicable, and discloses financed emissions by sector.

BNZ Group currently reports financed emissions on Gross Loans and Advances to Customers, excluding personal lending (99.3% of Outstanding Amount (OA) and 99.3% of TCE[28]). NZ CS 2 adoption provision 4 has been applied to all other balance sheet items including listed and unlisted equity, corporate bonds and sovereign debt. BNZ Group has not calculated financed emissions on derivatives, cash or personal loans, where PCAF has not prescribed a methodology. Financed emissions reported by us for FY25 have not undergone external assurance, as we have applied NZ CS, Adoption Provision 8[29] and relied on the Financial Market Authority's Financial Markets Conduct (Climate-related disclosures – Assurance Engagement) Exemption Notice[30]. Further information on financed emissions methodology, including scope, assumptions and limitations are provided in Appendix D.

TCE and OA

BNZ Group calculates, and reports financed emissions based on both the OA of loans, as required by PCAF, and the TCE as reflected in Table 14 and 15. Reporting TCE is a conservative deviation from the approach recommended by PCAF and provides alignment with reported targets. TCE provides a more stable number for the purposes of calculating how we are tracking against an emissions reduction target. Where possible, BNZ Group estimates absolute emissions based on scope 1, 2, and 3 emissions attributable to its lending. Both OA and TCE exposures included in these calculations are as at the BNZ balance dates specified in Tables 14 and 15.

[27] PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

[28] Outstanding Amount (OA) and Total Committed Exposure (TCE) are defined in the glossary.

[29] As per NZ CS 2, Adoption Provision 8 allows reporting entities to defer external assurance of certain GHG emissions disclosures, including financed emissions. BNZ intends to progressively enhance the quality and assurance readiness of its financed emissions data in line with evolving regulatory expectations, with a view to obtaining external assurance in future reporting periods.

[30] The effect of BNZ relying on the exemption in clause 6 of the Financial Markets Conduct (Climate-Related Disclosures – Assurance Engagement) Exemption Notice 2025 is that any information regarding scope 3 greenhouse gas emissions disclosed in the Statements is not required to be the subject of an assurance engagement pursuant to section 461ZH(1) of the Financial Markets Conduct Act 2013.

Figure 11: BNZ Financed emissions (TCE) by sector.

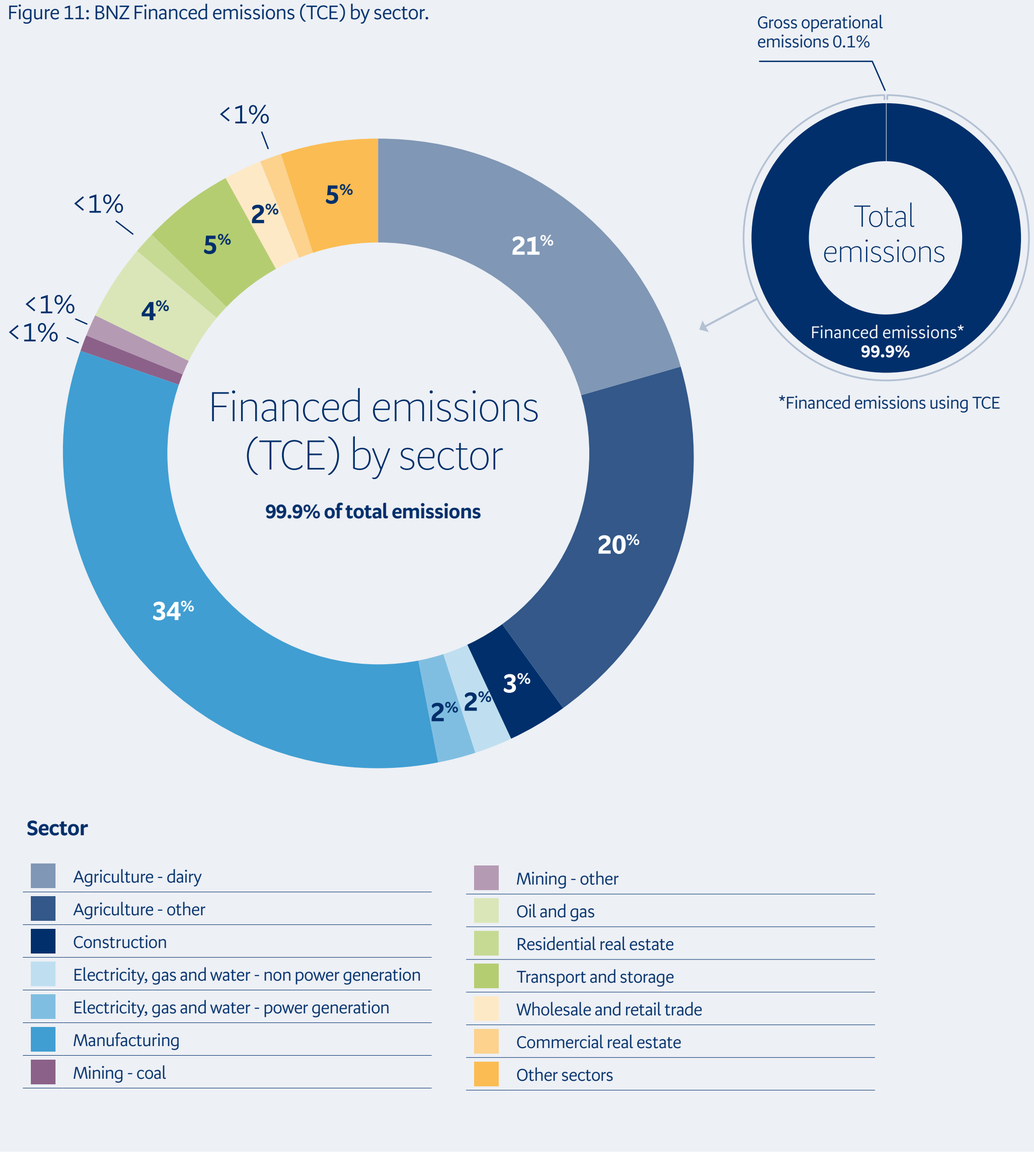


Table 14: Estimated financed emissions (tCO2e) - based on OA.

	September 2023					September 2024					September 2025				
	Gross Loans and Advances to Customers	Financed Emissions (tCO2e)			Emission intensity	Gross Loans and Advances to Customers	Financed Emissions (tCO2e)			Emission intensity	Gross Loans and Advances to Customers	Financed Emissions (tCO2e)			Emission intensity
Sector	OA($m)	Scope 1 & 2	Scope 3	Total	(tCO2e/$m)	OA($m)	Scope 1 & 2	Scope 3	Total	(tCO2e/$m)	OA($m)	Scope 1 & 2	Scope 3	Total	(tCO2e/$m)
Agriculture - dairy**	6,525	1,641,041	278,501	1,919,542	294	6,728	1,697,943	262,898	1,960,841	291	6,560	1,625,433	237,593	1,863,026	284
Agriculture - other	7,794	1,565,927	540,182	2,106,109	270	7,871	1,388,776	513,714	1,902,490	242	7,796	1,361,633	464,212	1,825,845	234
Construction	1,560	54,655	283,898	338,553	217	1,602	47,892	250,305	298,197	186	1,680	47,111	188,571	235,682	140
Electricity, gas and water - non power generation	250	51,199	21,163	72,362	289	407	53,147	26,791	79,938	196	290	26,918	13,408	40,326	139
Electricity, gas and water - power generation	211	12,822	2,768	15,590	74	173	9,503	3,595	13,098	76	447	30,238	16,172	46,410	104
Manufacturing	3,523	469,061	1,845,069	2,314,130	657	3,546	356,607	1,808,203	2,164,810	611	3,738	411,714	1,768,371	2,180,085	583
Mining - coal	< 1	47	34	81	162	< 1	3	2	5	162	< 1	3	2	5	144
Mining - other	78	7,296	5,328	12,624	162	80	7,988	4,902	12,890	162	74	6,824	3,817	10,641	144
Oil and gas*	337	84,835	342,716	427,551	1,270	342	98,726	431,586	530,312	1,549	237	44,140	203,385	247,525	1,044
Residential real estate	57,746	57,887	-	57,887	1	60,102	62,215	-	62,215	1	63,944	81,616	-	81,616	1
Transport and storage	1,891	292,157	153,717	445,874	236	2,007	274,550	135,171	409,721	204	2,098	284,042	121,426	405,468	193
Wholesale and retail trade*	4,323	38,868	190,584	229,452	53	4,689	35,929	180,257	216,186	46	4,761	28,233	152,520	180,753	38
Commercial real estate	6,898	35,997	-	35,997	5	7,155	35,462	-	35,462	5	7,194	47,010	-	47,010	7
Other sectors	10,536	92,296	372,321	464,617	44	11,321	78,563	356,128	434,691	38	12,057	67,640	324,894	392,534	33
Total in-scope portfolio assessed	**101,672**	**4,404,088**	**4,036,281**	**8,440,369**	**83**	**106,023**	**4,147,304**	**3,973,552**	**8,120,856**	**77**	**110,878**	**4,062,555**	**3,494,371**	**7,556,926**	**68**

All amounts have been rounded to the nearest million dollars or tCO2e except where otherwise indicated. Any discrepancies in calculated intensity rates are due to rounding.

* BNZ has reclassified fuel retailers to the Oil and gas sector from the Wholesale and retail trade sector. This has helped BNZ encompass the value chain for the exposure to Oil and gas to allow for better internal analysis and more accurate sector reporting.

** A change in methodology by third-party data providers has resulted in BNZ applying sector average data for the scope 1, 2, and 3 emissions in the Agriculture - dairy sector. Comparative periods' emissions have not been restated. The method for calculation of BNZ's Agriculture - dairy sector emissions reduction target remains unchanged.

Table 15: Estimated financed emissions (tCO2e) - based on TCE*.

	September 2023					September 2024					September 2025				
	Gross Loans and Advances to Customers	Financed Emissions (tCO2e)			Emission intensity	Gross Loans and Advances to Customers	Financed Emissions (tCO2e)			Emission intensity	Gross Loans and Advances to Customers	Financed Emissions (tCO2e)			Emission intensity
Sector	TCE($m)	Scope 1 & 2	Scope 3	Total	(tCO2e/$m)	TCE($m)	Scope 1 & 2	Scope 3	Total	(tCO2e/$m)	TCE($m)	Scope 1 & 2	Scope 3	Total	(tCO2e/$m)
Agriculture - dairy***	6,972	1,749,050	297,597	2,046,647	294	7,146	1,800,523	279,140	2,079,663	291	7,171	1,776,949	259,741	2,036,690	284
Agriculture - other	8,494	1,689,874	587,375	2,277,249	268	8,500	1,491,381	554,295	2,045,676	241	8,509	1,466,283	506,241	1,972,524	232
Construction	1,973	72,768	365,410	438,178	222	2,087	72,615	338,542	411,157	197	2,199	70,868	257,357	328,225	149
Electricity, gas and water - non power generation	408	71,809	29,820	101,629	249	643	71,726	36,960	108,686	169	1,210	131,228	64,908	196,136	162
Electricity, gas and water - power generation	571	46,824	28,613	75,437	132	817	104,506	35,419	139,925	171	1,142	127,169	60,233	187,402	164
Manufacturing	4,980	656,135	2,678,044	3,334,179	670	5294	546,564	2,795,136	3,341,700	631	5,538	608,503	2,777,877	3,386,380	611
Mining - coal	1	57	42	99	162	< 1	11	7	18	162	< 1	3	2	5	144
Mining - other	93	8,737	6,380	15,117	162	93	9,315	5,717	15,032	162	101	9,314	5,210	14,524	144
Oil and gas**	553	150,865	882,235	1,033,100	1,868	523	146,189	972,931	1,119,120	2,140	374	86,582	306,204	392,786	1,050
Residential real estate	60,451	61,789	-	61,789	1	62,746	66,205	–	66,205	1	66,977	86,673	-	86,673	1
Transport and storage	2,702	366,251	198,630	564,881	209	2,804	337,881	170,375	508,256	181	2,765	358,246	152,555	510,801	185
Wholesale and retail trade**	5,548	49,715	245,909	295,624	53	5,724	43,571	220,970	264,541	46	6,095	35,876	195,787	231,663	38
Commercial real estate	8,009	37,769	-	37,769	5	7,941	37,075	–	37,075	5	7,803	48,839	-	48,839	6
Other sectors	15,361	114,447	466,254	580,701	38	15,895	96,159	441,237	537,396	34	17,510	87,454	425,791	513,245	29
Total in-scope portfolio assessed	**116,115**	**5,076,090**	**5,786,309**	**10,862,399**	**94**	**120,211**	**4,823,721**	**5,850,729**	**10,674,450**	**89**	**127,395**	**4,893,987**	**5,011,906**	**9,905,893**	**78**

All amounts have been rounded to the nearest million dollars or tCO2e except where otherwise indicated. Any discrepancies in calculated intensity rates are due to rounding.

* The TCE per sector used for financed emissions will differ from that used for physical and transition risk in instances where the conglomerate methodology is applied for conglomerate customers, refer to Appendix D for further details of the Conglomerates methodology.

** BNZ has reclassified fuel retailers to the Oil and gas sector from the Wholesale and retail trade sector. This has helped BNZ encompass the value chain for the exposure to Oil and gas to allow for better internal analysis and more accurate sector reporting.

*** A change in methodology by third-party data providers has resulted in BNZ applying sector average data for the scope 1, 2, and 3 emissions in the Agriculture - dairy sector. Comparative periods' emissions have not been restated. The method for calculation of BNZ's Agriculture - dairy sector emissions reduction target remains unchanged.

Our insights for FY25

BNZ Group estimate our total in-scope FY25 financed emissions to be 7,556,926 tCO2e (FY24: 8,120,856 tCO2e) using OA and 9,905,893 tCO2e (FY24: 10,674,450 tCO2e) using TCE. Our financed emissions estimates are based on the best available data at a point in time.

BNZ Group's absolute in-scope financed emissions for FY25 have decreased from FY24, which is mainly reflective of an overall decrease in emissions intensity of gross loans and advances to customers (based on OA and TCE). The following trends reflect movements across PCAF asset classes, based on financed emissions relative to TCE.

- Residential real estate lending remains our largest proportion of total lending exposure, at 53% (FY24: 52%), but emissions associated with Residential real estate lending only make up 1% of our total in-scope financed emissions (FY24: 1%). The circa 31% increase in BNZ's in-scope financed emissions from residential real estate lending is triggered by shifting electricity generation dynamics in New Zealand resulting from a drier year, and corresponding reduction in hydro-generation, in 2024.
- Industry-related Loans forms a smaller proportion of BNZ's total lending exposure, at 47% (FY24: 48%), but emissions associated with Industry-related Loans make up 99% of our total in-scope financed emissions (FY24: 99%). Our total in-scope financed emissions from this asset class have decreased by 7.5% from FY24. The decrease from FY24 is primarily driven by reduced financed emissions in the Oil and gas, Agriculture, and Construction sectors. This decline was partially offset by increased financed emissions in Electricity, gas and water – non power generation, and Manufacturing sectors. Emissions reductions are unlikely to follow a linear trajectory, as movements are influenced by shifts in scientific research and technology, regulatory requirements, reduction efforts by customers and our exposure to different sectors.
- Other notable changes have occurred in the Power generation sector. Emissions from the Power generation sector have risen compared to FY24, driven by hydrological variability resulting in low hydro and wind generation. Recent agreements centred on Huntly Power Station ensure backup capacity for energy security but also mean continued use of coal and gas during dry periods. While there are plans to transition to biomass, the immediate effect is a larger solid fuel reserve, highlighting ongoing emissions challenges for the sector.

Data quality

BNZ Group follows the PCAF guidance for estimating and reporting the data quality of financed emissions. A score of one (1) signifies the highest data quality for calculating financed emissions, reflecting verified and disclosed customer emissions. A score of five (5) signifies the lowest data quality for calculating financed emissions, reflecting the highest level of uncertainty (e.g. using sector average emissions). BNZ Group's FY25 overall PCAF data quality scores for scope 1 and 2 are 4.4 for OA (FY24: 4.4) and 4.5 (FY24: 4.4) for TCE, scope 3 are 5.0 (FY24: 4.9) for OA and 4.9 (FY24: 4.8) for TCE. These scores reflect the significant challenges with sourcing customer level emissions data and a lack of a nationwide programme that generates suitable publicly available emissions metrics for higher data quality financed emissions reporting.

Scope 3 emissions data reported by customers remains limited and inconsistent, with significant variability in availability, reliability, and category coverage. BNZ Group has captured scope 3 customer emissions for all relevant and reported sectors, where available. There are inherent uncertainties in the estimation of financed emissions with considerable variability in data quality and the limited availability of scope 3 emissions disclosures by counterparties. These limitations are related to reliance on information provided by third parties, timing lags and sector allocations. These uncertainties will continue to reduce as market practices and requirements around climate reporting evolve. Details on limitations and assumptions in calculating financed emissions have been outlined in Appendix D.

Table 16: Financed emissions data quality scores per sector.

	September 2023				September 2024				September 2025			
PCAF score												
Emissions intensity	OA data quality		TCE data quality		OA data quality		TCE data quality		OA data quality		TCE data quality	
Sector	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3
Agriculture - dairy	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0
Agriculture - other	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Construction	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Electricity, gas and water - non power generation	4.7	4.7	4.6	4.6	4.8	4.8	4.8	4.8	4.5	4.5	4.8	4.8
Electricity, gas and water - power generation	2.0	2.2	1.5	1.6	2.5	2.7	1.5	1.5	1.6	1.3	1.5	1.4
Manufacturing	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mining - coal	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mining - other	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Oil and gas*	3.8	3.8	3.4	3.4	3.6	3.6	3.3	3.3	3.6	3.6	3.5	3.5
Residential real estate	4.0	-	4.0	-	4.0	-	4.0	-	4.0	-	4.0	-
Transport and storage	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Wholesale and retail trade*	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Commercial real estate	4.8	-	4.8	-	4.8	-	4.8	-	4.8	-	4.8	-
Other sectors	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total in-scope portfolio assessed	4.4	4.9	4.4	4.9	4.4	4.9	4.4	4.8	4.4	5.0	4.5	4.9

*BNZ has reclassified fuel retailers to the Oil and gas sector from the Wholesale and retail trade sector. This has helped BNZ encompass the value chain for the exposure to Oil and gas to allow for better internal analysis and more accurate sector reporting. The data quality scores for these sectors have been restated in line with the restatement in the associated financed emissions.

4.3 Climate-related metrics

Percentage of TCE vulnerable to physical and transition risks

BNZ has calculated the percentage of TCE vulnerable to physical and transition risks. Physical risk impacting BNZ is more likely to be present where there is a physical asset securing lending with a longer tenure such as a home loan. Transition risk may be more likely to impact BNZ, where lending is associated with Industry-related Loans to higher emissions intensity sectors. BNZ's quantitative physical and transition risk analysis was limited to BNZ's TCE (being $127,395 million in FY25). Refer to Appendix B for details on the scope of assessment of vulnerability to physical risk. BNZ selected the percentage of Industry-related Loans with a High emissions intensity (Refer to Appendix B for details on the methodology) as a proxy for vulnerability to transition risk.

Vulnerability to physical risks

5%

Percentage of FY25 TCE[31] of properties exposed to one or more physical risk (flood, coastal inundation, sea level rise, drought or livestock heat stress) at 2050[32].

(5% in FY24)

Vulnerability to transition risks

34%

Percentage of FY25 TCE[33] of loans to 'High' emissions-intensive industries.

(35% in FY24)

BNZ is at an early stage of understanding climate-related impacts on BNZ and its customers[34]. There are many uncertainties around physical and transition risk assessment approaches, including climate science and the policy response to emission reductions. For this reason, it is possible that all BNZ's business activities have potential vulnerability to physical and transition risk.

[31] The quantitative physical risk analysis was limited to 79% of BNZ's TCE, i.e. BNZ loans secured by geocoded property titles (refer to Table 1 in Section 2.2 Physical and transition risk approach and Appendix B).

[32] The percentage of FY25 TCE of properties exposed to one or more physical risk (flood, coastal inundation, sea level rise, drought or livestock heat stress) at present day is 1%.

[33] The quantitative transition risk assessment was on Industry-related Loans, with home loans and other personal lending excluded. BNZ's transition risk analysis of industry-related emissions intensity assessed 47% of BNZ's FY25 TCE (refer to Appendix B).

[34] BNZ's quantitative assessment of climate-related risk focuses only on TCE, which is defined in the Glossary.

Climate-related opportunities – sustainable finance

BNZ offers capital and funding for certain sustainable finance activities, including climate-aligned activities, which supports the advancement of the first three of BNZ's climate-related opportunities listed in Table 11, Section 2.4 Anticipated impacts of climate-related risks and opportunities. In FY20, BNZ made a commitment to deliver $10 billion in sustainable finance by FY25, in accordance with its Sustainable Finance Framework[35] (available on our website at bnz.co.nz/sustainability), which clarifies the scope of eligible sustainable finance activities. In FY25, BNZ categorised a further $2.0 billion[36] in sustainable finance (FY24: $4.0 billion), totalling a cumulative $10.8 billion against its $10 billion target. Of this, $929 million in FY25 (FY24: $611 million) had a clear linkage to climate-related opportunities. The categories of sustainable finance, and the amount of finance per category in FY25, are set out in Figure 12. The positive sustainability impacts from this funding, and the types of funding covered by the framework, include other ESG-related activity and are not limited to climate[37].

Capital deployment

BNZ deploys capital and funding to support the management of climate-related risks and opportunities, and to advance its climate-related strategic objectives. Refer to Section 2.5 Transition Plan aspects of BNZ's strategy for information on Transition Plan alignment with capital deployment and funding decision-making processes. In FY25, BNZ invested $123.4 million (FY24: $7.4 million) in capital and funding aligned to these objectives. The bulk of this amount, $121.9 million was deployed through funding the BNZ Green Home Loan top-up product. This is the first time this product has been included in Capital Deployment. The remainder was allocated to strategic partnerships, access to climate-related data, engagement with third-party climate service providers, and enhancements to operational properties, including installation of satellite communications to support climate resilient infrastructure. BNZ will continue to review and refine metrics to monitor progress and capture efficiencies and opportunities within its own operations.

Internal emissions price

BNZ does not apply an internal emissions price to climate-related risks or opportunities, nor did it in FY24.

Management remuneration

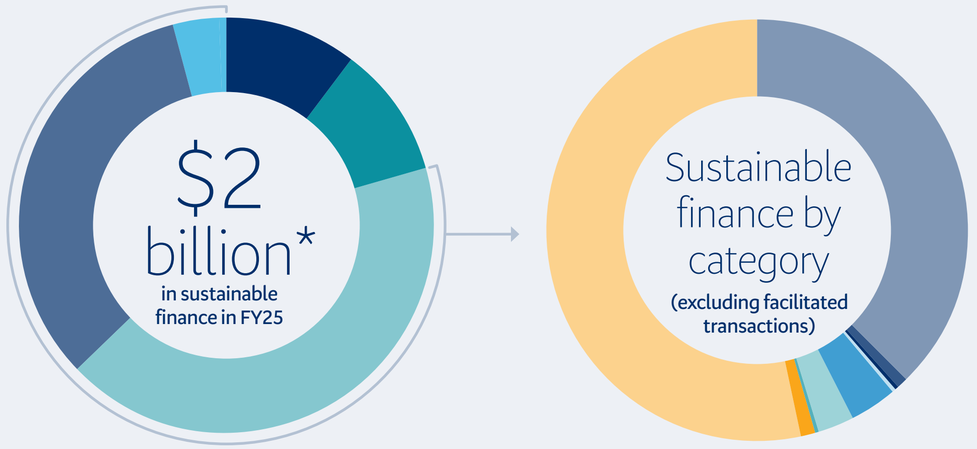
Refer to Management remuneration in Section 1.2 BNZ Executive Management.

[35] The current version of the BNZ Sustainable Finance Framework was published in June 2024 and aligned with the February 2023 Green, Social and Sustainability-Linked Loan Principles (together, the Loan Principles) published by the loan market trade associations. Those were the latest Loan Principles available at the time. For completeness, updated versions of Loan Principles were published by the loan market trade associations on 26 March 2025.

[36] This value includes $0.564 billion of activities from the year ended 30 September 2024, which were categorised as sustainable finance transactions during the year ended 30 September 2025.

[37] ESG-related activity that is not limited to climate is defined in section 7 of BNZ's Sustainable Finance Framework, Eligible sectors and activities.

Figure 12: Sustainable Finance categorised in FY25.



Facilitated transactions

- Green bonds - **$202m**
- Sustainable bonds **- $200m**

New finance or refinanced transactions

- Sustainable-linked loans - **$826m**
- Green loans - **$645m**
- Eligible sector finance - **$82m**

Eligible category

- Renewable energy – **$586m**
- Environmentally-sustainable management of natural resources and land use – **$13m**
- Sustainable water & wastewater management – **$4m**
- Pollution prevention and control – **$1m**
- Clean transportation – **$58m**
- Green buildings – **$44m**
- Energy efficiency – **$4m**
- Eco-efficient and/or circular economy adapted products – **$17m**
- Sustainability-linked loans (multiple categories) – **$826m**

Total of 10.8 billion against our 2025 $10 billion target

$10.8 billion

*Amount has been rounded to the nearest billion dollars. Any discrepancies in calculated transactions are due to rounding.

4.4 Sector emission reduction targets

BNZ has taken a pragmatic approach to target setting, using a globally recognised target setting framework[38] and focusing on those sectors where available data, pathways, and methodologies permit the development of meaningful targets for sectors most material to BNZ[39]. In FY25, BNZ's sector emission reduction targets cover 59% of BNZ's TCE[40] (FY24: 59%).

In May 2023, BNZ published its first round of sector emissions reduction targets for Agriculture - dairy, Oil and gas, Power generation, and Coal mining. In December 2024, BNZ published a sector emission reduction target for its Residential real estate portfolio in the FY24 BNZ Climate Statements representing its most material sector based on TCE (53% of total TCE in FY25). Published targets are available on our website at bnz.co.nz/sustainability.

BNZ intends to contribute to the global effort under the Paris Agreement and New Zealand's legislative commitment to net zero by 2050. Through tracking the level of financing to various companies and sectors and setting emission reduction targets for its material portfolios, BNZ seeks to manage portfolio exposure to transition risks as well as better allocate capital towards the transition to a low emissions, resilient economy.

The targets set out in Table 17 are 2030 targets, BNZ intends to review them by or before FY28, and to keep them under annual assessment. Refer to Section 2.5 Transition Plan aspects of BNZ's strategy for an outline of transition plan actions common to all sector targets.

These target sectors were chosen based on their emissions intensity, the relative availability of emissions data, and/or the relative amounts that BNZ lends to these sectors. Interim targets have been established to support achievement of the Paris Agreement's 1.5°C goal, guided by science-based emission reduction pathways relevant to New Zealand. These pathways draw on analysis from the Climate Change Commission (CCC) and the International Energy Agency (IEA), which are based on alignment with 1.5°C. Further detail is provided in the sector-specific targets section outlined below.

BNZ is currently progressing towards its interim 2030 targets without the use of offsets. BNZ recognises that offsets may play a role for remaining hard to abate emissions to reach the global effort under the Paris Agreement and New Zealand's legislative commitment to net zero by 2050, depending, for example, on market developments and stakeholder expectations.

Internal processes and controls have been established to manage exposure to Aluminium; Cement; Iron and steel; Transport – aviation and Transport – shipping. In FY25, BNZ's exposure to these sectors remains minimal. The controls include a range of preventative and detective controls, incorporating 'Restricted' ANZSIC codes for which escalation to a credit risk customer assessment team is required, enhanced monitoring, and customer transition plan evaluation and monitoring.

Sector emission reduction targets annual update

Progress against each published emissions reduction target, including material sector information, is reported annually in BNZ's climate statements. Annual consistent linear progress is not anticipated to be made between now and each sector target end date: significant uncertainty remains around how and when each sector will decarbonise, impacted by changes to policy, technology, and market preferences[41].

There are uncertainties and limitations inherent in this information and BNZ's ability to meet its targets will depend on external factors such as governmental policy, the regulatory and economic environment, and the actions of customers. BNZ is constrained by available data, and the focus has been to incorporate the most material sources of emissions for each sector in both its target pathway and associated baseline emissions. A detailed description of each target, including the industry activities covered by the targets, assumptions, and the reference scenario used is provided in the target disclosure which can be found in BNZ's 2023 target disclosure for Agriculture - dairy, Oil and gas, Power generation, and Coal mining and BNZ's FY24 Climate Statement for Residential real estate.

Table 17: BNZ sector emission reduction targets.

Target sector		Target
Target set in FY23		
	Agriculture – dairy	11% reduction in financed biological emissions intensity (kgCO2e/kgMS) by 2030, against a 2022 baseline. See page 46 for target overview.
	Oil and gas (upstream)	21% reduction in absolute financed emissions by 2030, against a 2021 baseline. See page 48 for target overview.
	Power generation	74% reduction in emissions intensity (kgCO2e/MWh) by 2030, against a 2021 baseline. See page 50 for target overview.
	Coal mining	Committed in 2020 to full exit of lending to this sector by 2030. See page 52 for target overview.
Target/controls set in FY24		
	Residential real estate	34% reduction in financed emissions intensity (kgCO2e/square metre) by 2030, against a 2023 baseline. See page 53 for target overview.
	Aluminium; Cement; Iron and steel; Transport – aviation; Transport - shipping	Internal emissions controls in place.

[38] The Net-Zero Banking Alliance (NZBA) has undergone significant reforms in 2025, marking a pivotal shift in how global banks approach climate action. Guidance for Climate Target Setting for Banks – Version 3 outlines a set of recommended practices rather than enforceable requirements. Users of the guidance are encouraged to set science-based targets, but each bank is responsible for independently determining its own targets in line with its business model and regulatory context.

[39] In FY24 this included targets or internal emissions controls for certain sectors to be developed in FY25 where data permitted (those sectors being Agriculture - sheep & beef; Commercial real estate; and Transport - road) and the Residential real estate sector transition plan. These have not been developed because they are no longer mandatory under the NZBA's Guidance for Climate Target Setting for Banks.

[40] For the avoidance of doubt, references to TCE exclude derivatives and bonds or guarantees.

[41] We note that, following the end of FY25, to which these Statements relate, and prior to the publication of these Statements, the Government has announced a package of actions in response to a review of New Zealand's energy market, a change to the New Zealand biogenic methane reduction target (moved from between 24% and 47% compared to 2017 levels by 2050 to between 14% and 24% compared to 2017 levels by 2050), and the introduction of the National Adaptation Framework. These announcements will be reviewed, and any further relevant Government announcements in FY26, considering impacts on both scenario analysis and portfolio emission reduction targets, and will respond as necessary for disclosure in the FY26 Statements.

Agriculture – dairy

Target overview

In 2023, the Agriculture - dairy sector contributed approximately 25.7% of New Zealand's gross emissions and approximately 48% of agricultural emissions. Methane is the primary GHG emitted by the Agriculture - dairy sector, accounting for approximately three quarters of all dairy emissions[42]. BNZ's Agriculture – dairy target is an 11% reduction in financed scope 1 biological emissions intensity (kgCO2e/kg milk solids (MS)) by 2030 against a FY22 baseline. The scope of this target for the Agriculture - dairy sector includes dairy cattle farming and only covers on-farm biological emissions.

Further information on BNZ's methodology and approach to the setting of this target is provided in detail in BNZ's 2023 target disclosure, available on our website at bnz.co.nz/sustainability.

Progress towards target

BNZ recorded a reduction in financed biological emissions intensity (kgCO2e/kgMS) in FY25, with total progress towards target at 3% reduction against the 2022 baseline. Emissions reductions in an agricultural setting are unlikely to follow a linear trend, due to factors like annual seasonal variations and the time necessary for development and adoption of lower emission practices and technologies. BNZ expects to see a downward trend in emissions intensity with potential step changes associated with sector advancements.

Adopting the CCC Demonstration Pathway

The Demonstration Pathway is the CCC scenario that underpins the CCC's advice to Government on New Zealand's emissions budgets. The CCC's analysis shows that its recommended emissions budgets would set New Zealand on track to reach net zero for all long-lived GHG by 2050, in line with New Zealand's legislated climate targets under the Climate Change Response Act.[43]

The Demonstration Pathway[44] does not achieve the reduction targets required by the NZBA guidance by 2030. However, it achieves net zero emissions for all long-lived GHG by 2050. In accordance with the CCC's advice, this reflects New Zealand's emissions profile, which differs significantly from the basis of the Intergovernmental Panel on Climate Change (IPCC) pathways and provides a pathway showing New Zealand's emissions budgets can be achieved in a just and equitable way. This approach aligns with a target being ambitious yet achievable and only relying on technological developments that can reasonably be expected to become available within the target period. It also provides a pathway to meet the Government's legislated 10% biogenic methane emissions reduction from a 2017 baseline. Biogenic methane primarily comes from the agriculture and waste sectors.

[42] Ministry for the Environment.(2025). *New Zealand's Greenhouse Gas Inventory: Snapshot 1990-2023*.

[43] He Pou a Rangi the Climate Change CommissionInāia tonu nei: a low emissions future for Aotearoa, at 5.1.4, paragraph 38.

[44] The Demonstration Pathway is a low overshoot scenario, with reductions in agricultural methane sitting just outside the IPCC's interquartile range at 2030, but within the IPCC interquartile range by 2050. See He Pou a Rangi the Climate Change CommissionInāia tonu nei: a low emissions future for Aotearoa, at 9.4.2, paragraph 37.

Table 18: Agriculture – dairy sector key elements and approach selected.

Key target elements	Approach selected
2022 baseline	11.05 kgCO2e/kgMS
2030 target	9.83 kgCO2e/kgMS (-11% by 2030)
Sector coverage (based on 1993 ANZSIC)	All customers in ANZSIC industry 'Class' code 0130
Reference scenario	CCC Demonstration Pathway (May 2021)
Emissions scope	Scope 1 biological emissions only (non-biological emissions being a negligible proportion of the sector's emissions)
Target metric	kg CO2e/kg milk solids (kgCO2e/kgMS)
Financing scope	Total Committed Exposure excluding derivatives and bonds or guarantees.
PCAF data quality score	4.5

Agriculture – dairy

Figure 13: Agriculture - dairy sector target and reference scenario.

Key actions to deliver BNZ's 2030 Agriculture - dairy target

The Dairy sector is exposed to both physical and transitional climate-related risks, highlighting the significance of having a climate resilient, efficient sector to support future success. BNZ is committed to supporting the Dairy sector's emission reductions. In addition to Section 2.5 Transition Plan aspects of BNZ's strategy, the following are specific implementation and engagement actions to deliver the Agricultural - dairy target.

Implementation strategy

BNZ is focused on supporting customers adapting to a changing regulatory environment and market shifts, while maintaining and enhancing the natural capital they rely on for business sustainability.

- **Products and services** - BNZ's suite of products and services, including sustainable finance offerings, are being used to support customers' emission reductions. BNZ has a suite of green business lending products that can be used by farming customers to help support their investment in green assets and projects on farms. More information is available in BNZ's Sustainable Finance Framework and 2023 target disclosure, both available on our website at bnz.co.nz/sustainability.
- **Customer transition maturity** – BNZ has developed a framework for evaluating climate transition maturity to help track their progress.
- **Colleague training and development** – A sub-group of Agribusiness colleagues has been established as Natural Capital Champions of which a number have undertaken the Chartered Banker Institute's Green & Sustainable Finance Certificate. BNZ supports colleagues supporting the dairy sector to develop capability and sector expertise, through internal training, industry related courses, conferences, and seminars.

Engagement strategy

- BNZ supports AgriZeroNZ in the continuation of its work to provide farmers with a range of tools to reduce emissions. In FY25, AgriZeroNZ has more than $67 million committed across 14+ ventures, research projects and trials. The first tool from its portfolio, a methane-inhibiting bolus, is expected to become available in 2026 pending regulatory approval.
- BNZ is actively involved with relevant industry forums and regularly has colleagues attending and participating in industry conferences and seminars.

Key assumptions and limitations

Key assumptions associated with the CCC Demonstration Pathway[45] have been outlined in detail in BNZ's 2023 target disclosure, available on our website at bnz.co.nz/sustainability.

There are data limitations impacting the specificity of reporting on this sector as BNZ receives emissions data from a third party that is aggregated at a regional level. BNZ then relies on assumptions in the application of this data to its customer base. While these data limitations are known and acknowledged, the target is managed at a portfolio level, not at the level of individual customers and continued work is needed to improve these data limitations.

[45] See further information about the Demonstration Pathway, page 46.

Oil and gas (upstream only)

Target overview

Reducing the emissions of New Zealand's economy is dependent on reducing demand for oil and gas products across many sectors, including transport, power generation and the industrial sector as a whole. The Oil and gas sector emissions reduction target is a 21% reduction in absolute financed emissions by 2030, from a FY21 baseline. The target is limited to upstream Oil and gas sector; those customers that primarily explore or extract oil and gas. The target covers reported scope 1, 2 and 3 emissions. The methodology and approach to the setting of this target was provided in the BNZ's 2023 target disclosure, available on our website at bnz.co.nz/sustainability.

Progress towards target

Compared to FY24, absolute financed emissions declined in FY25, marking a 71% reduction from the 2021 baseline. This reflects a reduction in both customer emissions and BNZ's share of the emissions across the portfolio.

Adopting the IEA NZE 2050 Pathway

For the Oil and gas sector, BNZ adopted the International Energy Agency's Net Zero Emissions by 2050 (IEA NZE 2050) pathway, which is consistent with the goals of the Paris Agreement and New Zealand's legislated climate targets under the Climate Change Response Act 2002.

Table 19: Oil and gas sector key elements and approach selected.

Key target elements	Approach selected
2021 baseline	1.14MtCO2e
2030 target	0.90MtCO2e (-21% by 2030)
Sector coverage (based on 1993 ANZSIC)	120001 Gas, Natural Extraction 120002 L.N.G. Production At Wellhead 120003 Liquefied Petroleum Gas Production (Not At Refineries) 120004 Natural Gas Separation At The Wellhead 120005 Oil Shale Mining 120099 Oil And Gas Extraction 151101 Petroleum Exploration (Own Account) 151201 Natural Gas Exploration On Contract 151202 Petroleum Exploration On Contract 151299 Petroleum Exploration Services 152001 Contract Mining Services 152002 Oil and Gas Field Services 152099 Other Mining Services
Reference scenario	IEA NZE 2050 (May 2021)
Emissions scope	Scope 1, 2, and reported scope 3
Target metric	Absolute emissions, tCO2e
Financing scope	Total Committed Exposure, excluding derivatives and bonds or guarantees.
PCAF data quality score	2

Oil and gas (upstream only)

Figure 14: Oil and gas sector target and reference scenario.

Key actions to deliver BNZ's Oil and gas target

In addition to Section 2.5 Transition Plan aspects of BNZ's strategy, the following outlines specific transition plan actions to deliver the Oil and gas target.

Implementation Strategy

Policies and conditions – Internal policies have been updated to manage BNZ's exposure to the Oil and gas sector.

Engagement Strategy

Customer Transition Plans - Subject to normal credit appetite considerations, BNZ is committed to supporting its existing upstream Oil and gas customers while they transition to a low emission, climate resilient economy.

Key assumptions and limitations

Further information on assumptions and limitations associated with the IEA NZE 2050 scenario are outlined in detail in BNZ's 2023 target disclosure, available on our website at bnz.co.nz/sustainability.

BNZ sources emissions data directly from Oil and gas sector customers. The data provided includes emissions data which has not been independently verified. Refer to Appendix D for more information on financed emissions data sources, methodologies and approach to conglomerates which is relevant for the Oil and gas and Power generation sectors.

Power generation

Target overview

The Power generation sector is key to New Zealand transitioning to a low emissions economy, with a significant increase in renewable power generation capacity required by 2030 to support electrification of parts of the economy currently reliant on fossil fuels, such as transportation.

BNZ's Power generation target is a 74% decrease in emissions intensity (kgCO2e/MWh) by 2030, against a FY21 baseline. The sector scope includes electricity generation from fossil fuels and renewable sources. BNZ disclosed its Power generation emissions reduction target in 2023. The methodology and approach to the setting of this target is provided in BNZ's 2023 target disclosure, available on our website at bnz.co.nz/sustainability.

Progress towards target

BNZ's Power generation portfolio recorded a decline in emissions intensity in FY25, driven primarily by an increase in TCE to the sector combined with a reduction in emissions intensity across the portfolio of customers. This progress reflects the commissioning and build-out of new renewable generation, which directly offsets fossil fuel use. Dry years and non-linear progress towards the target, influenced by weather changes, were anticipated at the time the target was set. Hydrological variability continues to influence year-on-year reliance on fossil generation, with generator retailers (gen-tailers) maintaining reserve capacity at Huntly.

Despite these fluctuations, the portfolio has achieved a 41% reduction in emissions intensity against the 2021 baseline. Further reductions are expected over time as New Zealand's electricity grid becomes increasingly reliant on renewable generation. BNZ continues to support investment in renewables, though the benefits of these long-term projects may not be immediately reflected in intensity metrics. We remain vigilant for material developments in the power generation sector that could impact the assumptions underpinning this target.

Adopting the CCC Tailwinds pathway

The Tailwinds scenario for setting its Power generation target considers New Zealand's largely renewable power generation mix. BNZ adopted the CCC's Tailwinds scenarios as the assumptions underpinning it are ambitious but achievable, and reliant on existing technology deployment rather than new technological developments. This is supported by government policy, including the current government's commitment to double renewable energy by 2050, the emission reduction roadmap prepared by the Boston Consulting Group[46] and analysis of the plans of its power generation customers. Key assumptions associated with CCC Tailwinds scenario are outlined in detail in BNZ's 2023 target disclosure, available on our website at bnz.co.nz/sustainability.

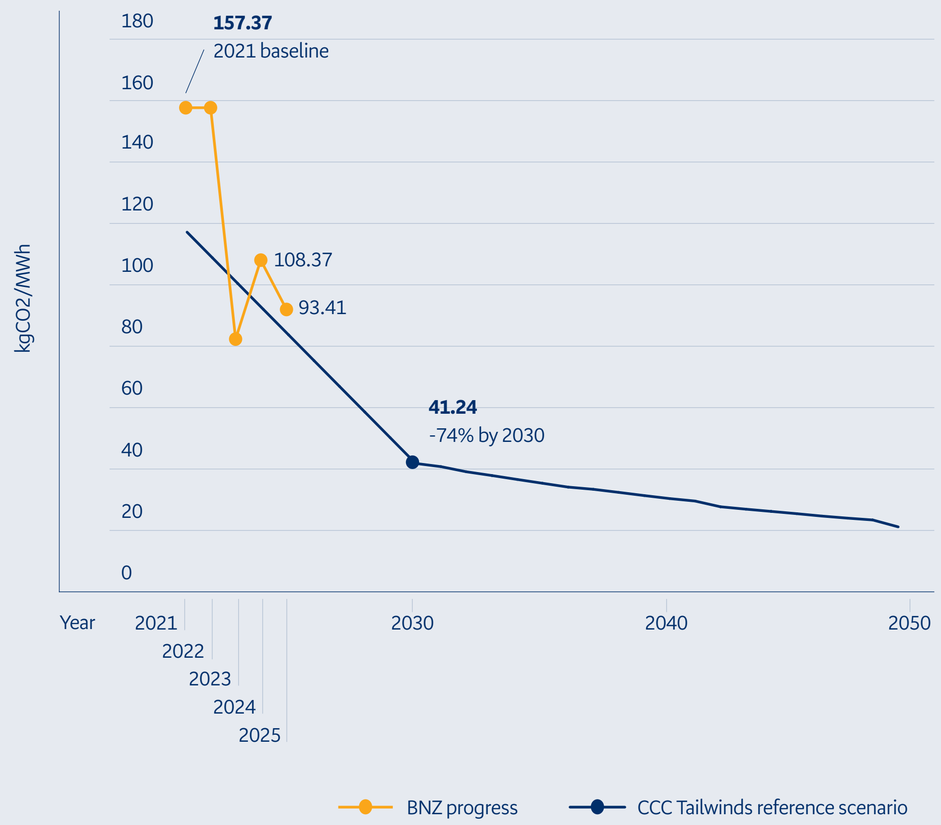
[46] Boston Consulting Group. (October 2022). The Future is Electric: A Decarbonisation Roadmap for New Zealand's Electricity Sector.

Table 20: Power generation sector key elements and approach selected.

Key target elements	Approach selected
2021 baseline	157 kgCO2/MWh
2030 target	41 kgCO2/MWh (-74% by 2030)
Sector coverage (based on 1993 ANZSIC)	361002 Electricity Generation 361004 Hydroelectric Power Generation 361007 Electricity Generation using Coal 361008 Electricity Generation using Gas 361010 Wind Farms 361011 Renewable Energy
Reference scenario	CCC Tailwinds scenario (May 2021)
Emissions scope	Scope 1 and 2
Target metric	kgCO2e/MWh
Financing scope	Total Committed Exposure, excluding derivatives and bonds or guarantees.
PCAF data quality score	1.3

Power generation

Figure 15: Power generation sector target graph and reference scenario.



Key actions to deliver BNZ's Power generation target

In addition to Section 2.5 Transition Plan aspects of BNZ's strategy, the following outlines specific transition plan actions to deliver BNZ's Power generation target.

Implementation Strategy

- **Energy sector strategy** – BNZ is focused on providing financing to both established gen-tailers and independent developers of renewable energy generation, as well as supporting further development of infrastructure and technologies e.g., transmission, distribution, and energy storage.
- **Products and services** – BNZ continues to invest in its long-established project finance capability and services aimed at supporting customers' emission reduction objectives. Green finance and Sustainability Linked Lending can finance renewable energy projects or can be arranged to support emission reduction and renewable energy investment.
- **Colleague capability** – BNZ intends to continue to support colleagues working in the sector to develop the requisite technical capability to support the 2030 emissions reduction target. Training has already been delivered to Corporate and Institutional bankers on BNZ's sector emissions reduction targets, and BNZ's Sustainable Finance Framework and how it is applied in practice. BNZ plans to continue to support colleagues working in the sector to develop the requisite technical capability and sector expertise to meet customer demand for financing products and services in electricity generation, transmission, and distribution.

Engagement Strategy

- **Customer transition plans** - BNZ has developed a framework for evaluating climate transition plans for high emitting customers and has begun undertaking assessment of those plans for relevant Corporate and Institutional banking customers. Subject to normal credit appetite considerations, BNZ will continue to encourage emissions intensive power generation customers who are committed to transition their business in alignment with a 1.5 °C pathway.
- **Customer insights** - Supporting customers with insights (for example, around transition planning, peer benchmarking) and organising industry relevant customer events helps to increase understanding and awareness of relevant industry issues.

Key assumptions and limitations

Further information on assumptions associated with CCC Tailwinds scenario are outlined in detail in BNZ's 2023 target disclosure, available on our website at bnz.co.nz/sustainability.

The emissions and generation data used for setting the Power generation baseline was sourced primarily from customer reporting. The data provided includes emissions data which has not been independently verified. Refer to Appendix D for more information on data sources, methodologies and approach to conglomerates which is relevant for the Oil and gas and Power generation sectors.

Mining - coal

Target overview

BNZ committed to exit all lending to thermal coal mining by the end of 2025, and all remaining lending to coal mining by the end of 2030. As at 30 September 2025, all term lending to this sector has been exited. Since FY21, BNZ's TCE to this sector has decreased by 99% (FY24: 98%). The remaining balances relate to business credit card facilities provided to existing customers.

Figure 16: Mining - coal sector target.

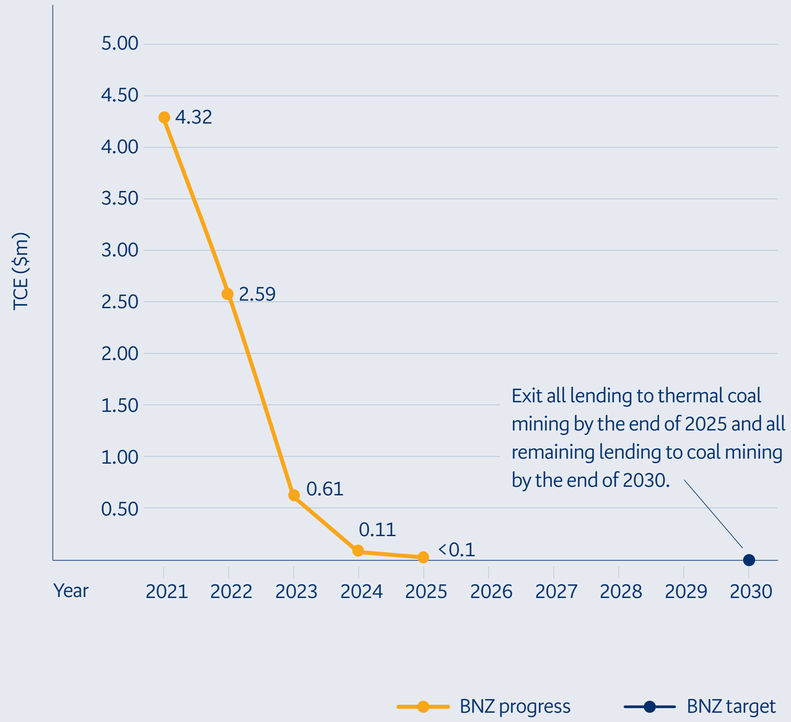


Table 21: Mining – coal sector key elements and approach selected.

Key target elements	Approach selected
2021 baseline	$4.32 million
2030 target	$0
Sector coverage (based on 1993 ANZSIC)	110101 Black Coal Mining - Coking 110102 Black Coal Mining – Steaming 110201 Brown Coal Mining 110202 Lignite Mining 110203 Peat Cutting
Reference scenario	Not applicable
Emissions scope	Not applicable
Target metric	$
Financing scope	Total Committed Exposure, excluding derivatives and bonds or guarantees.
PCAF data quality score	Not applicable

Residential real estate

Target overview

BNZ's TCE to the Residential real estate sector totals $67 billion representing around 53% of total BNZ TCE as at 30 September 2025.

A physical emissions intensity target is a target that measures the tCO2e of emissions produced per unit of production. Physical emissions intensity targets focus on improving the emissions efficiency of production processes. BNZ has set an emissions reduction target for its Residential real estate sector portfolio of a 34% decrease in emissions intensity (CO2e/m2) by 2030, against a 2023 baseline.

The interrelationship between weather changes impacting Power generation and Residential real estate energy use is likely to see the emissions intensity for both the Power generation sector target and the Residential real estate sector target fluctuate year on year with a downward trend towards its 2030 target.

Progress towards target

BNZ's Residential real estate portfolio has seen an increase in emissions intensity due to the annual electricity emissions factor for 2024 (used in 2025 reporting[47]) increasing substantially compared to 2023. This rise is due to a higher proportion of fossil-fuel-based generation in 2024, following two years of relatively low emissions supported by strong hydro inflows and favourable weather conditions for producing renewable energy.

As a result, the emissions intensity of the Residential real estate portfolio has seen a 27% increase against the 2023 baseline. Reductions in emissions intensity are still anticipated over time, as NZ's electricity grid becomes more reliant on renewable generation year on year as well as increasing energy generation by individual consumers (e.g. household roof top solar), energy efficiency activities (increased insulation, double glazing, and changes from gas to electric space heating).

BNZ continues to support investment in renewable generation but due to the ongoing nature of these projects, the benefits may not be immediately reflected in BNZ's intensity target[48].

Table 22: Residential real estate sector key elements and approach selected.

Key target elements	Approach selected
2023 baseline	5.76kg CO2e/m2
2030 target	3.81kg CO2e/m2 (-34% by 2030)
Sector coverage	All consumer lending products secured by a residential property
Reference scenario	CCC Tailwinds scenario (2021)
Emissions scope	Scope 1 and 2
Target metric	kg CO2e/m2
Financing scope	Total Committed Exposure
PCAF data quality score	4

Adopting the CCC Tailwinds Pathway

BNZ has adopted the CCC Tailwinds pathway as its reference scenario for the Residential real estate sector then added floor area-related data to enable a target denominated in a physical intensity metric (CO2e/m²). Tailwinds was considered the most appropriate scenario due to its applicability to New Zealand and transparency around its data and assumptions. There were no suitable local or global alternative pathways available to BNZ at the time of developing the target.

[47] The Ministry for the Environment (MfE) released its updated Measuring Emissions Guide in May 2025, including a revised annual electricity emissions factor for 2024. The update reflects 2024 generation data and shows a rise in emissions due to increased fossil fuel use.

[48] In FY24 this included targets or internal emissions controls for certain sectors to be developed in FY25 where data permitted (those sectors being Agriculture - sheep & beef; Commercial real estate; and Transport - road) and the Residential real estate sector transition plan. These have not been developed because they are no longer mandatory under the NZBA's Guidance for Climate Target Setting for Banks.

Residential real estate

Figure 17: Residential real estate sector target graph and scenario reference

Key actions to deliver BNZ's Residential real estate target

In addition to Section 2.5 Transition Plan aspects of BNZ's strategy and the actions outlined above under the Power generation target, the following outlines specific transition plan actions to deliver BNZ's Residential real estate target.

Implementation Strategy

- **Data and technology** - Internal dashboard to track progress against the target has been developed. Exploring potential approaches for sourcing customer-level emissions data and assessing platform partnership opportunities.
- **Products and services** - BNZ continues to offer a fixed-rate top-up product designed to incentivise existing homeowners to invest in electric and other energy-efficient upgrades. BNZ will continue to assess and monitor the cost–benefit trade-offs of expanding this offering. BNZ's suite of green business lending products indirectly supports the growth of energy-efficient housing developments by financing businesses and projects that enable the adoption of sustainable design and construction practices.
- **Colleague capability** – Proactively monitor market developments to enhance banker expertise, strengthening BNZ's competitive position and enabling resilient, sustainable growth. Identify organisation-wide capability gaps and, in collaboration with key stakeholders, design and deliver a targeted uplift programme. This includes rollout of the Climate Foundations course.

Engagement Strategy

- **Advocacy** – Identify Government priority areas that support resilient growth and develop key advocacy points to ensure regulatory environment supports good customer outcomes.

Key scenario assumptions and dependencies

Further information on assumptions underpinning the CCC Tailwinds pathway for the Residential real estate sector are outlined in detail in BNZ's FY24 Climate Statement, available on our website at bnz.co.nz/sustainability.

Sourcing sector data

BNZ has calculated its attributable financed emissions intensity (scope 1 and 2) by aggregating the emissions and floorspace of its Residential real estate portfolio. Floor area data for each property was obtained from a third-party provider. Emissions were estimated at the regional level using externally sourced regional electricity consumption data, heating and cooling data by region, and relevant New Zealand emissions factors. Property-level data quality and composition are likely to improve over time.

Appendix

Appendix A – Glossary:

This glossary incorporates defined terms contained in the Aotearoa New Zealand Climate Standard 1 Climate-related Disclosures (NZ CS 1) issued by the XRB on 14 December 2022 and additional defined terms which are used in these Statements.

Term	Definition
ANZSIC	Australia and New Zealand Standard Industrial Classification (a system enabling categorisation of customers by their principal industry sector).
Baseline year/Base year	An historical datum (a specific year or an average over multiple years) against which an entity's metric is tracked over time.
BNZ Properties	BNZ Properties means all properties, or lettable spaces within a property, leased or used by BNZ for its operations. This includes corporate offices, branches, customer connection hubs, Partners Centres and ATMs.
Carbon dioxide equivalent/CO2e	The universal unit of measurement to indicate the global warming potential of each of the seven GHGs, expressed in terms of the global warming potential of one unit of carbon dioxide for 100 years. It is used to evaluate releasing (or avoiding releasing) any GHGs against a common basis.
Climate-related opportunities	The potentially positive climate-related outcomes for an entity. Efforts to mitigate and adapt to climate change can produce opportunities for entities, such as through resource efficiency and cost savings, the adoption and utilisation of low-emissions energy sources, the development of new products and services, and building resilience along the value chain.
Climate-related risks	The potential risks that may arise from climate change or from efforts to mitigate climate change, their related impacts, and their economic and financial consequences for BNZ and its customers and suppliers. See also the definitions of physical risks and transition risks.
Climate scenario analysis	A process for systematically exploring the effects of a range of plausible future events under conditions of uncertainty. Engaging in this process helps an entity to identify its climate-related risks and opportunities and develop a better understanding of the resilience of its business model and strategy.
Climate Standards	Aotearoa New Zealand Climate Standards issued by the External Reporting Board, comprise the climate-related disclosure framework.
Climate statements	Climate statements have the meaning set out in section 5 of the Financial Reporting Act 2013.
Emission factor	A factor allowing GHG emissions to be estimated from a unit of available activity data (for example, tonnes of fuel consumed, tonnes of product produced) and absolute GHG emissions.
Emissions intensity	Intensity ratios express GHG emissions impact per unit of physical activity or unit of economic output. A physical intensity ratio is suitable when aggregating or comparing across entities that have similar products. An economic intensity ratio is suitable when aggregating or comparing across entities that produce different products. A declining intensity ratio reflects a positive performance improvement. Intensity ratios are also often called normalised environmental impact data. Examples of intensity ratios include product emission intensity (for example, tonnes of GHG emissions per electricity generated); service intensity (for example, GHG emissions per function or service); and sales intensity (for example, emissions per sales).

Term	Definition
Facilitated emissions	Facilitated emissions are the GHG emissions associated with capital market issuances of new debt or equity securities and loan syndication.
Financial impacts	The translation of impacts into current or anticipated impacts on financial performance, financial position, and cash flows.
Financing scope	Types of financing and products that are in and out of scope of the target.
Global warming potential/GWP	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of carbon dioxide (CO2).
Greenhouse gas/GHG	The greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF3), perfluorocarbons (PFCs), and sulphur hexafluoride (SF6).
Gross emissions	Emissions are the release of GHGs into the atmosphere. Gross emissions are total GHG emissions excluding any removals, and excluding any purchase, sale, or transfer of GHG emission offsets or allowances. Gross scope 2 emissions must be calculated using the location-based method.
Gross Loans and Advances to Customers	Gross Loans and Advances to Customers refers to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when BNZ provides money or services directly to a customer, with no intention of trading the loan. Gross Loans and Advances to Customers is disclosed as a separate item on BNZ's balance sheet in the Disclosure Statement.
ICAAP	BNZ's conditions of registration (as set by RBNZ) require it to have an internal capital adequacy assessment process (ICAAP) for assessing its overall capital adequacy in relation to risk profile and a strategy for maintaining adequate capital to support risks.
Industry-related Loans	BNZ loans with an Australian and New Zealand Standard Industrial Classification (ANZSIC) code, excluding residential real estate.
Intensity target	A target defined by a change in the ratio of emissions to a metric over time.
Outstanding Amount/ OA	OA refers to the actual outstanding loan amount i.e., the value of the debt that the borrower owes to the lender (i.e., disbursed debt minus any repayments).
PCAF	Partnership for Carbon Accounting Financials.
PCAF data quality score	The quality of financed emissions data can vary depending on assumptions relating to its assuredness, specificity, and other variables. The PCAF (2022) Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition, contains a data quality scoring hierarchy per asset class which rates data quality from one to five. A score of one is best and reflects verified and disclosed emissions. A score of five is worst and reflects poor emissions data quality.

Term	Definition
Physical risks	Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in rainfall, temperature, increased variability in weather patterns and sea level rise.
Reference scenario	This is the scenario BNZ has used as a basis for a target. The year stated in brackets indicates the year the scenario was released.
RBNZ	Reserve Bank of New Zealand – Te Pūtea Matua
Renewable Energy Certificate/ REC	A market-based instrument that represents the property rights to the environmental attributes of renewable electricity generation. One REC is typically equivalent to one megawatt-hour (MWh) of electricity generated from a renewable energy resource. When renewable energy is generated, it produces environmental benefits, such as the reduction of greenhouse gases and other pollutants compared to conventional fossil fuel-based electricity.
Scenario flags	Internally defined indicators that signal whether the underlying scenario themes are occurring or are likely to occur.
Scope 1	Direct GHG emissions from sources owned or controlled by the entity.
Scope 2	Indirect GHG emissions from consumption of purchased electricity, heat, or steam.
Scope 3	Other indirect GHG emissions not covered in scope 2 that occur in the value chain of the reporting entity, including upstream and downstream GHG emissions. Scope 3 categories are purchased goods and services, capital goods, fuel-related and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments.
Shared Socioeconomic Pathways/ SSP, SSPX-Y scenarios	The Shared Socioeconomic Pathways (SSPs) are baseline narrative scenarios that identify socio-economic assumptions, geopolitical assumptions, and economic and technological trends. The SSPX-Y scenarios combine the baseline SSPs (X) from the IPCC's sixth assessment reporting period (AR6) with corresponding radioactive forcing levels (Y). For example, 'SSP1-1.9' is a scenario that combines SSP1 with 1.9 watts per square meter of radiative forcing in 2100 - relative to pre-industrial levels.
Sustainability Risk	Sustainability Risk is the risk that Environmental, Social or Governance (ESG) events or conditions negatively impact the risk and return profile, value, or reputation of BNZ or its customers and suppliers, or its ultimate parent company, NAB.
Target metric	Targets can be absolute emissions or physical intensity targets. Absolute emissions targets are usually measured in tCO2e, whereas physical intensity targets are usually measured in tCO2e/unit of production.

Term	Definition
TCE	Total Committed Exposure (TCE) refers to the total amount BNZ is committed to lend to a customer. It includes Gross Loans and Advances to Customers, as well as irrevocable commitments to extend credit, but it excludes personal lending. Irrevocable commitments to extend credit are agreements to lend to a customer which can be drawn down at any time before the commitments expire as long as there is no violation of any condition established in the contract.
Transition risks	Risks related to the transition to a low-emissions, climate resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.
XRB	External Reporting Board, issuer of the Climate Standards.
Value chain	The full range of activities, resources and relationships related to an entity's business model and the external environment in which it operates. A value chain encompasses the activities, resources, and relationships an entity uses and relies on to create its products or services from conception to delivery, consumption, and end of life. Relevant activities, resources and relationships include those in an entity's operations, such as human resource, those along its supply, marketing, and distribution channels, such as materials and service sourcing and product and service sale and delivery, and the financing, geographical, geopolitical, and regulatory environments in which an entity operates.

Appendix B – Strategy methodology, key assumptions and limitations

This appendix provides further information in relation to the approach for the analysis discussed in the Strategy section of these Statements. BNZ is at an early stage of understanding climate-related impacts on BNZ, and the approach set out below does not cover all risks that may affect BNZ and/ or its customers, nor has BNZ yet assessed all risks using the same methodologies. Limitations to BNZ's approach are discussed below.

Quantitative physical risk methodology

Climate models

BNZ has used climate change models to support its assessment of climate-related risks and opportunities. Climate models use robust scientific principles to show how GHG emissions are projected to drive physical environmental changes. BNZ used CMIP6 (refer to footnote 11 for a description) climate model projections that show the potential exposure of physical risks under differing future temperatures.

The extent of underlying GHG emissions is based on a range of socio-economic futures, known as Shared Socioeconomic Pathways (SSP). SSPs show a range of potential global warming impacts over the coming century (Table 23 and refer to the Glossary for a description of SSP). The results of these models are used by the IPCC and others.

It is important to note that climate models are projections, not predictions, of a future state and do not capture the full extent of physical hazards. Climate models are not linear, and are also independent of each other, which means that SSPs can show different exposures to physical risk over time.

[49] Refer to the Glossary for a description of SSPs.

[50] Riahi K, Vuuren DP van, Kriegler E, Edmonds J, O'Neill BC, Fujimori S, Bauer N, Calvin K, Dellink R, Fricko O, Lutz W, Popp A, Cuaresma JC, KC S, Leimbach M, Jiang L, Kram T, Rao S, Emmerling J, Ebi K, Hasegawa T, Havlik P, Humpenöder F, Silva LAD, Smith S, Stehfest E, Bosetti V, Eom J, Gernaat D, Masui T, Rogelj J, Strefler J, Drouet L, Krey V, Luderer G, Harmsen M, Takahashi K, Baumstark L, Doelman JC, Kainuma M, Klimont Z, Marangoni G, Lotze-Campen H, Obersteiner M, Tabeau A and Tavoni M. (2017). 'The Shared Socioeconomic Pathways and their energy, land use, and greenhouse gas emissions implications: An overview'. Global Environmental Change, 42:153–168

Table 23: Description of SSPs and associated CMIP6 annual mean surface air temperature anomalies (°C).

Pathway (SSP number and radiative forcing level)[49]	SSP1-1.9	SSP1-2.6	SSP2-4.5	SSP5-8.5
Change in °C for 2041-2060*	1.7°C (1.1 – 2.4°C)	1.7°C (1.3 – 2.2°C)	2.1°C (1.5 – 3.0°C)	2.6°C (1.8 – 3.4°C)
Change in °C for 2081-2100*	1.5°C (1.0 – 2.2°C)	1.8°C (1.3 – 2.4°C)	2.9°C (2.1 – 4.0°C)	4.8°C (3.6 – 6.5°C)
Description	Sustainability – Taking the Green Road		Middle of the Road	Fossil-fuelled Development – Taking the Highway
Summary of SSP narratives[50]	SSP1: The world shifts gradually, but pervasively, toward a more sustainable path, emphasizing more inclusive development that respects perceived environmental boundaries. Management of the global commons slowly improves, educational and health investments accelerate the demographic transition, and the emphasis on economic growth shifts toward a broader emphasis on human well-being. Driven by an increasing commitment to achieving development goals, inequality is reduced both across and within countries. Consumption is oriented toward low material growth and lower resource and energy intensity.		SSP2: The world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns. Development and income growth proceeds unevenly, with some countries making relatively good progress while others fall short of expectations. Global and national institutions work toward but make slow progress in achieving sustainable development goals. Environmental systems experience degradation, although there are some improvements and overall, the intensity of resource and energy use declines. Global population growth is moderate and levels off in the second half of the century. Income inequality persists or improves only slowly and challenges to reducing vulnerability to societal and environmental changes remain.	SSP5: This world places increasing faith in competitive markets, innovation, and participatory societies to produce rapid technological progress and development of human capital as the path to sustainable development. Global markets are increasingly integrated. There are also strong investments in health, education, and institutions to enhance human and social capital. At the same time, the push for economic and social development is coupled with the exploitation of abundant fossil fuel resources and the adoption of resource and energy intensive lifestyles around the world. All these factors lead to rapid growth of the global economy, while global population peaks and declines in the 21st century. Local environmental problems like air pollution are successfully managed. There is faith in the ability to effectively manage social and ecological systems, including by geo-engineering if necessary.
Challenges	Low challenges to mitigation and adaptation.		Medium challenges to mitigation and adaptation.	High challenges to mitigation, low challenges to adaptation.

* Denotes the change in annual mean surface air temperature. Displayed are multi-model averages and the numbers in parentheses indicate the 5–95% ranges. Change is in annual mean surface air temperature relative to 1850–1900 (pre-industrial levels).

In FY24, BNZ moved to SSP1-2.6 from SSP1-1.9 (the latter being used as the lower bound in the quantitative physical risk analysis conducted in FY23) for greater alignment with peers and other industry bodies, and because SSP1-2.6 physical impacts - often used in 1.5°C scenarios - are seen as more plausible. BNZ has continued this approach for FY25.

BNZ engaged ClimSystems Ltd (ClimSystems) to perform the modelling of the climate data and BNZ performed the building overlay analysis. The overlay analysis method uses the spatial layer of a physical risk (e.g. flooding) and overlays it with a layer of the building footprints or land parcel to determine exposed sites.

For ClimSystems to analyse the impacts of sea level rise, 1m resolution LiDAR and 8m resolution Digital Elevation Model (DEM) data was provided by Toitū Te Whenua Land Information New Zealand (LINZ). However, the data covered only parts of New Zealand. For the areas without this data, the 30-meter spatial resolution global remote sensing Digital Terrain Model (DTM) data was applied as an alternative. The components of sea level rise have been calculated at the local area level, by evaluating the normalised monthly sea level rise patterns at the given location applied to the global mean sea level rise for the selected pathway and year, in addition to the Vertical Land Movement values obtained from stations at the studied location. For global sea level rise, the regional pattern of thermal expansion was approximated using a pattern-scaling method derived from international research and IPCC guidance.

For ClimSystems to analyse the fluvial and pluvial flood depths, a two-dimensional flood simulation approach was used. The fluid model was applied to the ground elevation derived from the DTM using a model grid cell resolution set to 30m, to account for the lowest resolution. Where LiDAR data of a higher resolution was available, sampling was used to provide an average elevation estimate for a 5m grid. The flood model included parameters to represent surface roughness, ground infiltration, natural water levels and extreme rainfall events.

BNZ overlaid the ClimSystems climate files on the LINZ building footprint data and calculated both the mean inundation depth and percentage inundation across all buildings on the site location. BNZ uses the largest building on a property parcel as the best estimation of main building. For rural property flooding, drought and heat stress analysis, BNZ used the entire parcel as it represents the asset at risk.

Understanding the percentiles of climate models

Although climate models use well-established scientific principles, each model uses slightly different approaches that, in turn, produce different outputs. These outputs can be represented using percentiles which denote the threshold of a collection of model results. The 50th percentile is used to show the middle value of the model results and the 99th percentile indicates the potential outlier exposure. For example, the illustrative figure below shows that the TCE of properties securing loans, exposed to coastal inundation in 2050 can range from $2,531 million (5th percentile) through to an outlier 99th percentile of $4,078 million (under SSP5-8.5 climate model).

BNZ internally analysed four percentiles (5th, 50th, 95th and 99th) for each climate model. Exploring this range allows BNZ to internally understand the bounds of the model outputs and the extent of BNZ and its customers' exposure to physical risks. However, the results of climate models generate a large range of data. For ease of readability, unless otherwise stated in the text (Section 2.4 Anticipated impacts of climate-related and opportunities) and in this appendix, all data disclosed uses SSP5 - 8.5, Fossil-fuelled Development – Taking the Highway and 99th percentile as this highlights the outlier model risk of BNZ's potential exposure to physical risks and BNZ considers this to be a conservative approach.

Figure 18: Illustration of the difference in exposure to coastal inundation under different percentiles of the SSP5 8.5 climate model.

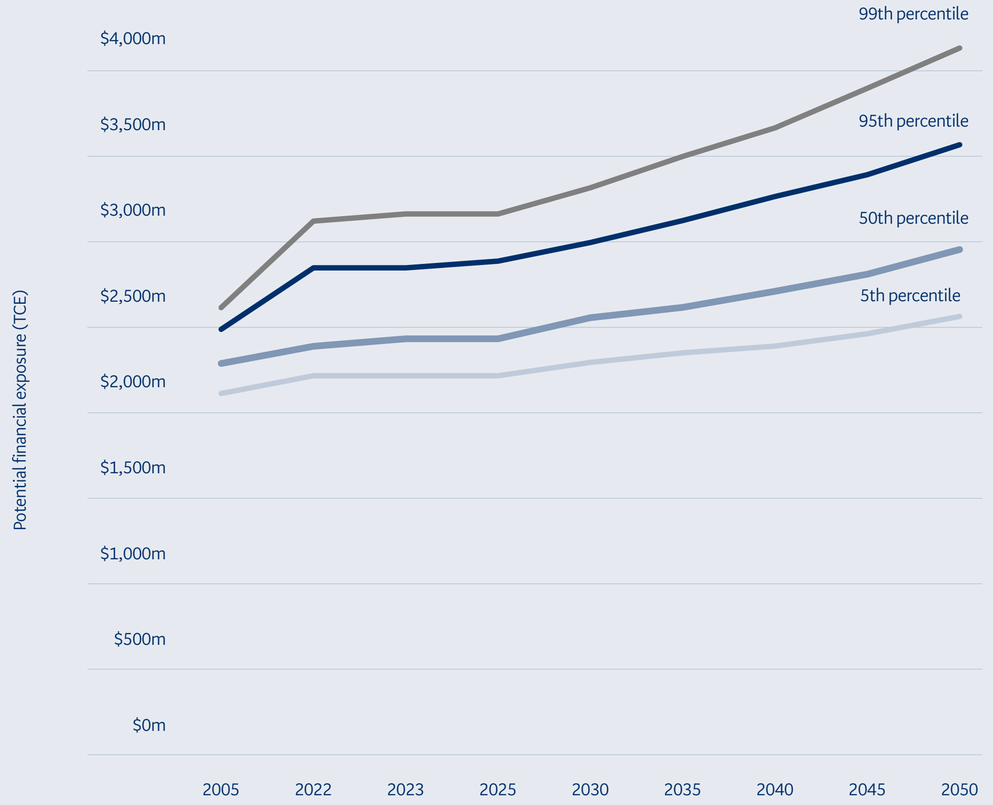


Table 24: Physical climate risks.

Physical risk climate variables		
	Sea level rise inundation	Sea level rise inundation refers to permanent flooding of low-lying coastal land due to a climate change-induced increase in the average height of the sea where it meets the land. This risk considers regional variations in sea level change and projected vertical land movement under different climate models.
	Coastal inundation	Coastal inundation refers to temporary flooding of low-lying coastal land and estuaries due to the combination of a storm tide event, wind and pressure changes, and local sea level rise (including vertical land movement). For coastal inundation, there is an estimated 1-in-100-year chance of coastal inundation occurring on any customer property (1% annual exceedance probability (AEP)[51]).
	Flooding	Flood refers to temporary flooding caused by rivers overflowing (fluvial) and an extreme rainfall event (pluvial). For this risk, there is an estimated 1-in-100-year chance of flooding occurring on any customer property (1% AEP). The flood model integrates the digital elevation of the land and a storm profile, combined with surface roughness and infiltration, to provide the potential flood risk for different climate models.
	Drought	Drought analysis uses the Standardised Precipitation Evapotranspiration Index (SPEI). SPEI is a multi-scalar drought index which can account for both intensity and duration of droughts. It is modelled using the monthly (or weekly) difference between rainfall and potential evapotranspiration to represent a simple climatic water balance. BNZ analysis shows the annual percentage probability of a given location property experiencing a 3-month drought.
	Livestock heat stress	Livestock heat stress is measured using the Temperature Humidity Index (THI) for livestock, which accounts for the combined effects of environmental temperature and relative humidity. BNZ analysis shows the expected number of days a property may be subject to various levels (no, mild, severe, extreme, and death) of temperature and humidity.

These physical climate risks can cause damage to properties used to secure loans to customers and result in cascading transition risks (e.g. insurance retreat, reduced property value prices, and local government land use restrictions). These physical risks were also chosen as they broadly align with risk analysis BNZ has conducted for stress testing and climate scenario analysis.

Limitations:

- BNZ is aware that there are physical risks that it has not yet considered in this analysis. These include, for example, wildfires, windstorms, landslips, cyclones, saline intrusion of aquifers, extreme heat, and hail. BNZ intends to continue to build on its climate impact assessment across its business.
- For Residential and Commercial properties where BNZ cannot map a building location due to data availability, the exposure of the land parcel is used as a proxy estimate[52].
- The degree to which the collateral or security for a loan is affected will be determined by the size of the land parcel, proximity to lifeline utilities, and the ability for adaptation actions to be applied. The impacts of physical risks can also lead to broader transition risks e.g. market demand and regulatory changes.
- We expect all thresholds will improve in sophistication as additional data points become available and are included. For example, physical flood impacts are assessed using the building footprint and do not consider floor level height as BNZ does not have floor level height data for the portfolio.

Other limitations or exclusions include:

- the analysis is non-amortised, static (i.e. assumes no increase or decrease) TCE;
- velocity of water and debris within the flood (e.g. forestry slash);
- individual building characteristics and adaptation options;
- vulnerability, adaptive capacity, or sensitivity of customers;
- broader market or macroeconomic forces, such as future values of properties, and whether properties are likely to maintain insurability;
- compounding and confluence events, such as a storm surge coinciding with a flooding event; and
- other limitations associated with third party modelling.

All the above limitations or exclusions, if known, would provide more granular insights in relation to the risks analysed and discussed.

[51] Annual exceedance probability (AEP) is the probability of a certain sized flood occurring in a single year. For example, 1% AEP means conditions that are estimated to have a 1-in-100 chance of occurring on a particular property in any given year (and an average likelihood of occurring once every 100 years).

[52] The FY23 Climate Report performed modelling using the area of the parcel of land, which may not reflect the actual building footprint on the property. For FY24 and FY25, BNZ has assessed impacts to the building footprint for Residential and Commercial properties to determine exposed sites. Rural properties are still assessed using the area of the parcel of land. There are other differences including how BNZ presented sectors in the FY23 Climate Report, compared to the FY24 and FY25 Climate Reports. Therefore, assessments in the FY23 voluntary Climate Report are not directly comparable with the assessments in the FY24 and FY25 mandatory Climate Statements.

Residential and commercial property methodology

1. Scope: Residential property type includes Residential Property Freehold and Residential Property Leasehold. The Commercial property type includes Commercial Property Freehold, Commercial Property Leasehold, Industrial Property Freehold and Industrial Property Leasehold. Sub-types include warehousing, industrial, manufacturing, offices, retail, hotels, vacant land.
2. Threshold design:
    a. Flood: BNZ used flood fragility curves from a NIWA Technical Report[53] for exposure to flooding. Moderate (repairable structural) damage would occur at 0.2m to 1.5m depth inundation, and Severe damage would occur at depths of 1.6m depths or above. Severe exposure is irreparable structural damage.
    b. Coastal inundation: Moderate (0.2m depth) and Severe (1.6m depth) damage ratios may indicate exposure.
    c. Sea level rise: Given the chronic nature of sea level rise risk, any inundation by sea level rise is classed as exposure.
3. Percentile: 99th
4. Limitations and assumptions:
    » A limitation of the flood and coastal inundation analysis is that the same risk fragility thresholds were applied across Residential and Commercial properties. These are described as suitable for residential and commercial buildings like offices and schools, however NIWA[53] notes that industrial and warehouse buildings are structurally different.

Rural property methodology

BNZ's Rural property type includes the following categories: Sheep Farm, Beef Farm, Orchard, Crop Farm, Dairy Farm, Mixed Farm, Market Garden, Horticultural, Farmlet, Deer Farm, Pig Farm, Forest, Poultry Farm, and Vineyard. 'Lifestyle blocks' fall under Residential and not 'Rural', even though they might be in a rural area. This is because these properties are not dependant on their rural location for a revenue stream and their ability to service debt, in the same way a farm might be.

Flooding, coastal inundation and sea level rise:

1. Scope: all Rural properties.
2. Threshold design:
    a. Flood: a combined metric of 10% pasture coverage and mean depth bands to measure flood risk. A Moderate threshold may be defined as >10% parcel inundation and flood depths below 1.5m. A Severe threshold may be defined by >10% parcel inundation and flood depths 1.5m or greater.
    b. Coastal inundation: >10% pasture coverage.
    c. Sea level rise: any exposure to sea level rise is an appropriate threshold given the significant impacts of permanent inundation.
3. Percentile: 99th
4. Limitations and assumptions:
    » For flood and sea level rise, pasture inundation does not consider location of assets, for example, buildings, irrigation systems, roads, and energy systems on the farm.
    » BNZ anticipates different impacts across agriculture subsectors e.g. horticulture as distinct from livestock farms. In these Statements, BNZ has considered a joint threshold across subsectors.

Drought:

1. Scope: Non-irrigated dairy and the sheep and beef portfolios.
2. Threshold design: an exposure threshold for Drought at 25% or greater percentage probability of a short-term (3-month) drought occurring in a given year. These farms may experience drier soils, unmet water demand, reduction in pasture biomass and increased pest vulnerability in the future.
3. Percentile: Incorporating climate model uncertainty, by continuing to consider outlier risk (99th) at the portfolio-level but using median (50th percentile) exposure for regional comparisons. Regional drought data is reported at the 50th percentile as this is more consistent with literature and SME expectations than the trends observed at the 99th.
4. Limitations and assumptions:
    » The presence of irrigation decreases farm vulnerability to drought (it is an assumption that water take permits remain in place which may not be the case).
    » BNZ only collects irrigation status for its lending to dairy cattle farms; analysis for these Statements assumes sheep and beef farms are largely unirrigated.
    » Drought analysis does not yet cover sectors beyond non-irrigated dairy cattle, and sheep and beef, even though other sectors may be impacted.
    » Analysis for these Statements recognises that farmers make provision for a 3-month drought, and that the impact of longer drought may be more harmful.
    » Research highlights that SPEI correlation with production varies significantly by both soil type and region, which is a limitation of how comprehensively these thresholds can be applied.

Livestock heat stress:

1. Scope: dairy-cattle portfolio.
2. Threshold design: Using the Severe heat stress value and a combination of metrics to measure heat stress risk, which considers multiple indicators including projected exposure and change over time. This combination highlights farms which see both more than one day in projected heat-stress exposure and a more than one day increase in exposure over time.
3. Percentile: Estimating severe heat stress exposure at the median (50th) percentile. This is because the severe heat stress categorisation is sensitive to small changes in underlying temperature and humidity which leads to greater uncertainty than other physical climate risks. Reporting heat stress at the 50th percentile reduces that uncertainty.

Vulnerability to physical risk

The percentage of BNZ TCE vulnerable to physical risk (Section 4.3 Climate-related metrics) is calculated by summing the percentage of TCE of properties that meet any of the exposure criteria:

- Residential and commercial: Severe flood and coastal inundation exposure, or any exposure to sea level rise.
- Rural: Severe flood, coastal inundation at >10% pasture coverage, any exposure to sea level rise, or Severe heat stress. Drought exposure at 25% or greater exposure has been added in FY25.

[53] NIWA. (2010). RiskScape: Flood fragility methodology. NIWA Technical Report: WLG2010-45 August 2010 NIWA Project: RSKA11

Vulnerability to transition risk

BNZ financed emissions intensity was categorised by High, Medium or Low levels that were defined based on Ministry of Business, Innovation and Employment (MBIE)[54] categorisation of emissions intensity. The percentage of BNZ TCE vulnerable to transition risk (Section 4.3 Climate-related metrics) has been defined as the percentage of TCE of loans to 'High' emissions-intensive industries. Only Industry-related Loans, representing approximately 47% of BNZ's TCE, are captured for this analysis. The limitations of our transition risk analysis are that:

- Loans with no industry classification have been excluded;
- The analysis does not reflect an analysis of the full scope of transition risk (e.g., market, technology, and other risks);
- The analysis does not reflect a specific sector or individual customer's ability to respond to transition risks i.e. the nature, speed, or scale of their response to the impact;
- The emissions intensity of an industry is not necessarily a predictor of the impacts some sectors will face in the transition to a lower emission economy;
- Some sectors may be able to adapt more easily than others and should face lower abatement costs;
- We have not assessed the impacts that different industries may experience over the course of transition – we anticipate future Government policy decisions will be a key factor;
- We have not assessed the costs associated with physical risks together with these transition risks; and
- We have not yet conducted analysis of the financial impact of our transition risk analysis on BNZ's portfolio.

[54] Loans with an Australian and New Zealand Standard Industrial Classification (ANZSIC) code.

Appendix C – GHG emissions measurement and reporting approach and operational emissions methodology

Table 25 summarises current measured and reported emission sources, and where applicable, exclusions.

Organisational boundaries

The BNZ Group uses an operational control consolidation approach for its operational emissions accounting. The BNZ Group's GHG emissions reporting boundary includes all BNZ Group wholly owned subsidiaries (subsidiaries are listed below). The BNZ Group reviews its other investments held for operational control, where control is determined, they would be included in the boundary: currently no other investments are included.

Facilities within our boundary include corporate offices, branches, partners centres, and ATMs. As part of scope 3 emissions, the BNZ Group includes some activities that form part of its value chain that takes place at premises outside of the BNZ Group's operational control, such as data centres and working from home.

The BNZ Group measures and manages its operational emissions using BraveGen's CSR carbon reporting software.

Wholly owned subsidiaries

Name	Country of Incorporation	Principal Activities
BNZ Equity Investments No.2 Limited	New Zealand	Investment company
BNZ Facilities Management Limited	New Zealand	Facilities management
BNZ International Funding Limited	New Zealand	Funding company
BNZ Investments Limited	New Zealand	Investment company
BNZ Property Investments Limited	New Zealand	Property company
BNZ Branch Properties Limited	New Zealand	Property company
Blink Pay Global Group Limited	New Zealand	API payment processing company
Blink Pay NZ Limited	New Zealand	API payment processing company
Centrapay Limited	New Zealand	API payment processing company

Table 25: Approach to GHG emissions measurement and reporting.

Scope	Category	Reported/ Excluded
Scope 1	Stationary combustion	Reported.
	Mobile combustion	Reported.
	Fugitive emissions	Reported.
Scope 2	Purchased electricity	Reported.
Scope 3	1. Purchased goods and services	Reported: paper, electricity – offsite (excludes apportioned data centre infrastructure electricity), and water emission sources. Excluded and NZ CS 2 adoption provision 4 applied for remaining purchased goods and services.
	2. Capital goods	Excluded, NZ CS adoption provision 4 applied.
	3. Fuel and energy related activities not included in scope 1 or 2	Reported.
	4. Upstream transport and distribution	Reported.
	5. Waste generated in operations	Reported.
	6. Business travel	Reported.
	7. Employee commuting	Reported: employee commute and working from home emission sources.
	8. Upstream leased assets	Excluded, NZ CS 2 adoption provision 4 applied.
	9. Downstream transportation and distribution	Captured under category 4.
	10. Processing of sold product	Excluded, not applicable.
	11. Use of sold product	Excluded, NZ CS adoption provision 4 applied.
	12. End of life treatment of sold products	Excluded, NZ CS adoption provision 4 applied.
	13. Downstream leased assets	Excluded, assessed as immaterial.
	14. Franchises	Excluded, not applicable.
	15. Investments	Reported: financed emissions on Gross Loans and Advances to Customers. Excluded and NZ CS adoption provision 4 applied on all other balance sheet items including: (1) financed emissions on unlisted equity, listed equity and corporate bonds and sovereign debt, (2) facilitated emissions and (3) other investments.

Restatements, recalculations, and significance threshold

To ensure the accuracy and integrity of its climate-related disclosures, the BNZ Group may update or recalculate previously reported emissions data to enhance consistency, comparability, completeness, or relevance. Where restatements are required due to improved data quality, methodological updates, or the correction of errors, they will be reflected in the first climate statement issued after the issue is identified. The decision to restate considers both the nature and the magnitude of the error. Significant changes may be driven by the following:

- Structural changes: Structural changes include the likes of acquisitions, divestments, or mergers in relation to the BNZ Group.
- Calculation methodology changes: This includes change in GHG estimations due to methodology changes and enhancements, updated emission factors, enhancements to the scope of emissions, and/or access to more accurate and complete data sources.
- Data error changes: This includes where significant errors are discovered in the estimation of the BNZ Group's GHG emissions.

Quantitatively, a material error is generally considered to occur when the impact is 5% or more of calculated emissions at any level of calculation (i.e. category, scope, or overall reported emissions). This will apply to where errors are identified in all comparative periods (including operational emissions base year). Qualitative factors would include the importance to the reader, nature of the emission source and impacts of strategic importance. The BNZ Group will adjust its comparatives to account for any significant changes, if the changes, either individually or collectively, drive a material movement.

In FY25 comparative courier, postage, and freight emissions data have been restated due to inaccurate third-party inputs affecting FY19 onward. All affected years have been restated to ensure accuracy and comparability; these changes are solely due to updated source data, not methods or internal processes.

In FY25 domestic air travel emission factors from the MfE have been applied, replacing Department for Energy Security and Net Zero (DESNZ) UK Government GHG conversion factors to better reflect New Zealand's airline sector. All figures have been adjusted from FY19 onward for consistent target and performance tracking.

Table 26: Prior period restatement summary.

tCO2e	FY19 Baseline	FY23	FY24
Operational emissions prior to adjustments	13,141	11,189	11,452
Operational emissions after adjustments	12,998	11,493	11,309
Operational emissions adjustments	**-143**	**304**	**-143**

Operational emissions methodology, key assumptions, and limitations

The data sources and methods specified in Table 27 are subject to uncertainties. It is assumed that invoice data is complete, uncertainties still exist especially in instances where activity data is accrued, estimated based on $ spend data, or extrapolated.

For operational emissions, relevant emission factors are applied to activity data to calculate emissions. Global warming potentials (GWP) depend on the emission factor sources the BNZ Group uses and they primarily stem from IPCC's Fifth Assessment Report (AR5) with some referencing to AR4 as indicated in table 27. Where possible, factors are sourced from the MfE, Measuring Emissions Workbook (2025) (GWP AR5). Where factors are not available from MfE (2025), the BNZ Group has utilised internationally recognised emission factors as allowable under the GHG Protocol.

Table 27: Operational GHG emission source methods.

Scope	Emission sources	Description	Units	Data sources	Emissions factors sources	Key activity data methodology assumptions, limitations and uncertainties
1	**Mobile energy sources: combustion of fuels - diesel and petrol**	Direct emissions from fuel consumed in owned or leased vehicle that are within the BNZ Group's inventory boundaries.	Litres (fuel cards) $spend % (non- fuel cards)	Fuel card consumption reports and spend fuel reports for non-fuel card fuel consumption.	MfE 2025- Transport fuels.	Where fuel volume (litres) is not available, activity data is derived from $ spend data. This accounts for <1% of total fuel consumed. Using spend base data as a proxy for fuel related emissions adds uncertainty due to temporal and location variations in fuel price. Fuel related emissions may be over- or understated.
	HVAC, fridges and mobile air conditioning: Refrigerant gas releases	Refrigeration and air conditioning direct emissions from refrigerant leakage over the operational life of the equipment.	Kg	Contractor and Facility Manager HVAC maintenance reports. Refrigeration unit plates and manufacturing information.	DESNZ 2025 Refrigerant & Other (GWP AR5).	Default refrigerant leakage rates are applied to all HVAC and fridge units. Leakage activity data reported in the current reporting period may also relate to prior reporting periods. Consequently, leakage activity data may be higher or lower than actual refrigerant leakage.
	Stationary energy sources: combustion of fuel – diesel and gas	Direct emissions from the consumption of natural gas and diesel across the BNZ Group properties.	kWh (gas) L (fuel)	Diesel and natural gas invoices and consumption reports.	MfE 2025- Stationary Combustion Fuel (Commercial Use).	All stationary energy sources are metered, and no estimates are applied.
2	**Stationary energy sources: purchased electricity**	Indirect emissions from electricity used by ATMs, retail and corporate properties including vehicle charging stations.	kWh (pool electric vehicles EVs) Kms (non- pool plug in hybrid electric vehicles)	Invoices from electricity retailers and landlords. Balance date accruals. Remote unmetered ATMs – the BNZ Group reports (number of ATMs) and ATM supplier (average daily consumption per ATM type).	MfE-Purchased energy - Annual Average.	Balance date accruals are applied; these are estimates of electricity consumed and account for <1% of total purchased electricity - onsite. Where remote ATM electricity is not invoiced, consumption is estimated based on average electricity consumption per ATM type. This represents most reported remote ATM electricity emissions but less than 2% of total purchased electricity – onsite. Non-pool PHEV vehicle electricity consumption will be overstated where PHEV vehicles are charged at BNZ Group sites or non-ChargeNet facilities. This exceptional activity cannot be quantified at present, which creates uncertainty. These estimates introduce uncertainties and electricity emissions may be over- or understated.

Table continued on following page.

Table 27: Operational GHG emission source methods continued.

Scope	Emission sources	Description	Units	Data sources	Emissions factors sources	Key activity data methodology assumptions and limitations
3	**Business travel**	Indirect emissions from flights, taxi, rental car, business use of private vehicles, and hotel stays by employees for business purposes.	Passenger kilometres (pkm) (flights) $spend (taxis) Kms (rental cars, business use of private vehicles) $spend % (non- preferred rental car hire) Nights (hotel stays)	Flight travel provider invoice reports and invoices, rental car preferred supplier reports, the BNZ Group spend reports and travel provider reports for non-preferred supplier rental car hire. The BNZ Group expense claim reports. Hotel stays travel provider transaction reports and estimation reports for hotel stays not booked via travel provider.	DESNZ 2025- International Air Travel with RF, WTT. Business travel-air with RF (GWP AR5). MfE 2025- Domestic Air Travel with RF. MfE 2025-Travel Hotel Stays. MfE 2025. Travel: Car Default Emission Factors. Taxi Travel. Regular - dollars spent.	Where rental km activity data is not available, activity data is estimated based on $ spend rental data. This accounts for <21% of total rental car kms. All Taxi related emissions are calculated from $ spend data. The use of $spend data creates uncertainties, Taxi and rental car emissions may be over- or understated.
	T&D losses and upstream fuel & electricity	Indirect emissions from transmission and distribution losses and upstream purchased fuel and electricity used by the BNZ Group's fleet, properties and cash in transit freight .	Litres (fuel) and kWh (electricity)	Cash in transit supplier fuel consumption reports and invoices from landlords/ retailers, electricity balance date accruals.	MfE 2025- T&D losses. Electricity Transmission and distribution losses. DESNZ (2025) for Cash in transit emissions. Toitū Envirocare for upstream purchased electricity and fuels (GWP AR5).	There is uncertainty arising from estimation applied to underlying ATM electricity consumption. Consequently T&D losses emissions may be over- or understated.
	Paper	Indirect emissions from the purchase of statement and office paper used in the BNZ Group's operations and retail branches.	Kgs	Paper supplier transaction reports.	Carbon Reduction Initiative (CRI) LCA (2023) NXP AR5 and EPA Victoria Greenhouse Gas Inventory and Management Plan 2020 to 2021 for purchased paper emission factors (GWP AR4).	All activity data provided by supplier and no estimates are applied.
	Electricity - offsite	Indirect emissions from electricity used by the BNZ Group in external data centres.	kWh	Data centre provider consumption reports.	MfE 2025- Purchased energy - Annual Average.	Data centre electricity consumption excludes data hall infrastructure electricity. Rack electricity is directly metered.

Table continued on following page.

Table 27: Operational GHG emission source methods continued.

Scope	Emission sources	Description	Units	Data sources	Emissions factors sources	Key activity data methodology assumptions and limitations
3	**Courier, postage and freight**	Indirect emissions from use of courier, postage, and cash in transit services.	Tonne-kilometers (tkm) tCO2e Number of letters/parcels Litres (fuel)	Courier and postage supplier reports. Cash-in-transit supplier fuel consumption reports and the BNZ Group's revenue-based share for shared services.	MfE 2025-Freight Transport. EN 16258, IEA, World Bank and DBEIS for DHL customer-specific courier emissions reporting (GWP AR4). NZ Post Toitū Envirocare verified supplier specific emission factors (GWP AR5).	Uncertainties arise from the application of the following methods: BNZ Group courier mail bag movements between sites assume a standard mail bag weight. Postage emissions are based on average letter and parcel weights and distances travelled. Cash-in-transit is a shared service, the BNZ Group's share of litres of fuel consumed is based on payment/supplier revenue split. For the first 9 months of FY25 the BNZ Group received customer specific emissions reporting from DHL. For the last quarter DHL emission were estimated from reported delivery weights and a calculated average emission factor using data from the first three quarters. Courier, postage and freight emissions may be over- or understated.
	Waste and wastewater	Indirect emissions from waste to landfill, organic waste and discharge of wastewater from BNZ Group properties.	Kg (waste to landfill and organic waste) kL (1000 litres of wastewater)	Cleaning contractor waste reports containing weighed waste per property and waste stream. Wastewater – in sample water invoices, accruals and out of sample extrapolation. Facility Manager harvested water reports.	MfE 2025- Waste. MfE 2025- Wastewater treatment.	Wastewater volumes are derived from water usage and assume 100% of water used is wastewater. Estimation is applied for nearly 50% of underlying water consumption and is subject to the inherent uncertainty. Emissions may be over- or understated.
	Water	Indirect emissions from the use of water from BNZ Group retail and corporate properties.	kL (1000 litres)	In-sample sites - water invoices and accruals. Out of sample sites – extrapolation based on in-sample usage and property areas; Facility Manager harvested water reports.	MfE 2025- Water supply.	Balance date accruals are estimated and account for 11% of total water usage. Water use for out of sample sites is extrapolated from in sample site by property type and represents <37% of total water usage. Water usage emissions may be over- or understated.

Table continued on following page.

Table 27: Operational GHG emission source methods continued.

Scope	Emission sources	Description	Units	Data sources	Emissions factors sources	Key activity data methodology assumptions and limitations
3	**Working from home**	Indirect emissions from employees working from home (WFH).	Employee per day	BNZ Group remote access software report	MfE 2025- Working from home emission factors.	Uncertainties arise from the application of the following methods. It is assumed that colleagues' remote access per day equates to a full working from home day and as a result emissions may be overstated. Some colleagues may work from home without using remote access software and where this occurs emissions will be understated.
	Employee commute	Indirect emissions from employees commuting to BNZ Group workplaces.	tCO2e	Abley CarbonWise reports, actual survey responses and extrapolation per site for survey non-respondents.	CarbonWise ABLEY.	Employee commute emissions are derived from an annual colleagues' survey of their commuting and response shortfalls are extrapolated per BNZ Group site. The survey response rate in FY25 was 39%. Employee commute emissions may be over- or understated.

Appendix D: Financed emissions methodology, key assumptions, and limitations

BNZ Group has calculated the financed emissions for BNZ Group's TCE as of 30 September 2025. Financed emissions fall within scope 3, category 15 (investments) of the GHG protocol. Measurement of our financed emission calculations is in accordance with the following standards, where possible:

- The GHG Protocol: A Corporate Accounting and Reporting Standard (revised edition).
- The GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (collectively the GHG Protocol).
- PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

PCAF provides a globally standardised framework for assessing GHG emissions linked to financial assets such as loans, investments, and off-balance sheet exposures. This methodology enables consistent and transparent measurement of financed emissions, supporting alignment with NZ CS, which requires entities to disclose scope 3 emissions where they are material, including those arising from financing activities.

The GHG Protocol—specifically its Corporate Value Chain (Scope 3) Accounting and Reporting Standard—provides foundational guidance for identifying, categorising, and disclosing scope 3 emissions, including those arising from financing activities. This framework supports our approach to transparently acknowledging estimation uncertainty and data quality variability in financed emissions reporting, particularly where counterparties do not disclose scope 3 emissions.

Financed emissions for BNZ Group are calculated and reported using the operational control consolidation approach, in accordance with the GHG Protocol and the PCAF Standard. BNZ Group discloses financed emissions by sector. Financed emissions were measured for the current financial year period: 1 October 2024 to 30 September 2025.

The table below outlines the seven asset classes defined under the PCAF Standard and indicates how each has been incorporated into our financed emissions calculations. BNZ Group did not expand its financed emissions reporting in FY25. At this stage, emissions associated with Motor vehicles and Project finance continue to be calculated using the Business lending methodology.

BNZ Group will assess the requirements to disclose other asset classes including facilitated emissions as part of meeting the transition requirements of adoption provision 4.

Table 28: PCAF asset classes and how applied in BNZ Group's financed emissions calculations.

PCAF Asset Class	BNZ Group's applied asset class	Comments
Business loans and unlisted equity	Business lending	Includes motor vehicle loans and project finance (excluding personal lending).
Project finance	Business lending	Due to considerations of materiality in the context of BNZ Group's portfolio and data availability, this asset class is not reported separately and is a deviation from PCAF for FY25.
Commercial real estate	Commercial real estate	PCAF aligned.
Mortgages	Residential real estate	PCAF aligned.
Listed equity and corporate bonds	Excluded – NZ CS 2 adoption provision 4 applied.	Refer to adoption provision applied.
Motor vehicle loans	Business lending (excluding Personal loans).	This asset class is not reported separately and is a deviation from PCAF for FY25.
Sovereign debt	Business lending where the balance is included in Gross Loans and Advances to Customers. Otherwise, excluded – NZ CS 2 adoption provision 4 applied.	This asset class is not reported separately and is a deviation from PCAF for FY25. Where applicable, NZ CS 2 adoption provision 4 has been applied.

Scope – customer boundaries

BNZ Group has reported financed emissions by sector as permitted by PCAF. Customer sector classifications are primarily based on assigned ANZSIC codes, except in cases where conglomerate customers have been separately identified. Financed emissions may be over- or understated where these codes do not accurately reflect the customer's actual business activities—particularly for diversified businesses classified under a single sector, or where sector alignment has shifted over time due to structural changes such as acquisitions or divestments. PCAF stipulates "follow the money" as a key tenet for GHG measurement of financial assets. This means that "the money should be followed as far as possible to understand and account for the climate impact of lending and investments". BNZ Group has taken a pragmatic approach, applying rules to enable material customer exposure to emissions across target sectors to be accounted for, whilst minimising manual and resource heavy carbon accounting.

Conglomerates approach for target sectors

Customers may have business lines spanning more than one sector and multiple ANZSIC codes cannot be assigned to reflect the diversity of their business lines. Therefore, a conglomerate assessment is made where a customer has been identified with revenue from the Oil and gas or Electricity, gas and water - power generation sectors. These sectors have key sector emission reduction targets and, therefore, we will look to split emissions across the sectors, where possible. This provides a more accurate reflection of emissions between reported sectors where good quality customer emissions data is available.

To allocate conglomerate emissions from their lending ANZSIC sector, customers must generate at least 20% of their gross revenue from Oil and gas or Power generation target sectors. Moreover, where a conglomerate customer's emissions are greater than 90% in one sector, all emissions will be included in the sector, rather than applying a split approach.

Restatements, recalculations, and significance threshold

To ensure the accuracy and integrity of its climate-related disclosures, BNZ Group may update or recalculate previously reported emissions data to enhance consistency, comparability, completeness, or relevance. Where restatements are required or considered appropriate, they will be reflected in the first climate statement issued after the issue is identified. The decision to restate considers both the nature and the magnitude of the error. Significant changes may be driven by the following:

- Structural changes: Changes of this nature include the likes of acquisitions, divestments, or mergers in relation to BNZ Group.
- Calculation methodology changes: This includes change in GHG estimations due to methodology changes and enhancements, updated emission factors, enhancements to the scope of emissions, and/or access to more accurate and complete data sources.
- Data error changes: This includes where significant errors are discovered in third party data, methodologies or the estimation of BNZ Group's GHG emissions.

Quantitatively, a material error is typically applied where the impact is 5% or greater at an overall of the basis of our calculations (i.e. asset class, reported sector, customer level or overall reported emissions). This will apply to where errors are identified in all comparative periods (including financed emissions base year). Qualitative factors would include the importance to the reader, nature of the sector and impacts of strategic importance. BNZ Group will adjust its comparatives to account for any significant changes, if the changes, either individually or collectively, drive a material movement.

Emission factors and Global Warming Potential (GWP)

Reported financed emissions are estimates only based on an attributed proportion of customer emissions. BNZ Group uses customer reported and third-party emissions data and inputs to calculate financed emissions. Customers and third-party data sources apply emission factors to activity data to calculate emissions. GWPs depend on the emission factors used and GWPs often stem from the IPCC Assessment Reports (e.g. AR4 or AR5). Where available, we have included emission factor source and GWPs information below:

- Measuring Emissions: A Guide for Organisations (2025), Ministry for the Environment (MfE) (AR5).
- Greenhouse gas emissions by region (industry and household): Year 2024, StatsNZ (AR5).
- Greenhouse gas emissions (industry and household): Year 2024, StatsNZ (AR5).
- Emission Factors for New Zealand Greenhouse Gas Emission Intensities for Commodities and Industries, v3.0 01/08/2025 licenced, thinkstep-anz (AR5).

External data sources used

External data sources have been used, along with internal data systems, for the derivation of financed emissions for BNZ Group. Refer to these sources below.

Table 29: PCAF asset classes and how applied in BNZ Group's financed emissions calculations.

Asset Class	Description	Data source(s)	Units	Reference
Mortgages	Total NZ dwelling count	Stats NZ	Count	Statistics NZ. Household income by region, household type, and source of household income, calendar year 2024.
	Actual floor area used as a multiplier to determine household emissions.	District Valuation Roll (DVR), Land Information New Zealand (LINZ).	m²	District Valuation Roll (DVR) via Valocity Global Ltd – Weekly Refresh.
	Household GHG by region (Scope 1 – heating and cooling emissions)	Stats NZ	kilotonne CO2e	Statistics NZ. Greenhouse gas emissions by region (industry and household). Custom dataset with additional fuel types commissioned by Generate Zero, calendar year 2024.
	Electricity consumption (regional and national)	Electricity Authority (EMI)	kWh	Electricity Authority EMI -Residential consumption trends, 12 months to 31 July 2025.
	Scope 1 and 2 GHG Emissions Factor	Ministry for the Environment release Flat file	kgCO2e/kWh	MFE. 2025. Te ine tukunga He tohutohu pakihi. Measuring emissions: A guide for organisations.
Commercial real estate	Electricity use per m²	BRANZ – BEES Study	kWh/m²/year	Building Energy End-Use Study (BEES), 2014 – Table 11 & 12.
	Gas use per m²	BRANZ – BEES Study	kWh/m²/year	Building Energy End-Use Study (BEES), 2014 – Table 11.
	Scope 1 and 2 GHG Emissions Factor	Ministry for the Environment release Flat file	kgCO2e/kWh	MFE. 2025. Te ine tukunga He tohutohu pakihi. Measuring emissions: A guide for organisations.
	Land use description and floor area	Stats NZ	Count/m²	District Valuation Roll (DVR) from Auckland Council and rest of NZ from Headway. Provided via Valocity Limited.
	Industry classification for floor area matching	Stats NZ	Descriptor	Stats NZ. Industry (ANZSIC06) and households (Breakdown available from Greenhouse gas emissions by region. Adapted from the industry list, Table 1, March 2025 quarter ending.
Business lending	Scope 1 sector emissions	Stats NZ	ktCO2e	Statistics NZ. Greenhouse gas emissions by region (industry and household).
	Total scope 2 and 3 absolute industry emissions	thinkstep-anz	ktCO2e	Emission Intensities for Commodities and Industries
	Sector financial data	Stats NZ	NZD	Annual Enterprise Survey 2023; Annual Balance Sheets 2023
	Actual reported customer emissions	Customer Climate statements and reporting	ktCO2e	Third-party regional dataset
	Actual reported customer financial statement information	Customer Annual reports and reporting	$m	Customer reports
	Actual reported customer market capitalisation	Bloomberg	$m	Bloomberg data license

Business lending methodology

Business lending consists of all business lending not included in Commercial or Residential real estate sectors. BNZ Group reports its lending amount at two levels:

1. OA: reflecting the current drawn 'Gross Loans and Advances to Customers';
2. TCE: reflecting both the drawn and undrawn 'Gross Loans and Advances to Customers'.

National average emission factors have been converted to ANZSIC 1996 to align with BNZ Group's internal data.

FY25 changes to methodology

The following were changes to our business lending methodology in FY25.

- **Calculation of financed emissions for BNZ Group's dairy sector customers:** In FY25, the approach shifted from using regionally aggregated customer emissions data to sector-level emissions data. As a result, the PCAF data quality option has moved from 3 in FY24 to 3b in FY25, with a corresponding decline in the data quality score from 4 to 5. There has been no change to the calculation methodology for financed scope 1 biological emissions intensity associated with BNZ Group's Agriculture – dairy target.
- **Revision of ANZSIC Mappings:** In FY25, we have reviewed ANZSIC code mapping and moved petrol retailers into Oil and gas from Wholesale and retail trade to ensure the entire Oil and gas value chain is represented. This classification change has been analysed, quantified and adjusted, with reclassification applied across all comparative reporting periods to ensure consistency and accuracy in sector-level financed emissions disclosures.

Table 30: Business lending financed emissions methodology.

Data quality score	Option type	Formula	Methodology
1	1a. Customer verified emissions data	For business loans to listed companies: $\sum_{c} \frac{\text{Lending Amount}_c}{\text{EVIC}_c} \times \text{Customer Emissions}_c$	Where available, BNZ Group collects emissions data, classified as either verified or unverified, directly from borrowers (e.g., through sustainability reports). Company debt and equity sourced from the latest annual financial statement of BNZ Group customers. Market Capitalization (EVIC) is sourced from Bloomberg for listed companies. Lending amount (OA or TCE) is sourced from our internal systems.
2	1b. Customer unverified emissions data	For business loans to private companies: $\sum_{c} \frac{\text{Lending Amount}_c}{\text{Total Equity}_c + \text{debt}_c} \times \text{Customer Emissions}_c$	
5	3b. Economic activity-based emissions	$\sum_{c} \text{Lending Amount}_c \times \frac{\text{GHG emissions}_s}{\text{Total Assets}_s}$	Where direct emissions data is unavailable, BNZ Group estimates emissions based on economic activity data provided by the borrower, such as total assets for the sector. These estimated emissions are then allocated to BNZ Group using an attribution factor that reflects our financial exposure relative to the company's overall value. Sector-level emissions data is sourced from Stats NZ and thinkstep-anz, while sector asset values are obtained from publicly available Stats NZ publications. BNZ Group's lending amounts are derived directly from internal systems. Refer to table 29 for more information on data sources used for this PCAF asset class.

c: Customer, s: Sector

Limitations, assumptions and estimation uncertainty - customer emissions

- BNZ Group's share of customer emissions is proportional to its lending (TCE or OA) relative to either the customer's total equity plus debt or enterprise value including cash (EVIC). Reporting emissions using OA in the attribution factor ensures 100% attribution of emissions across a customer's equity and debt providers. However, using TCE in the attribution factor will result in greater than 100% attribution of customer emissions between equity and debt providers.
- For business loans when using EVIC for listed customers, calculated financed emissions might change year on year because of fluctuations in market prices.
- There are limitations in aligning customer financial and emission data and timing. Financed emissions calculations use BNZ Group's financial data that aligns to its year-end financial disclosure and point-in-time emissions data reflecting a 12-month period. There can be lags in customer emissions, financial, and sector data, which impacts timing alignment and may not accurately represent the reporting period.
- PCAF requires the reporting of customers' scope 3 emissions for all sectors, under the business lending asset class, from 2025. The coverage and reliability of customer scope 3 data vary greatly, and customers may or may not currently measure and report their own scope 3 emissions. The scope 3 emissions categories reported to us by customers are, therefore, highly variable. Where customers reported scope 3 emissions aren't available, industry emission factors are applied.
- There are inherent uncertainties in the estimation of financed emissions with considerable variability in data quality. Where we have used data or estimates provided by third parties, the source of this information has been included. BNZ Group has not independently audited or verified this third-party information.

Limitations, assumptions and estimation uncertainty - sector average emissions

- The use of sector-specific average values (emissions and/or financial data) makes financed emission calculations more uncertain than those based on customer-specific data, as the data depends on assumptions and approximations.
- Across third party data sources there are inherent limitations with potential inconsistency of:
  - » Mapping sectors and industries
  - » Calculation approaches
  - » Application of average data sets This may limit the alignment of reported information and is a limitation until there is further data maturity in emissions reporting.
- There are inherent uncertainties in the estimation of financed emissions with considerable variability in data quality. Where we have used data or estimates provided by third parties, the source of this information has been included. BNZ Group has not independently audited or verified this third-party information.
- Third party data sets may vary from BNZ Group's financial balance date and may be compiled annually. The closest date to balance date will be applied, this may not be consistent across data sources.
- BNZ Group deviates from PCAF by not separately reporting biogenic carbon dioxide emissions from the reported financed emissions in the Agriculture - dairy sector.

Residential real estate financed emissions methodology

Residential real estate includes home loan products secured by a residential mortgage. BNZ Group reports its lending amount at two levels:

1. OA: reflecting the current drawn 'Gross Loans and Advances to Customers'.
2. TCE: reflecting both the drawn and undrawn 'Gross Loans and Advances to Customers'.

Limitations, assumptions and estimation uncertainty - Residential real estate

- Construction emissions would be captured in business lending. However, where a mortgage supports the construction of a residential house it will be included in Residential real estate.
- Allocation methodologies are required to allocate security value to loans and titles.
- There are inherent uncertainties in the estimation of financed emissions with considerable variability in data quality. Where BNZ Group has used data or estimates provided by third parties, we have included the source of this information. BNZ Group has not independently audited or verified this third-party information. BNZ Group conducts a thorough review of third-party methodology documents and performs relevant data validation checks, where possible.
- Industry data points applied may vary in the reported period and/or frequency of refresh. The latest practically available data set for the reporting period is applied.
- Electricity consumption data includes all types of occupancies and does not include any onsite self-generated and consumed energy. To limit this effect data that may not reflect residential use is removed.
- Gas and electricity emission factors do not incorporate upstream process of getting the fuels to the residency.
- National averages may not reflect regional differences in energy use, mix or activity.
- Temperature can have a significant effect on residential consumption with some years having a warmer or colder winter. This temperature effect has not been adjusted for, so users should consider this when interpreting trends in the data.
- Floor area can be impacted by delays in updates to records or in the allocation of enclosed areas. Subletting within a floor level has not been captured.

Table 31: Residential real estate financed emissions methodology.

Data quality score	Option type	Formula	Methodology
4	Option 2b: Estimated building emissions based on floor area	$\sum_{c} \frac{\text{Lending amount}_c}{\text{Property Value at Origination}_c} \times \text{Estimated energy consumption}_{b,e} \times \text{Floor area}_b \times \text{Average Emission factor}_e$	BNZ Group provide Generate Zero (third-party data provider) with property level data for the derivation of customer emissions. For PCAF 4, energy consumption is estimated per square metre based on building type and location-specific statistical data. Emissions are then calculated using this estimated energy use combined with average emission factors relevant to the energy source used. Refer to table 29 for more information on data sources used for this PCAF asset class.
5	Option 3: Estimated building emissions based on average floor area		BNZ Group provide Generate Zero (third-party data provider) with property level data for the derivation of customer emissions. For PCAF 4, energy consumption is estimated per square metre based on building type and location-specific statistical data. Emissions are then calculated using this estimated energy use combined with average emission factors relevant to the energy source used. Refer to table 29 for more information on data sources used for this PCAF asset class.

c: Customer, b: Building, e: Energy Source

Table 32: Commercial real estate financed emissions methodology.

Data quality score	Option type	Formula	Methodology
4	Option 2b: Estimated building emissions based on floor area	$\sum_{c} \frac{\text{Lending amount}_c}{\text{Property Value at Origination}_c} \times \text{Estimated energy consumption}_{b,e} \times \text{Floor area}_b \times \text{Average Emission factor}_e$	BNZ Group estimates building energy consumption per square metre using building type and location-specific statistical data. Emissions are then calculated by applying average emission factors relevant to the energy sources used. Refer to table 29 for more information on data sources used for this PCAF asset class.
5	Option 3: Estimated building emissions based on average floor area		Where floor area data is unavailable, estimated emissions per a regional or nationwide average floor area is provided by Generate Zero (PCAF 5). Where a building is not matched to a commercial office type, even if floor area is available, a PCAF 5 is applied to the emissions of that building. Refer to table 29 for more information on data sources used for this PCAF asset class.

c: Customer, b: Building, e: Energy Source

Commercial real estate financed emissions methodology

Commercial real estate is non-owner-occupied commercial lending secured by a commercial property. Although a deviation from the PCAF definition, it allows application of PCAF calculations across corporate real estate portfolios. BNZ Group reports its lending amount at two levels:

1. OA: reflecting the current drawn ' Gross Loans and Advances to Customers';
2. TCE: reflecting both the drawn and undrawn 'Gross Loans and Advances to Customers'.

Limitations, assumptions and estimation uncertainty - Commercial real estate

- Allocation methodologies are required to allocate security value to loans and titles.
- Construction emissions would be captured in business lending. However, where a loan supports the construction of a commercial property it will be included in Commercial real estate.
- There are inherent uncertainties in the estimation of financed emissions with considerable variability in data quality. Where BNZ Group has used data or estimates provided by third parties, we have included the source of this information. BNZ Group has not independently audited or verified this third-party information. BNZ Group conducts a thorough review of third-party methodology documents and performs relevant data validation checks, where possible.
- Due to limited access to property-level emissions and energy consumption data for most commercial properties, we utilise regional averages and other proxy datasets to estimate associated emissions. To estimate building energy consumption, Generate Zero has used BRANZ: Building Energy end-use study 2014 (BEES 2014). While this is a widely used source in NZ, we have identified significant uncertainties from both with the age and scope of the study, which only captures scope 1 gas (it assumes other scope 1 sources are immaterial, e.g. mobile combustion, refrigerants). This methodology supports consistent reporting while reflecting current data availability constraints.
- Industry data points applied may vary in reported period and/or frequency of refresh. The latest practically available data set to the reporting period is applied. This can lead to portfolios emission calculation changes, and underlining factors can vary depending on the date that the model was run. Application of annual average grid emission factor for electricity may not be reflective of specific generation mix by location, time of day and time of year. Electricity consumption data includes all types of occupancies and does not include any onsite self-generated and consumed energy.
- Not all GHG are reported for commercial buildings as no data set is available or reported.
- Floor area can be impacted by delays in updates to records or in the allocation of enclosed areas. Title matching can be complex, and imputation may be required for land use description.

Independent Assurance Report

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Independent assurance report to Bank of New Zealand

Opinions and Conclusions

Reasonable assurance opinion – Scope 1 and Scope 2 (location-based) GHG emissions

In our opinion, Bank of New Zealand's (the "Bank's") and the entities it controls (collectively the "Banking Group's" or "BNZ's") consolidated gross scope 1 and 2 (location-based) Greenhouse Gas ("GHG") emissions, related additional required disclosures of GHG emissions and GHG emissions methods, assumptions and estimation uncertainty, within the scope of our reasonable assurance engagement (as outlined below) included within BNZ's Climate Statement for the year ended 30 September 2025 ("the Climate Statement"), are fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards ("NZ CS") issued by the External Reporting Board ("XRB").

Limited assurance conclusion – Scope 3 GHG emissions (excluding Financed emissions)

Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that BNZ's consolidated gross scope 3 GHG emissions (excluding financed emissions), related additional required disclosures of GHG emissions and GHG emissions methods, assumptions and estimation uncertainty, within the scope of our limited assurance engagement (as outlined below) included in BNZ's Climate Statement are not fairly presented and not prepared, in all material respects, in accordance with NZ CS issued by the XRB.

Limited assurance conclusion – Sustainable Finance Volumes

Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that BNZ's sustainable finance volumes for facilitated transactions and new and refinanced transactions, within the scope of our limited assurance engagement (as outlined below) included in BNZ's Climate Statement, are not fairly presented and not prepared, in all material respects, in accordance with BNZ's Sustainable Finance Framework.

Scope

Ernst & Young Limited ("EY") has undertaken an assurance engagement on the following matters which are required to be the subject of an assurance engagement, to issue a:

- Reasonable assurance report on BNZ's:
  - Consolidated gross GHG emissions:
    - Scope 1 on page 36;
    - Scope 2 (location-based) on page 36;
  - Related additional requirements for the disclosure of consolidated GHG emissions on page 35 to 37 and 63 to 65;
  - Related GHG emissions methods, assumptions and estimation uncertainty on page 63 to 65;and
- Limited assurance report on BNZ's:
  - Consolidated gross GHG emissions:
    - Scope 3 (excluding Financed emissions) on page 36;
  - Related additional requirements for the disclosure of consolidated GHG emissions on page 35 to 37 and 63 to 68;

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- Related GHG emissions methods, assumptions and estimation uncertainty on page 63 to 68.

included in the Climate Statement (together the "GHG Disclosures").

EY has also undertaken an assurance engagement to issue a limited assurance report on BNZ's sustainable finance volumes for the year ended 30 September 2025 on page 44, specifically:

- Volume of facilitated transactions: NZ$ 402m of Green and Sustainable bonds facilitated between 1 October 2024 and 30 September 2025
- Volume of new & refinanced transactions: The total lending volume of NZ$ 645m of green loans, NZ$ 826m of sustainability-linked loans and NZ$ 82m of eligible sector finance lent between 1 October 2024 and 30 September 2025.

(the "Sustainable Finance Volumes").

All of the reported amounts and disclosures subject to our reasonable and limited assurance engagements relate to the Banking Group as explained in the Climate Statement.

Our assurance engagement does not extend to any other information included, or referred to, in the Climate Statement on pages 1 to 34, 38 to 43, 45 to 62 and 69 to 76. We have not performed any assurance procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Criteria applied by BNZ

In preparing the GHG Disclosures, BNZ applied NZ CS. In applying NZ CS, the methods and assumptions used are described on pages 63 to 68 of the GHG Disclosures, as are the estimation uncertainties inherent in the methods and assumptions used.

In preparing the Sustainable Finance Volumes, BNZ applied BNZ's Sustainable Finance Framework as at the date of this report, which is available on BNZs website.

Key matters

We have determined that there are no key matters to communicate in our report.

BNZ's responsibility

The Directors are responsible, on behalf of the Bank, for the preparation and fair presentation of the GHG Disclosures in accordance with NZ CS and the Sustainable Finance Volumes in accordance with BNZ's Sustainable Finance Framework. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG Disclosures and Sustainable Finance Volumes, such that they are free from material misstatement, whether due to fraud or error.

EY's responsibility

Our responsibility is to express an assurance conclusion on the GHG Disclosures and Sustainable Finance Volumes based on the procedures we have performed and the evidence we have obtained. Our engagement was conducted in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* ("NZ SAE 1") *and in accordance with the International Standard for Assurance Engagements (New Zealand): Assurance Engagements on Greenhouse Gas Statements* ("ISAE (NZ) 3410") in relation to the GHG Disclosures and International Standard for Assurance Engagements (New Zealand*): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE (NZ) 3000 (Revised)") in relation to the Sustainable Finance Volumes. Those standards require that we plan and perform this engagement to obtain limited or reasonable assurance about whether the GHG Disclosures and Sustainable Finance Volumes have been prepared, in all material respects,

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in accordance with NZ CS and BNZ's Sustainable Finance Framework. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

As we are engaged to form an independent conclusion on the GHG Disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

Ernst & Young provides financial statement and supplementary information audit and review, other assurance and agreed-upon procedures services, and remuneration benchmarking reports to the Bank. Partners and employees of our firm may deal with BNZ on normal terms within the ordinary course of trading activities of the business of BNZ. We have no other relationship with, or interest in, the BNZ.

Our independence and quality management

We have complied with the independence and other ethical requirements of NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* issued by the XRB and the 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 are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the 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.

Description of procedures performed

We have performed an engagement including both limited and reasonable assurance. Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance obtained in a reasonable assurance engagement. Our limited assurance procedures were designed to obtain a lower level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance. Our limited assurance procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A reasonable assurance engagement involves performing procedures to obtain a higher level of evidence about the quantification of emissions and related information in the Scope 1 and 2 GHG Disclosures. A reasonable assurance engagement also includes:

- Considering internal controls relevant to BNZ's preparation of the Scope 1 and 2 GHG Disclosures.
- Assessing the suitability in the circumstances of BNZ's use of NZ CS;
- Evaluating the appropriateness of quantification methods and reporting policies used, and the reasonableness of estimates made by BNZ;
- Testing selected samples; and
- Evaluating the overall presentation of the Scope 1 and 2 GHG Disclosures.

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A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the report and related information and applying analytical and other relevant procedures. Our limited assurance procedures over Scope 3 GHG Disclosures included:

- Obtaining, through inquiries, an understanding of BNZ's control environment, processes and information systems relevant to the preparation of the Scope 3 GHG Disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- Evaluating whether BNZ's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate BNZ's estimates;
- Evaluating organisational and operational boundaries to consider the completeness of GHG sources
- Performing analytical procedures on particular emission categories by comparing the expected GHGs emitted to actual GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified;
- Performing recalculations and aggregation of selected GHG emissions; and
- Considering the presentation and disclosure of the GHG Disclosures.

Our limited assurance procedures over Sustainable Finance Volumes included:

- Conducting interviews with personnel to understand the business and reporting process, including the processes for collecting, collating and reporting the Sustainable Finance Volumes during the reporting period
- Requesting documentation supporting assertions made in the Sustainable Finance Volumes.
- Checking that the sustainable finance eligibility criteria have been correctly applied in accordance with the methodologies in BNZ's Sustainable Finance Framework
- Reviewing on a limited sample basis the value of sustainable finance transactions
- Reviewing on a limited sample basis, underlying source information to check the accuracy of the data

We also performed such other procedures as we considered necessary in the circumstances.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our assurance procedures, our assurance engagement was not designed to provide assurance on internal controls.

Inherent uncertainties

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

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Other matters

The comparative GHG Disclosures (that is, GHG Disclosures for the period ended 30 September 2023 and 30 September 2024 other than the disclosures related to financed emissions) have been subject to reasonable and limited assurance by another assurance provider, with their unmodified assurance reports dated on 16 October 2023 and 27 November 2024.

Use of our assurance report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than BNZ, or for any purpose other than that for which it was prepared.

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.

The engagement partner on the engagement resulting in this independent assurance conclusion is Pip Best.

Ernst & Young Limited

Ernst & Young Limited
Auckland
08 December 2025

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Find all our sustainability reports, policies and approach here.

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