

ANZ-ROY MORGAN CONSUMER CONFIDENCE THIRD CONSECUTIVE LIFT

MAY 2010

CONTACTS

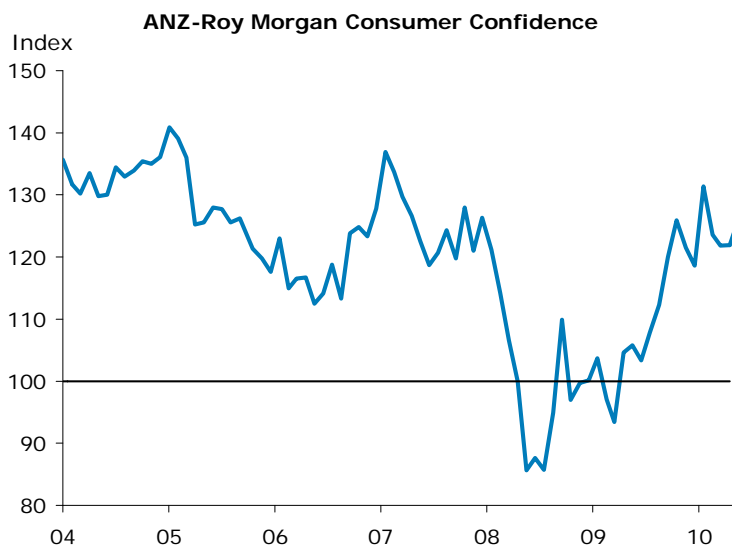
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SUMMARY

- Consumer confidence rose slightly in May, posting its third successive rise.
- The current conditions component continues to lag general consumer sentiment but steady gains suggest better times ahead for retailers.

The ANZ-Roy Morgan Consumer Confidence measure rose 4 points in May. The series is still behind the recent peak of 131.4 measured in January, but at 126.0, the headline confidence measure is considerably above year-earlier levels.



Sources: ANZ, Roy Morgan

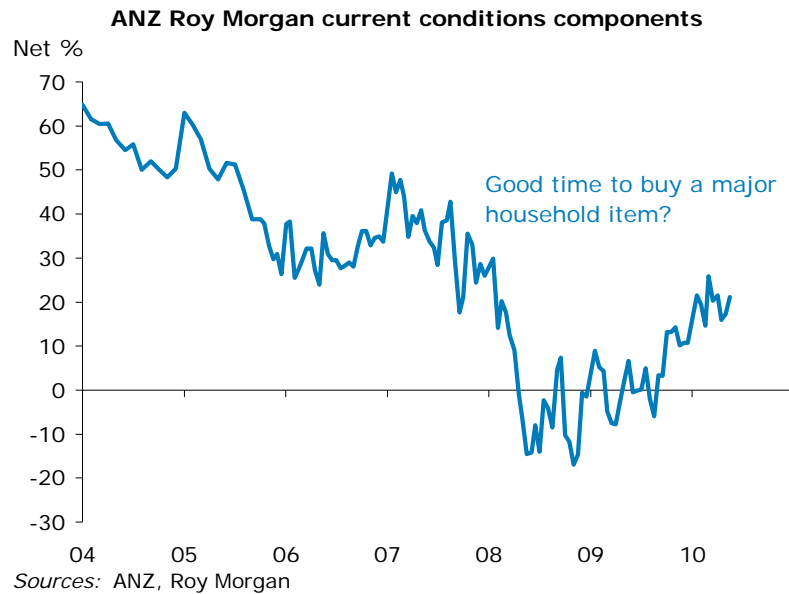
Increased optimism (or in one case less pessimism) was apparent across the board. A net 5 percent believe they are still worse off relative to a year ago, but this is an improvement from a net 11 percent in April. Conversely, consumers remain very optimistic towards the coming 12 months. A net 40 percent expect to be better off financially and 27 percent expect better times for the economy. Both are up marginally on the month prior. A net 21 percent believe it is a good time to buy a major household item – a positive sign, and up 5 points on April's reading. Enthusiasm towards the New Zealand economy five years out rounded out the better tone, rising two points, with a net 47 percent optimistic towards long-term prospects. **All the movements are marginal in the overall scheme of things, but importantly all have helped to stabilise, and in fact boost, confidence from what was already a healthy level.**

Households are more optimistic about the current situation.

The proportion of respondents that thought they were better off now compared to a year ago increased 6 points. While consumers view of

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current conditions remains low relative to the overall level of confidence, the current conditions measure has now been gradually improving for 18 months. This slow but steady improvement augers well for a gradual improvement in prospects for the retailing sector in the months ahead.



Confidence lifted more among females. Males had a slight weakening in confidence (-1 percentage point to 129.1) while females reported a 9 percentage point rise in confidence (to 123.1) taking the series up to five-month high.

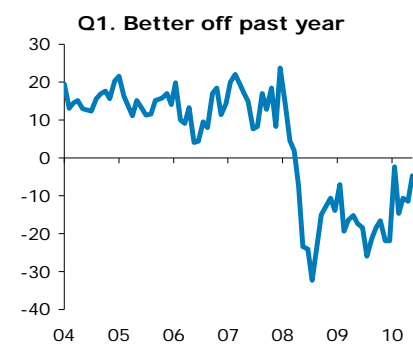
Teenagers look likely to buy more gizmos. Over the age cohorts, the 18-34 year age group recorded a softening in confidence, while the younger and older groups recorded a lift in optimism. The youngest age band (14-17 years old) had the largest individual lift in confidence, rising 10 points to 129.0. This age cohort also had the largest lift in the intention of purchasing a major household item. Although, what their definition of a major item is, may be questionable.

South Island confidence is growing. Sentiment in the South Island lifted 7 percentage points, while the North Island only lifted 3 percent points. Confidence is at similar levels for both the North and South Islands. The largest rise was measured in the South Island (excluding Canterbury). Wellington posted the second largest gain (up 7 points) but remains the laggard of the three most urbanised centres. Auckland is the most optimistic region.

More improvement in current conditions. The current conditions index lifted 6 percentage points, while the future conditions index only rose by 3 percentage points. Future conditions were stronger in the 25-49 year age cohort, and in the rural areas. Conversely, the younger and older age groups, and more urbanised areas, were more confident about current conditions.

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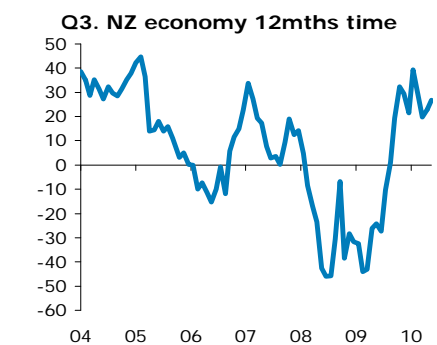
Survey Summary	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
No. of Interviews	1,109	1,020	1,025	2,049	1,047	993	1,015	995
Q1. Would you say you and your family are better-off financially or worse off than you were at this time last year?								
Better Off	23	22	23	31	26	28	30	31
Worse Off	39	44	45	33	41	39	41	35
Net Balance	-17	-22	-22	-2	-15	-11	-11	-5
Q2. This time next year, do you and your family expect to be better-off financially or worse off than you are now?								
Better Off	56	57	55	61	57	53	56	56
Worse Off	12	13	15	10	17	20	18	16
Net Balance	43	44	40	50	40	33	38	40
Q3. Thinking of economic conditions in New Zealand as a whole. In the next 12 months, do you expect we'll have good times financially, bad times or some good and some bad?								
Good Times	53	52	47	57	53	48	48	53
Bad Times	21	22	25	17	24	28	26	26
Net Balance	32	29	22	39	29	20	23	27
Q4. Looking ahead, what would you say is more likely, that in New Zealand as a whole, we'll have continuous good times during the next five years or so, or we'll have bad times, or some good and some bad?								
Good Times	68	59	56	61	63	61	60	61
Bad Times	11	13	14	13	14	14	15	14
Net Balance	57	46	42	48	49	46	45	47
Q5. Generally, do you think now is a good time, or a bad time, for people to buy major household items?								
Good Time to Buy	48	48	48	53	49	52	50	54
Bad Time to Buy	35	38	37	32	34	32	34	32
Net Balance	13	10	11	22	15	20	16	21
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the five net balances)								
Overall Index	125.9	121.5	118.6	131.4	123.6	121.8	121.9	126.0
Current Conditions	98.3	94.2	94.5	109.6	100.0	104.9	102.3	108.3
Future Conditions	144.3	139.7	134.6	146.0	139.4	133.1	135.1	137.8



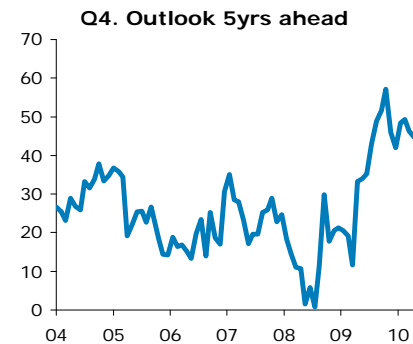
Sources: ANZ, Roy Morgan



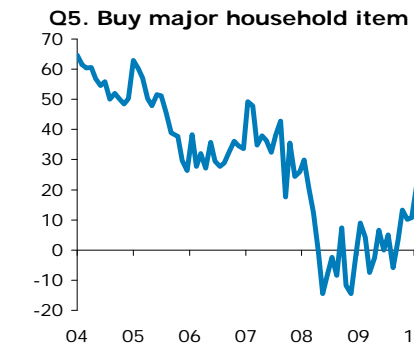
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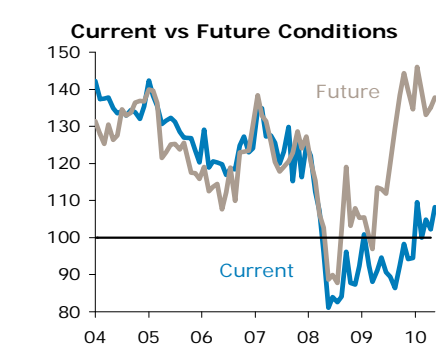
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NEW ZEALAND DISCLOSURE INFORMATION

The Bank (in respect of itself and its principal officers) makes the following investment adviser disclosure to you pursuant to section 41A of the Securities Markets Act 1988.

The Bank (in respect of itself and its principal officers) makes the following investment broker disclosure to you pursuant to section 41G of the Securities Markets Act 1988.

Qualifications, experience and professional standing

Experience

The Bank is a registered bank and, through its staff, is experienced in providing investment advice about its own securities and, where applicable, the securities of other issuers. The Bank has been selling securities, and providing investment advice on those securities, to customers as a core part of its business for many years, drawing on the extensive research undertaken by the Bank and its related companies and the skills of specialised staff employed by the Bank. The Bank is represented on many bank, finance and investment related organisations and keeps abreast of relevant issues by running seminars and workshops for relevant staff and having its investment adviser staff attend external seminars where appropriate. The Bank subscribes to relevant industry publications and, where appropriate, its investment advisers will monitor the financial markets.

Relevant professional body

The Bank is a member of the following professional bodies relevant to the provision of investment advice:

- New Zealand Bankers Association;
- Associate Member of Investment Savings & Insurance Association of NZ;
- Financial Markets Operations Association; and
- Institute of Finance Professionals.

Professional indemnity insurance

The Bank (and its subsidiaries), through its ultimate parent company Australia and New Zealand Banking Group Limited, has professional indemnity insurance which covers its activities including those of investment advisers it employs.

This insurance covers issues (including 'prior acts') arising from staff fraud, electronic crime, documentary fraud and physical loss of property. The scope of the insurance also extends to third party civil claims, including those for negligence. The level of cover is of an amount commensurate with the size and scale of the Bank.

The insurer is ANZcover Insurance Pty Limited.

Dispute resolution facilities

The Bank has a process in place for resolving disputes. Should a problem arise, you can contact any branch of the Bank for more information on the Bank's procedures or refer to any of the Bank's websites.

Unresolved complaints may ultimately be referred to the Banking Ombudsman, whose contact address is PO Box 10-573, Wellington.

Criminal convictions

In the five years before the relevant investment advice is given none of the Bank (in its capacity as an investment adviser and where applicable an investment broker) or any principal officer of the Bank has been:

- Convicted of an offence under the Securities Markets Act 1988, or the Securities Act 1978 or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961);
- A principal officer of a body corporate when that body corporate committed any of the offences or crimes involving dishonesty as described above;
- Adjudicated bankrupt;

- Prohibited by an Act or by a court from taking part in the management of a company or a business;
- Subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- Expelled from or has been prohibited from being a member of a professional body; or
- Placed in statutory management or receivership.

Fees

At the time of providing this disclosure statement it is not practicable to provide accurate disclosure of the fees payable for all securities that may be advised on. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

Other interests and relationships

When a security is sold by the Bank, the Bank may receive a commission, either from the issuer of a security or from an associated person of the Bank. Whether that commission is received and, if received, its value depends on the security sold. At the time of providing this disclosure statement it is not practicable to provide a detailed list of each security that may be advised on, the name of the issuer of that security and the rate of the commission received by the Bank. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

In addition to the interest that the Bank has in products of which it is the issuer, the Bank, or an associated person of the Bank, has the following interests or relationships that a reasonable person would find reasonably likely to influence the Bank in providing the investment advice on the securities listed below:

- ANZ Investment Services (New Zealand) Limited (ANZIS), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. ANZIS may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- UDC Finance Limited (UDC), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. UDC may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- ING (NZ) Holdings Limited (ING), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. ING and its related companies, including ING (NZ) Limited, may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- Direct Broking Limited (DBL), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. DBL may receive remuneration from a third party relating to a security sold by the Investment Adviser.

Securities about which investment advice is given

The Bank provides investment advice on the following types of securities:

- Debt securities including term and call deposits, government stock, local authority stock, State-Owned Enterprise bonds, Kiwi bonds and corporate bonds and notes;
- Equity securities such as listed and unlisted shares;
- New Zealand and overseas unit trusts;
- Share in a limited partnership;
- Superannuation schemes and bonds;
- Group investment funds;
- Life insurance products;
- Derivative products including interest rate and currency forward rate contracts and options; and
- Other forms of security, such as participatory securities.

PROCEDURES FOR DEALING WITH INVESTMENT MONEY OR INVESTMENT PROPERTY

If you wish to pay investment money to the Bank you can do this in several ways such as by:



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- Providing cash;
- Providing a cheque payable to the relevant product or service provider and crossed 'not transferable'; or
- Making an automatic payment or payment through another electronic delivery mechanism operated by the Bank.

Investment property (other than money) may be delivered to the Bank by lodging the relevant property (for example, share certificates) with any branch of the Bank offering a safe custody service, or by posting (using registered post) the documents or other property to a branch of the Bank, identifying your name, account number and investment purpose.

Any investment money lodged with the Bank for the purchase of securities offered by the Bank, its subsidiaries or any third parties will be deposited in accordance with your instructions, to your nominated account or investment. Such money will be held by the Bank according to usual banking terms and conditions applying to that account or the particular terms and conditions relating to the investment and will not be held by the Bank on trust unless explicitly accepted by the Bank on those terms. Any investment money or property accepted by the Bank on trust will be so held until disbursed in accordance with your instructions. Any investment property lodged with the Bank will be held by the Bank as bailee according to the Bank's standard terms and conditions for holding your property.

Record Keeping

The Bank will keep adequate records of the deposit of investment moneys or property and all withdrawals and dealings with such money or property, using the account/investment number allocated to your investment. You may have access to those records upon request.

Auditing

The Bank's systems and operations are internally audited on a regular basis. The financial statements of the Bank and its subsidiaries are audited annually by KPMG. However, this does not involve an external audit of the receipt, holding and disbursement of the money and other property.

Use of Money and Property

Money or property held by the Bank for a specific purpose communicated to the Bank (e.g. the purchase of an interest in a security) may not be used by the Bank for its own purposes and will be applied for your stated purpose. No member of the Bank's staff may use any money or property deposited with the Bank, for their own purposes or for the benefit of any other person. In the absence of such instructions, money deposited with the Bank may be used by the Bank for its own purposes, provided it repays the money to you upon demand (or where applicable, on maturity), together with interest, where payable.

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