

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

FOR THE THREE MONTHS ENDED 31 DECEMBER 2011 | NUMBER 13 ISSUED FEBRUARY 2012

Disclosure Statement

For the three months ended 31 December 2011

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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 6, 1 Victoria 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 (No 4) 2011; 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.

On 1 December 2011, Standard and Poor's downgraded the Ultimate Parent Bank's long-term senior unsecured debt and deposit ratings from AA outlook stable to AA- outlook stable. This occurred simultaneously to a similar downgrade of other major Australian banks.

On 30 January 2012, Fitch changed the Outlook on the Ultimate Parent Bank's long-term senior unsecured debt and deposit ratings from positive to negative. This occurred simultaneously to a similar change in the outlook of the ratings of other major Australian banks.

On 24 February 2012, Fitch changed the Outlook on the Ultimate Parent Bank's long-term senior unsecured debt and deposit ratings from negative to stable.

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:

- a) 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
- b) 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 Bank Limited, has debt securities with a carrying value of \$2,290 million for which the Crown has issued a Guarantee Eligibility Certificate.

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

Since 30 September 2011, the balance date of the last full year Disclosure Statement, there have been no changes to the Directors of Australia and New Zealand Banking Group Limited. On 3 February 2012 A J Bradshaw was appointed Chief Executive Officer of the Branch to replace F J Brown in that role.

Auditors

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

Australia and New Zealand Banking Group Limited - New Zealand Branch

Income Statement

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\$ millions		Unaudited 3 months to 31/12/2011	Unaudited 3 months to 31/12/2010	Audited Year to 30/09/2011
	Note			
Interest income		1,647	1,769	6,757
Interest expense		969	1,121	4,157
Net interest income		678	648	2,600
Net trading gains		39	40	228
Net funds management and insurance income		82	56	265
Other operating income	2	219	80	314
Share of profit of equity accounted associates and jointly controlled entities		-	-	2
Operating income		1,018	824	3,409
Operating expenses		402	418	1,688
Profit before provision for credit impairment		616	406	1,721
Provision for credit impairment		46	34	190
Profit before income tax		570	372	1,531
Income tax expense		155	112	446
Profit after income tax		415	260	1,085

Statement of Comprehensive Income

\$ millions		Unaudited 3 months to 31/12/2011	Unaudited 3 months to 31/12/2010	Audited Year to 30/09/2011
Profit after income tax		415	260	1,085
Unrealised gains / (losses) recognised directly in equity		62	(45)	72
Realised losses / (gains) transferred to income statement		(4)	14	(38)
Actuarial gain / (loss) on defined benefit schemes		-	-	(64)
Income tax credit / (expense) on items recognised directly in equity		(13)	7	11
Total comprehensive income for the period		460	236	1,066

Australia and New Zealand Banking Group Limited - New Zealand Branch

Statement of Changes in Equity

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\$ 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
As at 1 October 2010	6,424	58	102	1,236	7,820	1	7,821
Profit after income tax attributable to parent	-	-	-	260	260	-	260
Valuation loss recognised in other comprehensive income	-	(6)	(39)	-	(45)	-	(45)
Losses transferred to income statement	-	12	2	-	14	-	14
Income tax credit / (expense) on items recognised directly in equity	-	(4)	11	-	7	-	7
Total comprehensive income for the period	-	2	(26)	260	236	-	236
Preference dividend paid	-	-	-	(53)	(53)	-	(53)
As at 31 December 2010 (Unaudited)	6,424	60	76	1,443	8,003	1	8,004
As at 1 October 2010	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
Total comprehensive income for the period	-	(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)
As at 30 September 2011 (Audited)	6,424	46	141	1,854	8,465	-	8,465
Profit after income tax attributable to parent	-	-	-	415	415	-	415
Valuation gain recognised in other comprehensive income	-	14	48	-	62	-	62
Gains transferred to income statement	-	-	(4)	-	(4)	-	(4)
Income tax expense on items recognised directly in equity	-	-	(12)	(1)	(13)	-	(13)
Total comprehensive income for the period	-	14	32	414	460	-	460
Preference dividend paid	-	-	-	(51)	(51)	-	(51)
As at 31 December 2011 (Unaudited)	6,424	60	173	2,217	8,874	-	8,874

Australia and New Zealand Banking Group Limited - New Zealand Branch

Balance Sheet

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\$ millions	Note	Unaudited 31/12/2011	Unaudited 31/12/2010	Audited 30/09/2011
Assets				
Liquid assets		2,340	2,168	2,455
Due from other financial institutions		1,135	2,722	3,633
Trading securities		10,321	7,395	9,466
Derivative financial instruments		12,543	9,404	14,294
Current tax assets		-	48	-
Available-for-sale assets		255	1,724	411
Net loans and advances	4	93,501	95,710	93,613
Investments backing insurance policyholder liabilities		116	73	97
Insurance policy assets		231	149	200
Shares in associates and jointly controlled entities		99	144	100
Other assets		666	951	857
Deferred tax assets		75	208	125
Premises and equipment		322	316	325
Goodwill and other intangible assets		3,505	3,529	3,507
Total assets		125,109	124,541	129,083
Interest earning and discount bearing assets		106,678	108,701	108,126
Liabilities				
Due to other financial institutions		11,261	12,008	12,247
Deposits and other borrowings	8	69,387	69,959	69,238
Derivative financial instruments		12,515	9,704	14,178
Current tax liabilities		37	-	4
Payables and other liabilities		1,214	1,423	2,416
Provisions		278	266	309
Bonds and notes		17,776	19,016	18,472
Term funding		1,766	1,766	1,766
Loan capital		2,001	2,395	1,988
Total liabilities (excluding head office account)		116,235	116,537	120,618
Net assets (excluding head office account)		8,874	8,004	8,465
Represented by:				
Share capital and head office account		6,424	6,424	6,424
Reserves		233	136	187
Retained earnings		2,217	1,443	1,854
Parent shareholder's equity and head office account		8,874	8,003	8,465
Non-controlling interests		-	1	-
Total equity and head office account		8,874	8,004	8,465
Interest and discount bearing liabilities		96,603	99,620	98,397

Australia and New Zealand Banking Group Limited - New Zealand Branch

Condensed Cash Flow Statement

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\$ millions	Unaudited 3 months to 31/12/2011	Unaudited 3 months to 31/12/2010	Audited Year to 30/09/2011
Cash flows from operating activities			
Interest received	1,609	1,731	6,661
Interest paid	(981)	(1,002)	(4,088)
Other cash inflows provided by operating activities	260	257	1,080
Other cash outflows used in operating activities	(540)	(514)	(1,838)
Cash flows from operating profits before changes in operating assets and liabilities	348	472	1,815
Net changes in operating assets and liabilities	(2,140)	(985)	1,267
Net cash flows provided by / (used in) operating activities	(1,792)	(513)	3,082
Cash flows from investing activities			
Cash inflows provided by investing activities	4	-	69
Cash outflows used in investing activities	(15)	(39)	(119)
Net cash flows used in investing activities	(11)	(39)	(50)
Cash flows from financing activities			
Cash inflows provided by financing activities	867	2,782	3,992
Cash outflows used in financing activities	(1,677)	(1,446)	(4,514)
Net cash flows provided by / (used in) financing activities	(810)	1,336	(522)
Net increase / (decrease) in cash and cash equivalents	(2,613)	784	2,510
Cash and cash equivalents at beginning of the period	6,088	3,578	3,578
Cash and cash equivalents at end of the period	3,475	4,362	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 three months ended 31 December 2011. 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 basis, 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 certain investment assets that relate to the insurance business from due from other financial institutions and available-for-sale assets to investments backing insurance policyholder liabilities to better reflect the purpose for which the assets are held.

(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. Operating Income

Other operating income includes a fair value gain of \$97 million (31/12/2010 \$36 million loss; 30/09/2011 \$123 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 \$122 million (31/12/2010 \$116 million; 30/09/2011 \$437 million).

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 includes 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;
- Specialised Lending - 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 analysis¹

\$ millions	Retail	Commercial	Institutional	Other ²	Total
Unaudited 3 months to 31/12/2011					
External revenues	441	711	183	(317)	1,018
Intersegment revenues	(67)	(349)	(17)	433	-
Total revenues	374	362	166	116	1,018
Profit before income tax	153	202	116	99	570
Unaudited 3 months to 31/12/2010					
External revenues	453	778	109	(516)	824
Intersegment revenues	(111)	(405)	41	475	-
Total revenues	342	373	150	(41)	824
Profit before income tax	118	208	114	(68)	372
Audited year to 30/09/2011					
External revenues	1,796	2,945	563	(1,895)	3,409
Intersegment revenues	(348)	(1,483)	73	1,758	-
Total revenues	1,448	1,462	636	(137)	3,409
Profit before income tax	528	827	486	(310)	1,531

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 31/12/2011	Unaudited 31/12/2010	Audited 30/09/2011
Overdrafts		1,603	1,756	1,698
Credit card outstandings		1,439	1,435	1,367
Term loans - housing		53,443	53,898	53,696
Term loans - non-housing		37,546	39,224	37,398
Finance lease receivables		792	746	768
Gross loans and advances		94,823	97,059	94,927
Provision for credit impairment	6	(1,164)	(1,352)	(1,183)
Unearned finance income		(260)	(272)	(256)
Fair value hedge adjustment		114	284	134
Deferred fee revenue and expenses		(58)	(55)	(51)
Capitalised brokerage/mortgage origination fees		46	46	42
Total net loans and advances		93,501	95,710	93,613

5. Impaired and Past Due Assets

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/12/2011				
Total individually impaired assets	446	49	1,204	1,699
Loans that are at least 90 days past due but not impaired	139	38	89	266
Unaudited 31/12/2010				
Total individually impaired assets	549	74	1,423	2,046
Loans that are at least 90 days past due but not impaired	183	43	116	342
Audited 30/09/2011				
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
Unaudited 31/12/2011				
Collective provision	133	142	390	665
Individual provision	151	29	319	499
Total provision for credit impairment	284	171	709	1,164
Collective provision charge / (credit)	2	(5)	(4)	(7)
Individual provision charge	4	12	37	53
Total charge in income statement	6	7	33	46
Unaudited 31/12/2010				
Collective provision	115	144	491	750
Individual provision	201	49	352	602
Total provision for credit impairment	316	193	843	1,352
Collective provision credit	(7)	(5)	(42)	(54)
Individual provision charge	7	22	59	88
Total charge in income statement	-	17	17	34
Audited 30/09/2011				
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 31/12/2011	Unaudited 31/12/2010	Audited 30/09/2011
Trading securities encumbered through repurchase agreements	244	99	1,219
Residential mortgages pledged as security for covered bonds	2,511	-	-
Total tangible assets of UDC Finance Limited pledged as collateral for secured stock	2,121	2,162	2,007
Total financial assets pledged as collateral	4,876	2,261	3,226

8. Deposits and Other Borrowings

\$ millions	Note	Unaudited 31/12/2011	Unaudited 31/12/2010	Audited 30/09/2011
Certificates of deposit		2,690	1,843	2,454
Term deposits		32,949	36,147	33,799
Demand deposits bearing interest		23,397	19,031	21,589
Deposits not bearing interest		5,278	5,539	5,118
Secured debenture stock	7	1,393	1,602	1,488
Commercial paper		3,680	5,797	4,790
Total deposits and other borrowings		69,387	69,959	69,238

Notes to the Financial Statements

9. Related Party Transactions

	Unaudited 31/12/2011	Unaudited 31/12/2010	Audited 30/09/2011
\$ millions			
Total due from related parties	3,228	3,542	3,109
Total due to related parties	19,408	19,416	20,841

10. 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 Statement of Cash Flows.

Liquidity Portfolio

	Unaudited 31/12/2011
\$ millions	
Balances with central banks	1,382
Securities purchased under agreement to resell	806
Certificates of deposit	140
Government, local body stock and bonds	6,652
Government treasury bills	17
Other bonds	3,529
Total liquidity portfolio	12,526

11. Capital Adequacy

Overseas Banking Group Basel II capital adequacy ratio (unaudited)

	Overseas Banking Group			Ultimate Parent Bank (Extended Licensed Entity)	
	31/12/2011	31/12/2010	30/09/2011	30/09/2011	30/09/2010
Tier One Capital	11.0%	10.4%	10.9%	11.5%	11.0%
Total Capital	12.0%	11.9%	12.1%	12.3%	12.3%

For calculation of minimum capital requirements under Pillar 1 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 Ultimate Parent Bank is required to hold a minimum Prudential Capital Ratio ("PCR") as determined by APRA. The Overseas Banking Group exceeded the minimum capital adequacy requirements set by APRA as at 31 December 2011 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 31 December 2011. The Overseas Banking Group's Basel II Pillar 3 Disclosure document for the three months ended to 31 December 2011, in accordance with APS 330, discloses capital adequacy ratios calculated under the Basel II methodology. These documents can be accessed at the website anz.com.

Market risk

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

The peak end-of-day market risk exposures for the period are calculated separately for each category of exposure and may not have occurred at the same time.

Notes to the Financial Statements

Unaudited 31/12/2011	Implied risk weighted exposure		Aggregate capital charge	
	As at \$m	Peak \$m	As at \$m	Peak \$m
Interest rate risk	3,384	6,262	271	501
Foreign currency risk	10	1,907	1	153
Equity risk	137	137	11	11
	<u>3,531</u>		<u>283</u>	

Retail 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.

Retail mortgages by LVR for ANZ New Zealand as at 31 December 2011 (Unaudited)

\$ millions	On-balance sheet	Off-balance sheet	Total
LVR range			
0% - 59%	20,524	3,212	23,736
60% - 69%	8,269	867	9,136
70% - 79%	11,326	1,154	12,480
80% - 89%	6,547	639	7,186
Over 90%	4,356	286	4,642
Total	<u>51,022</u>	<u>6,158</u>	<u>57,180</u>

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 three month period ending 31 December 2011 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 \$470 million (31/12/2010: \$335 million; 30/09/2011 \$438 million), which is 0.4% (31/12/2010: 0.3%; 30/09/2011 0.3%) of the total consolidated assets of ANZ New Zealand.

Notes to the Financial Statements

14. Credit Related Commitments and Contingent Liabilities

	Face or contract value		
	Unaudited 31/12/2011	Unaudited 31/12/2010	Audited 30/09/2011
\$ millions			
Credit related commitments			
Commitments with certain drawdown due within one year	655	503	527
Commitments to provide financial services	22,186	21,715	22,364
Total credit related commitments	22,841	22,218	22,891
Contingent liabilities			
Financial guarantees	1,820	1,852	1,753
Standby letters of credit	76	68	60
Transaction related contingent items	850	841	882
Trade related contingent liabilities	78	79	110
Total contingent liabilities	2,824	2,840	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.

15. Additional Disclosures

NZ Branch Funding

	Unaudited 31/12/2011
\$ millions	
Total liabilities of the NZ Branch less amounts due to related parties	37

Overseas Banking Group Profitability and Size

	Audited 30/09/2011
AUD millions	
Net profit after tax for the year ¹	5,363
Net profit after tax for year as a percentage of average total assets	0.95%
Total assets	594,488
Percentage change in total assets over the preceeding year	11.8%

¹ Net profit after tax for the year includes \$8m of profit attributable to non-controlling interests.

Overseas Banking Group asset quality

	Audited 30/09/2011
AUD millions	
Gross impaired assets	5,581
Gross impaired assets as a percentage of total assets	0.94%
Total individually assessed provisions for impairment	1,697
Individually assessed provisions for impairment as a percentage of gross impaired assets	30.4%
Collective provision for credit impairment	3,176

Notes to the Financial Statements

16. Subsequent Events

On 2 February 2012 the Bank exercised its option to repay, on 2 March 2012, \$250 million of loan capital with an original maturity of 2 March 2017.

On 27 February 2012, the Board of ANZ Holdings (New Zealand) Limited resolved to pay a preference dividend of AUD \$26 million and a supplementary dividend of AUD \$5 million no later than 28 February 2012.

Work to move to a single banking platform, as announced in November 2010, is well advanced, with testing and integration work expected to be completed later this calendar year. The Board of Directors of the Bank has approved additional expenditure for completion of the programme of around \$110 million in technology and related costs.

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 (No 4) 2011; and
- (ii) The Disclosure Statement is not false or misleading.

Over the three months ended 31 December 2011, 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 Ultimate Parent Bank 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 February 2012, and has been signed by the Chairman of the Ultimate Parent Bank, as agent for all Directors, and by the Chief Executive Officer – NZ Branch.



J P Morschel
Chairman



A J Bradshaw
Chief Executive Officer – NZ Branch



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 (No 4) 2011 (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 31 December 2011.

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 31 December 2011 and its financial performance and cash flows for the three 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 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 31 December 2011 and its financial performance and cash flows for the three 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 New Zealand Institute of Chartered Accountants. 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 31 December 2011 and its financial performance and cash flows for the three 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 28 February 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