

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

FOR THE SIX MONTHS ENDED 31 MARCH 2013 | NUMBER 18 ISSUED MAY 2013

Disclosure Statement

For the six months ended 31 March 2013

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Glossary of Terms

In this Disclosure Statement unless the context otherwise requires:

- (a) "Bank" means ANZ Bank New Zealand Limited;
- (b) "Banking Group" means the Bank 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 10, 170-186 Featherston 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 2013; 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 credit ratings, which are applicable to its long-term senior unsecured obligations. 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 Stable

Guarantors

As at the date of signing of this Disclosure Statement, no obligations of the NZ Branch are guaranteed.

New Zealand Guarantee Arrangements

The Crown guarantees specific issuances of wholesale funding of participating New Zealand financial institutions under the New Zealand Wholesale Funding Guarantee Facility. The Government closed this scheme to new debt securities on 30 April 2010. The NZ Branch does not have a guarantee under this scheme. However, a member of ANZ New Zealand, ANZ New Zealand (Int'l) Limited, has debt securities with a carrying value of \$204 million for which the Crown has issued a Guarantee Eligibility Certificate.

Certain debt securities ("Covered Bonds") issued by the Bank or its wholly owned subsidiary, ANZ New Zealand (Int'l) Limited, are guaranteed by ANZ NZ Covered Bond Trust Limited (the "Covered Bond Guarantor"), solely in its capacity as trustee of ANZ NZ Covered Bond Trust. The Covered Bond Guarantor has guaranteed the payment of interest and principal of Covered Bonds with a carrying value as at 31 March 2013 of \$2,926 million, pursuant to a guarantee which is secured over a pool of assets. The Covered Bond Guarantor's address for service is Level 10, 141 Willis Street, Wellington, New Zealand. The Covered Bond Guarantor is not a member of the Banking Group and has no credit ratings applicable to its long term senior unsecured obligations payable in New Zealand dollars. The Covered Bonds have been assigned a long term rating of Aaa and AAA by Moody's Investors Service and Fitch Ratings respectively. Details of the pool of assets that secure this guarantee are provided in Note 7.

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.

Directorate

There have been no changes to the Directors of Australia and New Zealand Banking Group Limited since 30 September 2012, the balance date of the last full year Disclosure Statement.

Auditor

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

Income Statement

\$ millions	Note	Unaudited 6 months to 31/03/2013	Unaudited 6 months to 31/03/2012	Audited Year to 30/09/2012
Interest income		3,239	3,276	6,568
Interest expense		1,936	1,915	3,859
Net interest income		1,303	1,361	2,709
Net trading gains		112	79	131
Net funds management and insurance income		134	139	298
Other operating income	2	153	222	472
Share of associates' profit		4	2	4
Operating income		1,706	1,803	3,614
Operating expenses		771	863	1,743
Profit before provision for credit impairment and income tax		935	940	1,871
Provision for credit impairment	6	44	103	202
Profit before income tax		891	837	1,669
Income tax expense		236	222	404
Profit after income tax		655	615	1,265

Statement of Comprehensive Income

\$ millions	Unaudited 6 months to 31/03/2013	Unaudited 6 months to 31/03/2012	Audited Year to 30/09/2012
Profit after income tax	655	615	1,265
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on defined benefit schemes	16	(2)	(25)
Income tax credit / (expense) relating to items not reclassified	(5)	-	6
Total items that will not be reclassified to profit or loss	11	(2)	(19)
Items that may be reclassified subsequently to profit or loss			
Unrealised gains / (losses) recognised directly in equity	(39)	11	46
Realised gains transferred to income statement	(14)	(7)	(95)
Income tax credit relating to items that may be reclassified	15	5	-
Total items that may be reclassified subsequently to profit or loss	(38)	9	(49)
Total comprehensive income for the period	628	622	1,197

Statement of Changes in Equity

\$ millions	Ordinary share capital and head office account	Available-for-sale revaluation reserve	Cash flow hedging reserve	Retained earnings	Total equity
As at 1 October 2011	6,424	46	141	1,854	8,465
Profit after income tax	-	-	-	615	615
Unrealised gains / (losses) recognised directly in equity	-	26	(15)	-	11
Realised gains transferred to the income statement	-	-	(7)	-	(7)
Actuarial loss on defined benefit schemes	-	-	-	(2)	(2)
Income tax credit / (expense) on items recognised directly in equity	-	(1)	6	-	5
Total comprehensive income for the period	-	25	(16)	613	622
Preference dividend paid	-	-	-	(85)	(85)
As at 31 March 2012 (Unaudited)	6,424	71	125	2,382	9,002
As at 1 October 2011	6,424	46	141	1,854	8,465
Profit after income tax	-	-	-	1,265	1,265
Unrealised gains recognised directly in equity	-	34	12	-	46
Realised gains transferred to the income statement	-	(83)	(12)	-	(95)
Actuarial loss on defined benefit schemes	-	-	-	(25)	(25)
Income tax credit on items recognised directly in equity	-	-	-	6	6
Total comprehensive income for the period	-	(49)	-	1,246	1,197
Ordinary dividend paid	-	-	-	(400)	(400)
Preference dividend paid	-	-	-	(85)	(85)
As at 30 September 2012 (Audited)	6,424	(3)	141	2,615	9,177
Profit after income tax	-	-	-	655	655
Unrealised gains / (losses) recognised directly in equity	-	1	(40)	-	(39)
Realised gains transferred to the income statement	-	-	(14)	-	(14)
Actuarial gain on defined benefit schemes	-	-	-	16	16
Income tax credit / (expense) on items recognised directly in equity	-	-	15	(5)	10
Total comprehensive income for the period	-	1	(39)	666	628
Ordinary dividend paid	-	-	-	(360)	(360)
As at 31 March 2013 (Unaudited)	6,424	(2)	102	2,921	9,445

Balance Sheet

\$ millions	Note	Unaudited 31/03/2013	Unaudited 31/03/2012	Audited 30/09/2012
Assets				
Liquid assets		3,371	2,355	2,831
Due from other financial institutions		2,045	3,051	1,760
Trading securities		10,419	10,904	12,338
Derivative financial instruments		9,054	10,680	12,709
Current tax assets		67	92	24
Available-for-sale assets		873	252	57
Net loans and advances	4	97,398	93,817	96,094
Investments backing insurance policy liabilities		161	165	142
Insurance policy assets		313	231	301
Investments in associates		98	100	99
Other assets		940	938	596
Deferred tax assets		71	84	92
Premises and equipment		339	320	323
Goodwill and other intangible assets		3,499	3,497	3,502
Total assets		128,648	126,486	130,868
Interest earning and discount bearing assets		113,654	109,627	112,783
Liabilities				
Due to other financial institutions		11,129	10,862	11,012
Deposits and other borrowings	8	75,224	70,914	73,652
Derivative financial instruments		10,349	11,507	14,085
Payables and other liabilities		1,750	1,819	1,481
Provisions		272	338	339
Bonds and notes		17,535	18,541	18,188
Term funding		1,766	1,766	1,766
Loan capital		1,178	1,737	1,168
Total liabilities (excluding head office account)		119,203	117,484	121,691
Net assets (excluding head office account)		9,445	9,002	9,177
Represented by:				
Share capital and head office account		6,424	6,424	6,424
Reserves		100	196	138
Retained earnings		2,921	2,382	2,615
Total equity and head office account		9,445	9,002	9,177
Interest and discount bearing liabilities		100,960	98,961	100,543

Condensed Cash Flow Statement

\$ millions	Unaudited 6 months to 31/03/2013	Unaudited 6 months to 31/03/2012	Audited Year to 30/09/2012
Cash flows from operating activities			
Interest received	3,212	3,245	6,549
Interest paid	(1,963)	(1,939)	(3,845)
Other cash inflows provided by operating activities	425	427	819
Other cash outflows used in operating activities	(1,123)	(1,147)	(2,009)
Cash flows from operating profits before changes in operating assets and liabilities	551	586	1,514
Net changes in operating assets and liabilities	1,291	(2,597)	(2,556)
Net cash flows provided by / (used in) operating activities	1,842	(2,011)	(1,042)
Cash flows from investing activities			
Cash inflows provided by investing activities	1	16	16
Cash outflows used in investing activities	(56)	(38)	(95)
Net cash flows used in investing activities	(55)	(22)	(79)
Cash flows from financing activities			
Cash inflows provided by financing activities	1,105	2,417	5,678
Cash outflows used in financing activities	(2,207)	(1,961)	(6,746)
Net cash flows provided by / (used in) financing activities	(1,102)	456	(1,068)
Net increase / (decrease) in cash and cash equivalents	685	(1,577)	(2,189)
Cash and cash equivalents at beginning of the period	3,293	5,482	5,482
Cash and cash equivalents at end of the period	3,978	3,905	3,293

Notes to the Financial Statements

1. Significant Accounting Policies

(i) Reporting entity and statement of compliance

These interim financial statements are for ANZ New Zealand for the six months ended 31 March 2013. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice as appropriate for profit oriented entities, 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 2012.

(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 Margin on Services principles, 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 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

Certain amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation. This includes reclassifying, in the Balance Sheet as at 31 March 2012, collateral received of \$604 million from derivative financial instruments asset to due to other financial institutions and collateral paid of \$1,144 million from derivative financial instruments liability to due from other financial institutions.

(vi) Principles of consolidation

The consolidated financial statements of ANZ New Zealand comprise the financial statements of the NZ Branch and all the New Zealand businesses of all the subsidiaries of the Ultimate Parent Bank (those entities where it is determined that the Ultimate Parent Bank has capacity to control).

2. Other Operating Income

	Unaudited	Unaudited	Audited
	6 months to	6 months to	Year to
\$millions	31/03/2013	31/03/2012	30/09/2012
Net fee income	207	219	430
Fair value loss on hedging activities and financial liabilities designated at fair value	(61)	(5)	(62)
Net gain on available for sale equity securities transferred to income statement	-	-	83
Other income	7	8	21
Total other operating income	153	222	472

Notes to the Financial Statements

3. Segmental Analysis

For segment reporting purposes, ANZ New Zealand is organised into four major business segments - Retail, Commercial, Wealth 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.

Segmental reporting has been updated to reflect 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 products and services to personal customers via the branch network, mortgage specialists, the contact centre and a variety of self service channels (internet banking, phone banking, ATMs, website and mobile phone banking). Core products include current and savings accounts, unsecured lending (credit cards, personal loans and overdrafts) and home loans secured by mortgages over property. Retail distributes insurance and investment products on behalf of the Wealth 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.

Wealth

Wealth includes private banking and investment services provided to high net worth individuals, the OnePath wealth management and insurance businesses, and other investment products.

Institutional

Institutional provides financial services through a number of specialised units to large multi-banked corporations, often global, who require sophisticated product and risk management solutions. Those financial services include loan structuring, foreign exchange, wholesale money market services and transaction banking.

Other

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

Business segment analysis¹

\$ millions	Retail	Commercial	Wealth	Institutional	Other ²	Total
Unaudited 6 months to 31/03/2013						
External revenues	701	1,360	39	453	(847)	1,706
Intersegment revenues	(99)	(647)	72	(118)	792	-
Total revenues	602	713	111	335	(55)	1,706
Profit before income tax	247	462	42	227	(87)	891
Unaudited 6 months to 31/03/2012						
External revenues	789	1,412	50	383	(831)	1,803
Intersegment revenues	(169)	(677)	70	(43)	819	-
Total revenues	620	735	120	340	(12)	1,803
Profit before income tax	249	413	45	237	(107)	837
Audited year to 30/09/2012						
External revenues	1,531	2,790	111	769	(1,587)	3,614
Intersegment revenues	(295)	(1,331)	143	(130)	1,613	-
Total revenues	1,236	1,459	254	639	26	3,614
Profit before income tax	505	825	108	428	(197)	1,669

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

² 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 31/03/2013	Unaudited 31/03/2012	Audited 30/09/2012
Overdrafts		1,718	1,986	1,881
Credit card outstandings		1,415	1,410	1,395
Term loans - housing		56,964	53,647	55,526
Term loans - non-housing		37,649	37,321	37,749
Finance lease receivables		817	800	806
Gross loans and advances		98,563	95,164	97,357
Provision for credit impairment	6	(978)	(1,150)	(1,081)
Unearned finance income		(266)	(259)	(258)
Fair value hedge adjustment		5	62	34
Deferred fee revenue and expenses		(61)	(55)	(60)
Capitalised brokerage/mortgage origination fees		135	55	102
Total net loans and advances		97,398	93,817	96,094

5. Impaired Assets, Past Due Assets and Other Assets Under Administration

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2013				
Balance at the beginning of the period	352	44	1,009	1,405
Transfers from productive	190	58	151	399
Transfers to productive	(2)	(1)	(30)	(33)
Assets realised or loans repaid	(173)	(15)	(207)	(395)
Write offs	(15)	(40)	(85)	(140)
Total impaired assets	352	46	838	1,236
Other assets under administration	-	-	-	-
Undrawn facilities with impaired customers	-	-	17	17
Unaudited 31/03/2012				
Balance at the beginning of the period	537	61	1,194	1,792
Transfers from productive	183	61	341	585
Transfers to productive	(34)	(1)	(92)	(127)
Assets realised or loans repaid	(203)	(26)	(243)	(472)
Write offs	(35)	(43)	(47)	(125)
Total impaired assets	448	52	1,153	1,653
Other assets under administration	-	-	9	9
Undrawn facilities with impaired customers	-	-	28	28
Audited 30/09/2012				
Balance at the beginning of the period	537	61	1,194	1,792
Transfers from productive	340	110	572	1,022
Transfers to productive	(73)	(1)	(111)	(185)
Assets realised or loans repaid	(390)	(43)	(515)	(948)
Write offs	(62)	(83)	(131)	(276)
Total impaired assets	352	44	1,009	1,405
Other assets under administration	-	-	-	-
Undrawn facilities with impaired customers	-	-	24	24

Notes to the Financial Statements

Other assets under administration

Other assets under administration are any loans, not being impaired or 90 days or more past due, where the customer is in any form of voluntary or involuntary administration, including receivership, liquidation, bankruptcy or statutory management.

Credit quality of financial assets that are past due but not impaired

A large portion of retail credit exposures, such as residential mortgages, are generally well secured. That is, the fair value of associated security should be sufficient to ensure that ANZ New Zealand will recover the entire amount owing over the life of the facility and there is reasonable assurance that collection efforts will result in payment of the amounts due in a timely manner.

Ageing analysis of loans that are past due but not impaired

\$ millions

	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2013				
1 to 5 days	412	133	496	1,041
6 to 29 days	491	111	155	757
1 to 29 days	903	244	651	1,798
30 to 59 days	216	49	82	347
60 to 89 days	87	28	16	131
90 days or over	120	55	55	230
	1,326	376	804	2,506

6. Provision for Credit Impairment

Provision movement analysis

\$ millions

	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2013				
New and increased provisions	52	46	93	191
Write-backs	(35)	(11)	(58)	(104)
Recoveries of amounts written off previously	-	(8)	(2)	(10)
Individual provision charge	17	27	33	77
Collective provision credit	-	(13)	(20)	(33)
Total charge to income statement	17	14	13	44
Unaudited 31/03/2012				
New and increased provisions	68	42	137	247
Write-backs	(46)	(8)	(43)	(97)
Recoveries of amounts written off previously	(1)	(8)	(5)	(14)
Individual provision charge	21	26	89	136
Collective provision credit	(5)	(20)	(8)	(33)
Total charge to income statement	16	6	81	103
Audited 30/09/2012				
New and increased provisions	130	87	267	484
Write-backs	(90)	(15)	(100)	(205)
Recoveries of amounts written off previously	(1)	(17)	(7)	(25)
Individual provision charge	39	55	160	254
Collective provision credit	(10)	(22)	(20)	(52)
Total charge to income statement	29	33	140	202

Notes to the Financial Statements

Movement in provision for credit impairment

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2013				
Collective provision				
Balance at beginning of the period	120	125	375	620
Credit to income statement	-	(13)	(20)	(33)
Balance at end of the period	120	112	355	587
Individual provision				
Balance at beginning of the period	130	25	306	461
New and increased provisions net of write-backs	17	35	35	87
Bad debts written off	(15)	(40)	(85)	(140)
Discount unwind	(5)	-	(12)	(17)
Balance at end of the period	127	20	244	391
Total provision for credit impairment	247	132	599	978
Unaudited 31/03/2012				
Collective provision				
Balance at beginning of the period	130	147	395	672
Credit to income statement	(5)	(20)	(8)	(33)
Balance at end of the period	125	127	387	639
Individual provision				
Balance at beginning of the period	165	36	310	511
New and increased provisions net of write-backs	22	34	94	150
Bad debts written off	(35)	(43)	(47)	(125)
Discount unwind	(8)	(1)	(16)	(25)
Balance at end of the period	144	26	341	511
Total provision for credit impairment	269	153	728	1,150
Audited 30/09/2012				
Collective provision				
Balance at beginning of the year	130	147	395	672
Credit to income statement	(10)	(22)	(20)	(52)
Balance at end of the year	120	125	375	620
Individual provision				
Balance at beginning of the year	165	36	310	511
New and increased provisions net of write-backs	40	72	167	279
Bad debts written off	(62)	(83)	(131)	(276)
Discount unwind	(13)	-	(40)	(53)
Balance at end of the year	130	25	306	461
Total provision for credit impairment	250	150	681	1,081

Notes to the Financial Statements

7. Financial Assets Pledged as Collateral

\$ millions	Unaudited 31/03/2013	Unaudited 31/03/2012	Audited 30/09/2012
Cash collateral given on derivative financial instruments	1,142	1,144	1,256
Trading securities encumbered through repurchase agreements	343	23	252
Residential mortgages pledged as security for covered bonds	5,548	3,982	4,977
Total tangible assets of UDC Finance Limited pledged as collateral for secured stock	2,125	2,105	2,103
Total financial assets pledged as collateral	9,158	7,254	8,588

ANZ NZ Covered Bond Trust ("the Covered Bond Trust")

Substantially all of the assets of the Covered Bond Trust are made up of certain housing loans and related securities originated by the Bank which are security for the guarantee by ANZ NZ Covered Bond Trust Limited as trustee of the Covered Bond Trust of issuances of covered bonds by the Bank, or its wholly owned subsidiary ANZ New Zealand (Int'l) Limited, from time to time. The assets of the Covered Bond Trust are not available to creditors of the Bank, although the Bank (or its liquidator or statutory manager) may have a claim against the residual assets of the Covered Bond Trust (if any) after all prior ranking creditors of the Covered Bond Trust have been satisfied.

ANZ New Zealand continues to recognise the assets of the Covered Bond Trust on its balance sheet as, although they are pledged as security for covered bonds, the Bank retains substantially all the risks and rewards of ownership.

8. Deposits and Other Borrowings

\$ millions	Note	Unaudited 31/03/2013	Unaudited 31/03/2012	Audited 30/09/2012
Certificates of deposit		1,624	2,277	2,156
Term deposits		33,732	33,738	33,922
Demand deposits bearing interest		28,348	24,198	25,815
Deposits not bearing interest		5,717	4,787	4,838
Secured debenture stock	7	1,467	1,456	1,476
Commercial paper		4,336	4,458	5,445
Total deposits and other borrowings		75,224	70,914	73,652

9. Related Party Transactions

\$ millions	Unaudited 31/03/2013	Unaudited 31/03/2012	Audited 30/09/2012
Total due from related parties	2,034	2,279	3,125
Total due to related parties	16,352	18,092	17,153

Notes to the Financial Statements

10. Capital Adequacy

Adoption of Basel III capital framework

Effective 1 January 2013, APRA has adopted the majority of Basel III capital reforms in Australia. The Basel III reforms include: increased capital deductions from common equity tier 1 capital, an increase in capitalisation rates (including prescribed minimum capital buffers, fully effective 1 January 2016), tighter requirements around new tier 1 and tier 2 securities and transitional arrangements for existing tier 1 and tier 2 securities that do not conform to the new regulations. Other changes include capital requirements for counterparty credit risk and an increase in the asset value correlation with respect to exposures to large and unregulated financial institutions.

	Overseas Banking Group			Ultimate Parent Bank (Extended Licensed Entity)		
	31/03/2013 Basel III	31/03/2012 Basel II	30/09/2012 Basel II	31/03/2013 Basel III	31/03/2012 Basel II	30/09/2012 Basel II
Common equity tier one capital	8.2%	n/a	n/a	8.4%	n/a	n/a
Tier one capital	9.8%	11.3%	10.8%	10.3%	11.8%	11.4%
Total capital	11.7%	12.6%	12.2%	12.2%	12.9%	12.7%

For calculation of minimum capital requirements under Pillar 1 (Capital Requirements) of the Basel 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 Overseas Banking Group is required to maintain a Prudential Capital Ratio ("PCR") as determined by APRA. The Overseas Banking Group exceeded the PCR set by APRA as at 31 March 2013 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 31 March 2013. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 31 March 2013, in accordance with APS 330: *Public Disclosure of Prudential Information*, discloses capital adequacy ratios and other prudential information. This document can be accessed at the website anz.com.

Market risk

ANZ New Zealand's aggregate market risk exposures below have been calculated in accordance with the RBNZ document BS2B.

ANZ New Zealand	Implied risk weighted exposure		Aggregate capital charge		Peak occurred on
	Period end	Peak	Period end	Peak	
Unaudited 31/03/2013	\$m	\$m	\$m	\$m	
Interest rate risk	4,222	5,508	338	441	4/02/2013
Foreign currency risk	18	72	1	6	17/01/2013
Equity risk	3	3	-	-	31/10/2012
	4,243		339		

Residential 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 exposures include 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.

Unaudited 31/03/2013	On-balance sheet	Off-balance sheet	Total
\$ millions			
LVR range			
0% - 59%	19,994	3,391	23,385
60% - 69%	8,647	940	9,587
70% - 79%	12,938	1,191	14,129
Less than 80%	41,579	5,522	47,101
80% - 89%	8,306	915	9,221
Over 90%	4,913	420	5,333
Total	54,798	6,857	61,655

Notes to the Financial Statements

Reconciliation of mortgage related amounts

\$ millions	Note	Unaudited 31/03/2013
Term loans - housing	4	56,964
Plus: short-term housing loans classified as overdrafts		488
Less: housing loans made to corporate customers		<u>(2,654)</u>
On-balance sheet retail mortgage exposures subject to the IRB approach	10	54,798
Plus: off-balance sheet retail mortgage exposures subject to the IRB approach		<u>6,857</u>
Total retail mortgage exposures subject to the IRB approach (as per LVR analysis)	10	<u>61,655</u>

11. Financial risk management

Concentrations of credit risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Analysis of financial assets by industry sector is based on Australian and New Zealand Standard Industrial Classification ("ANZSIC") codes.

Unaudited 31/03/2013 \$ millions	Liquid assets and due from other financial institutions	Trading securities and available-for- sale assets	Derivative financial instruments	Net loans and advances	Other financial assets	Credit related commitments ³	Total
Industry							
Agriculture	-	-	34	17,301	137	1,935	19,407
Forestry, fishing and mining	17	-	9	861	7	496	1,390
Business and property services	19	-	39	8,947	71	2,525	11,601
Construction	-	-	-	1,017	8	1,042	2,067
Entertainment, leisure and tourism	-	-	33	1,110	9	448	1,600
Finance and insurance	3,125	4,671	7,797	741	310	961	17,605
Government and local authority ¹	2,014	6,522	376	1,319	10	1,067	11,308
Manufacturing	43	-	75	2,903	23	2,410	5,454
Personal lending	-	-	-	58,541	388	10,431	69,360
Retail trade	85	5	28	1,682	13	1,231	3,044
Transport and storage	25	33	65	1,493	12	568	2,196
Wholesale trade	52	-	15	1,214	10	1,470	2,761
Other ²	36	61	583	1,434	11	2,855	4,980
	<u>5,416</u>	<u>11,292</u>	<u>9,054</u>	<u>98,563</u>	<u>1,009</u>	<u>27,439</u>	<u>152,773</u>
Provision for credit impairment	-	-	-	(978)	-	-	(978)
Fair value hedge adjustment	-	-	-	5	-	-	5
Unearned finance income and deferred / capitalised fees	-	-	-	(192)	-	-	(192)
Total financial assets	<u>5,416</u>	<u>11,292</u>	<u>9,054</u>	<u>97,398</u>	<u>1,009</u>	<u>27,439</u>	<u>151,608</u>
Geography							
New Zealand	5,399	8,390	2,673	95,535	996	27,439	140,432
Overseas	17	2,902	6,381	1,863	13	-	11,176
Total financial assets	<u>5,416</u>	<u>11,292</u>	<u>9,054</u>	<u>97,398</u>	<u>1,009</u>	<u>27,439</u>	<u>151,608</u>

¹ Government and local authority includes exposures to government administration and defence, education and health and community services.

² Other includes exposures to electricity, gas and water, communications and personal services.

³ Credit related commitments comprise undrawn facilities, customer contingent liabilities and letters of offer.

Notes to the Financial Statements

Interest rate sensitivity gap

The following tables represent the interest rate sensitivity of ANZ New Zealand's assets, liabilities and off balance sheet instruments by showing the periods in which these instruments may reprice (that is, when interest rates applicable to each asset or liability can be changed).

Unaudited 31/03/2013		Less than	3 to 6	6 to 12	1 to 2	Beyond	Not bearing
\$ millions	Total	3 months	months	months	years	2 years	interest
Assets							
Liquid assets	3,371	3,138	-	-	-	-	233
Due from other financial institutions	2,045	1,760	-	-	-	-	285
Trading securities	10,419	1,871	155	510	1,083	6,800	-
Derivative financial instruments	9,054	-	-	-	-	-	9,054
Available-for-sale assets	873	275	379	205	-	11	3
Net loans and advances	97,398	67,753	4,107	9,582	10,880	4,984	92
Other financial assets	1,009	133	8	18	2	-	848
Total financial assets	124,169	74,930	4,649	10,315	11,965	11,795	10,515
Liabilities							
Due to other financial institutions	11,129	10,639	-	-	-	122	368
Deposits and other borrowings	75,224	49,477	9,157	8,019	1,753	1,101	5,717
Derivative financial instruments	10,349	-	-	-	-	-	10,349
Bonds and notes	17,535	4,741	2,392	943	1,235	8,224	-
Term funding	1,766	1,766	-	-	-	-	-
Loan capital	1,178	835	343	-	-	-	-
Other financial liabilities	1,366	62	-	-	-	151	1,153
Total financial liabilities	118,547	67,520	11,892	8,962	2,988	9,598	17,587
Hedging instruments	-	(966)	1,274	3,810	(5,418)	1,300	-
Interest sensitivity gap	5,622	6,444	(5,969)	5,163	3,559	3,497	(7,072)

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 and includes both items classified as cash and cash equivalents and those classified as operating assets in the Condensed Cash Flow Statement.

	Unaudited
\$ millions	31/03/2013
Balances with central banks	1,999
Certificates of deposit	160
Government, local body stock and bonds	5,939
Government treasury bills	836
Other bonds	4,628
Total liquidity portfolio	13,562

Notes to the Financial Statements

Funding Composition

ANZ New Zealand actively uses balance sheet disciplines to prudently manage the funding mix. ANZ New Zealand employs funding metrics to ensure that an appropriate proportion of its assets are funded from stable sources, including customer liabilities, longer-dated wholesale debt (with remaining term exceeding one year) and equity.

Analysis of funding liabilities by industry sector is based on ANZSIC codes.

	Unaudited 31/03/2013
\$ millions	
Funding composition	
Customer deposits¹	
New Zealand	61,574
Overseas	7,690
	<hr/>
Total customer deposits	69,264
Wholesale funding	
Bonds and notes	17,535
Loan capital	1,178
Certificates of deposit	1,624
Commercial paper	4,336
Term funding	1,766
Due to other financial institutions	11,129
	<hr/>
Total wholesale funding	37,568
	<hr/>
Total funding	106,832
	<hr/>
Concentrations of funding by industry	
Households	44,166
Agriculture	2,488
Forestry, fishing and mining	553
Manufacturing	1,524
Entertainment, leisure and tourism	756
Finance and insurance	46,008
Retail trade	917
Wholesale trade	1,774
Business and property services	3,744
Transport and storage	755
Construction	885
Government and local authority	2,098
Other ²	1,164
	<hr/>
Total funding	106,832
	<hr/>
Concentrations of funding by geography³	
New Zealand	67,016
Australia	13,482
United States	11,937
Europe	8,660
Other countries	5,737
	<hr/>
Total funding	106,832
	<hr/>

¹ Represents term deposits, demand deposits bearing interest, deposits not bearing interest and secured debenture stock.

² Other includes exposures to electricity, gas and water, communications and personal services.

³ Funding via ANZ New Zealand (Int'l) Limited is classified as either from the United States or Europe, as the company conducts overseas funding activities through its London branch which is passed through to the Bank.

Notes to the Financial Statements

Contractual maturity analysis of financial assets and liabilities

The following tables present ANZ New Zealand's financial assets and liabilities within relevant contractual maturity groupings, based on the earliest date on which the ANZ New Zealand may be required to realise an asset or settle a liability. The amounts disclosed in the tables represent undiscounted future principal and interest cash flows and may differ to the amounts reported on the balance sheet.

The contractual maturity analysis for off-balance sheet commitments and contingent liabilities has been prepared using the earliest date at which ANZ New Zealand can be called upon to pay. The liquidity risk of credit related commitments and contingent liabilities may be less than the contract amount, and does not necessarily represent future cash requirements as many of these facilities are expected to be only partially used or to expire unused.

ANZ New Zealand does not manage its liquidity risk on this basis.

Unaudited 31/03/2013

\$ millions	Total	At call	Less than 3 months	3 to 12 months	1 to 5 years	Beyond 5 years	No maturity specified
Financial assets							
Liquid assets	3,377	2,566	811	-	-	-	-
Due from other financial institutions	2,046	607	1,439	-	-	-	-
Trading securities	11,539	-	632	1,139	8,308	1,460	-
Derivative financial assets (trading)	8,155	-	8,155	-	-	-	-
Available-for-sale assets	889	-	283	557	46	-	3
Net loans and advances	133,732	-	16,757	16,109	41,300	59,566	-
Other financial assets	619	-	591	26	2	-	-
Total financial assets	160,357	3,173	28,668	17,831	49,656	61,026	3
Financial liabilities							
Due to other financial institutions	11,997	884	1,895	2,361	6,739	118	-
Deposits and other borrowings	76,553	33,677	21,565	18,055	3,256	-	-
Derivative financial liabilities (trading)	9,456	-	9,456	-	-	-	-
Bonds and notes	18,536	-	138	5,252	12,478	668	-
Term funding	1,836	-	18	1,818	-	-	-
Loan capital	1,842	-	24	71	474	95	1,178
Other financial liabilities	902	-	671	7	44	180	-
Total financial liabilities	121,122	34,561	33,767	27,564	22,991	1,061	1,178
Net financial assets / (liabilities)	39,235	(31,388)	(5,099)	(9,733)	26,665	59,965	(1,175)
Derivative financial instruments used for balance sheet management							
- gross inflows	25,717	-	2,581	7,611	15,223	302	-
- gross outflows	(25,399)	-	(2,474)	(7,563)	(15,059)	(303)	-
Net financial assets / (liabilities) after balance sheet management	39,553	(31,388)	(4,992)	(9,685)	26,829	59,964	(1,175)

Contractual maturity of off-balance sheet commitments and contingent liabilities

Unaudited 31/03/2013

\$ millions	Total	Less than 1 year	Beyond 1 year
Non-credit related commitments	426	117	309
Credit related commitments	25,682	25,682	-
Contingent liabilities	1,757	1,757	-
Total	27,865	27,556	309

Notes to the Financial Statements

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 six months ended 31 March 2013 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. 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 \$602 million (31/03/2012: \$525 million; 30/09/2012 \$564 million), which is 0.5% (31/03/2012: 0.4%; 30/09/2012 0.4%) of the total consolidated assets of ANZ New Zealand.

14. Credit Related Commitments, Guarantees and Contingent Liabilities

\$ millions	Face or contract value		
	Unaudited 31/03/2013	Unaudited 31/03/2012	Audited 30/09/2012
Credit related commitments			
Commitments with certain drawdown due within one year	859	904	742
Commitments to provide financial services	24,823	22,921	24,551
Total credit related commitments	25,682	23,825	25,293
Guarantees and contingent liabilities			
Financial guarantees	650	1,752	731
Standby letters of credit	53	55	44
Transaction related contingent items	976	829	913
Trade related contingent liabilities	78	96	117
Total guarantees and contingent liabilities	1,757	2,732	1,805

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

In October 2012 the Commerce Commission commenced an investigation, under the Fair Trading Act 1986, into the promotion and sale of interest rate swaps by certain banks (including the Bank) to rural customers. The investigation is at an early stage and the possible outcome of the investigation cannot be determined with any certainty.

On 11 March 2013, litigation funder Litigation Lending Services (NZ) announced plans for a representative action against banks in New Zealand for certain fees charged to New Zealand customers over the past six years. As at 28 May 2013, the Bank is not aware of any proceedings being issued against it or any other bank in New Zealand.

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.

Notes to the Financial Statements

15. Additional Disclosures

NZ Branch Funding

\$ millions

Unaudited
31/03/2013

Total liabilities of the NZ Branch less amounts due to related parties

28

Overseas Banking Group Profitability and Size

AUD millions

Unaudited
31/03/2013

Profit for the six months ended 31/03/2013¹

2,945

Net profit after tax for the 12 months to 31/03/2013 as a percentage of average total assets

0.86%

Total assets

672,625

Percentage change in total assets in the 12 months to 31/03/2013

9.87%

¹ Net profit after tax for the period includes \$5 million of profit attributable to non-controlling interests.

Overseas Banking Group asset quality

AUD millions

Unaudited
31/03/2013

Gross impaired assets

4,685

Gross impaired assets as a percentage of total assets

0.7%

Individual provision

1,543

Individual provision as a percentage of gross impaired assets

32.9%

Collective provision

2,769

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 2013; and
- (ii) The Disclosure Statement is not false or misleading.

Over the six months ended 31 March 2013, 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 NZ Branch 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 28 May 2013, and has been signed by the Chairman of the Ultimate Parent Bank, on behalf of all Directors, and by the Chief Executive Officer – NZ Branch.



John Morschel
Chairman,
on behalf of the Directors:



Anthony Bradshaw
Chief Executive Officer – NZ Branch

Dr Gregory Clark
Paula Dwyer
Peter Hay
Lee Hsien Yang
Ian Macfarlane, AC
David Meiklejohn, AM
Michael Smith, OBE
Alison Watkins



Independent Auditor's Review Report

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

We have reviewed pages 3 to 19 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 2013 (the 'Order') and the supplementary information prescribed in Schedules 3, 5, 7, 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 31 March 2013.

Directors' responsibility for the disclosure statement

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 31 March 2013 and its financial performance and cash flows for the six 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, 5, 7, 9, 10, 12 and 14 of the Order.

Reviewer's responsibility

We are responsible for reviewing the interim financial statements and the supplementary information, disclosed in accordance with Clause 26, Schedules 3, 5, 7, 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 31 March 2013 and its financial performance and cash flows for the six 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 5, 7, 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 (Standardised Approach) (BS2A); and disclosed in accordance with Schedule 9 of the Order.

We have performed our review in accordance with the review engagement standard RS-1 Statement of Review Engagement Standards issued by the External Reporting Board. 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.

KPMG has also provided other audit related services to ANZ New Zealand. In addition, certain partners and employees of our firm may also deal with ANZ New Zealand on normal terms within the ordinary course of trading activities of ANZ New Zealand. These matters have not impaired our independence as auditors of ANZ New Zealand. We have 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 31 March 2013 and its financial performance and cash flows for the six months ended on that date;
- b. the supplementary information prescribed by Schedules 5, 7, 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 (Standardised Approach) (BS2A), and disclosed in accordance with Schedule 9 of the Order.

Our review was completed on 28 May 2013 and our review opinion is expressed as at that date.

