

**Annual Report of ANZ National (Int'l) Limited
for the year ended 30 September 2008**

Pursuant to section 211(3) of the Companies Act 1993 (the "Act"), the shareholder of the Company has agreed that the annual report of the Company need not comply with any of the paragraphs (a), and (e) to (j) of subsection (1) and subsection (2) of section 211.

Accordingly, there is no information to be provided in this Annual Report other than the financial statements for the year to 30 September 2008 and the Audit Report thereon, which are enclosed.



Director



Director

28 November 2008

Date

ANZ NATIONAL (INT'L) LIMITED

328154

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2008

INCOME STATEMENT for the year ended 30 September 2008

	Note	Year to 30/09/2008 \$000	Year to 30/09/2007 \$000
Interest income	5	1,200,011	1,103,591
Interest expense	5	1,190,194	1,093,568
Net interest income		9,817	10,023
Net foreign exchange (losses)/gains		(65)	98
Total income		9,752	10,121
Operating expenses	6	910	877
Profit before income tax		8,842	9,244
Income tax expense	7	2,911	3,051
Profit after income tax		5,931	6,193

The notes on pages 6 to 19 form part of and should be read in conjunction with these financial statements.



STATEMENT OF CHANGES IN EQUITY for the year ended 30 September 2008

	Note	Year to 30/09/2008 \$000	Year to 30/09/2007 \$000
Currency translation adjustments after tax		-	(40)
Net profit expense recognised directly in equity		-	(40)
Profit after income tax		5,931	6,193
Total recognised income and expenses for the year		5,931	6,153
Retained profits at beginning of the year		1,163	17,414
Transfer to foreign currency translation reserve		598	(2,404)
Ordinary dividend paid		-	(20,000)
Retained profits at end of the year		7,692	1,163
Foreign currency translation reserve at beginning of the year		1,949	(455)
Currency translation adjustments		(598)	2,404
Foreign currency translation reserve at end of the year		1,351	1,949
Ordinary share capital at beginning and end of the year		500	500
Equity at end of the year		9,543	3,612

The notes on pages 6 to 19 form part of and should be read in conjunction with these financial statements.

BALANCE SHEET as at 30 September 2008

	Note	30/09/2008 \$000	30/09/2007 \$000
Assets			
Liquid assets	8	1,948	2,156
Amounts due from related parties	9	33,386,405	24,183,360
Prepaid expenses		3,407	-
Deferred tax asset	10	18	-
Total assets		33,391,778	24,185,516
Liabilities			
Payables and other liabilities	13	96,182	90,136
Deposits and other borrowings	11	12,669,729	9,319,363
Amounts due to related parties	12	3,580,831	3,075,791
Bonds and notes	14	17,033,647	11,694,861
Current tax liabilities		1,846	1,753
Total liabilities		33,382,235	24,181,904
Net assets		9,543	3,612
Equity			
Ordinary share capital	15	500	500
Foreign currency translation reserve		1,351	1,949
Retained profits		7,692	1,163
Total equity		9,543	3,612

For and on behalf of the Board of Directors:

Erin Hogan
Indy

Director

Director

28 November 2008

Date of issue

The notes on pages 6 to 19 form part of and should be read in conjunction with these financial statements.



CASH FLOW STATEMENT for the year ended 30 September 2008

	Note	Year to 30/09/2008 \$000	Year to 30/09/2007 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Interest received		1,235,311	1,019,664
		<hr/>	<hr/>
		1,235,311	1,019,664
<i>Cash was applied to:</i>			
Interest paid		(1,225,381)	(1,009,923)
Operating expenses		(806)	(873)
Payment of tax		(2,836)	(3,014)
		<hr/>	<hr/>
		(1,229,023)	(1,013,810)
		<hr/>	<hr/>
Net cash flows provided by operating activities	24	6,288	5,854
		<hr/>	<hr/>
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Decrease in other assets		-	65
		<hr/>	<hr/>
		-	65
<i>Cash was applied to:</i>			
Increase in due from parent company		(5,035,098)	(6,402,282)
Increase in other assets		(65)	-
		<hr/>	<hr/>
		(5,035,163)	(6,402,282)
		<hr/>	<hr/>
Net cash flows used in investing activities		(5,035,163)	(6,402,217)
		<hr/>	<hr/>

The notes on pages 6 to 19 form part of and should be read in conjunction with these financial statements.

CASH FLOW STATEMENT for the year ended 30 September 2008 (continued)

	Note	Year to 30/09/2008 \$000	Year to 30/09/2007 \$000
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Increase in deposits and other borrowings		1,272,709	2,750,014
Increase in due to related parties		436,528	1,426,124
Proceeds from bonds and notes		7,337,425	2,924,199
		<u>9,046,662</u>	<u>7,100,337</u>
<i>Cash was applied to:</i>			
Redemptions of bonds and notes		(4,017,995)	(683,996)
Decrease in other liabilities		-	(65)
Dividends paid		-	(20,000)
		<u>(4,017,995)</u>	<u>(704,061)</u>
Net cash flows provided by financing activities		<u>5,028,667</u>	<u>6,396,276</u>
Net cash flows provided by operating activities		6,288	5,854
Net cash flow used in investing activities		(5,035,163)	(6,402,217)
Net cash flow provided by financing activities		5,028,667	6,396,276
		<u>(208)</u>	<u>(87)</u>
Net decrease in cash and cash equivalents		2,156	2,243
Opening cash and cash equivalents			
Closing cash and cash equivalents		<u>1,948</u>	<u>2,156</u>
Reconciliation of closing cash and cash equivalents to balance sheet:			
Liquid assets	8	1,948	2,156

The notes on pages 6 to 19 form part of and should be read in conjunction with these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

I. ACCOUNTING POLICIES**(i) Basis of preparation**

These financial statements for ANZ National (Int'l) Limited ('the Company') have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles, applying the Framework for Differential Reporting for Entities Applying the New Zealand Equivalents to International Financial Reporting Standards Reporting Regime ('Framework for Differential Reporting'). They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate to profit-orientated entities that qualify for and apply Differential Reporting exemptions. The Company has taken advantage of all the Differential Reporting exemptions except those available under NZ IAS 7: Cash Flow Statements and NZ IAS 12: Income Taxes.

The Company qualifies for Differential Reporting exemptions as it has no public accountability and at balance date every owner of the Company was also a member of the Company's governing body.

(ii) Presentation currency and rounding

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

The Company has chosen to use New Zealand dollars as its presentation currency as it is a New Zealand incorporated company, with its immediate parent company reporting in New Zealand dollars.

The results and financial position of the Company are translated into New Zealand dollars from its functional currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the that balance sheet;
- income and expenses for each income statement are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised as a separate component of equity.

(iii) Changes in accounting policies

There have been no changes in accounting policies during the year.

The Company has not early adopted NZ IFRS 8: Operating Segments. This standard is effective for annual accounting periods beginning on or after 1 January 2009.

(iv) Measurement base

These financial statements have been prepared on a going concern basis in accordance with historical cost concepts.

(v) Accounting estimates

The preparation of the financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates.

(vi) Foreign currency**Functional currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Company's functional currency is United States dollars, whereas the presentation currency is New Zealand dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses resulting from (i) the settlement of such transactions, and (ii) the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

I. ACCOUNTING POLICIES (continued)**(vii) Interest income and interest expense**

Interest income and interest expense are recognised in the income statement as they accrue, using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability. The application of the method has the effect of recognising income and expense on the financial asset or liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

(viii) Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by an accounting standard. This generally arises in the following circumstances:

- where gains and losses relating to fair value hedges are assessed as being effective;
- where gains and losses from a group of similar transactions are reported on a net basis such as foreign exchange gains and losses;
- where amounts are collected on behalf of third parties, where the Company is, in substance, acting as an agent only; or
- where costs are incurred on behalf of customers from whom the Company is reimbursed.

(ix) Recognition and derecognition of financial assets and financial liabilities

The Company recognises a financial asset or liability on its balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial asset or liability. The Company derecognises a financial asset from its balance sheet when, and only when, (i) the contractual rights to the cash flows from the financial asset expire, or (ii) the Company has transferred all or substantially all of the risks and rewards of ownership of the financial asset and no longer controls the financial asset. The Company derecognises a financial liability from its balance sheet, when and only when, it is extinguished.

(x) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and not classified as available-for-sale. The loans and advances are initially recognised at fair value including transaction costs that are directly attributable to the issue of the loan or advance. They are subsequently measured at amortised cost using the effective interest method, less any impairment loss. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

As part of the Company's lending policy, adequate and appropriate security is obtained where deemed necessary. Factors considered are the quality and priority of the securities obtained. Securities include registered first mortgages, trust deeds, charges over assets and enforced financial covenants.

Loans and advances are regularly reviewed for any impairment loss. Credit loss provisions are raised for loans that are known to be impaired. Loans are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and prior to the reporting date, and that the loss event (or events) has had an impact on the estimated future cash flows (recoverable amount) of the loan.

(xi) Deposits and other borrowings

Deposits and other borrowings includes commercial paper issuances. Deposits and other borrowings are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. The interest expense is recognised using the effective interest method as explained in Accounting Policy (vii).

(xii) Bonds and notes

Bonds and notes are initially recognised at fair value plus transaction costs and subsequently stated at amortised cost. Interest expense is recognised in the income statement using the effective interest method.

(xiii) Income tax

Income tax on profits for the period comprises current and deferred tax. It is recognised in the income statement as tax expense, except when it relates to items credited directly to equity, in which case it is recorded in equity.

Current tax is the expected tax payable on taxable income for the period, based on tax rates (and tax laws) which are enacted or substantively enacted by the reporting date and including any adjustment for tax payable in previous periods. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)**(xiii) Income tax (continued)**

Deferred tax is accounted for using the tax balance sheet liability method. Deferred tax arises by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the Company, at the reporting date, recovers or settles the carrying amount of its assets or liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilised.

Current and deferred tax assets are offset only to the extent that they relate to income taxes imposed by the same taxation authority and there is a legal right and intention to settle on a net basis and it is allowed under the tax law.

(xiv) Offsetting of assets and liabilities

Assets and liabilities are offset and the net amount reported in the balance sheet only where:

- There is a current enforceable legal right to offset the asset and liability; and
- There is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(xv) Contingent liabilities

Liabilities are no longer contingent, and are recognised on the balance sheet, when the transaction is probable in that the contingency is likely to occur and the contingency can be reasonably measured. Further disclosure is made within Note 23 Contingent Liabilities and Other Commitments, where the above requirements are not met, but there is a possible obligation that is higher than remote. Specific details are provided together with an estimate of the range or a statement that such an estimate is not possible.

(xvi) Comparatives

To ensure consistency with the current year, comparative figures have been reclassified where appropriate.

(xvii) Segment reporting

Business segments are distinguished components of the Company that provide products or services that are subject to risks and rewards that are different to those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and rewards that are different to those components operating in other economic environments.

As the principal activity of the Company is the raising of external deposits and on-lending to its parent company at a margin, the Company does not have any reportable segments, as the majority of its revenue is not earned from external customers.

(xviii) Cash flow statement**Basis of preparation**

The cash flow statement has been prepared using the direct approach.

Cash and cash equivalents

Cash and cash equivalents include liquid assets with an original term to maturity of less than three months.

Netting of cash flows

Certain cash flows have been netted in order to provide more meaningful disclosure, as many of the cash flows are received and immediately lent to the parent company. These cash flows are high volume and short term in nature and include deposits and other borrowings and related party balances.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. NATURE OF COMPANY AND ITS BUSINESS

The company is incorporated in New Zealand under the Companies Act 1993, and is based in New Zealand. Its registered office is at Level 14, ANZ Tower, 215-229 Lambton Quay, Wellington, New Zealand.

The Company provides funding facilities and wholesale funding to its parent company, ANZ National Bank Limited via issuance of U.S. Commercial Paper, Euro-Commercial Paper, U.S. Medium-Term Notes and Euro Medium-Term Notes. The Company's overseas activities are conducted through its London branch.

3. PARENT COMPANY

The parent company is ANZ National Bank Limited which is incorporated in New Zealand. The ultimate parent company is Australia and New Zealand Banking Group Limited which is incorporated in Australia.

4. RELATED PARTIES

The Company is a wholly owned subsidiary of ANZ Holdings (New Zealand) Limited Group, which is a member of the Australia and New Zealand Banking Group Limited group of companies ('ANZ Group'). All members of the ANZ Group are considered to be related parties of the Company.

Details of transactions with related parties during the ordinary course of business are set out in the relevant notes to these financial statements.

The Directors of the Company do not receive any fees for services provided to the Company, nor were there any transactions with the Company during the year (2007: nil).

5. INTEREST INCOME AND EXPENSE

	Year to 30/09/2008 \$000	Year to 30/09/2007 \$000
Interest income		
Liquid assets	171	81
Parent company	1,199,757	1,103,412
Other	83	98
	<u>1,200,011</u>	<u>1,103,591</u>
Interest expense		
Deposits and other borrowings	446,985	408,207
Related parties	115,863	145,705
Bonds and notes	626,814	539,558
Other	532	98
	<u>1,190,194</u>	<u>1,093,568</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. OPERATING EXPENSES

	Year to 30/09/2008 \$000	Year to 30/09/2007 \$000
Personnel costs	621	675
Communication	163	109
Premises and equipment	3	4
Other	123	89
	<u>910</u>	<u>877</u>

Audit fees of \$29,213 (2007: \$18,638) have been paid by ANZ National Bank Limited for nil consideration (2007: nil).

7. INCOME TAX EXPENSE

	Year to 30/09/2008 \$000	Year to 30/09/2007 \$000
Reconciliation of the prima facie income tax payable on profit with the income tax expense charged in the income statement		
Profit before income tax	8,842	9,244
Prima facie income tax at 33%	2,918	3,051
	<u>2,918</u>	<u>3,051</u>
Tax effect of change in domestic tax rate ¹	2	-
Income tax over provided in prior years	(9)	-
	<u>2,911</u>	<u>3,051</u>
Effective tax rate	32.9%	33.0%
The major components of the income tax expense comprise:		
Current income tax charge	2,938	3,051
Adjustments recognised in the current year in relation to current tax of prior years	(9)	-
Deferred tax credit relating to the origination and reversal of temporary differences	(18)	-
	<u>2,911</u>	<u>3,051</u>
Total income tax expense recognised in income statement	<u>2,911</u>	<u>3,051</u>

The Company is part of a wholly owned group of companies and may receive the benefit of tax losses by way of a tax loss offset for which compensation will be paid to another member of the ANZ Holdings (New Zealand) Limited Group.

¹In May 2007, legislation was passed to reduce the New Zealand corporate tax rate from 33% to 30%, effective for the 2008/2009 income tax year. The tax effect shown is the impact on the value of deferred tax assets and liabilities as a result of the reduction in the corporate tax rate from 1 October 2008.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. LIQUID ASSETS	30/09/2008 \$000	30/09/2007 \$000
Cash at bank	1,948	2,156
Total liquid assets	<u>1,948</u>	<u>2,156</u>

9. AMOUNTS DUE FROM RELATED PARTIES	30/09/2008 \$000	30/09/2007 \$000
ANZ National Bank Limited	33,386,405	24,183,360
Total amounts due from related parties	<u>33,386,405</u>	<u>24,183,360</u>

Balances owing by ANZ National Bank Limited are lent on similar terms as the underlying funding raised.

10. DEFERRED TAX ASSETS	30/09/2008 \$000	30/09/2007 \$000
Balance at beginning of the year	-	-
Credit to income statement	18	-
Balance at end of the year	<u>18</u>	<u>-</u>
Deferred tax assets comprise the following temporary differences: Provisions and accruals	18	-
Total deferred tax asset	<u>18</u>	<u>-</u>
The deferred tax credit in the income statement comprises the following temporary differences: Provisions and accruals	18	-
Total deferred tax credit in the income statement	<u>18</u>	<u>-</u>

The reduction in the corporate tax rate from 33% to 30% from the 2009 tax year has been taken into account in calculating the value of deferred tax assets as at 30 September 2008.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. DEPOSITS AND OTHER BORROWINGS	30/09/2008 \$000	30/09/2007 \$000
Commercial paper by currency		
Australian dollars	-	183,738
Canadian dollars	-	33,790
Euro	469,018	922,057
Great British pounds	247,433	851,286
Japanese yen	21,422	377,067
New Zealand dollars	-	30,844
Swiss franc	95,537	364,329
United States dollars	11,836,319	6,556,252
Total deposits and other borrowings	<u>12,669,729</u>	<u>9,319,363</u>

Commercial paper issued is guaranteed by the parent company.

12. AMOUNTS DUE TO RELATED PARTIES	30/09/2008 \$000	30/09/2007 \$000
Australia and New Zealand Banking Group Limited - current	1,018,380	1,172,350
Australia and New Zealand Banking Group Limited and subsidiaries - term	2,560,709	1,901,829
South Pacific Merchant Finance Limited	1,496	1,384
Southpac Corporation Limited	246	228
Total amounts due to related parties	<u>3,580,831</u>	<u>3,075,791</u>

Balances owing to the Australia and New Zealand Banking Group Limited and subsidiaries are made at normal commercial bank rates. These balances are guaranteed by the parent company.

Balances owing to other related parties are made at variable bank rates.

13. PAYABLES AND OTHER LIABILITIES	30/09/2008 \$000	30/09/2007 \$000
Accrued interest payable	96,009	90,067
Other	173	69
Total payables and other liabilities	<u>96,182</u>	<u>90,136</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. BONDS AND NOTES

	30/09/2008 \$000	30/09/2007 \$000
Bonds and notes by currency		
Australian dollars	59,669	-
Euro	2,250,392	2,151,694
Great British pounds	1,975,525	1,978,220
Hong Kong dollars	303,672	442,476
Japanese yen	943,406	103,131
New Zealand dollars	470,000	420,000
Singapore dollars	208,559	-
Swiss franc	374,894	-
United States dollars	10,447,530	6,599,340
	<u>17,033,647</u>	<u>11,694,861</u>
Total bonds and notes		

Bonds and notes issued are guaranteed by the parent company.

15. ORDINARY SHARE CAPITAL

	30/09/2008 No. of Shares	30/09/2007 No. of Shares
Ordinary shares at beginning and end of the year	<u>500,000</u>	<u>500,000</u>
	30/09/2008 \$000	30/09/2007 \$000
Ordinary share capital at beginning and end of the year	<u>500</u>	<u>500</u>

The dividend on ordinary shares was nil (2007: \$40 per share).

The ordinary shares have the rights and powers prescribed by Section 36 of the Companies Act 1993, whereby they have equal rights regarding voting, dividends and the residual assets upon winding up of the Company.

16. CONCENTRATION OF CREDIT RISK AND FUNDING

Concentrations of credit risk arise when the Company is exposed to risk in activities or industries of a similar nature. Concentrations of funding arise where the Company is funded by industries of a similar nature. The Company's principal activities are within the finance industry in the United Kingdom and United States of America, with credit exposure principally based in the finance industry in New Zealand.

The Company's material assets are due from ANZ National Bank Limited and as a result the Company has a significant credit exposure to ANZ National Bank Limited as disclosed in Note 9 Amount Due From Related Parties.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. FINANCIAL INSTRUMENTS - INTEREST RATE SENSITIVITY ANALYSIS

Financial instruments are entered into by the Company in its operations as a financial intermediary. There are no material off balance sheet instruments.

The Company's operations are match funded in nature to minimise interest rate sensitivity. Consequently the extent of matching between repricing characteristics and timing of interest bearing assets and liabilities has minimal implications for future net income.

The impact of a 1% rate movement on the Company's net interest income would not have a material impact.

The interest rate sensitivity of financial instruments at balance date was:

	Notional or Carrying value S000	At call or less than 3 months S000	3-6 months S000	6-12 months S000	1-5 years S000	Non interest bearing S000
30/09/2008						
Assets						
Liquid assets	1,948	1,880	-	-	-	68
Amounts due from related parties	33,386,405	23,001,301	4,119,837	2,623,360	3,641,907	-
Total financial assets	33,388,353	23,003,181	4,119,837	2,623,360	3,641,907	68
Non-financial assets	3,425	-	-	-	-	3,425
Total assets	33,391,778	23,003,181	4,119,837	2,623,360	3,641,907	3,493
Liabilities and equity						
Deposits and other borrowings	12,669,729	7,095,728	3,697,357	1,876,644	-	-
Amounts due to related parties	3,580,831	3,107,641	100,000	373,190	-	-
Payables and other liabilities	96,182	96,009	-	-	-	173
Bonds and notes	17,033,647	12,695,734	322,480	373,526	3,641,907	-
Total financial liabilities	33,380,389	22,995,112	4,119,837	2,623,360	3,641,907	173
Non-financial liabilities	1,846	-	-	-	-	1,846
Equity	9,543	-	-	-	-	9,543
Total liabilities and equity	33,391,778	22,995,112	4,119,837	2,623,360	3,641,907	11,562
Net repricing profile	-	8,069	-	-	-	(8,069)

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. FINANCIAL INSTRUMENTS - INTEREST RATE SENSITIVITY ANALYSIS (continued)

	Notional or Carrying value \$000	At call or less than 3 months \$000	3-6 months \$000	6-12 months \$000	1-5 years \$000	Non interest bearing \$000
30/09/2007						
Assets						
Liquid assets	2,156	2,096	-	-	-	60
Amounts due from related parties	24,183,360	20,454,898	1,778,482	1,284,894	665,086	-
Total financial assets	24,185,516	20,456,994	1,778,482	1,284,894	665,086	60
Non-financial assets	-	-	-	-	-	-
Total assets	24,185,516	20,456,994	1,778,482	1,284,894	665,086	60
Liabilities and equity						
Deposits and other borrowings	9,319,363	7,152,350	1,427,985	739,028	-	-
Amounts due to related parties	3,075,791	2,708,891	200,497	166,403	-	-
Payables and other liabilities	90,136	90,067	-	-	-	69
Bonds and notes	11,694,861	10,500,312	150,000	379,463	665,086	-
Total financial liabilities	24,180,151	20,451,620	1,778,482	1,284,894	665,086	69
Non-financial liabilities	1,753	-	-	-	-	1,753
Equity	3,612	-	-	-	-	3,612
Total liabilities and equity	24,185,516	20,451,620	1,778,482	1,284,894	665,086	5,434
Net repricing profile	-	5,374	-	-	-	(5,374)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Liquidity risk is the risk that the Company will encounter difficulty in meeting commitments associated with its financial liabilities and future commitments. The Company manages its exposure to liquidity risk by maintaining sufficient liquid funds to meet its commitments based on historical and forecasted cash flow requirements. As the company is a financial intermediary, it principally matches the maturity of assets held with its liabilities. Liquidity risk is therefore minimal.

The following maturity analysis of assets and liabilities has been prepared on the basis of the remaining period to contractual maturity as at balance date. The amounts represent principal and interest cash flows and may differ compared to the amounts reported on the balance sheet.

30/09/2008	Carrying value	Total \$000	Less than 3 months \$000	3-12 months \$000	1-5 years \$000	Beyond 5 years \$000	No specified maturity \$000
Assets							
Liquid assets	1,948	1,948	1,948	-	-	-	-
Amounts due from related parties	33,386,405	36,322,256	10,064,709	13,551,621	12,307,040	398,886	-
Total financial assets	33,388,353	36,324,204	10,066,657	13,551,621	12,307,040	398,886	-
Liabilities							
Deposits and other borrowings	12,669,729	13,561,262	7,598,270	5,962,992	-	-	-
Amounts due to related parties	3,580,831	4,406,337	629,345	612,536	3,164,456	-	-
Payables and other liabilities	96,182	96,182	96,182	-	-	-	-
Bonds and notes	17,033,647	18,241,106	1,771,023	6,981,212	9,089,227	399,644	-
Total financial liabilities	33,380,389	36,304,887	10,094,820	13,556,740	12,253,683	399,644	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

30/09/2007	Carrying value	Total \$000	Less than 3 months \$000	3-12 months \$000	1-5 years \$000	Beyond 5 years \$000	No specified maturity \$000
Assets							
Liquid assets	2,156	2,156	2,156	-	-	-	-
Amounts due from related parties	24,183,360	25,874,327	9,043,204	6,686,889	10,144,234	-	-
Total financial assets	24,185,516	25,876,483	9,045,360	6,686,889	10,144,234	-	-
Liabilities							
Deposits and other borrowings	9,319,363	9,971,886	7,660,723	2,311,163	-	-	-
Amounts due to related parties	3,075,791	3,289,620	1,608,318	392,941	1,288,361	-	-
Payables and other liabilities	90,136	90,136	90,136	-	-	-	-
Bonds and notes	11,694,861	12,515,506	141,160	3,903,782	8,470,564	-	-
Total financial liabilities	24,180,151	25,867,148	9,500,337	6,607,886	9,758,925	-	-

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methodologies and assumptions used when determining fair value depend on the terms and risk characteristics of the various instruments and include the following:

For cash and short term financial instruments, the carrying amount is equivalent to the fair value.

For amounts due from and to related parties, deposits due to other financial institutions, and debt securities issued, the estimated fair values are based on market rates.

All financial instruments are held at amortised cost.

	30/09/2008 \$000 Carrying value	30/09/2008 \$000 Estimated fair value	30/09/2007 \$000 Carrying value	30/09/2007 \$000 Estimated fair value
Assets				
Liquid assets	1,948	1,948	2,156	2,156
Amounts due from related parties	33,386,405	33,177,097	24,183,360	24,168,677
Total financial assets	33,388,353	33,179,045	24,185,516	24,170,833
Liabilities				
Deposits and other borrowings	12,669,729	12,652,715	9,319,363	9,317,126
Amounts due to related parties	3,580,831	3,583,442	3,075,791	3,074,426
Payables and other liabilities	96,182	96,182	90,136	90,136
Bonds and notes	17,033,647	16,838,742	11,694,861	11,683,781
Total financial liabilities	33,380,389	33,171,081	24,180,151	24,165,469

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FOREIGN CURRENCY EXPOSURE

Foreign currency exposure is analysed by displaying the net open position in each currency for recognised and unrecognised financial instruments in New Zealand dollar equivalents.

	30/09/2008	30/09/2007
	\$000	\$000
Australian dollar	2	(2)
Canadian dollar	-	(2)
Euro	(3)	41
Great British pound	1,980	(625)
Hong Kong dollar	66	102
Japanese yen	45	(4)
Singapore dollar	19	-
Swiss franc	19	(16)
United States dollar	408	384
	<hr/>	<hr/>
Total foreign currency exposure	<u>2,536</u>	<u>(122)</u>

21. RISK MANAGEMENT

Exposure to risk arises from the Company's operations as a financial intermediary and participant in the financial markets. All aspects of risk are managed within a framework of policies, limits, control procedures, systems and reporting. Risk exposures are independently monitored and controlled within predefined limits, with an internal reporting framework in place.

Interest rate risk

The provision of loans and accepting of deposits at both fixed and variable rates gives rise to the risk that the Company could have unmatched positions. Leading to material exposures in a shifting interest rate environment.

The Company, being a financial intermediary, principally matches the interest rate risk of each asset held with the corresponding liability.

Liquidity risk

Liquidity risk is the risk that under certain conditions, cash outflows can exceed cash inflows in a given period. Liquidity risk arises from mismatch in the final maturity of on-balance sheet assets and liabilities plus settlement of off-balance sheet activities.

The Company, being a financial intermediary, principally matches the maturities of assets held with its liabilities. Liquidity risk is therefore minimal.

Currency risk

Currency risk arises from changes in foreign exchange rates impacting on residual currency positions that may result from the Company's business as a financial intermediary.

Currency risk is monitored in terms of open positions to each currency, based on nominal value and the duration of each exposure. The total amount of foreign currency exposures, whether recognised or unrecognised, within each currency is not material.

Credit risk

Credit risk is the potential that the counterparty to a financial transaction will fail to perform according to the terms and conditions of the contract, thus causing loss.

The Company's principal exposure is to the parent company.

Operational risk

Operational risk is the risk of losses as a result of inadequate or failed internal processes, people and systems or from external events. It includes the threat of natural disasters, systems failures, human error, process control failure, fraud, financial crime and non-compliance with legislation and regulations.

A comprehensive infrastructure of effective policies, procedures, business practices and compliance exists to manage operational risks, which is subject to full review at least annually.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. RISK MANAGEMENT (continued)

General: Internal audit

The parent company has an independent internal audit function. Working closely with other independent risk functions, internal audit provides independent challenge by way of a risk-based programme of analysis and review. This involves an ongoing high level review of risks facing the business and development and scoping of a formal risk-focused audit programme. Internal audit also consult internally on the risk aspects of change and new business developments, formally reporting quarterly on the prevailing risk environment.

22. CAPITAL COMMITMENTS

There were no capital commitments outstanding as at 30 September 2008 (2007: nil).

23. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30/09/2008	30/09/2007
	\$000	\$000

There were no contingent liabilities as at 30 September 2008 (2007: nil).

As at 30 September 2008, the Company had unsecured liquidity facilities as follows:

USD 550m (2007: USD1,000m)	820,976	1,320,667
GBP 125m (2007: nil)	335,980	-
Euro 250m (2007: nil)	535,830	-
Total facilities available	<u>1,692,786</u>	<u>1,320,667</u>

As at 30 September 2008, no facilities were utilised (2007: nil)

24. NOTES TO THE CASH FLOW STATEMENT

	Year to	Year to
	30/09/2008	30/09/2007
	\$000	\$000

Reconciliation of net profit after tax to net cash flow from operating activities

Net profit after tax	5,931	6,193
Adjustments to net profit after tax:		
Unrealised foreign exchange loss/(gain)	65	(98)
Decrease/(increase) in accrued interest income	35,299	(83,927)
(Decrease)/increase in accrued interest expense	(35,186)	83,645
Increase in deferred tax asset	(18)	-
Increase in accrued charges	104	4
Increase in income tax liabilities	93	37
Net cash flow from operating activities	<u>6,288</u>	<u>5,854</u>

ANZ NATIONAL (INT'L) LIMITED

MANAGEMENT REPORT

Company Overview

The principal activities of ANZ National (Int'l) Limited include the provision of funding facilities and wholesale funding to its parent company, ANZ National Bank Limited. This includes issuance of US commercial paper, Euro-commercial paper, US medium-term notes and Euro medium-term notes. The Company's overseas activities are currently conducted through its London branch. The company has no subsidiaries.

Business Review & Important Events

Total assets increased from \$24,186 million as at 30 September 2007 to \$33,392 million as at 30 September 2008, driven by an increase in wholesale funding required by the parent company.

The company raised additional funding through its wholesale funding programmes that it consequentially on-lent to the parent company. Bonds and notes issuance has increased from \$11,695 million as at 30 September 2007 to \$17,034 million as at 30 September 2008, including foreign exchange revaluation of \$2,019 million. The increase in bonds and notes has largely resulted from a US\$ 2.0 billion issue under the US medium-term programme and a US\$ 890 million issue under the Euro medium-term note programme, together with a small number of Euro medium-term notes.

Shorter-term commercial paper issuance increased from \$9,319 million to \$12,670 million, including foreign exchange revaluation of \$2,091 million. Amounts due to related parties increased from \$3,076 million to \$3,581 million, including foreign exchange revaluation of \$92 million.

Net interest income decreased from \$10.0 million in the year ended 30 September 2007 down to \$9.8 million in the year ended 30 September 2008 due to lower levels of Total Equity invested and lower average margin earned due to roll-off of higher margin issues, partially offset by balance sheet growth.

Principal Risks and Uncertainties

The company expects minimal changes to its risk profile over the course of the next six months.

The Company's exposure to risk arises from the Company's operations as a financial intermediary and participant in the financial markets. All aspects of risk are managed within a framework of policies, limits, control procedures, systems and reporting, and risk exposures are independently monitored and controlled within predefined limits, with an internal reporting framework in place.

The Company carries minimal interest rate, liquidity and currency risk reflecting the Company's role as a financial intermediary. The Company's principal risk exposure continues to be the parent company. Operational risk is managed through a comprehensive infrastructure of effective policies, procedures, business systems and compliance.

Other Information

There are no significant events that have occurred since the end of the financial year.

There are no significant changes planned to the future operations of the Company.

The Company is not involved in research and development.

The Company has not acquired any of its own shares.

The Company only operates through its London branch.

ANZ NATIONAL (INT'L) LIMITED

RESPONSIBILITY STATEMENT

As at the date on which this Responsibility Statement is signed, after due enquiry, the Directors believe that:

- a) the management report of the Company includes a fair review of the development and performance of the business and the position of the Company.
- b) the financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Principles and comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate to profit-orientated entities that qualify for and apply Differential Reporting exemptions. The financial statements also give a true and fair view of the assets, liabilities, financial position and financial performance of the company.

For and on behalf of the Board of Directors:

Steven Montgomery Fyfe
Graham Kennedy Hodges
Jeremy John Robson

28 November 2008



Audit report

To the shareholder of ANZ National (Int'l) Limited

We have audited the financial statements on pages 1 to 19. The financial statements provide information about the past financial performance of the Company and its financial position as at 30 September 2008. This information is stated in accordance with the accounting policies set out on pages 6 to 8.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Company as at 30 September 2008 and the results of its operations for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with or interests in the Company.



Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records;
- the financial statements on pages 1 to 19:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the Company as at 30 September 2008 and the results of its operations for the year ended on that date.

Our audit was completed on 28 November 2008 and our unqualified opinion is expressed as at that date.

A handwritten signature in blue ink, appearing to read 'KPMG'.

Wellington