

Australia and New Zealand Banking Group Limited
New Zealand Branch

Key Information Summary

For the year ended 30 September 2008

No.1. Issued January 2009



Australia and New Zealand Banking Group Limited, New Zealand Branch

Key Information Summary for the year ended 30 September 2008

Introductory information

- › The purpose of this Key Information Summary is to provide customers and potential customers with information about the financial condition of their bank.
- › The information contained in the Key Information Summary is explained in the Reserve Bank publication “Your Bank’s Disclosure Statement – What’s In It For You?”, which can be obtained from the Reserve Bank.
- › In this Key Information Summary, reference is made to the following:
 - “Overseas Banking Group” refers to the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities
 - “Overseas Bank” or “Ultimate Parent Bank” refers to the worldwide operations of Australia and New Zealand Banking Group Limited excluding its controlled entities
 - “NZ Banking Group” refers to the aggregated New Zealand operations of Australia and New Zealand Banking Group Limited, including those operations conducted through the NZ Branch and controlled entities of Overseas Bank registered in New Zealand
 - “NZ Branch” or “Registered Bank” refers to the New Zealand operations of the Overseas Bank, as conducted through the NZ Branch.

Corporate Information

- › The full name of the Overseas Bank is Australia and New Zealand Banking Group Limited. Australia and New Zealand Banking Group Limited is a company registered and domiciled in Victoria, Australia.

Credit Rating

- › The Overseas Bank has three current credit ratings, which are applicable to its long-term senior unsecured obligations, including obligations payable in New Zealand in New Zealand dollars. The credit ratings, which are not subject to any qualifications, are:
 - The Standard & Poor’s rating was issued on 22 February 2007. On this date Standard & Poor’s revised the Overseas Bank’s rating to AA from AA-. There have been no other changes in the credit rating issued in the past two years ended 30 September 2008.
 - The Moody’s Investors Service rating was issued on 4 May 2007. On this date Moody’s Investors Service revised the Overseas Bank’s rating to Aa1 from Aa3. There have been no other changes in the credit rating issued in the past two years ended 30 September 2008.
 - Fitch have rated the Bank AA-. There has been no changes to the credit rating issued by Fitch Ratings in the two years preceding 30 September 2008.

Government Guarantees

- › The NZ Branch does not have a guarantee under the New Zealand deposit guarantee scheme as at 18 December 2008.

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	OVERSEAS BANKING GROUP		NZ BANKING GROUP	
	AUDITED 30/09/2008 ASM	AUDITED 30/09/2007 ASM	AUDITED 30/09/2008 NZSM	AUDITED 30/09/2007 NZSM
Profitability				
› Net profit after tax for the year ended 30 September	3,327	4,187	990	1,041
› Net profit after tax for the year ended 30 September as a percentage of average total assets	0.8%	1.2%	0.9%	1.0%
Size – as at 30 September				
› Total assets	471,024	392,773	123,078	107,606
› The percentage increase in total assets from 1 October to 30 September	19.9%	17.4%	14.4%	12.2%
Capital Adequacy – as at 30 September (Note 1)				
› Tier One Capital as a percentage of risk weighted exposures	7.7%	6.7%	–	–
› Reserve Bank of New Zealand minimum Tier One Capital ratio	4.0%	4.0%	–	–
› Total Capital as a percentage of risk weighted exposures	11.1%	10.1%	–	–
› Reserve Bank of New Zealand minimum Total Capital ratio	8.0%	8.0%	–	–
Asset Quality – as at 30 September				
› Total impaired assets (on-balance sheet and off-balance sheet)	2,673	702	333	121
› Total impaired assets as a percentage of total assets	0.6%	0.2%	0.3%	0.1%
› Total individual provisions	675	270	132	44
› Total individual provisions as a percentage of total impaired assets	25.3%	38.5%	39.6%	36.4%
› Total collective provisions	2,821	1,992	534	422
› Non-financial assets acquired through the enforcement of security	–	–	–	–

Note 1 – The Basel II Accord principles for calculation of capital adequacy took effect from 1 January 2008. The Overseas Banking Group has received accreditation from the Australian Prudential Regulation Authority to apply the Advanced Internal Ratings Based (Advanced IRB) methodology for credit risk weighted assets and the Advanced Measurement Approach (AMA) for operational risk weighted assets equivalent under the Basel II Accord. As a result, Tier One Capital and Total Capital is calculated under the Basel II methodology as at 30 September 2008, and under the Basel I methodology as at 30 September 2007.

Peak Credit Exposure Concentrations – for the three months ended 30 September

For the three months ended 30 September 2008, the NZ Banking Group had no peak end-of-day credit exposures, on the basis of limits, to any bank or non-bank counterparties, equal to or in excess of 10% of the Overseas Banking Group's equity (30 September 2007: nil). The peak end-of-day exposures have been calculated using the Overseas Banking Group's equity as at 30 September 2008. The equity used in calculating the comparatives was as at 30 September 2007. These calculations exclude credit exposures to the central government of any country with a long term credit rating of A- or A3 or above, or its equivalent.

Ranking of local creditors in liquidation

There are material legislative restrictions in the Overseas Bank's country of incorporation which subordinate the claims of a class of unsecured creditors of the Registered Bank on the assets of the Overseas Bank to those of another class of unsecured creditors of the Overseas Bank, in liquidation of the Overseas Bank.

The Banking Act 1959 of the Commonwealth of Australia (the "Banking Act") gives priority over Australian assets of the Overseas Bank to Australian depositors if the Overseas Bank is unable to meet its obligations or suspends payment. Accordingly, New Zealand depositors (together with all other senior unsecured creditors of the Overseas Bank) will rank after Australian depositors of the Overseas Bank in relation to claims against Australian assets.

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Specifically, pursuant to section 13A(3) of the Banking Act, if an Authorised Deposit Taking Institution (defined in that Act to include a Bank like the Overseas Bank) (an “ADI”) becomes unable to meet its obligations or suspends payment, the assets of the ADI in Australia are to be available to meet the ADI’s liabilities in the following order:

- a) first, the ADI’s liabilities to the Australian Prudential Regulation Authority (“APRA”) (if any), because of the rights APRA has against the ADI because APRA has made, or is required to make, payments to depositors under the Financial Claims Scheme (defined below);
- b) second, the ADI’s debts to APRA for costs incurred by APRA in administration of the Financial Claims Scheme in respect of the ADI;
- c) third, in payment of the ADI’s deposit liabilities in Australia (other than liabilities covered under paragraph (a)); and
- d) fourth, the ADI’s other liabilities (in order of priority apart from section 13A(3)).

Under section 13A(1) of the Banking Act, in certain circumstances APRA may take control of an ADI or appoint an administrator (defined in the Banking Act) to take control of its business. Section 16(1) and (2) of the Banking Act provide that, despite anything contained in any law relating to the winding up of companies, but subject to section 13A(3) of the Banking Act, the debts of an ADI to APRA in respect of APRA’s costs (including costs in the nature of remuneration and expenses) of being in control of the ADI’s business or of having an administrator in control of the ADI’s business have priority in a winding up of the ADI over all other unsecured debts.

Section 86 of the Reserve Bank Act provides that notwithstanding anything contained in any law relating to the winding up of companies, but subject to section 13A(3) of the Banking Act, debts due to the Reserve Bank of Australia by any ADI shall, in a winding up, have priority over all other debts other than debts due to the Commonwealth of Australia.

Section 13A(3) affects all of the unsecured deposit liabilities of the NZ Branch which as at 30 September 2008 amounted to \$nil. (30 September 2007 : \$nil).

Non-consolidated activities

The Overseas Bank carries on insurance business in New Zealand through the NZ Banking Group’s 49% share in the ING NZ joint venture. The NZ Banking Group does not carry on insurance business directly. No non-financial activities are carried on in New Zealand outside of the NZ Banking Group.

Financial statements of the overseas bank and overseas banking group

A copy of the most recent publicly available financial statements of the Overseas Bank and the Overseas Banking Group is contained in the NZ Branch’s most recent supplemental disclosure statement.

Availability of Disclosure Statements

Copies of NZ Branch’s most recent General Disclosure Statement and Supplemental Disclosure Statement will be provided at no charge immediately to any person requesting a copy where the request is made at the NZ Branch’s head office, Level 6, NBNZ House, 1 Victoria Street, Wellington.

This Key Information Summary, the most recent General Disclosure Statement and Supplemental Disclosure Statement can be accessed at the website addresses www.anz.com, www.anznational.co.nz, www.anz.co.nz and www.nationalbank.co.nz.



Audit Report to the Directors of Australia and New Zealand Banking Group Limited, New Zealand Branch

We have audited the financial statements and certain supplementary information contained within the General Disclosure Statement for the year ended 30 September 2008. Our audit was conducted in accordance with New Zealand Auditing Standards issued by the New Zealand Institute of Chartered Accountants. In our audit report dated 18 December 2008 we expressed an unqualified opinion on those financial statements and supplementary information.

The Key Information Summary has been extracted from information contained in the General Disclosure Statement for the year ended 30 September 2008. In accordance with Clause 10(1) of the Registered Bank Disclosure Statement (Full and Half-Year – Overseas Incorporated Registered Banks) Order 2008, we are responsible for examining the Key Information Summary presented by the Directors for compliance with the Order, and reporting our findings to you.

Based on our examination of the Key Information Summary, we report that:

- › the Key Information Summary has been prepared in accordance with the Order; and
- › the information contained in the Key Information Summary has been properly extracted, where applicable, from the information contained in the General Disclosure Statement for the year ended 30 September 2008.

For a better understanding of the scope of our audit, and of the balance sheet of the NZ Banking Group as at 30 September 2008 and the results of its operations and cash flows for the year ended on that date, this report should be read in conjunction with NZ Branch's General Disclosure Statement for the year ended 30 September 2008.

Our audit was completed on 18 December 2008 and our statement is made as at that date.

KPMG

Wellington