ANZ Bank New Zealand Limited
Disclosure Statement

FOR THE THREE MONTHS ENDED 31 DECEMBER 2012 | NUMBER 68 ISSUED FEBRUARY 2013

ANZ Bank New Zealand Limited

Disclosure Statement

For the three months ended 31 December 2012

Contents

Glossary of Terms

In this Disclosure Statement unless the context otherwise requires:

(a) "Bank" means ANZ Bank New Zealand Limited;
(b) "Banking Group" means the Bank and all its controlled entities;
(c) "Immediate Parent Company" means ANZ Holdings (New Zealand) Limited;
(d) "Ultimate Parent Bank" means Australia and New Zealand Banking Group Limited;
(e) "Overseas Banking Group" means the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities;
(f) "New Zealand business" means all business, operations, or undertakings conducted in or from New Zealand identified and treated as if it were conducted by a company formed and registered in New Zealand;
(g) "NZ Branch" means the New Zealand business of the Ultimate Parent Bank;
(h) "ANZ New Zealand" means the New Zealand business of the Overseas Banking Group;
(i) "Registered Office" is Level 10, 170-186 Featherston Street, Wellington, New Zealand, which is also the Banking Group's address for service;
(j) "RBNZ" means the Reserve Bank of New Zealand;
(k) "APRA" means the Australian Prudential Regulation Authority;
(l) "the Order" means the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order (No 2) 2012; and
(m) Any term or expression which is defined in, or in the manner prescribed by, the Order shall have the meaning given in or prescribed by the Order.

General Disclosures

This Disclosure Statement has been issued in accordance with the Order.

Credit Rating Information

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

The Bank's credit ratings are:

Rating Agency	Current Credit Rating	Qualification
Standard & Poor's	AA-	Outlook Stable
Moody's Investors Service	Aa3	Outlook Stable
Fitch Ratings	AA-	Outlook Stable

Guarantors

As at the date of signing of this Disclosure Statement the Banking Group has debt securities with a carrying value as at 31 December 2012 of $207 million for which the Crown has issued a Guarantee Eligibility Certificate under the New Zealand Wholesale Funding Guarantee Facility ("Crown Wholesale Guarantee"). The Crown closed the Crown Wholesale Guarantee to new debt securities on 30 April 2010. The closure did not affect debt securities previously issued with the benefit of Crown Wholesale Guarantee.

Copies of the Wholesale Deed, and any Guarantee Eligibility Certificate issued by the Crown in respect of the Bank, are available on the Treasury website treasury.govt.nz. The address for service for any demand on the Crown under the Crown Wholesale Guarantee is The Treasurer, New Zealand Debt Management Office, 1 The Terrace, Wellington. Further information on the Crown Wholesale Guarantee is provided in the Disclosure Statement for the year ended 30 September 2012 which is available at no charge:

a) on the Bank's website anz.co.nz; and

b) within two working days of a request, if a request is made at the Registered Office or at any ANZ branch.

Certain debt securities ("Covered Bonds") issued by the Bank or its wholly owned subsidiary, ANZ New Zealand (Int'l) Limited, are guaranteed by ANZNZ Covered Bond Trust Limited (the "Covered Bond Guarantor"), solely in its capacity as trustee of ANZNZ Covered Bond Trust. The Covered Bond Guarantor has guaranteed the payment of interest and principal of Covered Bonds with a carrying value as at 31 December 2012 of $3,067 million, pursuant to a guarantee which is secured over a pool of assets. The Covered Bond Guarantor's address for service is Level 10, 141 Willis Street, Wellington, New Zealand. The Covered Bond Guarantor is not a member of the Banking Group and has no credit ratings applicable to its long term senior unsecured obligations payable in New Zealand dollars. The Covered Bonds have been assigned a long term rating of Aaa and AAA by Moody's Investors Service and Fitch Ratings respectively. Details of the pool of assets that secure this guarantee are provided in Note 11.

Changes to conditions of registration

The conditions of registration applying to the Bank were amended on 31 October 2012 to change condition 13, which imposes minimum quantitative requirements for liquidity risk management. The change increases the Banking Group's minimum one-year core funding ratio to 75% from 70% with effect from 1 January 2013.

The following amendments were made on 19 December 2012 to reflect the RBNZ's adoption of the Basel III capital framework.

(a) Condition 1, which imposes minimum regulatory capital requirements, was changed to increase the Banking Group's minimum tier one capital ratio to 6% from 4% and require a minimum common equity tier one capital ratio of 4.5%. The change applies from 1 January 2013.

(b) Condition 1C was added to limit the aggregate distributions of the Bank's earnings if the buffer ratio of the Banking Group is 2.5% or less. The change applies from 1 January 2014.

Directorate

There have been no changes to the Directors of the Bank since 30 September 2012, the balance date of the last full year Disclosure Statement.

Auditor

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

Income Statement

$ millions	Note	**Unaudited 3 months to 31/12/2012**	Unaudited 3 months to 31/12/2011	Audited Year to 30/09/2012
Interest income		**1,512**	1,504	6,017
Interest expense		**861**	836	3,335
Net interest income		**651**	668	2,682
Net trading gains		**38**	39	131
Net funds management and insurance income		**66**	82	298
Other operating income	**2**	**93**	203	573
Share of associates' profit		**3**	-	4
Operating income		**851**	992	3,688
Operating expenses	**2**	**398**	402	1,742
Profit before provision for credit impairment and income tax		**453**	590	1,946
Provision for credit impairment	**6**	**42**	40	193
Profit before income tax		**411**	550	1,753
Income tax expense		**111**	150	428
Profit after income tax		**300**	400	1,325

Statement of Comprehensive Income

$ millions	**Unaudited 3 months to 31/12/2012**	Unaudited 3 months to 31/12/2011	Audited Year to 30/09/2012
Profit after income tax	**300**	400	1,325
Items that will not be reclassified to profit or loss			
Actuarial loss on defined benefit schemes	**-**	-	(25)
Income tax credit / (expense) relating to items not reclassified	**-**	(1)	6
Total items that will not be reclassified to profit or loss	**-**	(1)	(19)
Items that may be reclassified subsequently to profit or loss			
Unrealised gains / (losses) recognised directly in equity	**(11)**	62	46
Realised gains transferred to income statement	**(6)**	(4)	(95)
Income tax credit / (expense) relating to items that may be reclassified	**5**	(12)	-
Total items that may be reclassified subsequently to profit or loss	**(12)**	46	(49)
Total comprehensive income for the period	**288**	445	1,257

Statement of Changes in Equity

$ millions	Ordinary share capital	Available-for-sale revaluation reserve	Cash flow hedging reserve	Retained earnings	Total equity
As at 1 October 2011	6,943	46	141	3,695	10,825
Profit after income tax	-	-	-	400	400
Unrealised gains recognised directly in equity	-	14	48	-	62
Realised gains transferred to the income statement	-	-	(4)	-	(4)
Income tax expense on items recognised directly in equity	-	-	(12)	(1)	(13)
Total comprehensive income for the period	-	14	32	399	445
As at 31 December 2011 (Unaudited)	6,943	60	173	4,094	11,270
As at 1 October 2011	6,943	46	141	3,695	10,825
Profit after income tax	-	-	-	1,325	1,325
Unrealised gains recognised directly in equity	-	34	12	-	46
Realised gains transferred to the income statement	-	(83)	(12)	-	(95)
Actuarial loss on defined benefit schemes	-	-	-	(25)	(25)
Income tax credit on items recognised directly in equity	-	-	-	6	6
Total comprehensive income for the period	-	(49)	-	1,306	1,257
Ordinary dividend paid	-	-	-	(1,150)	(1,150)
As at 30 September 2012 (Audited)	6,943	(3)	141	3,851	10,932
Profit after income tax	**-**	**-**	**-**	**300**	**300**
Unrealised gains / (losses) recognised directly in equity	**-**	**1**	**(12)**	**-**	**(11)**
Realised gains transferred to the income statement	**-**	**-**	**(6)**	**-**	**(6)**
Income tax credit on items recognised directly in equity	**-**	**-**	**5**	**-**	**5**
Total comprehensive income for the period	**-**	**1**	**(13)**	**300**	**288**
As at 31 December 2012 (Unaudited)	**6,943**	**(2)**	**128**	**4,151**	**11,220**

Balance Sheet

$ millions	Note	**Unaudited 31/12/2012**	Unaudited 31/12/2011	Audited 30/09/2012
Assets				
Liquid assets		**3,148**	2,340	2,831
Due from other financial institutions		**3,126**	2,205	1,722
Trading securities		**11,638**	10,321	12,338
Derivative financial instruments		**10,720**	12,834	12,753
Current tax assets		**-**	-	15
Available-for-sale assets		**47**	255	57
Net loans and advances	**4**	**88,228**	83,516	86,678
Investments backing insurance policy liabilities		**154**	116	142
Insurance policy assets		**308**	231	301
Investments in associates		**98**	99	99
Other assets		**594**	663	592
Deferred tax assets		**84**	88	93
Premises and equipment		**331**	322	323
Goodwill and other intangible assets		**3,506**	3,508	3,505
Total assets		**121,982**	116,498	121,449
Interest earning and discount bearing assets		**105,655**	97,788	103,341
Liabilities				
Due to other financial institutions		**2,419**	1,664	1,759
Deposits and other borrowings	**7**	**77,080**	69,387	73,652
Due to Immediate Parent Company		**622**	75	740
Derivative financial instruments		**11,566**	13,543	13,930
Current tax liabilities		**3**	42	-
Payables and other liabilities		**1,659**	1,504	1,685
Provisions		**308**	278	339
Bonds and notes		**15,935**	16,734	17,244
Loan capital		**1,170**	2,001	1,168
Total liabilities		**110,762**	105,228	110,517
Net assets		**11,220**	11,270	10,932
Represented by:				
Share capital		**6,943**	6,943	6,943
Reserves		**126**	233	138
Retained earnings		**4,151**	4,094	3,851
Total equity		**11,220**	11,270	10,932
Interest and discount bearing liabilities		**91,330**	84,495	89,299

Condensed Cash Flow Statement

$ millions	**Unaudited 3 months to 31/12/2012**	Unaudited 3 months to 31/12/2011	Audited Year to 30/09/2012
Cash flows from operating activities			
Interest received	**1,493**	1,466	5,991
Interest paid	**(849)**	(832)	(3,301)
Other cash inflows provided by operating activities	**237**	224	845
Other cash outflows used in operating activities	**(556)**	(562)	(2,023)
Cash flows from operating profits before changes in operating assets and liabilities	**325**	296	1,512
Net changes in operating assets and liabilities	**3,341**	(1,435)	(2,545)
Net cash flows provided by / (used in) operating activities	**3,666**	(1,139)	(1,033)
Cash flows from investing activities			
Cash inflows provided by investing activities	**1**	4	16
Cash outflows used in investing activities	**(30)**	(15)	(95)
Net cash flows used in investing activities	**(29)**	(11)	(79)
Cash flows from financing activities			
Cash inflows provided by financing activities	**-**	867	6,244
Cash outflows used in financing activities	**(1,965)**	(1,725)	(7,411)
Net cash flows used in financing activities	**(1,965)**	(858)	(1,167)
Net increase / (decrease) in cash and cash equivalents	**1,672**	(2,008)	(2,279)
Cash and cash equivalents at beginning of the period	**3,255**	5,534	5,534
Cash and cash equivalents at end of the period	**4,927**	3,526	3,255

Notes to the Financial Statements

1. Significant Accounting Policies

(i) Reporting entity and statement of compliance

These interim financial statements are for the Banking Group for the three months ended 31 December 2012. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice as appropriate for profit oriented entities, the requirements of NZ IAS 34 *Interim Financial Reporting* and the Order, and should be read in conjunction with the Banking Group's financial statements for the year ended 30 September 2012.

(ii) Basis of measurement

These financial statements have been prepared on a going concern basis in accordance with historical cost concepts except that the following assets and liabilities are stated at their fair value:

- derivative financial instruments, including in the case of fair value hedging, the fair value of any applicable underlying exposure;
- financial instruments held for trading;
- financial assets treated as available-for-sale; and
- financial instruments designated at fair value through profit and loss.

Insurance policy assets are measured using the Margin on Services model, and defined benefit obligations are measured using the Projected Unit Credit method.

(iii) Changes in accounting policies

The accounting policies adopted by the Banking Group are consistent with those adopted and disclosed in the previous full year Disclosure Statement.

(iv) Presentation currency and rounding

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

(v) Comparatives

Certain amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation. This includes reclassifying, in the Balance Sheet as at 31 December 2011, collateral received of $695 million from derivative financial instruments asset to due to other financial institutions and collateral paid of $1,019 million from derivative financial instruments liability to due from other financial institutions.

(vi) Principles of consolidation

The financial statements consolidate the financial statements of the Bank and its subsidiaries.

2. Other Operating Income and Expenses

Other operating income

$millions	**Unaudited 3 months to 31/12/2012**	Unaudited 3 months to 31/12/2011	Audited Year to 30/09/2012
Net fee income	**107**	122	455
Fair value gain / (loss) on hedging activities and financial liabilities designated at fair value	**(21)**	74	14
Net gain on available for sale equity securities transferred to income statement	**-**	-	83
Other income	**7**	7	21
Total other operating income	**93**	203	573

Operating expenses

Operating expenses include costs for the three months ended 31 December 2012 of $18 million (31/12/2011 $14 million; 30/09/2012 $192 million) incurred in relation to the move to a single banking technology platform, which is expected to deliver operational efficiencies and improved service levels and business outcomes.

Notes to the Financial Statements

3. Segmental Analysis

For segment reporting purposes, the Banking Group is organised into four major business segments - Retail, Commercial, Wealth and Institutional. Centralised back office and corporate functions support these segments. These segments are consistent with internal reporting provided to the chief operating decision maker, being the Bank's Chief Executive Officer.

Segmental reporting has been updated reflect minor changes to the Banking Group's structure. Comparative data has been adjusted to be consistent with the current period's segment definitions.

Retail

Retail provides products and services to personal customers via the branch network, mortgage specialists, the contact centre and a variety of self service channels (internet banking, phone banking, ATMs, website and mobile phone banking). Core products include current and savings accounts, unsecured lending (credit cards, personal loans and overdrafts) and home loans secured by mortgages over property. Retail distributes insurance and investment products on behalf of the Wealth segment.

Commercial

Commercial provides services to Business Banking, Commercial & Agri, and UDC customers. Business Banking services are offered to small enterprises (typically with annual revenues of less than $5 million). Commercial & Agri customers consist of primarily privately owned medium to large enterprises. The Banking Group's relationship with these businesses ranges from simple banking requirements with revenue from deposit and transactional facilities, and cash flow lending, to more complex funding arrangements with revenue sourced from a wider range of products. UDC is principally involved in the financing and leasing of plant, vehicles and equipment, mainly for small and medium sized businesses, as well as investment products.

Wealth

Wealth includes private banking and investment services provided to high net worth individuals, the OnePath wealth management and insurance businesses, and other investment products.

Institutional

Institutional provides financial services through a number of specialised units to large multi-banked corporations, often global, who require sophisticated product and risk management solutions. Those financial services include loan structuring, foreign exchange, wholesale money market services and transaction banking.

Other

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

Business segment analysis[1]

$ millions	Retail	Commercial	Wealth	Institutional	Other [2]	Total
Unaudited 3 months to 31/12/2012						
External revenues	**244**	**670**	**17**	**223**	**(303)**	**851**
Intersegment revenues	**35**	**(315)**	**37**	**(67)**	**310**	**-**
Total revenues	**279**	**355**	**54**	**156**	**7**	**851**
Profit before income tax	**102**	**203**	**20**	**98**	**(12)**	**411**
Unaudited 3 months to 31/12/2011						
External revenues	267	695	38	197	(205)	992
Intersegment revenues	15	(336)	36	(26)	311	-
Total revenues	282	359	74	171	106	992
Profit before income tax	110	198	36	117	89	550
Audited year to 30/09/2012						
External revenues	1,020	2,743	111	804	(990)	3,688
Intersegment revenues	126	(1,293)	143	(168)	1,192	-
Total revenues	1,146	1,450	254	636	202	3,688
Profit before income tax	422	817	108	425	(19)	1,753

1 Intersegment transfers are accounted for and determined on an arm's length or cost recovery basis.
2 This segment has negative external revenues as this segment incurs funding costs on behalf of the Banking Group and is reimbursed internally.

Notes to the Financial Statements

4. Net Loans and Advances

$ millions	Note	**Unaudited 31/12/2012**	Unaudited 31/12/2011	Audited 30/09/2012
Overdrafts		**1,789**	1,740	1,881
Credit card outstandings		**1,455**	1,439	1,395
Term loans - housing		**47,602**	43,402	46,123
Term loans - non-housing		**37,835**	37,546	37,749
Finance lease receivables		**816**	792	806
Gross loans and advances		**89,497**	84,919	87,954
Provision for credit impairment	**6**	**(1,056)**	(1,133)	(1,054)
Unearned finance income		**(263)**	(260)	(258)
Fair value hedge adjustment		**(7)**	7	(2)
Deferred fee revenue and expenses		**(62)**	(57)	(60)
Capitalised brokerage/mortgage origination fees		**119**	40	98
Total net loans and advances		**88,228**	83,516	86,678

The Bank has sold residential mortgages to the NZ Branch with a net carrying value of $8,576 million as at 31 December 2012 (31/12/2011 $9,915 million, 30/09/2012 $9,396 million). These assets qualify for derecognition as the Bank does not retain a continuing involvement in the transferred assets.

5. Impaired and Past Due Assets

$ millions	**Retail mortgages**	**Other retail exposures**	**Non retail exposures**	**Total**
Unaudited 31/12/2012				
Total individually impaired assets	**276**	**48**	**787**	**1,111**
Loans that are at least 90 days past due but not impaired	**105**	**38**	**64**	**207**
Unaudited 31/12/2011				
Total individually impaired assets	390	49	1,204	1,643
Loans that are at least 90 days past due but not impaired	120	38	89	247
Audited 30/09/2012				
Total individually impaired assets	285	44	874	1,203
Loans that are at least 90 days past due but not impaired	91	33	86	210

Notes to the Financial Statements

6. Provision for Credit Impairment

$ millions	**Retail mortgages**	**Other retail exposures**	**Non retail exposures**	**Total**
Unaudited 31/12/2012				
Collective provision	**112**	**118**	**375**	**605**
Individual provision	**104**	**31**	**316**	**451**
Total provision for credit impairment	**216**	**149**	**691**	**1,056**
Collective provision charge / (credit)	**8**	**(7)**	**-**	**1**
Individual provision charge	**3**	**11**	**27**	**41**
Total charge in income statement	**11**	**4**	**27**	**42**
Unaudited 31/12/2011				
Collective provision	116	142	390	648
Individual provision	137	29	319	485
Total provision for credit impairment	253	171	709	1,133
Collective provision credit	(5)	(5)	(4)	(14)
Individual provision charge	5	12	37	54
Total charge in income statement	-	7	33	40
Audited 30/09/2012				
Collective provision	104	125	375	604
Individual provision	119	26	305	450
Total provision for credit impairment	223	151	680	1,054
Collective provision credit	(16)	(22)	(20)	(58)
Individual provision charge	36	55	160	251
Total charge in income statement	20	33	140	193

7. Deposits and Other Borrowings

$ millions	**Note**	**Unaudited 31/12/2012**	Unaudited 31/12/2011	Audited 30/09/2012
Certificates of deposit		**2,369**	2,690	2,156
Term deposits		**33,545**	32,949	33,922
Demand deposits bearing interest		**27,629**	23,631	25,815
Deposits not bearing interest		**5,737**	5,044	4,838
Secured debenture stock	**11**	**1,457**	1,393	1,476
Commercial paper		**6,343**	3,680	5,445
Total deposits and other borrowings		**77,080**	69,387	73,652

Notes to the Financial Statements

8. Related Party Transactions

$ millions	**Unaudited 31/12/2012**	Unaudited 31/12/2011	Audited 30/09/2012
Total due from related parties	**2,332**	2,875	3,131
Total due to related parties	**5,785**	6,705	5,990

9. Capital Adequacy

Capital ratios of the Banking Group under the Basel II internal models based approach (Unaudited)

	31/12/2012	31/12/2011	30/09/2012
Tier One Capital	**11.15%**	11.27%	10.80%
RBNZ minimum Tier One Capital ratio	**4.00%**	4.00%	4.00%
Total Capital	**12.80%**	14.22%	12.48%
RBNZ minimum Total Capital ratio	**8.00%**	8.00%	8.00%

	$m
Tier One Capital	**11,092**
Less deductions from Tier One Capital	**3,559**
Total Tier One Capital	**7,533**
Tier Two Capital	**1,170**
Less deductions from Tier Two Capital	**53**
Total Capital	**8,650**

$ millions	**Exposure at default**	**Risk weighted exposure or implied risk weighted exposure[1]**	**Total capital requirement**
Corporate exposures	**44,405**	**26,079**	**2,086**
Sovereign exposures	**9,601**	**96**	**8**
Bank exposures	**10,820**	**1,967**	**157**
Retail mortgage exposures	**51,563**	**13,347**	**1,068**
Other retail exposures	**9,237**	**6,521**	**522**
Total exposures subject to internal ratings based approach	**125,626**	**48,010**	**3,841**
Specialised lending exposures subject to slotting approach	**8,264**	**7,851**	**628**
Exposures subject to standardised approach	**268**	**255**	**20**
Equity exposures	**100**	**425**	**34**
Other exposures	**2,996**	**1,033**	**83**
Total credit risk	**137,254**	**57,574**	**4,606**
Operational risk	**n/a**	**5,401**	**432**
Market risk	**n/a**	**4,601**	**368**
Total	**137,254**	**67,576**	**5,406**

[1] Total credit risk weighted exposures include a scalar of 1.06 in accordance with the Bank's Conditions of Registration.

Pillar II capital for other material risks

The Banking Group has an Internal Capital Adequacy Assessment Process ("ICAAP") which complies with the requirements of the Bank's Conditions of Registration.

Under the Banking Group's ICAAP it identifies and measures all "other material risks", which are those material risks that are not explicitly captured in the calculation of the Banking Group's tier one and total capital ratios. The other material risks identified by the Banking Group include business risk, pension risk, insurance risk, funds management risk, lapse risk, premises and equipment risk and capitalised origination fees risk.

The Banking Group's internal capital allocation for these other material risks is $376 million (31/12/2011 $326 million; 30/09/2012 $338 million).

Notes to the Financial Statements

The Banking Group regularly reviews the methodologies used to calculate the economic capital allocated to other material risks. Updated capital methodologies (particularly relating to fixed asset risk and business risk) were applied in November 2012 and the prior period restated accordingly.

Residential mortgages by loan-to-valuation ratio ("LVR")

As required by the RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by the Banking Group's valuation of the security property at origination of the exposure. Off balance sheet exposures include undrawn and partially drawn residential mortgage loans as well as commitments to lend. Commitments to lend are formal offers for housing lending which may or may not be accepted by the customer.

Unaudited 31/12/2012 $ millions	On-balance sheet	Off-balance sheet	Total
LVR range			
0% - 59%	**17,089**	**3,373**	**20,462**
60% - 69%	**7,151**	**919**	**8,070**
70% - 79%	**10,617**	**1,189**	**11,806**
Less than 80%	**34,857**	**5,481**	**40,338**
80% - 89%	**6,337**	**942**	**7,279**
Over 90%	**4,196**	**411**	**4,607**
Total	**45,390**	**6,834**	**52,224**

10. Liquidity Portfolio

The Banking Group holds a diversified portfolio of cash and high quality liquid securities to support liquidity risk management. The size of the Banking Group's liquidity portfolio is based on the amount required to meet its liquidity policy and includes both items classified as cash and cash equivalents and those classified as operating assets in the Condensed Cash Flow Statement.

$ millions	Unaudited 31/12/2012
Balances with central banks	**1,715**
Securities purchased under agreement to resell	**942**
Certificates of deposit	**120**
Government, local body stock and bonds	**7,151**
Government treasury bills	**3**
Other bonds	**3,940**
Total liquidity portfolio	**13,871**

11. Financial Assets Pledged as Collateral

$ millions	**Unaudited 31/12/2012**	Unaudited 31/12/2011	Audited 30/09/2012
Cash collateral given on derivative financial instruments	**1,076**	1,019	1,256
Trading securities encumbered through repurchase agreements	**787**	244	252
Residential mortgages pledged as security for covered bonds	**4,896**	2,609	4,977
Total tangible assets of UDC Finance Limited pledged as collateral for secured stock	**2,139**	2,121	2,103
Total financial assets pledged as collateral	**8,898**	5,993	8,588

ANZNZ Covered Bond Trust ("the Covered Bond Trust")

Substantially all of the assets of the Covered Bond Trust are made up of certain housing loans and related securities originated by the Bank which are security for the guarantee by ANZNZ Covered Bond Trust Limited as trustee of the Covered Bond Trust of issuances of covered bonds by the Bank, or its wholly owned subsidiary ANZ New Zealand (Int'l) Limited, from time to time. The assets of the Covered Bond Trust are not available to creditors of the Bank, although the Bank (or its liquidator or statutory manager) may have a claim against the residual assets of the Covered Bond Trust (if any) after all prior ranking creditors of the Covered Bond Trust have been satisfied.

The Banking Group continues to recognise the assets of the Covered Bond Trust on its balance sheet as, although they are pledged as security for covered bonds, the Bank retains substantially all the risks and rewards of ownership.

Notes to the Financial Statements

12. Concentrations of Credit Risk to Individual Counterparties

The Banking Group measures its concentration of credit risk in respect to bank counterparties on the basis of approved exposures, and in respect to non bank counterparties on the basis of limits.

For the three months ended 31 December 2012 there were no individual counterparties (excluding connected parties, governments and banks with long term credit ratings of A- or above) where the Banking Group's period end or peak end-of-day credit exposure equalled or exceeded 10% of the Banking Group's equity (as at the end of the period).

13. Insurance business

The Banking Group conducts insurance business through companies in the OnePath Insurance Holdings (NZ) Limited group. The aggregate amount of insurance business in this group comprises assets totalling $584 million (31/12/2011: $470 million; 30/09/2012 $564 million), which is 0.5% (31/12/2011: 0.4%; 30/09/2012 0.5%) of the total consolidated assets of the Banking Group.

14. Credit Related Commitments, Guarantees and Contingent Liabilities

	Face or contract value		
	Unaudited	Unaudited	Audited
$ millions	**31/12/2012**	31/12/2011	30/09/2012
Credit related commitments			
Commitments with certain drawdown due within one year	**856**	655	742
Commitments to provide financial services	**25,014**	22,339	24,698
Total credit related commitments	**25,870**	22,994	25,440
Guarantees and contingent liabilities			
Financial guarantees	**696**	1,820	731
Standby letters of credit	**50**	76	44
Transaction related contingent items	**888**	850	913
Trade related contingent liabilities	**136**	78	117
Total guarantees and contingent liabilities	**1,770**	2,824	1,805

The Banking Group guarantees the performance of customers by issuing standby letters of credit and guarantees to third parties, including its Ultimate Parent Bank. To reflect the risk associated with these transactions, they are subjected to the same credit origination, portfolio management and collateral requirements as for customers that apply for loans. The contract amount represents the maximum potential amount that could be lost if the counterparty fails to meet its financial obligations. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Other contingent liabilities

The Banking Group has other contingent liabilities in respect of actual and possible claims and court proceedings. An assessment of the Banking Group's likely loss in respect of these matters has been made on a case-by-case basis and provision made where deemed necessary.

15. Subsequent Events

On 13 February 2013 the Bank's Board resolved to pay an ordinary dividend of $465 million no later than 31 March 2013.

Directors' Statement

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

(i) The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order (No 2) 2012; and
(ii) The Disclosure Statement is not false or misleading.

Over the three months ended 31 December 2012, after due enquiry, each Director believes that:

(i) ANZ Bank New Zealand Limited has complied with all Conditions of Registration that applied during that period;
(ii) Credit exposures to connected persons were not contrary to the interests of the Banking Group;
(iii) ANZ Bank New Zealand 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, operational risk and other business risks, and that those systems were being properly applied.

This Disclosure Statement is dated, and has been signed by or on behalf of all Directors of the Bank on, 13 February 2013. On that date, the Directors of the Bank were:

A J Carter

S C Elliott

N M T Geary, CBE

D D Hisco

J F Judge

M R P Smith, OBE

Independent Auditor's Review Report

To the Shareholder of ANZ Bank New Zealand Limited

We have reviewed pages 3 to 13 of the interim financial statements of ANZ Bank New Zealand Limited (the 'Bank') and its subsidiary companies (the 'Banking Group') prepared and disclosed in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order (No 2) 2012 (the 'Order') and the supplementary information prescribed in Schedules 3, 6, 8, 12, 13, 16 and 18 of the Order. The interim financial statements, and supplementary information, provide information about the past financial performance and cash flows of the Banking Group and its financial position as at 31 December 2012.

Directors' responsibility for the disclosure statement

The Directors of ANZ Bank New Zealand Limited are responsible for the preparation and presentation of the Disclosure Statement, which includes interim financial statements prepared in accordance with Clause 25 of the Order which give a true and fair view of the financial position of the Banking Group as at 31 December 2012 and its financial performance and cash flows for the three months ended on that date. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of the Disclosure Statement that is free from material misstatement whether due to fraud or error.

They are also responsible for the preparation of supplementary information in the Disclosure Statement which fairly states the matters to which it relates in accordance with Schedules 3, 6, 8, 12, 13, 16 and 18 of the Order.

Reviewer's responsibility

We are responsible for reviewing the interim financial statements and the supplementary information, disclosed in accordance with Clause 25, Schedules 3, 6, 8, 12, 13, 16 and 18 of the Order and presented to us by the Directors.

We are responsible for reviewing the interim financial statements (excluding the supplementary information) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 ("NZ IAS 34"): Interim Financial Reporting and do not present a true and fair view of the financial position of the Banking Group as at 31 December 2012 and its financial performance and cash flows for the three months ended on that date.

We are responsible for reviewing the supplementary information (excluding the supplementary information relating to capital adequacy) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with Schedules 6, 8, 13, 16 and 18 of the Order.

We are responsible for reviewing the supplementary information relating to capital adequacy in order to state whether, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the information disclosed in accordance with Schedule 12 is not in all material respects prepared in accordance with the Bank's Conditions of Registration and with the Bank's internal models for credit risk and operational risk as accredited by the Reserve Bank of New Zealand and disclosed in accordance with Schedule 12 of the Order.

We have performed our review in accordance with the review engagement standard RS-1 Statement of Review Engagement Standards issued by the External Reporting Board. A review is limited primarily to enquiries of Banking Group personnel and analytical review procedures applied to the financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

KPMG has also provided other audit related services to the Banking Group. In addition, certain partners and employees of our firm may also deal with the Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as auditors of the Banking Group. We have no other relationship with, or interest in, the Banking Group.

Review opinion

We have examined the interim financial statements including the supplementary information and based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

a. the interim financial statements (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34: Interim Financial Reporting and do not present a true and fair view of the financial position of the Banking Group as at 31 December 2012 and its financial performance and cash flows for the three months ended on that date;

b. the supplementary information prescribed by Schedules 6, 8, 13, 16 and 18 of the Order does not fairly state the matters to which it relates in accordance with those Schedules; and

c. the supplementary information relating to capital adequacy as required by Schedule 12 of the Order, is not in all material respects prepared in accordance with the Bank's Conditions of Registration and with the Bank's internal models for credit risk and operational risk as accredited by the Reserve Bank of New Zealand, and disclosed in accordance with Schedule 12 of the Order.

Our review was completed on 13 February 2013 and our review opinion is expressed as at that date.

KPMG

Wellington