ANZ NATIONAL BANK LIMITED GROUP

GENERAL SHORT FORM DISCLOSURE STATEMENT

For the three months ended 31 December 2007

Number 48 Issued February 2008

ANZ NATIONAL
FINANCIAL GROUP

ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES

GENERAL SHORT FORM DISCLOSURE STATEMENT

FOR THE THREE MONTHS ENDED 31 DECEMBER 2007

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GENERAL DISCLOSURES

This Short Form Disclosure Statement has been issued in accordance with the Registered Bank Disclosure Statement (Off-Quarter - New Zealand Incorporated Registered Banks) Order 2007 ('the Order').

In this Short Form Disclosure Statement unless the context otherwise requires:

a) "Banking Group" means ANZ National Bank Limited and all its subsidiaries; and

b) any term or expression which is defined in, or in the manner prescribed by, the Registered Bank Disclosure Statement (Off-Quarter - New Zealand Incorporated Registered Banks) Order 2007 shall have the meaning given in or prescribed by that Order.

GENERAL MATTERS

The full name of the registered bank is ANZ National Bank Limited ('the Bank') and its address for service is Level 14, ANZ Tower, 215-229 Lambton Quay, Wellington, New Zealand.

The Bank was incorporated under the Companies Act 1955 by virtue of the ANZ Banking Group (New Zealand) Act 1979 on 23 October 1979, and was reregistered under the Companies Act 1993 on 13 June 1997.

The immediate parent company of the Bank is ANZ Holdings (New Zealand) Limited (incorporated in New Zealand). The immediate parent company is owned by ANZ Funds Pty Limited (incorporated in Australia) and Australia and New Zealand Banking Group Limited (Hong Kong Branch).

The Ultimate Parent Bank is Australia and New Zealand Banking Group Limited, which is incorporated in Australia, and its address for service is 100 Queen Street, Melbourne, Australia.

The Bank is wholly owned by its immediate parent company and ultimately the Ultimate Parent Bank. The immediate parent company has the power under the Bank's Constitution to appoint any person as a Director of the Bank either to fill a casual vacancy or as an additional Director or to remove any person from the office of Director, from time to time by giving written notice to the Bank. No appointment of a new Director may occur unless the Reserve Bank of New Zealand confirms that it does not object to the appointment.

MATERIAL FINANCIAL SUPPORT

In accordance with the requirements issued by the Australian Prudential Regulatory Authority pursuant to the Prudential Standards, Australia and New Zealand Banking Group Limited, as the Ultimate Parent Bank, may not provide material financial support to the Bank contrary to the following:

- the Ultimate Parent Bank should not undertake any third party dealings with the prime purpose of supporting the business of the Bank;
- the Ultimate Parent Bank should not hold unlimited exposures (should be limited as to specified time and amount) in the Bank (e.g. not provide a general guarantee covering any of the Bank's obligations);
- the Ultimate Parent Bank should not enter into cross default clauses whereby a default by the Bank on an obligation (whether financial or otherwise) is deemed to trigger a default of the Ultimate Parent Bank in its obligations;
- the Board of the Ultimate Parent Bank in determining limits on acceptable levels of exposure to the Bank should have regard to:
  - the level of exposure that would be approved to third parties of broadly equivalent credit status. In this regard, prior consultation (and in some cases approval) is required before entering exceptionally large exposures; and
  - the impact on the Ultimate Parent Bank's capital and liquidity position and its ability to continue operating in the event of a failure by the Bank.
- the level of exposure to the Bank not exceeding:
  - 50% on an individual exposure basis; and
  - 150% in aggregate (being exposures to all similar regulated entities related to the Ultimate Parent Bank)

  of the Ultimate Parent Bank's capital base.

Additionally, the Ultimate Parent Bank may not provide material financial support in breach of the Australian Banking Act (1959). This requires the Australian Prudential Regulatory Authority to exercise its powers and functions for the protection of a bank's depositors and in the event of a bank becoming unable to meet its obligations or suspending payment the assets of the bank in Australia shall be available to meet that bank's deposit liabilities in Australia in priority to all other liabilities of the bank.

The Ultimate Parent Bank has not provided material financial support to the Bank contrary to any of the above requirements.

GUARANTORS

The material obligations of the Bank are not guaranteed.

DIRECTORATE

There have been no changes to the Bank's Board of Directors since the authorisation date of the previous Disclosure Statement on 5 November 2007.

G K Hodges has been authorised in writing in accordance with section 82 of the Reserve Bank Act of New Zealand 1989 to sign this General Short Form Disclosure Statement on behalf of M R P Smith, OBE, as a responsible person under the Order.

INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 DECEMBER 2007

		Consolidated		
	Note	**Unaudited 3 months to 31/12/2007 $m**	Unaudited 3 months to 31/12/2006 $m	Audited Year to 30/09/2007 $m
CONTINUING OPERATIONS				
Interest income		**2,365**	1,961	8,309
Interest expense		**1,795**	1,394	6,059
Net interest income		**570**	567	2,250
Net trading gains		**62**	40	204
Other operating income		**198**	151	633
Share of profit of equity accounted associates and jointly controlled entities		**6**	5	24
Net operating income		**836**	763	3,111
Operating expenses		**350**	335	1,331
Profit before provision for credit impairment and income tax		**486**	428	1,780
Provision for credit impairment	11	**32**	25	74
Profit before income tax		**454**	403	1,706
Income tax expense	3	**144**	132	614
Profit after income tax from continuing operations		**310**	271	1,092
DISCONTINUED OPERATION				
Profit from discontinued operations (net of income tax)	7	**-**	79	76
Profit after income tax		**310**	350	1,168

The notes on pages 7 to 30 form part of and should be read in conjunction with these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE THREE MONTHS ENDED 31 DECEMBER 2007

		Consolidated		
	Note	**Unaudited 3 months to 31/12/2007 $m**	Unaudited 3 months to 31/12/2006 $m	Audited Year to 30/09/2007 $m
AVAILABLE-FOR-SALE REVALUATION RESERVE:				
Valuation gain (loss) taken to equity		**1**	-	(1)
Cumulative gain transferred to the income statement on sale of financial assets		**-**	-	(3)
CASH FLOW HEDGING RESERVE:				
Valuation gain taken to equity		**12**	17	67
Transferred to income statement		**(5)**	(6)	(24)
Actuarial gain on defined benefit schemes		**-**	-	3
Income tax on items recognised directly in equity		**(2)**	(4)	(12)
Net income recognised directly in equity	**17**	**6**	7	30
Profit after income tax		**310**	350	1,168
Total recognised income and expenses for the period		**316**	357	1,198

The notes on pages 7 to 30 form part of and should be read in conjunction with these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2007

		Consolidated		
		Unaudited	Unaudited	Audited
		31/12/2007	31/12/2006	30/09/2007
	Note	**$m**	$m	$m
ASSETS				
Liquid assets	**4**	**4,059**	6,538	4,807
Due from other financial institutions	**5**	**4,150**	4,992	3,563
Trading securities	**6**	**2,180**	1,759	1,877
Derivative financial instruments		**4,351**	2,795	4,711
Available-for-sale assets	**8**	**67**	123	48
Net loans and advances	**9, 10, 11**	**89,884**	79,652	87,878
Shares in associates and jointly controlled entities		**216**	183	206
Current tax assets		**-**	-	112
Other assets		**1,000**	680	1,045
Deferred tax assets		**27**	136	11
Premises and equipment		**237**	230	232
Goodwill and other intangible assets		**3,297**	3,292	3,297
Total assets		**109,468**	100,380	107,787
LIABILITIES				
Due to other financial institutions	**12**	**3,765**	5,505	3,170
Deposits and other borrowings	**13**	**71,601**	64,243	70,030
Derivative financial instruments		**4,678**	2,830	4,924
Payables and other liabilities		**1,632**	1,164	1,351
Current tax liabilities		**31**	4	-
Provisions		**161**	177	165
Bonds and notes	**14**	**14,146**	13,321	14,607
Related party funding		**2,396**	2,763	2,775
Loan capital	**15**	**2,039**	1,783	2,062
Total liabilities		**100,449**	91,790	99,084
Net assets		**9,019**	8,590	8,703
EQUITY				
Ordinary share capital	**16**	**5,943**	5,943	5,943
Reserves	**17**	**89**	62	83
Retained profits	**17**	**2,987**	2,585	2,677
Total equity		**9,019**	8,590	8,703

The notes on pages 7 to 30 form part of and should be read in conjunction with these financial statements.

CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 DECEMBER 2007 [1]

	Note	Consolidated		
		Unaudited 3 months to 31/12/2007 $m	Unaudited 3 months to 31/12/2006 $m	Audited Year to 30/09/2007 $m
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received		**2,305**	1,865	7,892
Dividends received		**-**	-	3
Fees and other income received		**268**	220	926
Interest paid		**(1,662)**	(1,234)	(5,486)
Operating expenses paid		**(335)**	(339)	(1,254)
Income taxes paid		**(20)**	(32)	(513)
Cash flows from operating profits before changes in operating assets & liabilities		**556**	480	1,568
Net changes in operating assets and liabilities:				
(Increase) decrease in due from other financial institutions - term		**(873)**	552	469
Increase in trading securities		**(272)**	(117)	(73)
Increase in derivative financial instruments		**(204)**	(599)	(1,136)
(Increase) decrease in available-for-sale assets		**(19)**	239	312
Increase in loans and advances		**(2,134)**	(1,660)	(10,149)
Decrease (increase) in other assets		**18**	222	(69)
(Decrease) increase in due to other financial institutions - term		**(359)**	329	1,141
Increase in deposits and other borrowings		**1,627**	979	6,857
Increase (decrease) in payables and other liabilities		**234**	(110)	(125)
Net cash flows (used in) provided by operating activities	**25**	**(1,426)**	315	(1,205)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of shares in associates and jointly controlled entities		**-**	-	5
Proceeds from sale of subsidiary companies [2]	**7**	**-**	595	585
Proceeds from sale of premises and equipment		**-**	9	17
Purchase of shares in associates and jointly controlled entities		**(4)**	-	(8)
Purchase of intangible assets		**(2)**	(6)	(17)
Purchase of premises and equipment		**(14)**	(13)	(51)
Net cash flows (used in) provided by investing activities		**(20)**	585	531
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bonds and notes		**547**	1,725	4,173
Redemptions of bonds and notes		**(761)**	(108)	(684)
Proceeds from loan capital		**-**	-	800
Redemptions of loan capital		**-**	(5)	(550)
(Decrease) increase in related party funding		**(379)**	43	55
Dividends paid		**-**	-	(728)
Net cash flows (used in) provided by financing activities		**(593)**	1,655	3,066
Net cash flows (used in) provided by operating activities		**(1,426)**	315	(1,205)
Net cash flows (used in) provided by investing activities		**(20)**	585	531
Net cash flows (used in) provided by financing activities		**(593)**	1,655	3,066
Net (decrease) increase in cash and cash equivalents		**(2,039)**	2,555	2,392
Cash and cash equivalents at beginning of the period		**5,120**	2,728	2,728
Cash and cash equivalents at end of the period		**3,081**	5,283	5,120
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET				
Liquid assets		**4,059**	6,538	4,807
Due from other financial institutions - less than 90 days		**1,986**	3,902	2,323
Due to other financial institutions - less than 90 days		**(2,964)**	(5,157)	(2,010)
Total cash and cash equivalents [3]		**3,081**	5,283	5,120

The notes on pages 7 to 30 form part of and should be read in conjunction with these financial statements.

1. The comparative cash flow statements have not been restated for the classification of Truck Leasing Limited ('TLL') as a discontinued operation. Disclosure of the net cash flows attributable to the operating, investing and financing activities of the discontinued operations are presented in Note 7 Discontinued Operations.
2. The cash proceeds from the sale of controlled entities includes $438 million relating to the repayment of TLL's unsecured bank borrowings with UDC Finance Limited by the acquiree.
3. On 17 January 2008, the Banking Group issued extendable floating rates notes of USD 2 billion which increased cash and cash equivalents available to the Banking Group.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(i) Basis of preparation

These financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and the Registered Bank Disclosure Statement (Off-Quarter - New Zealand Incorporated Registered Banks) Order 2007. These financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 September 2007.

(ii) Measurement base

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, securities treated as available-for-sale, financial instruments available for trading, certain financial liabilities designated at fair value through profit and loss, certain assets and liabilities designated as part of fair value hedging arrangements and defined benefit scheme assets and liabilities.

(iii) Changes in accounting policies

There have been no changes in accounting policies or methods of computation since the authorisation date of the previous Disclosure Statement on 5 November 2007.

(iv) Presentation currency and rounding

The amounts contained in the financial statements are presented in millions of New Zealand dollars, unless otherwise stated.

(v) Consolidation

These financial statements consolidate the financial statements of ANZ National Bank Limited (the 'Bank') and its subsidiaries (the 'Banking Group').

(vi) Comparatives

To ensure consistency with the current period, comparative figures have been restated where appropriate.

2. RISK MANAGEMENT POLICIES

There has been no material change in the Banking Group's policies for managing risk, or material exposures to any new types of risk since the authorisation date of the previous Disclosure Statement on 5 November 2007.

3. INCOME TAX EXPENSE

	Consolidated		
	Unaudited 3 months to 31/12/2007 $m	Unaudited 3 months to 31/12/2006 $m	Audited Year to 30/09/2007 $m
Income tax expense on profit from continuing operations	**144**	132	614
Effective tax rate (%)	**31.7%**	32.8%	36.0%

4. LIQUID ASSETS

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
Cash and balances with central banks	**2,146**	4,728	3,010
Securities purchased under agreement to resell	**180**	-	197
Money at call	**1,652**	1,545	1,467
Bills receivable and remittances in transit	**81**	265	133
Total liquid assets	**4,059**	6,538	4,807
Included within liquid assets is the following balance:			
Overnight balances with central banks	**1,816**	4,384	2,809

5. DUE FROM OTHER FINANCIAL INSTITUTIONS

Able to be withdrawn without prior notice	**1,389**	840	952
Securities purchased under agreements to resell	**304**	785	512
Term loans and advances	**2,457**	3,367	2,099
Total due from other financial institutions	**4,150**	4,992	3,563
Included within due from other financial institutions are the following balances:			
Assets used to secure deposit obligations	**-**	138	-
Assets encumbered through repurchase agreements	**-**	575	-
Included within due from other financial institutions is the following related party balance:			
Australia and New Zealand Banking Group Limited (Ultimate Parent Company)	**46**	-	-

6. TRADING SECURITIES

Government, Local Body stock and bonds	**171**	182	144
Certificates of deposit	**723**	1,244	866
Promissory notes	**361**	312	177
Other bank bonds	**727**	1	558
Other	**198**	20	132
Total trading securities	**2,180**	1,759	1,877
Included within trading securities is the following balance:			
Assets encumbered through repurchase agreements	**418**	182	300

7. DISCONTINUED OPERATIONS

On 31 October 2006, UDC Finance Limited ('UDC') sold Truck Leasing Limited ('TLL') to Nikko Principal Investments Australia Limited, a private equity business of Nikko Cordial Corporation, for consideration of $147 million. A gain of $76 million was realised.

TLL's unsecured bank borrowings with UDC were repaid on the sale date and were excluded from TLL's liabilities classified as held for sale. As at 31 October 2006 this balance was $438 million.

The comparative income statements have been restated to show the discontinued operation separately from continuing operations.

The profit from discontinued operations shown in the income statement comprised:

	Truck Leasing Limited
	Unaudited 1 month to 31/10/2006 $m
RESULT OF DISCONTINUED OPERATIONS	
Interest expense	2
Other operating income	3
Net operating income	1
Operating expenses	1
Income tax expense	-
Operating profit after income tax – discontinued operations	-
Gain on sale of discontinued operations[1]	76
Net profit from discontinued operations	76
CASH FLOWS FROM DISCONTINUED OPERATIONS	
Net cash flows provided by operating activities	15
Net cash flows used in investing activities	(3)
Net cash flows from discontinued operations	12

The sale resulted in the following impact on the consolidated financial statements:

	Consolidated
	Unaudited 31/10/2006 $m
Cash proceeds from sale	147
Impact on net assets	
Cash and cash equivalents	438
Assets classified as held for sale	(543)
Liabilities classified as held for sale	34
Impact on net assets	(71)
Gain on sale[1]	76
Cash flow statement	
Cash proceeds from sale	147
Repayment of related party loans and advances	438
Proceeds related to sale of controlled entities	585

1. Profit from discontinued operations was $76 million for the year ended 30 September 2007, reduced from $79 million for the three months to 31 December 2006 due to closing account adjustments.

8. AVAILABLE-FOR-SALE ASSETS

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
Government, Local Body stock and bonds	**3**	78	4
Floating rate notes	**63**	41	43
Other	**1**	4	1
Total available-for-sale assets	**67**	123	48
Included within available-for-sale assets is the following balance:			
Assets used to secure deposit obligations	**-**	75	-

9. NET LOANS AND ADVANCES

	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
Overdrafts	**2,038**	1,726	2,012
Credit card outstandings	**1,432**	1,320	1,338
Term loans - housing	**51,357**	44,906	49,751
Term loans - non-housing	**35,560**	31,848	35,156
Finance lease receivables	**775**	772	752
Gross loans and advances	**91,162**	80,572	89,009
Provision for credit impairment (Note 11)	**(478)**	(471)	(466)
Unearned finance income	**(325)**	(256)	(290)
Fair value hedge adjustment	**(541)**	(243)	(442)
Deferred fee revenue and expenses	**(57)**	(52)	(53)
Capitalised brokerage/mortgage origination fees	**123**	102	120
Total net loans and advances	**89,884**	79,652	87,878
Included within net loans and advances is the following related party balance:			
ANZ Holdings (New Zealand) Limited (Parent Company)	**-**	139	89

The balance owed by the Parent Company is due within the next twelve months. Interest is received at variable bank rates.

10. IMPAIRED ASSETS, PAST DUE ASSETS AND OTHER ASSETS UNDER ADMINISTRATION

	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
On-balance sheet impaired assets, past due assets and other assets under administration			
Impaired assets	**124**	120	115
Past due assets (90 days past due assets)	**153**	94	102
Other assets under administration	**-**	-	-
Total on-balance sheet impaired assets, past due assets and other assets under administration	**277**	214	217
Off-balance sheet impaired assets	**15**	9	6
Total impaired assets, past due assets and other assets under administration	**292**	223	223

11. PROVISION FOR CREDIT IMPAIRMENT

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
Collective provision			
Balance at beginning of the period	**422**	402	402
Charge to income statement	**14**	14	20
Balance at end of the period	**436**	416	422
Individual provision (impaired assets)			
Balance at beginning of the period	**44**	58	58
Charge to income statement	**18**	11	54
Recoveries of amounts previously written off	**4**	4	20
Bad debts written off	**(23)**	(17)	(84)
Discount unwind	**(1)**	(1)	(4)
Balance at end of the period	**42**	55	44
Total provision for credit impairment	**478**	471	466
Provision movement analysis			
New and increased provisions	**25**	21	92
Provision releases	**(3)**	(6)	(18)
	22	15	74
Recoveries of amounts previously written off	**(4)**	(4)	(20)
Individual provision charge	**18**	11	54
Collective provision charge	**14**	14	20
Charge to income statement	**32**	25	74

Total provision for credit impairment has been deducted from gross loans and advances.

12. DUE TO OTHER FINANCIAL INSTITUTIONS

Australia and New Zealand Banking Group Limited (Ultimate Parent Company)	**956**	1,780	1,140
Securities sold under agreements to repurchase from other financial institutions	**418**	757	300
Other financial institutions	**2,391**	2,968	1,730
Total due to other financial institutions	**3,765**	5,505	3,170
Included within due to other financial institutions is the following balance:			
Balances owing to the Ultimate Parent Company by ANZ National (Int'l) Limited guaranteed by the Bank	**956**	1,780	1,140

Balances owing to the Ultimate Parent Company are due within twelve months. Interest is paid at variable bank rates.

13. DEPOSITS AND OTHER BORROWINGS

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
Amortised cost			
Certificates of deposit	**3,949**	4,058	4,447
Term deposits	**29,880**	26,197	28,998
Demand deposits bearing interest	**20,534**	20,641	21,128
Deposits not bearing interest	**4,664**	4,526	4,354
Secured debenture stock	**1,755**	2,039	1,786
Secured deposits	**-**	200	-
Deposits and other borrowings - recognised at amortised cost	**60,782**	57,661	60,713
Fair value through the profit or loss			
Commercial paper	**10,819**	6,582	9,317
Deposits and other borrowings - recognised at fair value	**10,819**	6,582	9,317
Total deposits and other borrowings	**71,601**	64,243	70,030
Included within deposits and other borrowings is the following balance:			
Commercial paper issued by ANZ National (Int'l) Limited guaranteed by the Bank	**10,815**	6,586	9,319
The balance owing to the Parent Company is due within the next twelve months. Interest is paid at variable bank rates.			
UDC Finance Limited secured debentures			
Carrying value of total tangible assets	**2,048**	2,315	2,065

Registered secured debenture stock is constituted and secured by trust deeds between certain companies within the UDC Group (the "Charging Group") and independent trustees. The trust deeds create floating charges over all the assets, primarily loans and advances, of those companies. As at the date of these financial statements, UDC Finance Limited is the only member of the Charging Group.

14. BONDS AND NOTES

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
Australia and New Zealand Banking Group Limited (Ultimate Parent Company)	**1,160**	695	1,871
Other bonds and notes issued	**12,986**	12,626	12,736
Total bonds and notes	**14,146**	13,321	14,607
Included within bonds and notes is the following balance:			
Bonds and notes issued by ANZ National (Int'l) Limited guaranteed by the Bank	**13,022**	12,340	13,566

15. LOAN CAPITAL

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
AUD 207,450,000 term subordinated floating rate loan	**235**	233	242
AUD 265,740,000 perpetual subordinated floating rate loan	**302**	298	309
AUD 186,100,000 term subordinated floating rate loan	**211**	208	217
AUD 43,767,507 term subordinated floating rate loan	**50**	49	51
AUD 169,520,000 term subordinated floating rate loan	**193**	-	197
NZD term subordinated fixed rate bonds	**1,048**	995	1,046
Total loan capital	**2,039**	1,783	2,062
Included within loan capital is the following related party balance:			
Australia and New Zealand Banking Group Limited (Ultimate Parent Company)	**991**	788	1,016

AUD 207,450,000 loan
This loan was drawn down on 31 August 2004 and has an ultimate maturity date of 31 August 2014. The Bank may elect to repay the loan on 31 August each year commencing from 2009 through to 2013. All interest is payable half yearly in arrears, with interest payments due 28 February and 31 August. Interest is based on BBSW + 0.40% p.a. up until, and including, 31 August 2009 and increases to BBSW + 0.90% p.a. thereafter.

AUD 265,740,000 loan
This loan was drawn down on 27 September 1996 and has no fixed maturity. Interest is payable half yearly in arrears based on BBSW + 0.95% p.a., with interest payments due 15 March and 15 September.

AUD 186,100,000 loan
This loan was drawn down on 19 April 2005 with an ultimate maturity date of 20 April 2015. The Bank may elect to repay the loan on 19 April each year commencing from 2010 through to 2014. All interest is payable half yearly in arrears, with interest payments due 19 April and 19 October. Interest is based on BBSW + 0.32% p.a. to 19 April 2010 and increases to BBSW + 0.82% p.a. thereafter.

AUD 43,767,507 loan
This loan was drawn down on 15 September 2006 with an ultimate maturity date of 15 September 2016. The Bank may elect to repay the loan on 15 September each year commencing from 2011 through to 2015. All interest is payable half yearly in arrears, with interest payments due 15 March and 15 September. Interest is based on BBSW + 0.29% p.a. to 15 September 2011 and increases to BBSW + 0.79% p.a. thereafter.

AUD 169,520,000 loan
This loan was drawn down on 17 September 2007 with an ultimate maturity date of 17 September 2017. The Bank may elect to repay the loan on 17 September each year commencing from 2012 through to 2016. All interest is payable half yearly in arrears, with interest payments due 17 March and 17 September. Interest is based on BBSW + 0.68% p.a. to 17 September 2012 and increases to BBSW + 1.18% p.a. thereafter.

15. LOAN CAPITAL (CONTINUED)

NZD term subordinated fixed rate bonds

The terms and conditions of these fixed rate and fixed term bonds are as follows:

New Zealand Exchange listed bonds

Issue date	*Amount $m*	*Coupon rate*	*Call date*	*Maturity date*
15 September 2006	350	7.16%	15 September 2011	15 September 2016
2 March 2007	250	7.60%	2 March 2012	2 March 2017
23 July 2007	350	8.23%	23 July 2012	23 July 2017

The Bank may elect to redeem the bonds on their call date. If the bonds are not called they will continue to pay interest to maturity at the five year interest rate swap rate plus the following margins, 0.75% p.a, 0.76% p.a, and 0.62% p.a. on the 15/09/2006, 02/03/2007 and 23/07/2007 bonds respectively. Interest is payable half yearly in arrears based on the fixed coupon rate.

The bonds are listed on the NZX. The Market Surveillance Panel of the NZX has granted the Bank a waiver from the requirements of Listing Rules 10.4 and 10.5. Rule 10.4 relates to the provision of preliminary announcements of half yearly and annual results to the NZX. Rule 10.5 relates to preparing and providing a copy of half yearly and annual reports to the NZX. The Bank has been granted a waiver from these rules on the conditions that the Bank's quarterly General Disclosure Statement ('GDS') is available on the Bank's website, at any branch and at the NZX; that bondholders are advised by letter that copies of the GDS are available at the above locations; that all bondholders are notified on an ongoing basis, by way of a sentence included on the notification of interest payments, that the latest GDS is available for review at the above locations; and that a copy of the GDS is sent to the NZX on an ongoing basis.

As at 31 December 2007 these bonds carried an AA- rating by Standard & Poor's.

Non listed bond

Issue date	*Amount $m*	*Coupon rate*	*Call date*	*Maturity date*
20 February 2003	100	6.46%	20 August 2008	20 August 2013

The Bank may elect to redeem the bond on its call date. If not called, the Bank will continue to pay interest to maturity at the five year interest rate swap rate plus 0.97% p.a. Interest is payable half yearly in arrears based on the fixed coupon rate.

As at 31 December 2007 this bond carried an AA- rating by Standard & Poor's.

Loan capital is subordinated in right of payment to the claims of depositors and all creditors of the Bank.

16. ORDINARY SHARE CAPITAL

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
Ordinary share capital			
Ordinary share capital at beginning and end of the period	**5,943**	5,943	5,943

Voting rights

At a meeting: on a show of hands or vote by voice every member who is present in person or by proxy or by representative shall have one vote.

On a poll: every member who is present in person or by proxy or by representative shall have one vote for every share of which such member is the holder.

17. RESERVES AND RETAINED PROFITS

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
Available-for-sale revaluation reserve			
Balance at beginning of the period	**(1)**	3	3
Valuation gain (loss) recognised after tax	**1**	-	(1)
Cumulative gain transferred to income statement on sale of financial assets	**-**	-	(3)
Balance at end of the period	**-**	3	(1)
Cash flow hedging reserve			
Balance at beginning of the period	**84**	52	52
Valuation gain recognised after tax	**9**	11	48
Transferred to income statement	**(4)**	(4)	(16)
Balance at end of the period	**89**	59	84
Total reserves	**89**	62	83
Retained profits			
Balance at beginning of the period	**2,677**	2,235	2,235
Profit after income tax	**310**	350	1,168
Total available for appropriation	**2,987**	2,585	3,403
Actuarial gain on defined benefit schemes after tax	**-**	-	2
Interim ordinary dividends paid	**-**	-	(728)
Balance at end of the period	**2,987**	2,585	2,677

18. INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
Interest earning and discount bearing assets	**100,289**	92,702	98,298
Interest and discount bearing liabilities	**89,268**	83,154	88,405

19. COMMITMENTS

Capital expenditure			
Contracts for outstanding capital expenditure:			
Premises and equipment			
Not later than 1 year	**20**	19	15
Total capital expenditure commitments	**20**	19	15
Lease rentals			
Future minimum lease payments under non-cancellable operating leases:			
Premises and equipment			
No later than one year	**81**	81	85
Later than 1 year but not later than 5 years	**160**	164	163
Later than five years	**31**	36	32
Total lease rental commitments	**272**	281	280
Total commitments	**292**	300	295

20. SEGMENTAL ANALYSIS

For segment reporting purposes, the Banking Group is organised into three major business segments – Retail Banking, Relationship Banking and Institutional. Centralised back office and corporate functions support these segments.

A summarised description of each business segment is shown below:

Retail Banking Provides banking products and services to individuals and small businesses through separate ANZ and The National Bank branded distribution channels and UDC. Personal banking customers have access to a wide range of financial services and products. Small business banking services are offered to enterprises with annual revenues of less than $5 million. Included in this segment is Private Banking, a stand-alone business unit, which offers a fully inclusive banking and investment service to high net worth individuals. Includes profit centres supporting the Retail Banking segment (e.g. Direct Banking and the ING NZ joint venture). UDC is primarily involved in the financing and leasing of equipment, plant and machinery for small and medium sized businesses.

Relationship Banking This segment provides services to rural, commercial and corporate customers. A full range of banking products and services are provided to Rural customers. Corporate and Commercial customers consist of medium to large businesses with annual revenues from $2 million to $150 million. The Banking Group's relationship with these businesses ranges from simple banking requirements with revenue from traditional lending and deposit products, to more complex arrangements with revenue sourced from a wider range of products.

Institutional Comprises businesses that provide a full range of financial services to the Banking Group's client base. The Institutional business unit is made up of the following specialised units:

- Institutional Banking – manages customer relationships along industry segment lines, typically with wholesale clients with turnover greater than $100 million.
- Corporate Finance – provides specialist lending, underwriting, capital structuring and solutions to corporates, institutions and governments.
- Markets – provides securities, derivatives and foreign exchange products and services to the Banking Group's client base.
- Working Capital – provides trade finance, cash management, international payments, clearing and custodian services to the Banking Group's client base.

Other Includes Treasury and back office support functions, none of which constitutes a separately reportable segment. Truck Leasing Limited (trading as Esanda FleetPartners) is classified as a discontinued operation, and is included in the "Other" segment.

As the composition of segments has changed over time, prior period comparatives have been adjusted to be consistent with the 2008 segment definitions.

BUSINESS SEGMENT ANALYSIS – CONTINUING OPERATIONS [1, 2]

	Consolidated				
	Retail Banking $m	Relationship Banking $m	Institutional $m	Other $m	Total $m
Unaudited 3 months to 31/12/2007					
Net operating income	**467**	**173**	**128**	**68**	**836**
Profit before income tax	**188**	**113**	**90**	**63**	**454**
Unaudited 3 months to 31/12/2006					
Net operating income	434	157	120	52	763
Profit before income tax	172	90	90	51	403
Audited year to 30/09/2007					
Net operating income	1,801	648	435	227	3,111
Profit before income tax	773	409	307	217	1,706

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

21. CONTINGENT LIABILITIES, CONTINGENT ASSETS, CREDIT RELATED COMMITMENTS AND MARKET RELATED CONTRACTS

	Consolidated		
	Unaudited 31/12/2007 $m	Unaudited 31/12/2006 $m	Audited 30/09/2007 $m
The estimated face or contract values are as follows:			
Contingent liabilities			
Financial guarantees	**1,948**	1,781	1,933
Standby letters of credit	**568**	332	528
Transaction related contingent items	**439**	372	398
Trade related contingent liabilities	**105**	134	123
Total contingent liabilities	**3,060**	2,619	2,982
Credit related commitments			
Commitments with certain drawdown due within one year	**1,018**	1,327	1,074
Commitments to provide financial services	**24,161**	19,614	20,751
Total credit related commitments	**25,179**	20,941	21,825
Foreign exchange, interest rate and equity contracts			
Exchange rate contracts	**89,819**	69,610	94,287
Interest rate contracts	**473,421**	296,255	462,791
Equity contracts	**20**	20	20
Total foreign exchange, interest rate and equity contracts	**563,260**	365,885	557,098

21. CONTINGENT LIABILITIES, CONTINGENT ASSETS, CREDIT RELATED COMMITMENTS AND MARKET RELATED CONTRACTS (CONTINUED)

The detailed and estimated maximum amount of contingent liabilities that may become payable are set out below.

Contingent tax liability

As previously disclosed, the New Zealand Inland Revenue Department ('IRD') is reviewing a number of structured finance transactions as part of an audit of the 2000 to 2005 tax years. This is part of an industry-wide review by the IRD of these transactions undertaken in New Zealand.

The Bank has received Notices of Proposed Adjustment (the 'Notices') in respect of some of these transactions. The Notices are formal advice that the IRD is proposing to amend tax assessments. The Notices are not tax assessments and do not establish a tax liability but are the first step in a formal disputes process.

As expected in March 2007 the IRD issued amended tax assessments as a follow up to the Notices in respect of five of these transactions for the 2002 tax year (prior to that tax year becoming statute-barred). The IRD has previously issued tax assessments as a follow up to the Notices in respect of two transactions for the 2000 tax year and in respect of four transactions for the 2001 tax year (in each case prior to that tax year becoming statute-barred). Proceedings disputing the amended tax assessments with respect to the 2000, 2001 and 2002 tax years have been commenced.

Based on the independent tax and legal advice obtained, the Bank is confident that the tax treatment it has adopted for these transactions and all similar transactions is correct.

The tax adjustments proposed so far by the IRD cover the 2000 to 2005 tax years and imply a maximum potential liability of $224 million ($327 million with interest tax effected).

The IRD is also investigating other transactions undertaken by the Banking Group, which have been subject to the same tax treatment. Should the same position be taken by the IRD for all years on all these transactions, including those that the Notices cover, the maximum potential liability would be approximately $365 million ($514 million with interest tax effected) as at 31 December 2007.

Of the maximum potential tax liability in dispute, it has been estimated that approximately $99 million ($145 million with interest tax effected) is subject to indemnities given by Lloyds TSB Bank plc under the agreement by which the Bank acquired the NBNZ Holdings Limited Group, and which relate to transactions undertaken by NBNZ Group before December 2003.

This leaves a net potential tax liability as at 31 December 2007 of $266 million ($370 million with interest tax effected).

All of these transactions have now either matured or been terminated.

Other contingent liabilities

In November 2006, the Commerce Commission brought proceedings under the Commerce Act 1986 against Visa, MasterCard and all New Zealand issuers of Visa and MasterCard credit cards, including ANZ National Bank Limited. The Commission alleges price fixing and substantially lessening competition in relation to the setting of credit card interchange fees and is seeking penalties and orders under the Commerce Act.

Subsequently, several major New Zealand retailers have issued proceedings against ANZ National Bank Limited and the other abovementioned defendants seeking unquantified damages, based on allegations similar to those contained in the Commerce Commission proceedings.

ANZ National Bank Limited is defending the proceedings. At this stage, the risks and any potential liabilities cannot be assessed. A trial is not expected to take place until 2009.

Contingent assets

Visa has released their prospectus as at September 2007 and as part of this prospectus ANZ National Bank Limited will be entitled to an initial allocation of shares determined under a methodology that was agreed on among the Visa participating regions. This will result in the inflow of economic benefits, the amount and timing of which are uncertain.

As at December 2007, there were no other contingent assets or liabilities required to be disclosed (31/12/2006 nil; 30/09/2007 nil).

22. CONCENTRATIONS OF CREDIT RISK

Concentrations of credit risk to individual counterparties

The number of individual counterparties other than banks or groups of closely related counterparties of which a bank is a parent (excluding OECD Governments and connected persons), where the quarter end and peak end-of-day credit exposures equals or exceeds 10% of equity (as at the end of the quarter) in ranges of 10% of equity, on the basis of limits:

	Consolidated					
	Unaudited 31/12/2007 Number of Counterparties		Unaudited 31/12/2006 Number of Counterparties		Audited 30/09/2007 Number of Counterparties	
	As at	**Peak for the quarter**	As at	Peak for the quarter	As at	Peak for the quarter
10% to 20% of equity	**1**	**2**	2	2	2	2

As noted above, the number of individual counterparties disclosed within the various equity ranges is based on counterparty limits rather than actual exposures outstanding. No account is taken of security and/or guarantees which the Banking Group may hold in respect of the various counterparty limits.

The amount and percentage of quarter end and peak end-of-day credit exposures to individual counterparties other than banks or groups of closely related counterparties of which a bank is a parent (excluding OECD Governments and connected persons), where the quarter end and peak end-of-day credit exposures equals or exceeds 10% of equity (as at the end of the quarter), by credit rating:

	Consolidated					
	Unaudited 31/12/2007		Unaudited 31/12/2006		Audited 30/09/2007	
	Amount $m	**% of Total Credit Exposure**	Amount $m	% of Total Credit Exposure	Amount $m	% of Total Credit Exposure
As at						
Investment grade credit rating (Note 1)	**1,621**	**100.0%**	2,225	100.0%	2,509	100.0%
Peak for the quarter						
Investment grade credit rating (Note 1)	**2,808**	**100.0%**	2,281	100.0%	2,509	100.0%

Concentrations of credit risk to bank counterparties

The number of bank counterparties or groups of closely related counterparties of which a bank is the parent (excluding OECD Governments and connected persons), where the quarter end and peak end-of-day credit exposures equals or exceeds 10% of equity (as at the end of the quarter) in ranges of 10% of equity, on the basis of actual exposures:

	Consolidated					
	Unaudited 31/12/2007 Number of Counterparties		Unaudited 31/12/2006 Number of Counterparties		Audited 30/09/2007 Number of Counterparties	
	As at	**Peak for the quarter**	As at	Peak for the quarter	As at	Peak for the quarter
10% to 20% of equity	**2**	**2**	2	4	1	3

The amount and percentage of quarter end and peak end-of-day credit exposures to bank counterparties or groups of closely related counterparties of which a bank is a parent (excluding OECD Governments and connected persons), where the quarter end and peak end-of-day credit exposures equals or exceeds 10% of equity (as at the end of the quarter), by credit rating:

	Consolidated					
	Unaudited 31/12/2007		Unaudited 31/12/2006		Audited 30/09/2007	
	Amount $m	**% of Total Credit Exposure**	Amount $m	% of Total Credit Exposure	Amount $m	% of Total Credit Exposure
As at						
Investment grade credit rating (Note 1)	**2,285**	**100.0%**	1,901	100.0%	1,193	100.0%
Peak for the quarter						
Investment grade credit rating (Note 1)	**2,505**	**100.0%**	3,851	100.0%	3,923	100.0%

22. CONCENTRATIONS OF CREDIT RISK (CONTINUED)

	Consolidated					
	Unaudited 31/12/2007		Unaudited 31/12/2006		Audited 30/09/2007	
	Amount $m	**% of Group Tier 1 Capital**	Amount $m	% of Group Tier 1 Capital	Amount $m	% of Group Tier 1 Capital
Concentrations of credit risk to connected persons						
Aggregate at end of period						
Connected persons (Note 2)	**1,447**	**26.6%**	1,274	25.1%	1,952	38.1%
Non-bank connected persons (Note 3)	**-**	**0.0%**	-	0.0%	-	0.0%
Peak end-of-day for the quarter (Note 4)						
Connected persons	**2,501**	**46.0%**	1,327	26.2%	2,299	44.9%
Non-bank connected persons (Note 3)	**-**	**0.0%**	-	0.0%	-	0.0%
Rating-contingent limit (Note 5)						
Connected persons	**n/a**	**75.0%**	n/a	70.0%	n/a	75.0%
Non-bank connected persons	**n/a**	**15.0%**	n/a	15.0%	n/a	15.0%

The credit exposure concentrations disclosed for connected persons are on the basis of actual gross exposures and exclusive of exposures of a capital nature. The peak end-of-day credit exposures for the quarter to connected persons are measured over Tier 1 Capital as at the end of the quarter. There are no individual provisions provided against credit exposures to connected persons as at 31 December 2007 (31/12/2006 $nil; 30/09/2007 $nil). The Banking Group had no contingent exposures arising from risk lay-off arrangements to connected persons as at 31 December 2007 (31/12/2006 $nil; 30/09/2007 $nil).

Note 1

All of the individual and bank counterparties included in the above tables have an investment grade rating. An investment grade credit rating means a credit rating of BBB- or Baa3 or above, or its equivalent. In the case of a group of closely related counterparties, the credit rating applicable is that of the entity heading the group of closely related counterparties. The credit rating is applicable to an entity's long term senior unsecured obligations payable in New Zealand, in New Zealand dollars, or to an entity's long term senior unsecured foreign currency obligations.

Note 2

The Banking Group has amounts due from its Parent Company and Ultimate Parent Company and other entities within the Ultimate Parent Group arising from the ordinary course of its business. These balances arise primarily from unrealised gains on trading and hedging derivative financial instruments with the Ultimate Parent Bank.

Note 3

Non-bank connected persons exposures consist of loans to directors of the Bank. Any loans are made in the ordinary course of business of the Bank, on an arm's length basis and on normal commercial terms and conditions.

Note 4

The method of calculating the peak end-of-day disclosure above differs from that applied in determining the connected persons' limit under the Bank's Conditions of Registration. The peak end-of-day disclosure is measured against Tier 1 Capital at quarter end whereas the connected persons' exposure under the Conditions of Registration is measured against Tier 1 Capital on a continuous basis. The Banking Group has complied with the limits on aggregate credit exposures (of a non-capital nature and net of individual provisions) to connected persons and non-bank connected persons, as set out in the Conditions of Registration, at all times during the quarter.

Note 5

Represents the maximum peak end-of-day aggregate credit exposures limit (exclusive of exposures of a capital nature and net of individual provisions) to all connected persons. This is based on the rating applicable to the Bank's long term senior unsecured NZD obligations payable in New Zealand, in New Zealand dollars (refer page 33 for the credit rating). Within the overall limit a sub-limit of 15% of Tier 1 Capital applies to aggregate credit exposures (exclusive of exposures of a capital nature and net of individual provisions) to non-bank connected persons. During the June 2007 quarter, the connected persons' limit increased from 70% to 75% as a result of an improvement in the Bank's credit rating.

23. MARKET RISK

Market risk is the risk to earnings arising from changes in interest rates, currency exchange rates, or from fluctuations in bond, commodity or equity prices.

RBNZ Market Risk Disclosure

Aggregate market risk exposures have been calculated in accordance with clause 1 (1) (a) of Schedule 8 of the Order. Aggregate foreign currency risk exposures have been calculated in accordance with clause 8 (a) of Schedule 9 of the Order. Aggregate interest risk exposures have been calculated in accordance with clause 1 (b) of Schedule 9 of the Order. Aggregate equity risk exposures have been calculated in accordance with clause 11 (a) of Schedule 9 of the Order. The peak end-of-day market risk exposures for the quarter are measured over equity as at the end of the quarter.

	Consolidated					
	Unaudited 31/12/2007		Unaudited 31/12/2006		Audited 30/09/2007	
	As at	**Peak for the quarter**	As at	Peak for the quarter	As at	Peak for the quarter
Exposures to market risk						
Aggregate foreign currency exposures ($ million)	**2.8**	**5.9**	5.9	14.1	1.3	6.5
Aggregate foreign currency exposures as a percentage of equity	**0.0%**	**0.1%**	0.1%	0.2%	0.0%	0.1%
Aggregate interest rate exposures ($ million)	**284.4**	**291.7**	298.4	309.7	302.2	373.4
Aggregate interest rate exposures as a percentage of equity	**3.2%**	**3.2%**	3.5%	3.6%	3.5%	4.3%
Aggregate equity exposures ($ million)	**0.2**	**0.2**	0.5	0.5	0.2	0.2
Aggregate equity exposures as a percentage of equity	**0.0%**	**0.0%**	0.0%	0.0%	0.0%	0.0%

24. SECURITISATION, FUNDS MANAGEMENT, OTHER FIDUCIARY ACTIVITIES, MARKETING AND DISTRIBUTION OF INSURANCE PRODUCTS

Securitisation

The Banking Group has not securitised any of its own assets. The Banking Group is involved in providing banking services to customers who securitise assets.

Funds management

Certain subsidiaries of the Bank act as trustee and/or manager for a number of unit trusts and superannuation funds. The Bank provides private banking services to a number of clients, including investment advice and portfolio management. The Banking Group is not responsible for any decline in performance of the underlying assets of the investors due to market forces.

As funds under management are not controlled by the Banking Group, they are not included in these financial statements. The Banking Group derives fee income from the sale and management of superannuation bonds and superannuation schemes, unit trusts and the provision of private banking services to a number of clients. The Banking Group derives commission income from the sale of third party funds management products.

Custodial services

The Banking Group provides custodial services to customers in respect of assets that are beneficially owned by those customers.

Marketing and distribution of insurance products

The Bank markets and distributes a range of insurance products which are underwritten by several insurance companies. These activities are managed in association with the ING New Zealand joint venture.

The Banking Group mitigates its exposure to implicit risk by meeting the RBNZ minimum separation requirements. In particular, the Banking Group discloses as required that it does not guarantee any issuer of insurance products nor the products issued, that the insurance policies do not represent deposits or other liabilities of the Banking Group, that the insurance policies are subject to investment risk, including possible loss of income and principal and that the Banking Group does not guarantee the capital value or performance of the policies.

Any financial services (including funding and liquidity support) provided by the Banking Group to securitisation, funds management and custodial services entities, discretionary private banking activities or issuers of marketed and distributed insurance products are made on an arm's length basis and at fair value. Any securities or assets purchased from such entities have been purchased on an arm's length basis and at fair value.

Insurance business

The Banking Group does not conduct any insurance business directly, although the Banking Group holds a 49% share in the ING NZ joint venture which does conduct insurance business.

25. NOTES TO THE CASH FLOW STATEMENT

	Consolidated		
	Unaudited 3 months to 31/12/2007 $m	Unaudited 3 months to 31/12/2006 $m	Audited Year to 30/09/2007 $m
Reconciliation of profit after income tax to net cash flows used in operating activities			
Profit after income tax	**310**	350	1,168
Non-cash items:			
Depreciation and amortisation	**11**	21	55
Provision for credit impairment	**32**	25	74
Capitalised brokerage/mortgage origination fees	**14**	10	45
Deferred fee revenue and expenses	**4**	2	3
Share-based payments expense	**4**	3	12
Deferrals or accruals of past or future operating cash receipts or payments:			
Increase in operating assets and liabilities	**(1,983)**	(165)	(2,773)
(Decrease) increase in interest receivable	**25**	(16)	(94)
Increase in interest payable	**29**	72	242
Increase in accrued income	**(1)**	-	(1)
Increase (decrease) in accrued expenses	**5**	(9)	28
Decrease in provisions	**(4)**	(10)	(9)
Amortisation of premiums and discounts	**10**	16	46
Decrease in income tax assets	**93**	100	113
Increase (decrease) in income tax liabilities	**31**	-	(12)
Items classified as investing/financing:			
Share of profit of equity accounted associates and jointly controlled entities	**(6)**	(5)	(24)
Gain on disposal of controlled entities	**-**	(79)	(76)
Gain on disposal of associates and jointly controlled entities	**-**	-	(2)
Net cash flows used in operating activities	**(1,426)**	315	(1,205)

26. CAPITAL ADEQUACY

	Consolidated			Registered Bank		
	Unaudited 31/12/2007	Unaudited 31/12/2006	Audited 30/09/2007	**Unaudited 31/12/2007**	Unaudited 31/12/2006	Audited 30/09/2007
Capital Adequacy Ratios						
Tier 1 Capital	**7.37%**	7.87%	7.19%	7.14%	7.58%	6.98%
Total Capital	**10.14%**	10.64%	10.08%	9.09%	9.40%	9.02%
Reserve Bank of New Zealand minimum ratios:						
Tier 1 Capital	**4.00%**	4.00%	4.00%	4.00%	4.00%	4.00%
Total Capital	**8.00%**	8.00%	8.00%	8.00%	8.00%	8.00%

The information contained in the table below has been derived in accordance with the Conditions of Registration imposed pursuant to section 74 (4) (b) of the Reserve Bank of New Zealand Act 1989 and the capital adequacy framework issued by the Reserve Bank of New Zealand ('RBNZ').

The capital adequacy ratios have been calculated based upon the framework developed by the Basel Committee on Banking ('Basel I'), as implemented by the RBNZ. On 10 December 2007 the Bank received accreditation from the RBNZ to adopt the internal models approach under the Basel II banking supervisory regime for the first quarter of 2008.

For the purposes of calculating the capital adequacy ratios for the Registered Bank ("solo basis"), wholly owned and wholly funded subsidiaries of ANZ National Bank Limited are consolidated with the Bank. In this context, wholly funded by the Bank means that there are no liabilities (including off-balance sheet obligations) to anyone other than the Bank, the Department of Inland Revenue and trade creditors, where aggregate exposure to trade creditors does not exceed 5% of the subsidiary's shareholders' equity. Wholly owned by the Bank means that all equity issued by the subsidiary is held by the Bank.

	Consolidated			Registered Bank		
	Unaudited 31/12/2007	Unaudited 31/12/2006	Audited 30/09/2007	**Unaudited 31/12/2007**	Unaudited 31/12/2006	Audited 30/09/2007
Tier 1 Capital						
Ordinary share capital	**5,943**	5,943	5,943	**5,943**	5,943	5,943
Revenue and similar reserves	**2,766**	2,297	1,592	**2,484**	1,986	1,280
Current period's profit after tax	**310**	350	1,168	**289**	350	1,195
Less deductions from Tier 1 Capital						
- Goodwill	**3,265**	3,265	3,265	**3,262**	3,262	3,262
- Other intangible assets	**32**	27	32	**30**	25	30
- Defined benefit schemes surplus (net of tax)	**5**	-	5	**5**	-	5
- Equity investment in ING (NZ) Holdings Limited	**195**	172	189	**195**	172	189
- Cash flow hedging reserve	**89**	59	84	**89**	59	84
Total Tier 1 Capital	**5,433**	5,067	5,128	**5,135**	4,761	4,848
Tier 2 Capital - Upper Level Tier 2 Capital						
Perpetual subordinated debt	**302**	298	309	**302**	298	309
Tier 2 Capital - Lower Level Tier 2 Capital						
Term subordinated debt	**1,737**	1,485	1,753	**1,737**	1,485	1,753
Total Tier 2 Capital	**2,039**	1,783	2,062	**2,039**	1,783	2,062
Total Tier 1 Capital Plus Tier 2 Capital	**7,472**	6,850	7,190	**7,174**	6,544	6,910
Less deductions from Total Capital						
- Equity investments in subsidiaries	**-**	-	-	**642**	642	642
Capital	**7,472**	6,850	7,190	**6,532**	5,902	6,268
Total risk weighted exposures						
On-balance sheet exposures	**68,268**	60,299	66,159	**66,475**	58,769	64,372
Off-balance sheet exposures	**5,437**	4,079	5,152	**5,416**	4,043	5,117
	73,705	64,378	71,311	**71,891**	62,812	69,489

26. CAPITAL ADEQUACY (CONTINUED)

Total Risk Weighted Exposures of the Banking Group as at 31 December 2007 (Unaudited):

	Principal Amount $m	Risk Weight %	Risk Weighted $m
On-balance sheet exposures			
Cash and short term claims on Government	2,491	0	-
Long term claims on Government	400	10	40
Claims on banks	5,840	20	1,168
Claims on public sector entities	400	20	80
Residential mortgages	51,022	50	25,511
Other	41,469	100	41,469
Non risk weighted assets	7,846	n/a	-
Total on-balance sheet exposures	109,468		68,268

	Notional Principal Amount $m	Credit Conversion Factor %	Credit Equivalent Amount $m	Average Risk Weight %	Risk Weighted $m
Off-balance sheet exposures					
Direct credit substitutes	2,516	100	2,516	49	1,228
Commitments with certain drawdown	1,038	100	1,038	64	663
Transaction related contingent liabilities	439	50	219	100	219
Short term self liquidating trade related contingencies	105	20	21	63	13
Other commitments to provide financial services which have an original maturity of one year or more	2,771	50	1,385	100	1,385
Other commitments with an original maturity less than one year or which can be unconditionally cancelled at any time	21,390	0	-	100	-
Market related contracts[1]					
- Foreign exchange	89,819		3,771	25	959
- Interest rate	473,421		4,525	21	966
- Equity	20		21	20	4
Total off-balance sheet exposures	591,519		13,496		5,437

1. The credit equivalent amounts for market related contracts are calculated using the current exposure method.

26. CAPITAL ADEQUACY (CONTINUED)

Total Risk Weighted Exposures of the Banking Group as at 31 December 2006 (Unaudited):

	Principal Amount $m	Risk Weight %	Risk Weighted $m
On-balance sheet exposures			
Cash and short term claims on Government	5,706	0	-
Long term claims on Government	776	10	78
Claims on banks	6,018	20	1,204
Claims on public sector entities	405	20	81
Residential mortgages	44,859	50	22,430
Other	36,506	100	36,506
Non risk weighted assets	6,110	n/a	-
Total on-balance sheet exposures	100,380		60,299

	Notional Principal Amount $m	Credit Conversion Factor %	Credit Equivalent Amount $m	Average Risk Weight %	Risk Weighted $m
Off-balance sheet exposures					
Direct credit substitutes	2,113	100	2,113	45	955
Commitments with certain drawdown	1,346	100	1,346	59	790
Transaction related contingent liabilities	372	50	186	100	186
Short term self liquidating trade related contingencies	134	20	27	77	21
Other commitments to provide financial services which have an original maturity of one year or more	1,527	50	763	100	763
Other commitments with an original maturity less than one year or which can be unconditionally cancelled at any time	18,087	0	-	100	-
Market related contracts[1]					
- Foreign exchange	69,610		3,197	27	877
- Interest rate	296,255		2,203	22	483
- Equity	20		21	20	4
Total off-balance sheet exposures	389,464		9,856		4,079

1. The credit equivalent amounts for market related contracts are calculated using the current exposure method.

26. CAPITAL ADEQUACY (CONTINUED)

Total Risk Weighted Exposures of the Banking Group as at 30 September 2007 (Audited):

	Principal Amount $m	Risk Weight %	Risk Weighted $m
On-balance sheet exposures			
Cash and short term claims on Government	3,792	0	-
Long term claims on Government	492	10	49
Claims on banks	5,160	20	1,032
Claims on public sector entities	390	20	78
Residential mortgages	49,510	50	24,755
Other	40,245	100	40,245
Non risk weighted assets	8,198	n/a	-
Total on-balance sheet exposures	107,787		66,159

	Notional Principal Amount $m	Credit Conversion Factor %	Credit Equivalent Amount $m	Average Risk Weight %	Risk Weighted $m
Off-balance sheet exposures					
Direct credit substitutes	2,461	100	2,461	49	1,210
Commitments with certain drawdown	1,089	100	1,089	63	683
Transaction related contingent liabilities	398	50	199	100	199
Short term self liquidating trade related contingencies	123	20	25	60	15
Other commitments to provide financial services which have an original maturity of one year or more	1,996	50	998	100	998
Other commitments with an original maturity less than one year or which can be unconditionally cancelled at any time	18,755	0	-	100	-
Market related contracts[1]					
- Foreign exchange	94,287		4,712	25	1,191
- Interest rate	462,791		3,976	21	852
- Equity	20		21	20	4
Total off-balance sheet exposures	581,920		13,481		5,152

1. The credit equivalent amounts for market related contracts are calculated using the current exposure method.

26. CAPITAL ADEQUACY (CONTINUED)

Total Risk Weighted Exposures of the Registered Bank as at 31 December 2007 (Unaudited):

	Principal Amount $m	Risk Weight %	Risk Weighted $m
On-balance sheet exposures			
Cash and short term claims on Government	2,191	0	-
Long term claims on Government	400	10	40
Claims on banks	5,373	20	1,075
Claims on public sector entities	400	20	80
Residential mortgages	51,022	50	25,511
Other	39,769	100	39,769
Non risk weighted assets	8,488	n/a	-
Total on-balance sheet exposures	107,643		66,475

	Notional Principal Amount $m	Credit Conversion Factor %	Credit Equivalent Amount $m	Average Risk Weight %	Risk Weighted $m
Off-balance sheet exposures					
Direct credit substitutes	2,516	100	2,516	49	1,228
Commitments with certain drawdown	1,038	100	1,038	64	663
Transaction related contingent liabilities	439	50	219	100	219
Short term self liquidating trade related contingencies	101	20	20	66	13
Other commitments to provide financial services which have an original maturity of one year or more	2,743	50	1,372	100	1,372
Other commitments with an original maturity less than one year or which can be unconditionally cancelled at any time	21,202	0	-	100	-
Market related contracts[1]					
- Foreign exchange	89,819		3,771	25	959
- Interest rate	472,936		4,510	21	958
- Equity	20		21	20	4
Total off-balance sheet exposures	590,814		13,467		5,416

1. The credit equivalent amounts for market related contracts are calculated using the current exposure method.

26. CAPITAL ADEQUACY (CONTINUED)

Total Risk Weighted Exposures of the Registered Bank as at 31 December 2006 (Unaudited):

	Principal Amount $m	Risk Weight %	Risk Weighted $m
On-balance sheet exposures			
Cash and short term claims on Government	5,408	0	-
Long term claims on Government	776	10	78
Claims on banks	5,499	20	1,100
Claims on public sector entities	405	20	81
Residential mortgages	44,859	50	22,430
Other	35,080	100	35,080
Non risk weighted assets	6,757	n/a	-
Total on-balance sheet exposures	98,784		58,769

	Notional Principal Amount $m	Credit Conversion Factor %	Credit Equivalent Amount $m	Average Risk Weight %	Risk Weighted $m
Off-balance sheet exposures					
Direct credit substitutes	2,113	100	2,113	45	955
Commitments with certain drawdown	1,346	100	1,346	59	790
Transaction related contingent liabilities	372	50	186	100	186
Short term self liquidating trade related contingencies	133	20	27	78	21
Other commitments to provide financial services which have an original maturity of one year or more	1,458	50	729	100	729
Other commitments with an original maturity less than one year or which can be unconditionally cancelled at any time	17,937	0	-	100	-
Market related contracts[1]					
- Foreign exchange	69,609		3,197	27	877
- Interest rate	295,838		2,200	22	481
- Equity	20		21	20	4
Total off-balance sheet exposures	388,826		9,819		4,043

1. The credit equivalent amounts for market related contracts are calculated using the current exposure method.

26. CAPITAL ADEQUACY (CONTINUED)

Total Risk Weighted Exposures of the Registered Bank as at 30 September 2007 (Audited):

	Principal Amount $m	Risk Weight %	Risk Weighted $m
On-balance sheet exposures			
Cash and short term claims on Government	3,492	0	-
Long term claims on Government	492	10	49
Claims on banks	4,677	20	935
Claims on public sector entities	390	20	78
Residential mortgages	49,510	50	24,755
Other	38,555	100	38,555
Non risk weighted assets	8,841	n/a	-
Total on-balance sheet exposures	105,957		64,372

	Notional Principal Amount $m	Credit Conversion Factor %	Credit Equivalent Amount $m	Average Risk Weight %	Risk Weighted $m
Off-balance sheet exposures					
Direct credit substitutes	2,461	100	2,461	49	1,210
Commitments with certain drawdown	1,089	100	1,089	63	683
Transaction related contingent liabilities	398	50	199	100	199
Short term self liquidating trade related contingencies	119	20	24	62	15
Other commitments to provide financial services which have an original maturity of one year or more	1,934	50	967	100	967
Other commitments with an original maturity less than one year or which can be unconditionally cancelled at any time	18,549	0	-	100	-
Market related contracts[1]					
- Foreign exchange	94,287		4,712	25	1,191
- Interest rate	462,357		3,969	21	848
- Equity	20		21	20	4
Total off-balance sheet exposures	581,214		13,442		5,117

1. The credit equivalent amounts for market related contracts are calculated using the current exposure method.

27. PARENT COMPANY

The Parent Company is ANZ Holdings (New Zealand) Limited, which is incorporated in New Zealand. The Ultimate Parent Company is Australia and New Zealand Banking Group Limited, which is incorporated in Australia.

The Ultimate Parent Company is required to hold minimum capital at least equal to that specified under the Basel I framework. The capital adequacy ratios are:

	Australian IFRS Audited 30/09/2007	Australian IFRS Audited 30/09/2006
Tier 1 Capital	**6.7%**	6.8%
Total Capital	**10.1%**	10.6%

The Ultimate Parent Company meets those requirements imposed on it by the Australian Prudential Regulation Authority as at 30 September 2007 whereby banks must maintain a ratio of qualifying capital to risk weighted assets of at least 8 per cent.

The Australian Prudential Regulatory Authority introduced new prudential capital standards as at 1 July 2006 which contain various transitional rules which run through to different dates in 2008 and 2010 to coincide with Basel II implementation.

28. SUBSEQUENT EVENTS

On 17 January 2008, the Banking Group issued extendable floating rate notes of USD 2 billion with an initial maturity of 9 February 2009 and a final maturity of 8 February 2013. The investor may elect the maturity of the notes for a year on a monthly basis.

The financial statements were authorised for issue by the Directors on 14 February 2008.

CONDITIONS OF REGISTRATION

Conditions of Registration, applicable as at 14 February 2008. These Conditions of Registration have applied from 31 December 2007.

The registration of ANZ National Bank Limited ('the Bank') as a registered bank is subject to the following conditions:

1. That the Banking Group complies with the following requirements at all times:
   - Capital of the Banking Group is not less than 8 percent of risk weighted exposures.
   - Tier 1 capital of the Banking Group is not less than 4 percent of risk weighted exposures.
   - Capital of the Banking Group is not less than NZ $15 million.

   That the Bank complies with the following requirements at all times:
   - Capital of the Bank is not less than 8 percent of risk weighted exposures.
   - Tier 1 capital of the Bank is not less than 4 percent of risk weighted exposures.
   - Capital of the Bank is not less than NZ $15 million.

   For the purposes of this condition of registration, capital, Tier 1 capital and risk weighted exposures shall be calculated in accordance with the Reserve Bank of New Zealand document entitled 'Capital Adequacy Framework' (BS2) dated March 2007.

   In its disclosure statements under the Registered Bank Disclosure Statement (Off-Quarter – New Zealand Incorporated Registered Banks) Order 2007, the Bank must include all of the information relating to the capital position of both the Bank and the Banking Group which would be required if the second schedule of that Order was replaced by the second schedule of the Registered Bank Disclosure Statement (Full and Half-Year – New Zealand Incorporated Registered Banks) Order 2007 in respect of the relevant quarter.
2. That the Banking Group does not conduct any non-financial activities that in aggregate are material relative to its total activities, where the term material is based on generally accepted accounting practice, as defined in the Financial Reporting Act 1993.
3. That the Banking Group's insurance business is not greater than 1% of its total consolidated assets. For the purposes of this condition:

   (i) Insurance business means any business of the nature referred to in section 4 of the Insurance Companies (Ratings and Inspections) Act 1994 (including those to which the Act is disapplied by sections 4(1)(a) and (b) and 9 of that Act), or any business of the nature referred to in section 3(1) of the Life Insurance Act 1908;

   (ii) In measuring the size of the Banking Group's insurance business:

   (a) Where insurance business is conducted by any entity whose business predominantly consists of insurance business, the size of that insurance business shall be:
   - The total consolidated assets of the group headed by that entity;
   - Or if the entity is a subsidiary of another entity whose business predominantly consists of insurance business, the total consolidated assets of the group headed by the latter entity;

   (b) Otherwise, the size of each insurance business conducted by any entity within the Banking Group shall equal the total liabilities relating to that insurance business, plus the equity retained by the entity to meet the solvency or financial soundness needs of the insurance business;

   (c) The amounts measured in relation to parts a) and b) shall be summed and compared to the total consolidated assets of the Banking Group. All amounts in parts a) and b) shall relate to on balance sheet items only, and shall be determined in accordance with generally accepted accounting practice, as defined in the Financial Reporting Act 1993;

   (d) Where products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets shall be considered part of the insurance business.
4. That aggregate credit exposures (of a non-capital nature and net of specific provisions) of the Banking Group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit Rating	Connected exposure limit (% of the Banking Group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of specific provisions) to non-bank connected persons shall not exceed 15 percent of the Banking Group's Tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled 'Connected Exposure Policy' (BS8) dated March 2007.

CONDITIONS OF REGISTRATION

(CONTINUED)

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the board of the Bank contains at least two independent directors and that alternates for those directors, if any, are also independent. In this context an independent director (or alternate) is a director (or alternate) who is not an employee of the Bank, and who is not a director, trustee, or employee of any holding company (as that term is defined in section 5 of the Companies Act 1993) of the Bank, or any other entity capable of controlling or significantly influencing the Bank.
7. That the chairperson of the Bank's board is not an employee of the Bank.
8. That the Bank's constitution does not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the Bank).
9. That a substantial proportion of the Bank's business is conducted in and from New Zealand.
10. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, shall be made in respect of the Bank unless:
    (i) The Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee, and
    (ii) The Reserve Bank has advised that it has no objection to that appointment.
11. That the Bank has legal and practical ability to control and execute any business, and any functions relating to any business, of the Bank that are carried on by a person other than the Bank, sufficient to achieve, under normal business conditions and in the event of stress or failure of the Bank or of a service provider to the Bank, the following outcomes:
    (a) that the Bank's clearing and settlement obligations due on a day can be met on that day;
    (b) that the Bank's financial risk positions on a day can be identified on that day;
    (c) that the Bank's financial risk positions can be monitored and managed on the day following any failure and on subsequent days; and
    (d) that the Bank's existing customers can be given access to payments facilities on the day following any failure and on subsequent days.

    For the purposes of the this condition of registration, the term "legal and practical ability to control and execute" is explained in the Reserve Bank of New Zealand document entitled 'Outsourcing Policy' (BS11) dated January 2006.

    Until 30 June 2008, functions provided to the Bank by Electronic Transaction Services Limited and Interchange and Settlement Limited are not covered by this condition.
12. (a) That the business and affairs of the Bank are managed by, or under the direction and supervision of, the board of the Bank.
    (b) That the employment contract of the chief executive officer of the Bank or person in an equivalent position (together "CEO") is with the Bank, and the terms and conditions of the CEO's employment agreement are determined by, and any decision relating to the employment or termination of employment of the CEO are made by, the board of the Bank.
    (c) That all staff employed by the Bank shall have their remuneration determined by (or under the delegated authority of) the board or the CEO of the Bank and be accountable (directly or indirectly) to the CEO of the Bank.

For the purposes of these conditions of registration, the term 'Banking Group' means ANZ National Bank Limited's financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993).

CREDIT RATING INFORMATION

The Bank has two current credit ratings, which are applicable to its long-term senior unsecured obligations which are payable in New Zealand in New Zealand dollars. The credit ratings are:

Standard & Poor's	**AA**
Moody's Investors Service	**Aa2**

The Standard & Poor's rating was issued on 22 February 2007. On this date Standard & Poor's revised the Bank's rating to AA from AA-. There have been no other changes in the credit rating issued in the past two years ended 31 December 2007. The rating is not subject to any qualifications.

The Moody's Investors Service was issued on 4 May 2007. On this date Moody's Investors Service revised the Bank's rating to Aa2 from Aa3. There have been no other changes in the credit rating issued in the past two years ended 31 December 2007. The rating is not subject to any qualifications.

The following is a description of the major ratings categories by Ratings Agency:

Standard & Poor's – Credit rating scale for long-term ratings:

Ratings scale	Description
AAA	Extremely strong capacity to pay interest and repay principal in a timely manner. Highest rating assigned.
AA	Very strong capacity to pay interest and repay principal in a timely manner. This differs from the highest rating only in a small degree.
A	Strong capacity to pay interest and repay principal in a timely manner, but may be more susceptible to the adverse effects of changes in circumstances and economic conditions than higher rated entities.
BBB	Adequate capacity to pay interest and repay principal in a timely manner, however adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to meet debt servicing commitments than higher rated entities.
BB	A degree of speculation exists with respect to the ability of an entity with this credit rating to pay interest and repay principal in a timely manner. Adverse business, financial, or economic conditions could impair the borrower's capacity to meet debt service commitments in a timely manner.
B	Entities rated B are more vulnerable to adverse business, financial or economic conditions than entities in higher rating categories. Adverse business, financial or economic conditions will likely impair the borrower's capacity or willingness to meet debt service commitments in a timely manner.
CCC	Entities rated CCC are currently vulnerable to default and are dependent on favourable business, financial and economic conditions to meet debt service commitments in a timely manner. In the event of adverse business, financial or economic conditions the entity is likely to default.
CC	Entities rated CC are currently highly vulnerable to non-payment of interest and principal.
C	Entities rated C have filed a bankruptcy petition or taken similar action, but payment of obligations are being continued.
D	D rated entities are in default. This is assigned when interest or principal payments are not made on the date due or when an insolvency petition or a request to appoint a receiver is filed.

Plus (**+**) or Minus (**-**): The ratings from **'AA'** to **'CCC'** may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

CREDIT RATING INFORMATION

(CONTINUED)

Moody's Investors Service – Credit rating scale for long-term ratings:

Ratings scale	Description
Aaa	Judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as 'gilt edged'. Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualised are most unlikely to impair the fundamentally strong position of such issues.
Aa	Judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risk appear somewhat larger than the Aaa securities.
A	Possess many favourable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.
Baa	Considered as medium-grade obligations (i.e. they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
Ba	Judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterises bonds in this class.
B	Generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.
Caa	These bonds are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.
Ca	Represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.
C	These are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Moody's Investors Service bond ratings, where specified, are applied to financial contracts, senior bank obligations and insurance company senior policyholder and claims obligations with an original maturity in excess of one year.

Moody's Investors Service applies numerical modifiers **1, 2** and **3** in each generic rating classification from **'Aa'** through **'Caa'.** The modifier **1** indicates that the obligation ranks in the higher end of its generic rating category; the modifier **2** indicates a mid-range ranking; and the modifier **3** indicates a ranking in the lower end of that generic rating category.

DIRECTORS' STATEMENT FOR THE THREE MONTHS ENDED 31 DECEMBER 2007

DIRECTORS' STATEMENT

As at the date on which this General Short Form Disclosure Statement is signed, after due enquiry, each Director believes that:

- The Short Form Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statement (Off-Quarter - New Zealand Incorporated Registered Banks) Order 2007;
- The Short Form Disclosure Statement is not false or misleading.

Over the three months ended 31 December 2007, after due enquiry, each Director believes that:

- ANZ National Bank Limited has complied with the Conditions of Registration;
- Credit exposures to connected persons were not contrary to the interests of the Banking Group;
- ANZ National Bank Limited had systems in place to monitor and control adequately the Banking Group'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 General Short Form Disclosure Statement is dated, and has been signed by or on behalf of all Directors of the Bank on, 14 February 2008. On that date, the Directors of the Bank were:

Dr D T Brash

Dr R J Edgar

N M T Geary, CBE

G K Hodges

P R Marriott

M R P Smith, OBE

Sir Dryden Spring

INDEPENDENT REVIEW REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2007

KPMG

Independent Review Report to the Directors of ANZ National Bank Limited

We have reviewed the interim financial statements, including supplementary information, for the three months ended 31 December 2007 set out on pages 3 to 30.

The interim financial statements and supplementary information provide information about the past financial performance and financial position of ANZ National Bank Limited and its subsidiary companies (the 'Banking Group'). This information is stated in accordance with accounting policies set out on page 7.

Directors' responsibilities

The Directors are responsible for the preparation of interim financial statements and supplementary information which gives a true and fair view of the financial position of the Banking Group as at 31 December 2007 and the results of its operations and cash flows for the three months ended on that date.

Reviewers' responsibilities

It is our responsibility to independently review the interim financial statements including supplementary information presented by the Directors and state whether anything has come to our attention that would cause us to believe that the interim financial statements or supplementary information do not present a true and fair view of the matters to which they relate.

Basis of statement

Our review has been conducted in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants. A review is limited primarily to enquiries of Banking Group personnel and analytical review procedures applied to 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.

Statement

Based on our review nothing has come to our attention that would cause us to believe that the interim financial statements or supplementary information do not present a true and fair view of the matters to which they relate.

Our review was completed on 14 February 2008 and our statement is made as at that date.

KPMG

Wellington

ANZ National Bank Limited