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

FOR THE NINE MONTHS ENDED 30 JUNE 2013 | NUMBER 19 ISSUED AUGUST 2013

ANZ

Australia and New Zealand Banking Group Limited - New Zealand Branch

Disclosure Statement

For the nine months ended 30 June 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

Certain debt securities ("Covered Bonds") issued by the Bank's wholly owned subsidiary, ANZ New Zealand (Int'l) Limited, are guaranteed by ANZNZ Covered Bond Trust Limited (the "Covered Bond Guarantor"), solely in its capacity as trustee of ANZNZ Covered Bond Trust. The Covered Bond Guarantor has guaranteed the payment of interest and principal of Covered Bonds with a carrying value as at 30 June 2013 of $3,188 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 ANZ New Zealand 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

Graeme Liebelt became a director of Australia and New Zealand Banking Group Limited on 1 July 2013. Mr Liebelt was previously Chief Executive Officer at Orica Limited, a leading global mining services company with operations in more than 50 countries. He was Chief Executive Officer between September 2005 and February 2012 during a 23 year executive career with Orica. Mr Liebelt is currently a Director of Amcor Limited and The Australian Foundation Investment Company Limited. He is Deputy Chairman of the Melbourne Business School, a Director of Carey Baptist Grammar School and Deputy Chairman of The Global Foundation.

Auditor

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

Income Statement

$ millions	Note	**Unaudited 9 months to 30/06/2013**	Unaudited 9 months to 30/06/2012	Audited Year to 30/09/2012
Interest income		**4,848**	4,907	6,568
Interest expense		**2,890**	2,876	3,859
Net interest income		**1,958**	2,031	2,709
Net trading gains		**140**	109	131
Net funds management and insurance income		**176**	222	298
Other operating income	**2**	**323**	359	472
Share of associates' profit		**6**	3	4
Operating income		**2,603**	2,724	3,614
Operating expenses		**1,153**	1,268	1,743
Profit before provision for credit impairment and income tax		**1,450**	1,456	1,871
Provision for credit impairment	**5**	**49**	151	202
Profit before income tax		**1,401**	1,305	1,669
Income tax expense		**371**	340	404
Profit after income tax		**1,030**	965	1,265

Statement of Comprehensive Income

$ millions	**Unaudited 9 months to 30/06/2013**	Unaudited 9 months to 30/06/2012	Audited Year to 30/09/2012
Profit after income tax	**1,030**	965	1,265
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on defined benefit schemes	**17**	(2)	(25)
Income tax credit / (expense) relating to items not reclassified	**(5)**	-	6
Total items that will not be reclassified to profit or loss	**12**	(2)	(19)
Items that may be reclassified subsequently to profit or loss			
Unrealised gains / (losses) recognised directly in equity	**(98)**	50	46
Realised gains transferred to income statement	**(21)**	(8)	(95)
Income tax credit / (expense) relating to items that may be reclassified	**33**	(3)	-
Total items that may be reclassified subsequently to profit or loss	**(86)**	39	(49)
Total comprehensive income for the period	**956**	1,002	1,197

Statement of Changes in Equity

$ millions	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	-	-	-	965	965
Unrealised gains recognised directly in equity	-	35	15	-	50
Realised gains transferred to the income statement	-	-	(8)	-	(8)
Actuarial loss on defined benefit schemes	-	-	-	(2)	(2)
Income tax expense on items recognised directly in equity	-	(1)	(2)	-	(3)
Total comprehensive income for the period	-	34	5	963	1,002
Ordinary dividend paid	-	-	-	(400)	(400)
Preference dividend paid	-	-	-	(85)	(85)
As at 30 June 2012 (Unaudited)	6,424	80	146	2,332	8,982
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	**-**	**-**	**-**	**1,030**	**1,030**
Unrealised losses recognised directly in equity	**-**	**(1)**	**(97)**	**-**	**(98)**
Realised gains transferred to the income statement	**-**	**-**	**(21)**	**-**	**(21)**
Actuarial gain on defined benefit schemes	**-**	**-**	**-**	**17**	**17**
Income tax credit / (expense) on items recognised directly in equity	**-**	**-**	**33**	**(5)**	**28**
Total comprehensive income for the period	**-**	**(1)**	**(85)**	**1,042**	**956**
Ordinary dividend paid	**-**	**-**	**-**	**(360)**	**(360)**
As at 30 June 2013 (Unaudited)	**6,424**	**(4)**	**56**	**3,297**	**9,773**

Balance Sheet

$ millions	Note	**Unaudited 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Assets				
Liquid assets		**3,004**	2,693	2,831
Due from other financial institutions		**3,601**	2,138	1,760
Trading securities		**10,128**	12,234	12,338
Derivative financial instruments		**10,880**	12,436	12,709
Current tax assets		**107**	137	24
Available-for-sale assets		**1,235**	250	57
Net loans and advances	**4**	**98,567**	95,046	96,094
Investments backing insurance policy liabilities		**169**	158	142
Insurance policy assets		**299**	260	301
Investments in associates		**98**	100	99
Other assets		**671**	1,361	596
Deferred tax assets		**68**	69	92
Premises and equipment		**342**	322	323
Goodwill and other intangible assets		**3,469**	3,501	3,502
Total assets		**132,638**	130,705	130,868
Interest earning and discount bearing assets		**116,470**	111,689	112,783
Liabilities				
Due to other financial institutions		**12,862**	13,888	11,012
Deposits and other borrowings	**8**	**76,026**	72,866	73,652
Derivative financial instruments		**10,938**	13,014	14,085
Payables and other liabilities		**1,346**	1,809	1,481
Provisions		**271**	308	339
Bonds and notes		**18,494**	16,332	18,188
Term funding		**1,766**	1,766	1,766
Loan capital		**1,162**	1,740	1,168
Total liabilities (excluding head office account)		**122,865**	121,723	121,691
Net assets (excluding head office account)		**9,773**	8,982	9,177
Represented by:				
Share capital and head office account		**6,424**	6,424	6,424
Reserves		**52**	226	138
Retained earnings		**3,297**	2,332	2,615
Total equity and head office account		**9,773**	8,982	9,177
Interest and discount bearing liabilities		**104,355**	101,618	100,543

Condensed Cash Flow Statement

$ millions	**Unaudited 9 months to 30/06/2013**	Unaudited 9 months to 30/06/2012	Audited Year to 30/09/2012
Cash flows from operating activities			
Interest received	**4,827**	4,889	6,549
Interest paid	**(2,874)**	(2,864)	(3,845)
Other cash inflows provided by operating activities	**640**	603	819
Other cash outflows used in operating activities	**(1,615)**	(1,679)	(2,009)
Cash flows from operating profits before changes in operating assets and liabilities	**978**	949	1,514
Net changes in operating assets and liabilities	**2,910**	442	(2,556)
Net cash flows provided by / (used in) operating activities	**3,888**	1,391	(1,042)
Cash flows from investing activities			
Cash inflows provided by investing activities	**70**	16	16
Cash outflows used in investing activities	**(90)**	(64)	(95)
Net cash flows used in investing activities	**(20)**	(48)	(79)
Cash flows from financing activities			
Cash inflows provided by financing activities	**1,105**	2,417	5,678
Cash outflows used in financing activities	**(2,307)**	(5,750)	(6,746)
Net cash flows used in financing activities	**(1,202)**	(3,333)	(1,068)
Net increase / (decrease) in cash and cash equivalents	**2,666**	(1,990)	(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	**5,959**	3,492	3,293

Notes to the Interim Financial Statements

1. Significant Accounting Policies

(i) Reporting entity and statement of compliance

These interim financial statements are for ANZ New Zealand for the nine months ended 30 June 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*, 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 interim 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 interim 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 30 June 2012, collateral received of $567 million from derivative financial instruments asset to due to other financial institutions and collateral paid of $982 million from derivative financial instruments liability to due from other financial institutions.

(vi) Scope of consolidation

The interim financial statements of ANZ New Zealand comprise the interim 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

$millions	**Unaudited 9 months to 30/06/2013**	Unaudited 9 months to 30/06/2012	Audited Year to 30/09/2012
Net fee income	**316**	322	430
Fair value gain / (loss) on hedging activities and financial liabilities designated at fair value	**(20)**	22	(62)
Net gain on available for sale equity securities transferred to income statement	**-**	-	83
Other income	**27**	15	21
Total other operating income	**323**	359	472

Notes to the Interim 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 analysis[1]

$ millions	Retail	Commercial	Wealth	Institutional	Other [2]	Total
Unaudited 9 months to 30/06/2013						
External revenues	**1,055**	**2,063**	**33**	**641**	**(1,189)**	**2,603**
Intersegment revenues	**(141)**	**(978)**	**110**	**(168)**	**1,177**	**-**
Total revenues	**914**	**1,085**	**143**	**473**	**(12)**	**2,603**
Profit before income tax	**373**	**721**	**42**	**318**	**(53)**	**1,401**
Unaudited 9 months to 30/06/2012						
External revenues	1,165	2,098	85	572	(1,196)	2,724
Intersegment revenues	(241)	(1,008)	105	(79)	1,223	-
Total revenues	924	1,090	190	493	27	2,724
Profit before income tax	367	619	80	335	(96)	1,305
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 Interim Financial Statements

4. Net Loans and Advances

$ millions	Note	**Unaudited 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Overdrafts		**1,741**	1,915	1,881
Credit card outstandings		**1,442**	1,408	1,395
Term loans - housing		**57,811**	54,667	55,526
Term loans - non-housing		**37,880**	37,572	37,749
Finance lease receivables		**818**	803	806
Gross loans and advances		**99,692**	96,365	97,357
Provision for credit impairment	**5**	**(913)**	(1,123)	(1,081)
Unearned finance income		**(272)**	(263)	(258)
Fair value hedge adjustment		**(26)**	46	34
Deferred fee revenue and expenses		**(62)**	(58)	(60)
Capitalised brokerage/mortgage origination fees		**148**	79	102
Total net loans and advances		**98,567**	95,046	96,094

5. Provision for Credit Impairment

$ millions	**Retail mortgages**	**Other retail exposures**	**Non retail exposures**	**Total**
Unaudited 30/06/2013				
Collective provision	**116**	**115**	**354**	**585**
Individual provision	**105**	**15**	**208**	**328**
Total provision for credit impairment	**221**	**130**	**562**	**913**
Collective provision credit	**(4)**	**(10)**	**(21)**	**(35)**
Individual provision charge	**17**	**47**	**20**	**84**
Total charge to income statement	**13**	**37**	**(1)**	**49**
Unaudited 30/06/2012				
Collective provision	127	125	385	637
Individual provision	130	26	330	486
Total provision for credit impairment	257	151	715	1,123
Collective provision credit	(3)	(22)	(10)	(35)
Individual provision charge	27	49	110	186
Total charge to income statement	24	27	100	151
Audited 30/09/2012				
Collective provision	120	125	375	620
Individual provision	130	25	306	461
Total provision for credit impairment	250	150	681	1,081
Collective provision credit	(10)	(22)	(20)	(52)
Individual provision charge	39	55	160	254
Total charge to income statement	29	33	140	202

Notes to the Interim Financial Statements

6. Impaired and Past Due Assets

$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 30/06/2013				
Total impaired assets	**278**	**40**	**745**	**1,063**
Loans that are at least 90 days past due but not impaired	**115**	**51**	**95**	**261**
Unaudited 30/06/2012				
Total impaired assets	389	45	1,067	1,501
Loans that are at least 90 days past due but not impaired	120	34	92	246
Audited 30/09/2012				
Total impaired assets	352	44	1,009	1,405
Loans that are at least 90 days past due but not impaired	107	33	86	226

7. Financial Assets Pledged as Collateral

$ millions	**Unaudited 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Cash collateral given on derivative financial instruments	**615**	982	1,256
Trading securities encumbered through repurchase agreements	**1,152**	2,126	252
Residential mortgages pledged as security for covered bonds	**5,529**	3,909	4,977
Total tangible assets of UDC Finance Limited pledged as collateral for secured stock	**2,129**	2,164	2,103
Total financial assets pledged as collateral	**9,425**	9,181	8,588

ANZNZ 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 ANZNZ 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 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Certificates of deposit		**1,866**	3,014	2,156
Term deposits		**33,641**	32,515	33,922
Demand deposits bearing interest		**29,049**	25,490	25,815
Deposits not bearing interest		**5,562**	4,773	4,838
Secured debenture stock	**7**	**1,492**	1,515	1,476
Commercial paper		**4,416**	5,559	5,445
Total deposits and other borrowings		**76,026**	72,866	73,652

9. Related Party Transactions

$ millions	**Unaudited 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Total due from related parties	**3,264**	2,694	3,125
Total due to related parties	**17,262**	18,044	17,153

Notes to the Interim 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)		
	30/06/2013	30/06/2012	30/09/2012	31/03/2013	31/03/2012	30/09/2012
	Basel III	Basel II	Basel II	Basel III	Basel II	Basel II
Common equity tier one capital	**8.0%**	n/a	n/a	8.4%	n/a	n/a
Tier one capital	**9.5%**	11.1%	10.8%	10.3%	11.8%	11.4%
Total capital	**11.4%**	12.3%	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 Prudential Capital Requirements ("PCRs"), which are at least equal to that specified under Basel III (previously Basel II), as determined by APRA. The Overseas Banking Group exceeded the PCRs set by APRA as at 30 June 2013 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 30 June 2013. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 30 June 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 **Unaudited 30/06/2013**	**Implied risk weighted exposure** **$m**	**Aggregate capital charge** **$m**
Interest rate risk	**4,077**	**326**
Foreign currency risk	**14**	**1**
Equity risk	**3**	**-**
	4,094	**327**

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 have been accepted by the customer.

Unaudited 30/06/2013 $ millions	**On-balance sheet**	**Off-balance sheet**	**Total**
LVR range			
0% - 59%	**19,661**	**3,123**	**22,784**
60% - 69%	**9,095**	**805**	**9,900**
70% - 79%	**13,697**	**988**	**14,685**
Less than 80%	**42,453**	**4,916**	**47,369**
80% - 89%	**8,582**	**585**	**9,167**
Over 90%	**4,666**	**399**	**5,065**
Total	**55,701**	**5,900**	**61,601**

Notes to the Interim Financial Statements

11. 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.

$ millions	Unaudited 30/06/2013
Balances with central banks	**1,908**
Securities purchased under agreement to resell	**942**
Certificates of deposit	**619**
Government, local body stock and bonds	**5,575**
Government treasury bills	**666**
Other bonds	**4,846**
Total liquidity portfolio	**14,556**

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 nine months ended 30 June 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 $598 million (30/06/2012: $549 million; 30/09/2012 $564 million), which is 0.5% (30/06/2012: 0.4%; 30/09/2012 0.4%) of the total consolidated assets of ANZ New Zealand.

Notes to the Interim Financial Statements

14. Credit Related Commitments, Guarantees and Contingent Liabilities

	Face or contract value		
	Unaudited	Unaudited	Audited
$ millions	**30/06/2013**	30/06/2012	30/09/2012
Credit related commitments			
Commitments with certain drawdown due within one year	**950**	933	742
Commitments to provide financial services	**24,024**	23,859	24,551
Total credit related commitments	**24,974**	24,792	25,293
Guarantees and contingent liabilities			
Financial guarantees	**885**	755	731
Standby letters of credit	**46**	49	44
Transaction related contingent items	**1,054**	1,016	913
Trade related contingent liabilities	**81**	98	117
Total guarantees and contingent liabilities	**2,066**	1,918	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 ANZ New Zealand) 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. Proceedings were filed against the Bank on 25 June 2013. The potential outcome of this litigation cannot be determined with any certainty at this stage.

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.

15. Additional Disclosures

NZ Branch Funding

$ millions	**Unaudited 30/06/2013**
Total liabilities of the NZ Branch less amounts due to related parties	**14**

Overseas Banking Group Profitability and Size

AUD millions	**Unaudited 31/03/2013**
Profit for the six months ended 31/03/2013[1]	**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 nine months ended 30 June 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 15 August 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:

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

Anthony Bradshaw
Chief Executive Officer – NZ Branch