

ANZ-ROY MORGAN CONSUMER CONFIDENCE SEASONAL CHEERINESS

SEPTEMBER 2010

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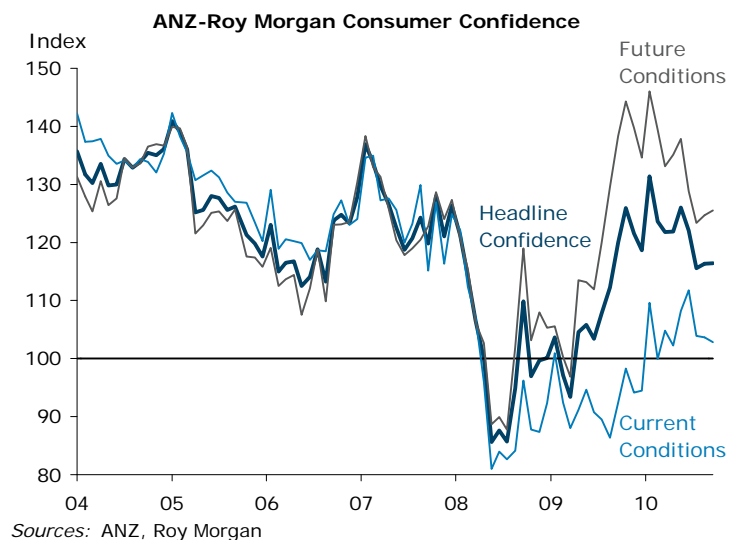
SUMMARY

- Consumer confidence was unchanged in September. After we remove seasonal influences, consumer confidence showed a 3 point drop in headline confidence and similar declines in the current and future conditions components.
- Consumer confidence in the Canterbury region remained resilient to seismic events. Rather, it was Wellington who showed the most notable drop in consumer confidence.

The ANZ-Roy Morgan Consumer Confidence measure was largely unmoved in September, at 116.4. The measure has now hovered around its current level for three successive months. However, once seasonally adjusted, the index (at 115.1) eased over the past three months and presently sits at its lowest level since the end of last year, but remains well above the key 100 benchmark.

The Current Conditions index eased to 102.9 (previously 103.7) while the Future Expectation component rose from 124.7 to 125.5. There was a modest improvement (6 points) in people's views of their current financial situation (from -18 to -12). Leaning against this was a 7 point drop (from +25 to +18) in whether people thought it was a good time to buy a major household item. The pick up in the Future Conditions index looks seasonal, and once adjusted for this, the index dropped to a 15-month low.

The gap between current and future conditions remains wide. With current conditions the key bellwether in regard to actual spending trends, such a gap suggests continued caution on behalf of consumers.

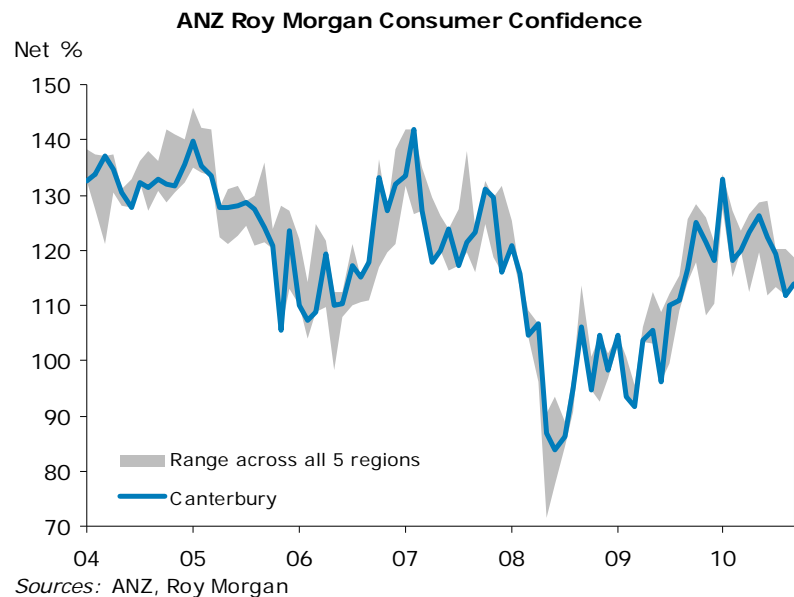


This month's survey captured some significant events that had the potential to influence consumers' perception. In particular it is one of the first samples of data to take in the impact of seismic events in the

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Canterbury region. Considering the magnitude of this event, it is encouraging to see consumer confidence remain so resilient, although we must also recognise that seasonal influences are partly at play. **When we remove seasonal variations, headline consumer confidence dipped 3 points.** But we would still consider this encouraging.

Confidence within the Canterbury region held up. While headline confidence within the Canterbury region is slightly below the national figure (113.9 versus 116.4), consumer confidence in the Canterbury region rose 2 points underpinned by buoyant views in regards to both current conditions and the future. **In contrast, consumer confidence within the Wellington region showed a material fall,** and this was widespread across all of the five questions. The largest drop was with regard to whether it was a good time to buy a major household item, which dropped 20 points to +12.

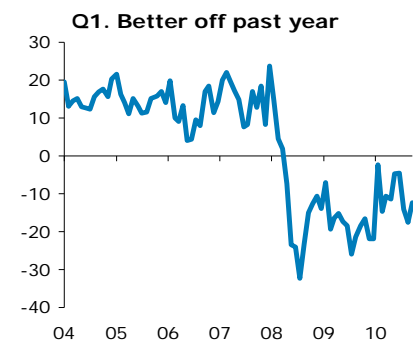


Looking at the more detailed survey results, males reported a 1 point tick up in headline confidence, while females dropped by the same amount. **The 35 to 49 age group recorded a 9 point drop in confidence,** with sentiment now the lowest for all age groups in the survey. This is an age cohort with spending power. The previous time this age group ranked so poorly was two years ago. Confidence in all of the other age brackets lifted. **Consumers inflation expectations (average for the next two years) was unchanged at 3.6 percent.**

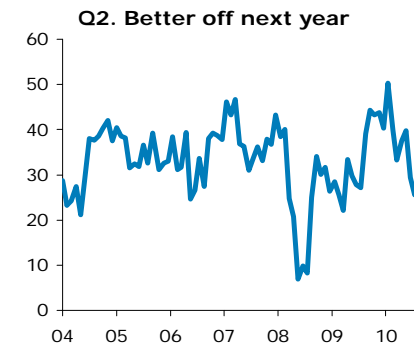
Over the coming months we will be introducing a new question into the survey which asks respondents their expectations towards house prices over the coming two years. Housing dominates the household balance sheet and is a key driver of investment and spending decisions. Over time we would expect such a question to help answer a key question. Are we witnessing a cyclical response in relation to economic weakness or are households showing signs of a structural change in relation to housing-centric investment decisions and associated expectations towards house prices? The answer will be a key influence on interest rates going forward.

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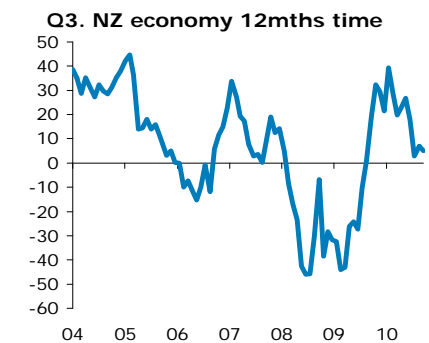
Survey Summary	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
No. of Interviews	1,047	993	1,015	995	1,075	1,062	1,035	1,021
Q1. Would you say you and your family are better-off financially or worse off than you were at this time last year?								
Better Off	26	28	30	31	30	27	24	26
Worse Off	41	39	41	35	35	41	41	39
Net Balance	-15	-11	-11	-5	-5	-14	-18	-12
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	57	53	56	56	53	48	49	48
Worse Off	17	20	18	16	23	23	20	19
Net Balance	40	33	38	40	29	26	29	28
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	48	48	53	44	36	37	36
Bad Times	24	28	26	26	26	33	30	31
Net Balance	29	20	23	27	18	3	7	5
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	63	61	60	61	56	58	54	56
Bad Times	14	14	15	14	17	16	15	12
Net Balance	49	46	45	47	39	42	38	43
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	49	52	50	54	56	53	53	51
Bad Time to Buy	34	32	34	32	28	31	28	33
Net Balance	15	20	16	21	28	22	25	18
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the five net balances)								
Overall Index	123.6	121.8	121.9	126.0	122.0	115.6	116.3	116.4
Current Conditions	100.0	104.9	102.3	108.3	111.8	104.0	103.7	102.9
Future Conditions	139.4	133.1	135.1	137.8	128.8	123.4	124.7	125.5



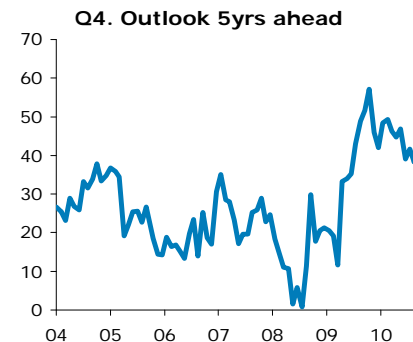
Sources: ANZ, Roy Morgan



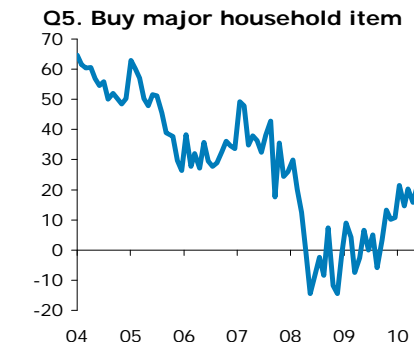
Sources: ANZ, Roy Morgan



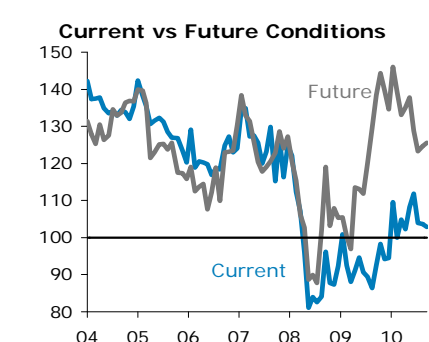
Sources: ANZ, Roy Morgan



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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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