

Australia and New Zealand Banking Group Limited – New Zealand Branch Disclosure Statement

FOR THE NINE MONTHS ENDED 30 JUNE 2011 | NUMBER 11 ISSUED AUGUST 2011

Disclosure Statement

For the nine months ended 30 June 2011

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Glossary of Terms

In this Disclosure Statement unless the context otherwise requires:

- (a) "Bank" means ANZ National Bank Limited;
- (b) "Banking Group" means ANZ National Bank Limited and all its controlled entities;
- (c) "Immediate Parent Company" means ANZ Funds Pty Limited, which is the immediate parent company of ANZ Holdings (New Zealand) Limited;
- (d) "Ultimate Parent Bank" means Australia and New Zealand Banking Group Limited;
- (e) "Overseas Banking Group" means the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities;
- (f) "New Zealand business" means all business, operations, or undertakings conducted in or from New Zealand identified and treated as if it were conducted by a company formed and registered in New Zealand;
- (g) "NZ Branch" means the New Zealand business of the Ultimate Parent Bank;
- (h) "ANZ New Zealand" means the New Zealand business of the Overseas Banking Group;
- (i) "Registered Office" is Level 6, 1 Victoria Street, Wellington, New Zealand, which is also ANZ New Zealand's address for Service;
- (j) "RBNZ" means the Reserve Bank of New Zealand;
- (k) "APRA" means the Australian Prudential Regulation Authority;
- (l) "the Order" means the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order (No 2) 2011; and
- (m) Any term or expression which is defined in, or in the manner prescribed by, the Order shall have the meaning given in or prescribed by the Order.

General Disclosures

This Disclosure Statement has been issued in accordance with the Order.

Credit Rating Information

The Ultimate Parent Bank has three current credit ratings, which are applicable to its long-term senior unsecured obligations which are payable in New Zealand in New Zealand dollars.

The Ultimate Parent Bank's Credit Ratings are:

Rating Agency	Current Credit Rating	Qualification
Standard & Poor's	AA	Outlook Stable
Moody's Investors Service	Aa2	Outlook Stable
Fitch Ratings	AA-	Outlook Positive

Guarantors

As at the date of signing of this Disclosure Statement, the Ultimate Parent Bank benefits from certain guarantees from the Commonwealth of Australia under:

- a) in the case of certain deposits and other accounts up to A\$1 million, a scheme pursuant to the Banking Act 1959 of the Commonwealth of Australia (the "Financial Claims Scheme"); and
- b) in the case of certain wholesale funding, a Deed of Guarantee executed by the Treasurer (and related scheme rules) (the "Wholesale Funding Guarantee").

The Financial Claims Scheme presently applies to the NZ Branch, as it is a foreign branch of Australia and New Zealand Banking Group Limited, an eligible Australian Authorised Deposit-taking Institution. From 12 October 2011, the Financial Claims Scheme will apply to Australian dollar deposits only, and is expected to be amended more generally in relation to its limit, scope and application. Of particular relevance to the NZ Branch, the Australian Government Treasury released a consultation paper in May 2011 which proposes to narrow the coverage of the Financial Claims Scheme to exclude deposit accounts of Authorised Deposit-taking Institutions that are held in foreign branches. Depending upon the outcome of the consultation paper, such changes may take effect from October 2011, and transitional arrangements may or may not apply.

On 31 March 2010, the Australian Government closed the Wholesale Funding Guarantee. Existing guaranteed liabilities will continue to be guaranteed to maturity for wholesale funding and term deposits and to October 2015 for at call deposits. The name of the Guarantor and the address for service is The Scheme Administrator, Australian Government Guarantee Scheme for Large Deposits and Wholesale funding, c/- The Secretary, Reserve Bank of Australia, 65 Martin Place, Sydney, New South Wales 2001, Australia.

Further information on the Financial Claims Scheme and the Wholesale Funding Guarantee is available at treasury.gov.au, apra.gov.au, guaranteescheme.gov.au and is provided in the General Disclosure Statement for the year ended 30 September 2010 which is available at no charge:

- a) on ANZ New Zealand's website anz.com; and
- b) within two working days of a request, if a request is at the Registered Office or at any branch of ANZ or The National Bank of New Zealand.

Financial Statements of the Ultimate Parent Bank and Overseas Banking Group

Copies of the most recent publicly available financial statements of the Ultimate Parent Bank and Overseas Banking Group will be provided immediately, free of charge, to any person requesting a copy where the request is made at the Registered Office. The most recent publicly available financial statements for the Ultimate Parent Bank and Overseas Banking Group can also be accessed at the internet address anz.com.

Conditions of Registration

The conditions of registration applying to the NZ Branch have been amended with effect from 1 July 2011 for some wording changes, intended to clarify the meaning of the term "registered bank" in the case of overseas incorporated banks operating in New Zealand. None of the changes change the intent of the conditions.

Directorate

Since the authorisation date of the previous full year General Disclosure Statement on 23 November 2010, there have been no changes to the Directors of Australia and New Zealand Banking Group Limited. On 18 April 2011 F J Brown was appointed Chief Executive Officer of the NZ Branch to replace S R Peterson in that role.

Auditors

ANZ New Zealand's auditors are KPMG, Chartered Accountants, Level 9, 10 Customhouse Quay, Wellington, New Zealand.

Australia and New Zealand Banking Group Limited - New Zealand Branch

Income Statement

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\$ millions		Unaudited 9 months to 30/06/2011	Unaudited 9 months to 30/06/2010	Audited Year to 30/09/2010
	Note			
Interest income		5,115	4,745	6,447
Interest expense		3,181	2,900	3,952
Net interest income		1,934	1,845	2,495
Net trading gains		197	47	39
Funds management and insurance income		202	139	218
Other operating income	2	149	350	446
Share of profit of equity accounted associates and joint ventures		1	37	42
Operating income		2,483	2,418	3,240
Operating expenses	2	1,304	1,137	1,565
Profit before provision for credit impairment		1,179	1,281	1,675
Provision for credit impairment	6	132	408	456
Profit before income tax		1,047	873	1,219
Income tax expense		312	253	352
Profit after income tax		735	620	867

Statement of Comprehensive Income

\$ millions		Unaudited 9 months to 30/06/2011	Unaudited 9 months to 30/06/2010	Audited Year to 30/09/2010
Profit after income tax		735	620	867
Unrealised gains recognised directly in equity		23	97	142
Realised (gains) / losses transferred to income statement		(35)	23	9
Actuarial gain on defined benefit schemes		8	14	27
Income tax credit / (expense) on items recognised directly in equity		2	(36)	(48)
Total comprehensive income for the period		733	718	997

Australia and New Zealand Banking Group Limited - New Zealand Branch

Statement of Changes in Equity

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\$ millions	Share capital and head office account	Available-for-sale revaluation reserve	Cash flow hedging reserve	Retained earnings	Total equity attributable to owners of the parent entity	Non-controlling entities	Total equity
As at 1 October 2009	6,424	25	23	843	7,315	-	7,315
Profit after income tax attributable to parent	-	-	-	620	620	-	620
Unrealised gains recognised directly in equity	-	44	53	-	97	-	97
Realised losses transferred to income statement	-	-	23	-	23	-	23
Actuarial gain on defined benefit schemes	-	-	-	14	14	-	14
Income tax expense on items recognised directly in equity	-	(10)	(22)	(4)	(36)	-	(36)
Total comprehensive income for the period	-	34	54	630	718	-	718
Preference dividends paid	-	-	-	(441)	(441)	-	(441)
Acquired in a business combination	-	-	-	-	-	1	1
As at 30 June 2010 (Unaudited)	6,424	59	77	1,032	7,592	1	7,593
As at 1 October 2009	6,424	25	23	843	7,315	-	7,315
Profit after income tax attributable to parent	-	-	-	867	867	-	867
Unrealised gains recognised directly in equity	-	53	89	-	142	-	142
Realised (gains) / losses transferred to income statement	-	(12)	21	-	9	-	9
Actuarial gain on defined benefit schemes	-	-	-	27	27	-	27
Income tax expense on items recognised directly in equity	-	(8)	(31)	(9)	(48)	-	(48)
Total comprehensive income for the period	-	33	79	885	997	-	997
Preference dividends paid	-	-	-	(492)	(492)	-	(492)
Acquired in a business combination	-	-	-	-	-	1	1
As at 30 September 2010 (Audited)	6,424	58	102	1,236	7,820	1	7,821
Profit after income tax attributable to parent	-	-	-	735	735	-	735
Unrealised gains recognised directly in equity	-	15	8	-	23	-	23
Realised (gains) / losses transferred to income statement	-	(42)	7	-	(35)	-	(35)
Actuarial gain on defined benefit schemes	-	-	-	8	8	-	8
Income tax credit / (expense) on items recognised directly in equity	-	8	(4)	(2)	2	-	2
Total comprehensive income for the period	-	(19)	11	741	733	-	733
Ordinary dividends paid	-	-	-	(215)	(215)	-	(215)
Preference dividends paid	-	-	-	(155)	(155)	-	(155)
As at 30 June 2011 (Unaudited)	6,424	39	113	1,607	8,183	1	8,184

Australia and New Zealand Banking Group Limited - New Zealand Branch

Balance Sheet

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\$ millions	Note	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Assets				
Liquid assets		2,205	1,907	2,239
Due from other financial institutions		2,356	1,103	3,496
Trading securities		9,652	7,164	6,757
Derivative financial instruments		10,594	9,085	10,854
Available-for-sale assets		352	1,778	2,151
Net loans and advances	4	94,627	95,637	96,015
Investments backing insurance policyholder liabilities		86	87	87
Insurance policy assets		191	129	138
Shares in associates and jointly controlled entities		102	145	144
Current tax assets		77	40	18
Other assets		1,046	1,056	970
Deferred tax assets		162	359	304
Premises and equipment		324	307	311
Goodwill and other intangible assets		3,515	3,562	3,545
Total assets		125,289	122,359	127,029
Interest earning and discount bearing assets		108,300	106,867	108,325
Liabilities				
Due to other financial institutions		11,955	10,619	12,293
Deposits and other borrowings	8	68,469	71,839	70,295
Derivative financial instruments		11,598	9,068	10,727
Payables and other liabilities		1,889	1,378	1,506
Provisions		320	325	315
Bonds and notes		18,711	17,403	19,899
Term funding		1,766	1,766	1,766
Loan capital		2,397	2,368	2,407
Total liabilities (excluding head office account)		117,105	114,766	119,208
Net assets (excluding head office account)		8,184	7,593	7,821
Represented by:				
Share capital and head office account		6,424	6,424	6,424
Reserves		152	136	160
Retained earnings		1,607	1,032	1,236
Parent shareholder's equity and head office account		8,183	7,592	7,820
Non-controlling interests		1	1	1
Total equity & head office account		8,184	7,593	7,821
Interest and discount bearing liabilities		98,363	99,378	100,335

Australia and New Zealand Banking Group Limited - New Zealand Branch

Condensed Cash Flow Statement

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\$ millions	Note	Unaudited 9 months to 30/06/2011	Unaudited 9 months to 30/06/2010	Audited Year to 30/09/2010
Cash flows from operating activities				
Interest received		5,038	4,577	6,217
Interest paid		(3,106)	(2,910)	(3,880)
Other cash inflows provided by operating activities		637	697	911
Other cash outflows used in operating activities		(1,458)	(1,620)	(2,052)
Cash flows from operating profits before changes in operating assets and liabilities		1,111	744	1,196
Net changes in operating assets and liabilities		(2,044)	(1,427)	(2,504)
Net cash flows used in operating activities	13	(933)	(683)	(1,308)
Cash flows from investing activities				
Cash inflows provided by investing activities		48	2	8
Cash outflows used in investing activities		(74)	(346)	(370)
Net cash flows used in investing activities		(26)	(344)	(362)
Cash flows from financing activities				
Cash inflows provided by financing activities		3,867	3,098	5,481
Cash outflows used in financing activities		(2,224)	(4,332)	(4,999)
Net cash flows provided by / (used in) financing activities		1,643	(1,234)	482
Net increase / (decrease) in cash and cash equivalents		684	(2,261)	(1,188)
Cash and cash equivalents at beginning of the period		3,578	4,766	4,766
Cash and cash equivalents at end of the period	13	4,262	2,505	3,578

Notes to the Financial Statements

1. Significant Accounting Policies

(i) Reporting entity and statement of compliance

These financial statements are for ANZ New Zealand for the nine months ended 30 June 2011. They have been prepared in accordance with the requirements of NZ IAS 34 *Interim Financial Reporting* and the Order, and should be read in conjunction with ANZ New Zealand's financial statements for the year ended 30 September 2010.

(ii) Basis of measurement

These financial statements have been prepared on a going concern basis in accordance with historical cost concepts except that the following assets and liabilities are stated at their fair value:

- derivative financial instruments, including in the case of fair value hedging, the fair value of any applicable underlying exposure;
- financial instruments held for trading;
- financial assets treated as available-for-sale; and
- financial instruments designated at fair value through profit and loss.

Insurance policy assets are measured using the Margin on Services basis, and defined benefit obligations are measured using the Projected Unit Credit method.

(iii) Changes in accounting policies

The accounting policies adopted by ANZ New Zealand are consistent with those adopted and disclosed in the previous full year General Disclosure Statement.

(iv) Presentation currency and rounding

The amounts contained in the financial statements are presented in millions of New Zealand dollars, unless otherwise stated.

(v) Comparatives

Prior to 30 September 2010 some fee income integral to the effective interest rate of financial assets was presented in other operating income. Since that date this income has been classified to interest income, to more accurately reflect the nature of the income. Comparative data has been restated accordingly. For the period ended 30 June 2010 this reclassification has, for ANZ New Zealand, increased interest income by \$94 million and reduced other operating income by a corresponding amount.

Certain other amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation. This includes reclassifying certain investment assets that relate to the insurance business from due from other financial institutions and available-for-sale assets to investments backing insurance policyholder liabilities to better reflect the purpose the assets are held for.

(vi) Basis of aggregation

The basis of aggregation is an addition of individual financial statements of the entities in ANZ New Zealand. All transactions between entities within ANZ New Zealand have been eliminated.

2. Operating Income and Expenses

Other operating income includes a fair value loss of \$168 million (30/06/2010 \$46 million gain; 30/09/2010 \$61 million gain) on the revaluation of financial assets and liabilities designated at fair value and on hedging activities. Other operating income excluding these fair value adjustments is \$315 million (30/06/2010 \$304 million; 30/09/2010 \$385 million).

Operating expenses include a one-off cost for the nine months ended 30 June 2011 of \$147 million incurred in relation to the planned move to a single banking technology platform and a simplified regional management structure, which is expected to deliver further operational efficiencies and improved service levels and business outcomes.

Notes to the Financial Statements

3. Segmental Analysis

For segment reporting purposes, ANZ New Zealand is organised into three major business segments - Retail, Commercial and Institutional. Centralised back office and corporate functions support these segments. These segments are consistent with internal reporting provided to the chief operating decision maker, being the Bank's Chief Executive Officer.

During the nine months ended 30 June 2011 a specialist Business Banking unit was created within the Commercial segment. Segmental reporting has been updated to reflect this and other minor changes to ANZ New Zealand's structure. Comparative data has been adjusted to be consistent with the current period's segment definitions.

Retail

Retail provides banking products and services to individuals through separate ANZ and The National Bank of New Zealand branded distribution channels. Personal banking customers have access to a wide range of financial services and products. Retail contains ANZ New Zealand's wealth businesses which includes private banking and investment services provided to high net worth individuals, the OnePath wealth management and insurance businesses, and other investment products. This segment also includes other profit centres supporting the Retail segment.

Commercial

Commercial provides services to Business Banking, Commercial & Agri, and UDC customers. Business Banking services are offered to small enterprises (typically with annual revenues of less than \$5 million). Commercial & Agri customers consist of primarily privately owned medium to large enterprises. ANZ New Zealand's relationship with these businesses ranges from simple banking requirements with revenue from deposit and transactional facilities, and cash flow lending, to more complex funding arrangements with revenue sourced from a wider range of products. UDC is principally involved in the financing and leasing of plant, vehicles and equipment, mainly for small and medium sized businesses, as well as investment products.

Institutional

Institutional provides financial services to large multi-banked corporations, often global, who require sophisticated product and structuring solutions. The Institutional business unit includes the following specialised units:

- Markets - provides foreign exchange, interest rate and commodity trading and sales-related services, origination, underwriting, structuring, risk management and sale of credit and derivative products globally;
- Transaction Banking - provides cash management, trade finance and international payments;
- Specialised Lending - provides origination, credit analysis, structuring and execution of specific customer transactions.

Other

Other includes treasury and back office support functions, none of which constitutes a separately reportable segment.

Business segment analysis¹

\$ millions	Retail ²	Commercial	Institutional	Other ³	Total
Unaudited 9 months to 30/06/2011					
External revenues	1,412	2,188	406	(1,523)	2,483
Intersegment revenues	(284)	(1,138)	72	1,350	-
Total revenues	1,128	1,050	478	(173)	2,483
Profit before income tax	410	602	361	(326)	1,047
Unaudited 9 months to 30/06/2010					
External revenues	1,498	2,209	(3)	(1,286)	2,418
Intersegment revenues	(543)	(1,231)	486	1,288	-
Total revenues	955	978	483	2	2,418
Profit before income tax	191	303	396	(17)	873
Audited year to 30/09/2010					
External revenues	1,954	2,976	53	(1,743)	3,240
Intersegment revenues	(672)	(1,629)	548	1,753	-
Total revenues	1,282	1,347	601	10	3,240
Profit before income tax	248	510	496	(35)	1,219

¹ Intersegment transfers are accounted for and determined on an arm's length or cost recovery basis.

² The comparative periods' results include a loss on acquisition of ING (NZ) Holdings Limited of \$82 million.

³ This segment has negative external revenues as this segment incurs funding costs on behalf of ANZ New Zealand and is reimbursed internally.

Notes to the Financial Statements

4. Net Loans and Advances

\$ millions	Note	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Overdrafts		1,760	2,217	2,131
Credit card outstandings		1,392	1,400	1,388
Term loans - housing		53,978	53,575	53,892
Term loans - non-housing		38,054	39,095	39,179
Finance lease receivables		755	705	726
Gross loans and advances		95,939	96,992	97,316
Provision for credit impairment	6	(1,225)	(1,483)	(1,420)
Unearned finance income		(258)	(265)	(273)
Fair value hedge adjustment		180	384	386
Deferred fee revenue and expenses		(51)	(51)	(50)
Capitalised brokerage/mortgage origination fees		42	60	56
Total net loans and advances		94,627	95,637	96,015

5. Impaired and Past Due Assets

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 30/06/2011				
Total individually impaired assets	560	65	1,281	1,906
Loans that are at least 90 days past due but not impaired	184	39	131	354
Unaudited 30/06/2010				
Total individually impaired assets	513	82	1,229	1,824
Loans that are at least 90 days past due but not impaired	182	44	149	375
Audited 30/09/2010				
Total individually impaired assets	554	81	1,403	2,038
Loans that are at least 90 days past due but not impaired	153	33	127	313

Notes to the Financial Statements

6. Provision for Credit Impairment

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 30/06/2011				
Collective provision	117	141	439	697
Individual provision	181	42	305	528
Total provision for credit impairment	298	183	744	1,225
Collective provision credit	(5)	(8)	(94)	(107)
Individual provision charge	32	62	145	239
Total charge in income statement	27	54	51	132
Unaudited 30/06/2010				
Collective provision	121	151	582	854
Individual provision	221	45	363	629
Total provision for credit impairment	342	196	945	1,483
Collective provision charge / (credit)	(6)	(8)	64	50
Individual provision charge	120	92	146	358
Total charge in income statement	114	84	210	408
Audited 30/09/2010				
Collective provision	122	149	533	804
Individual provision	218	50	348	616
Total provision for credit impairment	340	199	881	1,420
Collective provision charge / (credit)	(5)	(10)	15	-
Individual provision charge	139	120	197	456
Total charge in income statement	134	110	212	456

7. Financial Assets Pledged as Collateral

\$ millions	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Trading securities encumbered through repurchase agreements	645	168	222
Total tangible assets of UDC Finance Limited pledged as collateral for secured stock	2,066	1,942	2,111
Total financial assets pledged as collateral	2,711	2,110	2,333

8. Deposits and Other Borrowings

\$ millions	Note	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Certificates of deposit		2,304	3,278	3,245
Term deposits		35,297	33,049	34,687
Demand deposits bearing interest		20,819	19,151	18,714
Deposits not bearing interest		5,046	4,675	4,964
Secured debenture stock	7	1,583	1,371	1,378
Commercial paper		3,420	10,315	7,307
Total deposits and other borrowings		68,469	71,839	70,295

9. Related Party Transactions

	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Total due from related parties	3,366	2,126	4,451
Total due to related parties	18,234	16,877	19,303

Notes to the Financial Statements

10. Liquidity Portfolio

ANZ New Zealand holds a diversified portfolio of cash and high quality liquid securities to support liquidity risk management. The size of ANZ New Zealand's liquidity portfolio is based on the amount required to meet its liquidity policy.

Liquidity Portfolio

	Unaudited
	30/06/2011
\$ millions	
Balances with central banks	1,356
Securities purchased under agreement to resell	1,882
Certificates of deposit	697
Government, local body stock and bonds	4,838
Government treasury bills	211
Other bonds	3,155
Total liquidity portfolio	12,139

11. Capital Adequacy

Overseas Banking Group Basel II capital adequacy ratio (unaudited)

	Overseas Banking Group			Ultimate Parent Bank (Extended Licensed Entity)		
	30/06/2011	30/06/2010	30/09/2010	31/03/2011	31/03/2010	30/09/2010
Tier One Capital	10.6%	10.3%	10.1%	11.4%	11.9%	11.0%
Total Capital	11.8%	12.6%	11.9%	12.6%	13.7%	12.3%

For calculation of minimum capital requirements under Pillar I of the Basel II Accord, APRA has accredited the Overseas Banking Group to use the Advanced Internal Ratings Based ("AIRB") methodology for calculation of credit risk weighted assets and the Advanced Measurement Approach ("AMA") for the operational risk weighted asset equivalent.

Under prudential regulations, the Ultimate Parent Bank is required to hold a minimum Prudential Capital Ratio ("PCR") as determined by APRA. The Overseas Banking Group exceeded the minimum capital adequacy requirements set by APRA as at 30 June 2011 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar III financial information as at 30 June 2011. The Overseas Banking Group's Basel II Pillar 3 Disclosure document for the nine months ended to 30 June 2011, in accordance with APS 330, discloses capital adequacy ratios calculated under the Basel II methodology. These documents can be accessed at the website anz.com.

Risk weighted credit risk exposures

Risk weighted exposures for ANZ New Zealand and NZ Branch have been derived in accordance with the RBNZ document entitled 'Capital Adequacy Framework (Basel I Approach)' ("BS2") dated June 2011. The credit equivalent amounts for market related contracts are calculated using the current exposure method.

Notes to the Financial Statements

Total Risk Weighted Exposures of ANZ New Zealand as at 30 June 2011 (Unaudited)

On-balance sheet exposures	Principal amount \$m	Risk weight	Risk weighted exposure \$m
Cash and short term claims on Government	2,988	0%	-
Long term claims on Government	6,077	10%	608
Claims on banks	4,700	20%	940
Claims on public sector entities	746	20%	149
Residential mortgages	53,488	50%	26,744
Other	43,181	100%	43,181
Non risk weighted assets	14,109	n/a	-
Total on balance sheet exposures	125,289		71,622

Off-balance sheet exposures	Principal amount \$m	Credit conversion factor	Credit equivalent amount \$m	Average counterparty risk weight	Risk weighted exposure \$m
Direct credit substitutes	1,970	100%	1,970	42%	831
Commitments with certain drawdown	472	100%	472	62%	291
Transaction related contingent items	687	50%	344	67%	231
Short term, self liquidating trade related contingencies	80	20%	16	100%	16
Other commitments to provide financial services which have an original maturity of 1 year or more	5,164	50%	2,582	100%	2,582
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time	16,581	0%	-	n/a	-
Market related contracts					
- Foreign exchange	163,774		8,827	22%	1,951
- Interest rate	609,522		8,556	23%	1,986
- Other	189		29	34%	10
Total off balance sheet exposures	798,439		22,796		7,898
Total on and off balance sheet exposures					79,520

Market risk

The aggregate market risk exposures below have been calculated in accordance with the RBNZ document 'Capital Adequacy Framework (Standardised Approach)' dated June 2011 ("BS2A").

The peak end-of-day market risk exposures for the period are calculated separately for each category of exposure and may not have occurred at the same time.

Unaudited 30/06/2011	Implied risk weighted exposure		Aggregate capital charge	
	As at \$m	Peak \$m	As at \$m	Peak \$m
Interest rate risk	3,818	4,232	305	339
Foreign currency risk	43	67	3	5
Equity risk	79	80	6	6
	<u>3,940</u>		<u>314</u>	

Notes to the Financial Statements

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

As required by the RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by ANZ New Zealand's valuation of the security property at origination of the exposure. Off balance sheet lending includes undrawn and partially drawn residential mortgage loans as well as commitments to lend. Commitments to lend are formal offers for housing lending which may or may not be accepted by the customer.

Retail mortgages by LVR for ANZ New Zealand as at 30 June 2011 (Unaudited)	On-balance sheet	Off-balance sheet	Total
\$ millions			
LVR range			
0% - 80%	39,981	4,959	44,940
80% - 90%	6,425	626	7,051
Over 90%	4,926	275	5,201
Total	51,332	5,860	57,192

12. Concentrations of Credit Risk to Individual Counterparties

ANZ New Zealand measures its concentration of credit risk in respect to bank counterparties on the basis of approved exposures and in respect to non-bank counterparties on the basis of limits.

For the three month period ending 30 June 2011 there were no individual counterparties (excluding connected parties, governments and banks with long term credit ratings of A- or above) where ANZ New Zealand's period end or peak end-of-day credit exposure equalled or exceeded 10% of the Overseas Banking Group's equity (as at the end of the period).

This credit exposure information does not include exposures to counterparties if they are booked outside New Zealand.

13. Notes to the Condensed Cash Flow Statement

\$ millions	Unaudited 9 months to 30/06/2011	Unaudited 9 months to 30/06/2010	Audited Year to 30/09/2010
Reconciliation of profit after income tax to net cash flows used in operating activities			
Profit after income tax	735	620	867
Non-cash items	245	499	588
Deferrals or accruals of past or future operating cash receipts or payments	(1,944)	(1,844)	(2,819)
Items classified as investing/financing	31	42	56
Net cash flows used in operating activities	(933)	(683)	(1,308)
\$ millions	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Reconciliation of cash and cash equivalents to the balance sheet			
Liquid assets	2,205	1,907	2,239
Due from other financial institutions - less than 90 days	2,057	598	1,339
Total cash and cash equivalents	4,262	2,505	3,578

14. Insurance business

ANZ New Zealand conducts insurance business through companies in the OnePath Insurance Holdings (NZ) Limited group. The aggregate amount of insurance business in this group comprises assets totalling \$390 million (30/06/2010: \$349 million; 30/09/2010 \$337 million), which is 0.3% (30/06/2010: 0.3%; 30/09/2010 0.3%) of the total consolidated assets of ANZ New Zealand.

Notes to the Financial Statements

15. Credit Related Commitments and Contingent Liabilities

	Face or contract value		
	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
\$ millions			
Credit related commitments			
Commitments with certain drawdown due within one year	472	582	493
Commitments to provide financial services	21,745	21,327	20,352
Total credit related commitments	22,217	21,909	20,845
Contingent liabilities			
Financial guarantees	1,919	1,666	1,686
Standby letters of credit	51	53	60
Transaction related contingent items	921	878	898
Trade related contingent liabilities	80	97	97
Total contingent liabilities	2,971	2,694	2,741

ANZ New Zealand guarantees the performance of customers by issuing standby letters of credit and guarantees to third parties, including its Ultimate Parent Bank. To reflect the risk associated with these transactions, they are subjected to the same credit origination, portfolio management and collateral requirements as for customers that apply for loans. The contract amount represents the maximum potential amount that could be lost if the counterparty fails to meet its financial obligations. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Other contingent liabilities

ANZ New Zealand has other contingent liabilities in respect of actual and possible claims and court proceedings. An assessment of ANZ New Zealand's likely loss in respect of these matters has been made on a case-by-case basis and provision made where deemed necessary.

16. Additional Disclosures

NZ Branch Funding

	Unaudited 30/06/2011
\$ millions	
Total liabilities of the NZ Branch less amounts due to related parties	64

Overseas Banking Group Profitability and Size

	Unaudited 31/03/2011
AUD millions	
Net profit after tax for the 6 months ended 31/03/2011	2,669
Net profit after tax for the 12 months ended 31/03/2011 as a percentage of average total assets	1.0%
Total assets as at 31/03/2011	537,478
Percentage change in total assets in the 12 months ended 31/03/2011	6.1%

Overseas Banking Group asset quality

	Unaudited 31/03/2011
AUD millions	
Gross impaired assets	6,221
Gross impaired assets as a percentage of total assets	1.2%
Total individually assessed provisions for impairment	1,717
Individually assessed provisions for impairment as a percentage of gross impaired assets	27.6%
Collective provision for credit impairment	3,177

Notes to the Financial Statements

17. Subsequent Events

On 12 August 2011 the Bank's Board resolved to repay, on 15 September 2011, a subordinated loan of AUD 44 million and subordinated fixed rate bonds of \$350 million, which had original maturities of 15 September 2016.

Directors' and New Zealand Chief Executive Officer's Statement

As at the date on which this Disclosure Statement is signed, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes, that:

- (i) The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order (No 2) 2011;
- (ii) The Disclosure Statement is not false or misleading.

Over the nine months ended 30 June 2011, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes that:

- (i) The Ultimate Parent Bank has complied with all Conditions of Registration that applied during that period;
- (ii) The Ultimate Parent Bank had systems in place to monitor and control adequately ANZ New Zealand's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that those systems were being properly applied.

This Disclosure Statement is dated 18 August 2011, and has been signed by the Chairman of the Ultimate Parent Bank, as agent for all Directors, and by the Chief Executive Officer – NZ Branch.



J P Morschel
Chairman



F J Brown
Chief Executive Officer – NZ Branch



Independent Auditors' Review Report

To the Directors of Australia and New Zealand Banking Group Limited - New Zealand Branch

We have reviewed pages 3 to 15 of the interim financial statements of Australia and New Zealand Banking Group Limited – New Zealand Branch and its related entities ('ANZ New Zealand') prepared and disclosed in accordance with the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order (No 2) 2011 (the 'Order') and the supplementary information prescribed in Schedules 3, 6, 8, 9, 10, 12 and 14 of the Order. The interim financial statements, and supplementary information, provide information about the past financial performance and cash flows of ANZ New Zealand and its financial position as at 30 June 2011.

Directors' responsibilities

The Directors of Australia and New Zealand Banking Group Limited - New Zealand Branch are responsible for the preparation and presentation of the Disclosure Statement, which includes interim financial statements prepared in accordance with Clause 26 of the Order which give a true and fair view of the financial position of ANZ New Zealand as at 30 June 2011 and its financial performance and cash flows for the nine months ended on that date. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of the Disclosure Statement that is free from material misstatement, whether due to fraud or error.

They are also responsible for the preparation of supplementary information in the Disclosure Statement which fairly states the matters to which it relates in accordance with Schedules 3, 6, 8, 9, 10, 12 and 14 of the Order.

Reviewers' responsibilities

We are responsible for reviewing the interim financial statements and the supplementary information, disclosed in accordance with Schedules 3, 6, 8, 9, 10, 12 and 14 of the Order and presented to us by the Directors.

We are responsible for reviewing the interim financial statements (excluding the supplementary information) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 ("NZ IAS 34"): Interim Financial Reporting and do not present a true and fair view of the financial position of ANZ New Zealand as at 30 June 2011 and its financial performance and cash flows for the nine months ended on that date.

We are responsible for reviewing the supplementary information (excluding the supplementary information relating to capital adequacy) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with Schedules 6, 8, 10, 12 and 14 of the Order.

We are responsible for reviewing the supplementary information relating to credit and market risk exposures and capital adequacy in order to state whether, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the information disclosed in accordance with Schedule 9 is not in all material respects prepared in accordance with the Capital Adequacy Framework (Basel I Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A); and disclosed in accordance with Schedule 9.

We have performed our review in accordance with the review engagement standard RS-1 Statement of Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants. A review is limited primarily to enquiries of ANZ New Zealand personnel and analytical review procedures applied to the financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our firm has also provided other services to ANZ New Zealand in relation to other audit related services. Partners and employees of our firm may also deal with ANZ New Zealand on normal terms within the ordinary course of trading activities of the business of ANZ New Zealand. There are, however, certain restrictions on borrowings which the partners and employees of our firm can have with ANZ New Zealand. These matters have not impaired our independence as auditors of ANZ New Zealand. The firm has no other relationship with, or interest in, ANZ New Zealand.



Review Opinion

We have examined the interim financial statements including the supplementary information and based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- a. the interim financial statements (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34: Interim Financial Reporting and do not present a true and fair view of the financial position of ANZ New Zealand as at 30 June 2011 and its financial performance and cash flows for the nine months ended on that date;
- b. the supplementary information prescribed by Schedules 6, 8, 10, 12 and 14 of the Order does not fairly state the matters to which it relates in accordance with those Schedules; and
- c. the supplementary information relating to credit and market risk exposures and capital adequacy prescribed by Schedule 9 of the Order, is not in all material respects prepared in accordance with Capital Adequacy Framework (Basel 1 Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A), and disclosed in accordance with Schedule 9 of the Order.

Our review was completed on 18 August 2011 and our review opinion is expressed as at that date.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

Wellington