

**Australia and New Zealand Banking Group Limited –  
New Zealand Branch  
Disclosure Statement**

FOR THE NINE MONTHS ENDED 30 JUNE 2012 | NUMBER 15 ISSUED AUGUST 2012

## **Disclosure Statement**

For the nine months ended 30 June 2012

### **Contents**

General Disclosures	2
Income Statement and Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Balance Sheet	5
Condensed Cash Flow Statement	6
Notes to the Financial Statements	7
Directors' and New Zealand Chief Executive Officer's Statement	15
Auditors' Report	16

### **Glossary of Terms**

In this Disclosure Statement unless the context otherwise requires:

- (a) "Bank" means ANZ National Bank Limited;
- (b) "Banking Group" means ANZ National Bank Limited 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 2012; 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 current credit ratings, which are applicable to its long-term senior unsecured obligations which are payable in New Zealand in New Zealand dollars.

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, the Ultimate Parent Bank benefits from certain guarantees from the Commonwealth of Australia under:

- in the case of certain deposits and other accounts up to A\$1 million, a scheme pursuant to the Banking Act 1959 of the Commonwealth of Australia; and
- in the case of certain wholesale funding, a Deed of Guarantee executed by the Treasurer (and related scheme rules). The Australian Government closed this scheme to new debt securities on 31 March 2010.

As at the date of signing of this Disclosure Statement, the NZ Branch has no obligations guaranteed under these schemes.

### 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 National (Int'l) Limited, has debt securities with a carrying value of \$341 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 National (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 2012 of \$1,845 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](http://anz.com).

### Directorate

On 1 April 2012, Ms P J Dwyer was appointed as a non-executive Director of Australia and New Zealand Banking Group Limited.

There have been no other changes to the Directors of Australia and New Zealand Banking Group Limited since 30 September 2011, the balance date of the last full year Disclosure Statement.

### Auditors

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

## Income Statement

\$ millions		<b>Unaudited</b> <b>9 months to</b> <b>30/06/2012</b>	Unaudited 9 months to 30/06/2011	Audited Year to 30/09/2011
	<b>Note</b>			
Interest income		<b>4,907</b>	5,115	6,757
Interest expense		<b>2,876</b>	3,181	4,157
Net interest income		<b>2,031</b>	1,934	2,600
Net trading gains		<b>109</b>	197	228
Net funds management and insurance income		<b>222</b>	202	265
Other operating income	<b>2</b>	<b>361</b>	149	314
Share of associates' profit		<b>1</b>	1	2
Operating income		<b>2,724</b>	2,483	3,409
Operating expenses	<b>2</b>	<b>1,268</b>	1,304	1,688
Profit before provision for credit impairment and income tax		<b>1,456</b>	1,179	1,721
Provision for credit impairment	<b>6</b>	<b>151</b>	132	190
<b>Profit before income tax</b>		<b>1,305</b>	1,047	1,531
Income tax expense		<b>340</b>	312	446
<b>Profit for the period</b>		<b>965</b>	735	1,085

## Statement of Comprehensive Income

\$ millions		<b>Unaudited</b> <b>9 months to</b> <b>30/06/2012</b>	Unaudited 9 months to 30/06/2011	Audited Year to 30/09/2011
<b>Profit for the period</b>		<b>965</b>	735	1,085
Unrealised gains recognised directly in equity		<b>50</b>	23	72
Realised gains transferred to income statement		<b>(8)</b>	(35)	(38)
Actuarial gain / (loss) on defined benefit schemes		<b>(2)</b>	8	(64)
Income tax credit / (expense) on items recognised directly in equity		<b>(3)</b>	2	11
<b>Total comprehensive income for the period</b>		<b>1,002</b>	733	1,066

## 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 attributable to owners of the parent entity	Non-controlling entities	Total equity
<b>As at 1 October 2010</b>	6,424	58	102	1,236	7,820	1	7,821
Profit after income tax attributable to parent	-	-	-	735	735	-	735
Valuation gain recognised in other comprehensive income	-	15	8	-	23	-	23
Losses / (gains) transferred to income statement	-	(42)	7	-	(35)	-	(35)
Actuarial gain on defined benefit schemes	-	-	-	8	8	-	8
Income tax credit / (expense) on items recognised directly in equity	-	8	(4)	(2)	2	-	2
<b>Total comprehensive income for the period</b>	-	(19)	11	741	733	-	733
Ordinary dividend paid	-	-	-	(215)	(215)	-	(215)
Preference dividend paid	-	-	-	(155)	(155)	-	(155)
<b>As at 30 June 2011 (Unaudited)</b>	6,424	39	113	1,607	8,183	1	8,184
<b>As at 1 October 2010</b>	6,424	58	102	1,236	7,820	1	7,821
Profit after income tax attributable to parent	-	-	-	1,085	1,085	-	1,085
Valuation gain recognised in other comprehensive income	-	21	51	-	72	-	72
Losses / (gains) transferred to income statement	-	(42)	4	-	(38)	-	(38)
Actuarial loss on defined benefit schemes	-	-	-	(64)	(64)	-	(64)
Income tax credit / (expense) on items recognised directly in equity	-	9	(16)	18	11	-	11
<b>Total comprehensive income for the period</b>	-	(12)	39	1,039	1,066	-	1,066
Ordinary dividend paid	-	-	-	(215)	(215)	-	(215)
Preference dividend paid	-	-	-	(206)	(206)	-	(206)
Movement in non-controlling interests	-	-	-	-	-	(1)	(1)
<b>As at 30 September 2011 (Audited)</b>	6,424	46	141	1,854	8,465	-	8,465
Profit after income tax attributable to parent	-	-	-	965	965	-	965
Valuation gain recognised in other comprehensive income	-	35	15	-	50	-	50
Gains transferred to income statement	-	-	(8)	-	(8)	-	(8)
Actuarial loss on defined benefit schemes	-	-	-	(2)	(2)	-	(2)
Income tax expense on items recognised directly in equity	-	(1)	(2)	-	(3)	-	(3)
<b>Total comprehensive income for the period</b>	-	34	5	963	1,002	-	1,002
Ordinary dividend paid	-	-	-	(400)	(400)	-	(400)
Preference dividend paid	-	-	-	(85)	(85)	-	(85)
<b>As at 30 June 2012 (Unaudited)</b>	6,424	80	146	2,332	8,982	-	8,982

## Balance Sheet

\$ millions	Note	Unaudited 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
<b>Assets</b>				
Liquid assets		2,693	2,205	2,455
Due from other financial institutions		1,156	2,356	3,633
Trading securities		12,234	9,652	9,466
Derivative financial instruments		11,869	10,594	14,294
Current tax assets		137	77	-
Available-for-sale assets		250	352	411
Net loans and advances	4	95,046	94,627	93,613
Investments backing insurance policy liabilities		158	86	97
Insurance policy assets		260	191	200
Investments in associates		100	102	100
Other assets		1,361	1,046	857
Deferred tax assets		69	162	125
Premises and equipment		322	324	325
Goodwill and other intangible assets		3,501	3,515	3,507
<b>Total assets</b>		<b>129,156</b>	125,289	129,083
Interest earning and discount bearing assets		110,707	108,300	108,126
<b>Liabilities</b>				
Due to other financial institutions		13,321	11,955	12,247
Deposits and other borrowings	8	72,866	68,469	69,238
Derivative financial instruments		12,032	11,598	14,178
Current tax liabilities		-	-	4
Payables and other liabilities		1,809	1,889	2,416
Provisions		308	320	309
Bonds and notes		16,332	18,711	18,472
Term funding		1,766	1,766	1,766
Loan capital		1,740	2,397	1,988
<b>Total liabilities (excluding head office account)</b>		<b>120,174</b>	117,105	120,618
<b>Net assets (excluding head office account)</b>		<b>8,982</b>	8,184	8,465
<b>Represented by:</b>				
Share capital and head office account		6,424	6,424	6,424
Reserves		226	152	187
Retained earnings		2,332	1,607	1,854
Parent shareholder's equity and head office account		8,982	8,183	8,465
Non-controlling interests		-	1	-
<b>Total equity and head office account</b>		<b>8,982</b>	8,184	8,465
Interest and discount bearing liabilities		101,051	99,085	99,038

## Condensed Cash Flow Statement

\$ millions	<b>Unaudited</b> <b>9 months to</b> <b>30/06/2012</b>	Unaudited 9 months to 30/06/2011	Audited Year to 30/09/2011
<b>Cash flows from operating activities</b>			
Interest received	<b>4,889</b>	5,038	6,661
Interest paid	<b>(2,864)</b>	(3,106)	(4,088)
Other cash inflows provided by operating activities	<b>603</b>	583	893
Other cash outflows used in operating activities	<b>(1,679)</b>	(1,458)	(1,959)
Cash flows from operating profits before changes in operating assets and liabilities	<b>949</b>	1,057	1,507
Net changes in operating assets and liabilities	<b>(164)</b>	(1,990)	1,575
<b>Net cash flows provided by / (used in) operating activities</b>	<b>785</b>	(933)	3,082
<b>Cash flows from investing activities</b>			
Cash inflows provided by investing activities	<b>16</b>	48	69
Cash outflows used in investing activities	<b>(64)</b>	(74)	(119)
<b>Net cash flows used in investing activities</b>	<b>(48)</b>	(26)	(50)
<b>Cash flows from financing activities</b>			
Cash inflows provided by financing activities	<b>2,417</b>	3,867	3,992
Cash outflows used in financing activities	<b>(5,750)</b>	(2,224)	(4,514)
<b>Net cash flows provided by / (used in) financing activities</b>	<b>(3,333)</b>	1,643	(522)
Net increase / (decrease) in cash and cash equivalents	<b>(2,596)</b>	684	2,510
Cash and cash equivalents at beginning of the period	<b>6,088</b>	3,578	3,578
<b>Cash and cash equivalents at end of the period</b>	<b>3,492</b>	4,262	6,088

## Notes to the Financial Statements

### 1. Significant Accounting Policies

#### (i) Reporting entity and statement of compliance

These financial statements are for ANZ New Zealand for the nine months ended 30 June 2012. They have been prepared in accordance with 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 2011.

#### (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 the Margin on Services model, 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.

#### (vi) Basis of aggregation

The basis of aggregation is an addition of individual financial statements of the entities in ANZ New Zealand. All transactions between entities within ANZ New Zealand have been eliminated.

### 2. Other Operating Income and Expenses

Other operating income includes a fair value gain of \$22 million (30/06/2011 \$183 million loss; 30/09/2011 \$127 million loss) on the revaluation of financial assets and liabilities designated at fair value and on hedging activities. Other operating income excluding these fair value adjustments is \$339 million (30/06/2011 \$332 million; 30/09/2011 \$441 million).

Operating expenses include costs for the nine months ended 30 June 2012 of \$97 million (30/06/2011 \$147 million; 30/09/2011 \$162 million) incurred in relation to the planned move to a single banking technology platform, which is expected to deliver operational efficiencies and improved service levels and business outcomes.



## Notes to the Financial Statements

### 3. Segmental Analysis

For segment reporting purposes, ANZ New Zealand is organised into three major business segments - Retail, Commercial 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 banking products and services to individuals through separate ANZ and The National Bank of New Zealand branded distribution channels. Personal banking customers have access to a wide range of financial services and products. Retail contains ANZ New Zealand's wealth businesses which include private banking and investment services provided to high net worth individuals, the OnePath wealth management and insurance businesses, and other investment products. This segment also includes other profit centres supporting the Retail 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.

#### Institutional

Institutional provides financial services to large multi-banked corporations, often global, who require sophisticated product and structuring solutions. The Institutional business unit includes the following specialised units:

- Markets - provides foreign exchange, interest rate and commodity trading and sales-related services, origination, underwriting, structuring, risk management and sale of credit and derivative products globally;
- Transaction Banking - provides cash management, trade finance and international payments;
- Relationship Management – provides origination, credit analysis and relationship coverage to every Institutional customer;
- Global Loans - provides origination, credit analysis, structuring and execution of specific customer transactions.

#### Other

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

#### Business segment analysis<sup>1</sup>

\$ millions	Retail	Commercial	Institutional	Other <sup>2</sup>	Total
<b>Unaudited 9 months to 30/06/2012</b>					
External revenues	1,252	2,105	565	(1,198)	2,724
Intersegment revenues	(151)	(1,002)	(81)	1,234	-
Total revenues	1,101	1,103	484	36	2,724
Profit before income tax	424	634	337	(90)	1,305
<b>Unaudited 9 months to 30/06/2011</b>					
External revenues	1,369	2,228	406	(1,520)	2,483
Intersegment revenues	(272)	(1,122)	79	1,315	-
Total revenues	1,097	1,106	485	(205)	2,483
Profit before income tax	408	630	368	(359)	1,047
<b>Audited year to 30/09/2011</b>					
External revenues	1,793	2,945	563	(1,892)	3,409
Intersegment revenues	(338)	(1,463)	82	1,719	-
Total revenues	1,455	1,482	645	(173)	3,409
Profit before income tax	539	847	495	(350)	1,531

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

<sup>2</sup> 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 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
Overdrafts		1,915	1,916	1,847
Credit card outstandings		1,408	1,392	1,367
Term loans - housing		54,667	53,822	53,547
Term loans - non-housing		37,572	38,054	37,398
Finance lease receivables		803	755	768
Gross loans and advances		<b>96,365</b>	95,939	94,927
Provision for credit impairment	6	<b>(1,123)</b>	(1,225)	(1,183)
Unearned finance income		<b>(263)</b>	(258)	(256)
Fair value hedge adjustment		46	180	134
Deferred fee revenue and expenses		<b>(58)</b>	(51)	(51)
Capitalised brokerage/mortgage origination fees		79	42	42
Total net loans and advances		<b>95,046</b>	94,627	93,613

### 5. Impaired and Past Due Assets

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
<b>Unaudited 30/06/2012</b>				
Total individually impaired assets	362	45	1,067	1,474
Loans that are at least 90 days past due but not impaired	120	34	92	246
<b>Unaudited 30/06/2011</b>				
Total individually impaired assets	560	65	1,281	1,906
Loans that are at least 90 days past due but not impaired	184	39	131	354
<b>Audited 30/09/2011</b>				
Total individually impaired assets	517	61	1,194	1,772
Loans that are at least 90 days past due but not impaired	152	38	117	307

## Notes to the Financial Statements

### 6. Provision for Credit Impairment

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
<b>Unaudited 30/06/2012</b>				
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 in income statement	24	27	100	151
<b>Unaudited 30/06/2011</b>				
Collective provision	117	141	439	697
Individual provision	181	42	305	528
Total provision for credit impairment	298	183	744	1,225
Collective provision credit	(5)	(8)	(94)	(107)
Individual provision charge	32	62	145	239
Total charge in income statement	27	54	51	132
<b>Audited 30/09/2011</b>				
Collective provision	130	147	395	672
Individual provision	165	36	310	511
Total provision for credit impairment	295	183	705	1,183
Collective provision charge / (credit)	8	(2)	(138)	(132)
Individual provision charge	37	79	206	322
Total charge in income statement	45	77	68	190

### 7. Financial Assets Pledged as Collateral

\$ millions	Unaudited 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
Trading securities encumbered through repurchase agreements	2,126	844	1,219
Residential mortgages pledged as security for covered bonds	3,909	-	-
Total tangible assets of UDC Finance Limited pledged as collateral for secured stock	2,164	2,066	2,007
Total financial assets pledged as collateral	8,199	2,910	3,226

#### ANZ NZ Covered Bond Trust

The assets of ANZ NZ Covered Bond Trust ("the 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 Trust of issuances of covered bonds by the Bank, or its wholly owned subsidiary ANZ National (Int'l) Limited, from time to time. The assets of the 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 Trust (if any) after all prior ranking creditors of the Trust have been satisfied.

ANZ New Zealand continues to recognise the assets of the 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.

## Notes to the Financial Statements

### 8. Deposits and Other Borrowings

\$ millions	Note	Unaudited 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
Certificates of deposit		3,014	2,304	2,454
Term deposits		32,515	35,297	33,799
Demand deposits bearing interest		25,490	21,541	22,230
Deposits not bearing interest		4,773	4,324	4,477
Secured debenture stock	7	1,515	1,583	1,488
Commercial paper		5,559	3,420	4,790
Total deposits and other borrowings		<b>72,866</b>	68,469	69,238

### 9. Related Party Transactions

\$ millions	Unaudited 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
Total due from related parties	2,694	3,366	3,081
Total due to related parties	18,044	19,218	20,832

### 10. Capital Adequacy

#### Overseas Banking Group Basel II capital adequacy ratio (Unaudited)

	Overseas Banking Group			Ultimate Parent Bank (Extended Licensed Entity)		
	30/06/2012	30/06/2011	30/09/2011	31/03/2012	31/03/2011	30/09/2011
Tier One Capital	11.1%	10.6%	10.9%	11.8%	11.4%	11.5%
Total Capital	12.3%	11.8%	12.1%	12.9%	12.6%	12.3%

For calculation of minimum capital requirements under Pillar I of the Basel II 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 hold a minimum Prudential Capital Ratio ("PCR") as determined by APRA. The APRA minimum PCR is at least equal to the levels specified under the Basel II (internal models based) approach. The Overseas Banking Group exceeded the minimum capital adequacy requirements set by APRA as at 30 June 2012 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 30 June 2012. The Overseas Banking Group's Pillar 3 Disclosure document for the quarter ended 30 June 2012, in accordance with APS 330, discloses capital adequacy ratios calculated under the Basel II methodology. This document can be accessed at the website [anz.com](http://anz.com).

## Notes to the Financial Statements

### Market risk

ANZ New Zealand's aggregate market risk exposures below have been calculated in accordance with the RBNZ document 'Capital Adequacy Framework (Standardised Approach)' dated October 2010 ("BS2A").

Unaudited 30/06/2012	Implied risk weighted exposure \$m	Aggregate capital charge \$m
Interest rate risk	3,678	294
Foreign currency risk	27	2
Equity risk	126	10
	3,831	306

### 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 30/06/2012 \$ millions	On-balance sheet	Off-balance sheet	Total
<b>LVR range</b>			
0% - 59%	20,043	3,377	23,420
60% - 69%	8,513	1,000	9,513
70% - 79%	12,280	1,295	13,575
Less than 80%	40,836	5,672	46,508
80% - 89%	7,417	1,043	8,460
Over 90%	4,298	358	4,656
Total	52,551	7,073	59,624

## 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.

### Liquidity portfolio

\$ millions	30/06/2012 Unaudited
Balances with central banks	1,196
Securities purchased under agreement to resell	233
Certificates of deposit	120
Government, local body stock and bonds	6,540
Government treasury bills	40
Other bonds	3,918
Total liquidity portfolio	12,047

## 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 nine months ended 30 June 2012 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 \$549 million (30/06/2011: \$390 million; 30/09/2011 \$438 million), which is 0.4% (30/06/2011: 0.3%; 30/09/2011 0.3%) of the total consolidated assets of ANZ New Zealand.

### 14. Credit Related Commitments, Guarantees and Contingent Liabilities

\$ millions	Face or contract value		
	Unaudited 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
<b>Credit related commitments</b>			
Commitments with certain drawdown due within one year	933	472	527
Commitments to provide financial services	23,859	21,745	22,364
Total credit related commitments	24,792	22,217	22,891
<b>Guarantees and contingent liabilities</b>			
Financial guarantees	755	1,919	1,753
Standby letters of credit	49	51	60
Transaction related contingent items	1,016	921	882
Trade related contingent liabilities	98	80	110
Total guarantees and contingent liabilities	1,918	2,971	2,805

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

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

	Unaudited 30/06/2012
\$ millions	
Total liabilities of the NZ Branch less amounts due to related parties	<b>12</b>

#### Overseas Banking Group Profitability and Size

	Unaudited 31/03/2012
AUD millions	
Profit for the period for the 6 months ended 31/03/2012 <sup>1</sup>	<b>2,923</b>
Net profit after tax for the 12 months ended 31/03/2012 as a percentage of average total assets	<b>1.0%</b>
Total assets as at 31/03/2012	<b>603,236</b>
Percentage change in total assets in the 12 months ended 31/03/2012	<b>12.2%</b>

<sup>1</sup> Net profit after tax for the period includes \$4 million of profit attributable to non-controlling interests.

#### Overseas Banking Group asset quality

	Unaudited 31/03/2012
AUD millions	
Gross impaired assets	<b>5,343</b>
Gross impaired assets as a percentage of total assets	<b>0.9%</b>
Individual provision	<b>1,714</b>
Individual provision as a percentage of gross impaired assets	<b>32.1%</b>
Collective provision	<b>2,994</b>

### 16. Subsequent Events

On 23 July 2012 ANZ New Zealand repaid a subordinated fixed rate bond of \$350 million. The bond had an ultimate maturity date of 23 July 2017, with the Bank able to elect to redeem the bond on 23 July 2012.

On 16 August 2012 the Bank's Board resolved to repay a subordinated loan of \$216 million on 17 September 2012. The loan had an ultimate maturity date of 18 September 2017, with the Bank able to elect to repay the loan on 17 September each year from 2012 to 2016.

## 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 2012; and
- (ii) The Disclosure Statement is not false or misleading.

Over the nine months ended 30 June 2012, 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 16 August 2012, 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.**



**J P Morschel**  
Chairman,  
on behalf of the Directors:



**A J Bradshaw**  
Chief Executive Officer – NZ Branch

**Mr M R P Smith, OBE**  
**Dr G J Clark**  
**Ms P J Dwyer**  
**Mr P A F Hay**  
**Mr H Y Lee**  
**Mr I J Macfarlane, AC**  
**Mr D E Meiklejohn, AM**  
**Ms A M Watkins**





## **Independent Auditors' Review Report**

### **To the Directors of Australia and New Zealand Banking Group Limited - New Zealand Branch**

We have reviewed pages 3 to 14 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 2012 (the 'Order') and the supplementary information prescribed in Schedules 3, 6, 8, 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 30 June 2012.

#### **Directors' responsibilities**

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 30 June 2012 and its financial performance and cash flows for the nine 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, 6, 8, 9, 10, 12 and 14 of the Order.

#### **Reviewers' responsibilities**

We are responsible for reviewing the interim financial statements and the supplementary information, disclosed in accordance with Clause 26, Schedules 3, 6, 8, 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 30 June 2012 and its financial performance and cash flows for the nine 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 6, 8, 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 (Basel I Approach) (BS2) and 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 the business 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 30 June 2012 and its financial performance and cash flows for the nine months ended on that date;
- b. the supplementary information prescribed by Schedules 6, 8, 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 (Basel 1 Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A), and disclosed in accordance with Schedule 9 of the Order.

Our review was completed on 16 August 2012 and our review opinion is expressed as at that date.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

Wellington