ANZ National Bank Limited
Disclosure Statement

FOR THE NINE MONTHS ENDED 30 JUNE 2011 | NUMBER 62 ISSUED AUGUST 2011

Disclosure Statement

For the nine months ended 30 June 2011

Contents

Glossary of Terms

In this Disclosure Statement unless the context otherwise requires:

(a) "Bank" means ANZ National Bank Limited;

(b) "Banking Group" means ANZ National Bank Limited and all its controlled entities;

(c) "Immediate Parent Company" means ANZ Holdings (New Zealand) Limited;

(d) "Ultimate Parent Bank" means Australia and New Zealand Banking Group Limited;

(e) "Overseas Banking Group" means the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities;

(f) "New Zealand business" means all business, operations, or undertakings conducted in or from New Zealand identified and treated as if it were conducted by a company formed and registered in New Zealand;

(g) "NZ Branch" means the New Zealand business of the Ultimate Parent Bank;

(h) "ANZ New Zealand" means the New Zealand business of the Overseas Banking Group;

(i) "Registered Office" is Level 6, 1 Victoria Street, Wellington, New Zealand, which is also 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) 2011; and

(m) Any term or expression which is defined in, or in the manner prescribed by, the Order shall have the meaning given in or prescribed by the Order.

General Disclosures

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

Credit Rating Information

The 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.

On 27 May 2011, Moody's downgraded the Bank's long-term senior unsecured debt and deposit ratings from Aa2 outlook negative to Aa3 outlook stable. This followed a similar action on the Ultimate Parent Bank and other major Australian banks.

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 Positive

Guarantors

As at the date of signing of this Disclosure Statement the only material obligations of the Bank that are guaranteed are debt securities 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 General Disclosure Statement for the year ended 30 September 2010, which is available at no charge:

(a) on the Bank's websites anz.co.nz and nationalbank.co.nz; and

(b) within two working days of a request, if a request is made at the Registered Office or at any branch of ANZ or The National Bank of New Zealand.

Conditions of Registration

The conditions of registration applying to the Bank have been amended with effect from 30 June 2011 to update references to RBNZ documents. None of the changes change the intent of the conditions.

Directorate

Dr D T Brash resigned as a director with effect from 30 April 2011. There have been no other changes to directors since the authorisation date of the previous full year General Disclosure Statement on 22 November 2010.

Auditors

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

Income Statement

$ millions	Note	Unaudited 9 months to 30/06/2011	Unaudited 9 months to 30/06/2010	Audited Year to 30/09/2010
Interest income		**4,692**	4,308	5,876
Interest expense		**2,790**	2,530	3,457
Net interest income		**1,902**	1,778	2,419
Net trading gains		**197**	47	39
Funds management and insurance income		**202**	139	218
Other operating income	2	**193**	387	445
Share of profit of equity accounted associates and jointly controlled entities		**1**	37	42
Operating income		**2,495**	2,388	3,163
Operating expenses	2	**1,303**	1,137	1,565
Profit before provision for credit impairment		**1,192**	1,251	1,598
Provision for credit impairment	6	**121**	392	436
Profit before income tax		**1,071**	859	1,162
Income tax expense		**319**	249	335
Profit after income tax		**752**	610	827

Statement of Comprehensive Income

$ millions	Unaudited 9 months to 30/06/2011	Unaudited 9 months to 30/06/2010	Audited Year to 30/09/2010
Profit after income tax	**752**	610	827
Unrealised gains recognised directly in equity	**23**	97	142
Realised (gains)/losses transferred to income statement	**(35)**	23	9
Actuarial gain on defined benefit schemes	**8**	14	27
Income tax credit/(expense) on items recognised directly in equity	**2**	(36)	(48)
Total comprehensive income for the period	**750**	708	957

Statement of Changes in Equity

$ millions	Ordinary share capital	Available-for-sale revaluation reserve	Cash flow hedging reserve	Retained earnings	Total equity attributable to owners of the parent entity	Non-controlling entities	Total equity
As at 1 October 2009	6,943	25	23	3,097	10,088	-	10,088
Profit after income tax attributable to parent	-	-	-	610	610	-	610
Unrealised gains recognised directly in equity	-	44	53	-	97	-	97
Realised losses transferred to income statement	-	-	23	-	23	-	23
Actuarial gain on defined benefit schemes	-	-	-	14	14	-	14
Income tax expense on items recognised directly in equity	-	(10)	(22)	(4)	(36)	-	(36)
Total comprehensive income for the period	-	34	54	620	708	-	708
Acquired in a business combination	-	-	-	-	-	1	1
As at 30 June 2010 (Unaudited)	6,943	59	77	3,717	10,796	1	10,797
As at 1 October 2009	6,943	25	23	3,097	10,088	-	10,088
Profit after income tax attributable to parent	-	-	-	827	827	-	827
Unrealised gains recognised directly in equity	-	53	89	-	142	-	142
Realised (gains)/losses transferred to income statement	-	(12)	21	-	9	-	9
Actuarial gain on defined benefit schemes	-	-	-	27	27	-	27
Income tax expense on items recognised directly in equity	-	(8)	(31)	(9)	(48)	-	(48)
Total comprehensive income for the period	-	33	79	845	957	-	957
Ordinary dividend paid	-	-	-	(600)	(600)	-	(600)
Acquired in a business combination	-	-	-	-	-	1	1
As at 30 September 2010 (Audited)	**6,943**	**58**	**102**	**3,342**	**10,445**	**1**	**10,446**
Profit after income tax attributable to parent	**-**	**-**	**-**	**752**	**752**	**-**	**752**
Unrealised gains recognised directly in equity	**-**	**15**	**8**	**-**	**23**	**-**	**23**
Realised (gains)/losses transferred to income statement	**-**	**(42)**	**7**	**-**	**(35)**	**-**	**(35)**
Actuarial gain on defined benefit schemes	**-**	**-**	**-**	**8**	**8**	**-**	**8**
Income tax credit/(expense) on items recognised directly in equity	**-**	**8**	**(4)**	**(2)**	**2**	**-**	**2**
Total comprehensive income for the period	**-**	**(19)**	**11**	**758**	**750**	**-**	**750**
Ordinary dividend paid	**-**	**-**	**-**	**(430)**	**(430)**	**-**	**(430)**
As at 30 June 2011 (Unaudited)	**6,943**	**39**	**113**	**3,670**	**10,765**	**1**	**10,766**

Balance Sheet

$ millions	Note	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Assets				
Liquid assets		**2,205**	1,906	2,238
Due from other financial institutions		**2,356**	1,103	3,496
Trading securities		**9,652**	7,164	6,757
Derivative financial instruments		**10,439**	9,020	10,367
Available-for-sale assets		**352**	1,778	2,151
Net loans and advances	4	**85,025**	86,072	85,913
Investments backing insurance policyholder liabilities		**86**	87	87
Insurance policy assets		**191**	129	138
Due from Immediate Parent Company		**62**	525	6
Shares in associates and jointly controlled entities		**102**	145	144
Current tax assets		**75**	43	25
Other assets		**1,043**	1,055	965
Deferred tax assets		**173**	359	312
Premises and equipment		**324**	307	311
Goodwill and other intangible assets		**3,518**	3,565	3,548
Total assets		**115,603**	113,258	116,458
Interest earning and discount bearing assets		**98,799**	97,836	98,250
Liabilities				
Due to other financial institutions		**2,214**	1,076	1,819
Deposits and other borrowings	8	**68,469**	71,839	70,295
Derivative financial instruments		**11,597**	8,977	10,715
Payables and other liabilities		**2,113**	1,669	1,700
Provisions		**320**	325	315
Bonds and notes		**17,727**	16,207	18,761
Loan capital		**2,397**	2,368	2,407
Total liabilities		**104,837**	102,461	106,012
Net assets		**10,766**	10,797	10,446
Equity				
Ordinary share capital		**6,943**	6,943	6,943
Reserves		**152**	136	160
Retained earnings		**3,670**	3,717	3,342
Parent shareholder's equity		**10,765**	10,796	10,445
Non-controlling interest		**1**	1	1
Total equity		**10,766**	10,797	10,446
Interest and discount bearing liabilities		**85,872**	86,815	86,956

Condensed Cash Flow Statement

$ millions	Note	Unaudited 9 months to 30/06/2011	Unaudited 9 months to 30/06/2010	Audited Year to 30/09/2010
Cash flows from operating activities				
Interest received		**4,607**	4,133	5,636
Interest paid		**(2,718)**	(2,555)	(3,412)
Other cash inflows provided by operating activities		**681**	734	910
Other cash outflows used in operating activities		**(1,456)**	(1,673)	(2,105)
Cash flows from operating profits before changes in operating assets and liabilities		**1,114**	639	1,029
Net changes in operating assets and liabilities		**(1,930)**	(790)	(1,775)
Net cash flows used in operating activities	13	**(816)**	(151)	(746)
Cash flows from investing activities				
Cash inflows provided by investing activities		**48**	2	8
Cash outflows used in investing activities		**(74)**	(346)	(370)
Net cash flows used in investing activities		**(26)**	(344)	(362)
Cash flows from financing activities				
Cash inflows provided by financing activities		**3,867**	3,098	5,481
Cash outflows used in financing activities		**(2,340)**	(4,864)	(5,561)
Net cash flows provided by/(used in) financing activities		**1,527**	(1,766)	(80)
Net increase/(decrease) in cash and cash equivalents		**685**	(2,261)	(1,188)
Cash and cash equivalents at beginning of the period		**3,577**	4,765	4,765
Cash and cash equivalents at end of the period	13	**4,262**	2,504	3,577

The notes to the financial statements form part of and should be read in conjunction with these financial statements

Notes to the Financial Statements

1. Significant Accounting Policies

(i) Reporting entity and statement of compliance

These financial statements are for the Banking Group for the nine months ended 30 June 2011. They have been prepared in accordance with the requirements of NZ IAS 34 *Interim Financial Reporting* and the Order, and should be read in conjunction with the Banking Group's financial statements for the year ended 30 September 2010.

(ii) Basis of measurement

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

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

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

(iii) Changes in accounting policies

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

Prior to 30 September 2010 some fee income integral to the effective interest rate of financial assets was presented in other operating income. Since that date this income has been classified to interest income, to more accurately reflect the nature of the income. Comparative data has been restated accordingly. For the period ended 30 June 2010 this reclassification has, for the Banking Group, increased interest income by $94 million and reduced other operating income by a corresponding amount.

Certain other amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation. This includes reclassifying certain investment assets that relate to the insurance business from due from other financial institutions and available-for-sale assets to investments backing insurance policyholder liabilities to better reflect the purpose the assets are held for.

(vi) Principles of consolidation

The financial statements consolidate the financial statements of the Bank and its controlled entities.

2. Operating Income and Expenses

Other operating income includes a fair value loss of $139 million (30/06/2010 $77 million gain; 30/09/2010 $52 million gain) on the revaluation of financial assets and liabilities designated at fair value and on hedging activities. Other operating income excluding these fair value adjustments is $330 million (30/06/2010 $310 million; 30/09/2010 $393 million).

Operating expenses include a one-off cost for the nine months ended 30 June 2011 of $147 million incurred in relation to the planned move to a single banking technology platform and a simplified regional management structure, which is expected to deliver further 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 three major business segments – Retail, Commercial and Institutional. Centralised back office and corporate functions support these segments. These segments are consistent with internal reporting provided to the chief operating decision maker, being the Bank's Chief Executive Officer.

During the nine months ended 30 June 2011 a specialist Business Banking unit was created within the Commercial segment. Segmental reporting has been updated to reflect this and other 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 banking products and services to individuals through separate ANZ and The National Bank of New Zealand branded distribution channels. Personal banking customers have access to a wide range of financial services and products. Retail contains the Banking Group's wealth businesses which includes private banking and investment services provided to high net worth individuals, the OnePath wealth management and insurance businesses, and other investment products. This segment also includes other profit centres supporting the Retail segment.

Commercial

Commercial provides services to Business Banking, Commercial & Agri, and UDC customers. Business Banking services are offered to small enterprises (typically with annual revenues of less than $5 million). Commercial & Agri customers consist of primarily privately owned medium to large enterprises. 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.

Institutional

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

- Markets – provides foreign exchange, interest rate and commodity trading and sales-related services, origination, underwriting, structuring, risk management and sale of credit and derivative products globally;
- Transaction Banking – provides cash management, trade finance and international payments;
- Specialised Lending – provides origination, credit analysis, structuring and execution of specific customer transactions.

Other

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

Business segment analysis[1]

$ millions	Retail[2]	Commercial	Institutional	Other[3]	Total
Unaudited 9 months to 30/06/2011					
External revenues	**938**	**2,188**	**442**	**(1,073)**	**2,495**
Intersegment revenues	**91**	**(1,138)**	**32**	**1,015**	**-**
Total revenues	**1,029**	**1,050**	**474**	**(58)**	**2,495**
Profit before income tax	**323**	**602**	**357**	**(211)**	**1,071**
Unaudited 9 months to 30/06/2010					
External revenues	1,013	2,209	41	(875)	2,388
Intersegment revenues	(203)	(1,231)	440	994	-
Total revenues	810	978	481	119	2,388
Profit before income tax	61	303	395	100	859
Audited year to 30/09/2010					
External revenues	1,311	2,976	109	(1,233)	3,163
Intersegment revenues	(212)	(1,629)	491	1,350	-
Total revenues	1,099	1,347	600	117	3,163
Profit before income tax	86	510	495	71	1,162

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

2 The comparative periods' results include a loss on acquisition of ING (NZ) Holdings Limited of $82 million.

3 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 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Overdrafts		**1,760**	2,217	2,131
Credit card outstandings		**1,392**	1,400	1,388
Term loans – housing		**44,463**	44,063	43,887
Term loans – non-housing		**38,054**	39,095	39,179
Finance lease receivables		**755**	705	726
Gross loans and advances		**86,424**	87,480	87,311
Provision for credit impairment	6	**(1,198)**	(1,462)	(1,398)
Unearned finance income		**(258)**	(265)	(273)
Fair value hedge adjustment		**72**	321	279
Deferred fee revenue and expenses		**(50)**	(50)	(49)
Capitalised brokerage/mortgage origination fees		**35**	48	43
Total net loans and advances		**85,025**	86,072	85,913

The Bank has sold residential mortgages to the NZ Branch with a net carrying value of $9,547 million as at 30 June 2011 (30/06/2010 $9,555 million, 30/09/2010 $10,059 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 30/06/2011				
Total individually impaired assets	**494**	**65**	**1,281**	**1,840**
Loans that are at least 90 days past due but not impaired	**161**	**39**	**131**	**331**
Unaudited 30/06/2010				
Total individually impaired assets	483	82	1,229	1,794
Loans that are at least 90 days past due but not impaired	159	44	149	352
Audited 30/09/2010				
Total individually impaired assets	511	81	1,403	1,995
Loans that are at least 90 days past due but not impaired	132	33	127	292

Notes to the Financial Statements

6. Provision for Credit Impairment

$ millions	Retail mortgages	Other retail exposures	Non-retail exposures	Total
Unaudited 30/06/2011				
Collective provision	**106**	**141**	**439**	**686**
Individual provision	**165**	**42**	**305**	**512**
Total provision for credit impairment	**271**	**183**	**744**	**1,198**
Collective provision credit	**(5)**	**(8)**	**(94)**	**(107)**
Individual provision charge	**21**	**62**	**145**	**228**
Total charge in income statement	**16**	**54**	**51**	**121**
Unaudited 30/06/2010				
Collective provision	110	151	582	843
Individual provision	211	45	363	619
Total provision for credit impairment	321	196	945	1,462
Collective provision charge/(credit)	(11)	(8)	64	45
Individual provision charge	109	92	146	347
Total charge in income statement	98	84	210	392
Audited 30/09/2010				
Collective provision	111	149	533	793
Individual provision	207	51	347	605
Total provision for credit impairment	318	200	880	1,398
Collective provision charge/(credit)	(10)	(10)	15	(5)
Individual provision charge	125	120	196	441
Total charge in income statement	115	110	211	436

Notes to the Financial Statements

7. Financial Assets Pledged as Collateral

$ millions	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Trading securities encumbered through repurchase agreements	**645**	168	222
Total tangible assets of UDC Finance Limited pledged as collateral for secured stock	**2,066**	1,942	2,111
Total financial assets pledged as collateral	**2,711**	2,110	2,333

8. Deposits and Other Borrowings

$ millions	Note	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Certificates of deposit		**2,304**	3,278	3,245
Term deposits		**35,297**	33,049	34,687
Demand deposits bearing interest		**20,819**	19,151	18,714
Deposits not bearing interest		**5,046**	4,675	4,964
Secured debenture stock	7	**1,583**	1,371	1,378
Commercial paper		**3,420**	10,315	7,307
Total deposits and other borrowings		**68,469**	71,839	70,295

9. Related Party Transactions

$ millions	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Total due from related parties	**3,273**	2,580	3,969
Total due to related parties	**6,971**	5,768	7,286

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.

$ millions	Unaudited 30/06/2011
Balances with central banks	**1,356**
Securities purchased under agreement to resell	**1,882**
Certificates of deposit	**697**
Government, local body stock and bonds	**4,838**
Government treasury bills	**211**
Other bonds	**3,155**
Total liquidity portfolio	**12,139**

Notes to the Financial Statements

11. Capital Adequacy

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

	30/06/2011	30/06/2010	30/09/2010
Tier One Capital	**9.81%**	10.12%	9.68%
RBNZ minimum Tier One Capital ratio	**4.00%**	4.00%	4.00%
Total Capital	**13.04%**	13.50%	13.11%
RBNZ minimum Total Capital ratio	**8.00%**	8.00%	8.00%

Capital as at 30 June 2011 (Unaudited)	**$m**
Tier One Capital	10,766
Less deductions from Tier One Capital	(3,724)
Total Tier One Capital	7,042
Tier Two Capital	2,397
Less deductions from Tier Two Capital	(76)
Total Capital	9,363

Total required capital as at 30 June 2011 (Unaudited)

$ millions	Exposure at default	Risk weighted exposure or implied risk weighted exposure[2]	Total capital requirement
Corporate exposures	45,284	30,889	2,471
Sovereign exposures	9,055	83	7
Bank exposures	9,825	1,863	149
Retail mortgage exposures	47,133	12,030	962
Other retail exposures	8,995	5,898	472
Total exposures subject to internal ratings based approach	120,292	50,763	4,061
Specialised lending exposures subject to slotting approach	7,433	7,299	584
Exposures subject to standardised approach	296	283	23
Equity exposures	180	764	61
Other exposures	2,238	745	60
Total credit risk	130,439	59,854	4,789
Operational risk	n/a	5,113	409
Market risk	n/a	3,980	318
Supervisory adjustment[1]	n/a	2,850	228
Total capital requirement	130,439	71,797	5,744

[1] The supervisory adjustment includes an adjustment to the risk weighted exposure of retail mortgages in accordance with the Bank's Conditions of Registration.

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

Notes to the Financial Statements

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, premises and equipment risk and capitalised origination fees risk.

The Banking Group's internal capital allocation for these other material risks is $321 million (30/06/2010: $366 million; 30/09/2010: $401 million)

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

As required by the RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by the Banking Group's valuation of the security property at origination of the exposure. Off balance sheet lending includes 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.

As at 30/06/2011 (Unaudited) $ millions	On-balance sheet	Off-balance sheet	Total
LVR range			
0% - 59%	17,655	2,982	20,637
60% - 69%	6,990	802	7,792
70% - 79%	8,829	1,087	9,916
80% - 89%	4,572	622	5,194
Over 90%	3,816	274	4,090
Total	41,862	5,767	47,629

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. No account is taken of collateral, security and/or netting agreements which the Banking Group may hold in respect of the various counterparty exposures.

The number of 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, for the quarter ended 30 June 2011, end-of-day credit exposure equals or exceeds 10% of equity (as at the end of the period) is:

	30/06/2011 Unaudited	
	As at	Peak for the quarter
Number of counterparties		
Concentrations of credit risk to non bank counterparties		
10% to 15% of equity	1	1

The counterparty included in the preceding table has a credit rating of at least A- for its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars.

Notes to the Financial Statements

13. Notes to the Condensed Cash Flow Statement

$ millions	Unaudited 9 months to 30/06/2011	Unaudited 9 months to 30/06/2010	Audited Year to 30/09/2010
Reconciliation of profit after income tax to net cash flows used in operating activities			
Profit after income tax	**752**	610	827
Non-cash items	**226**	476	558
Deferrals or accruals of past or future operating cash receipts or payments	**(1,825)**	(1,279)	(2,187)
Items classified as investing/financing	**31**	42	56
Net cash flows used in operating activities	**(816)**	(151)	(746)
Reconciliation of cash and cash equivalents to the balance sheet			
Liquid assets	**2,205**	1,906	2,238
Due from other financial institutions – less than 90 days	**2,057**	598	1,339
Total cash and cash equivalents	**4,262**	2,504	3,577

14. 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 $390 million (30/06/2010: $349 million; 30/09/2010 $337 million), which is 0.3% (30/06/2010: 0.3%; 30/09/2010 0.3%) of the total consolidated assets of the Banking Group.

15. Credit Related Commitments and Contingent Liabilities

	Face or contract value		
$ millions	Unaudited 30/06/2011	Unaudited 30/06/2010	Audited 30/09/2010
Credit related commitments			
Credit related commitments			
Commitments with certain drawdown due within one year	**472**	582	493
Commitments to provide financial services	**21,842**	21,286	20,289
Total credit related commitments	**22,314**	21,868	20,782
Contingent liabilities			
Financial guarantees	**1,919**	1,666	1,686
Standby letters of credit	**51**	53	60
Transaction related contingent items	**921**	878	898
Trade related contingent liabilities	**80**	97	97
Total contingent liabilities	**2,971**	2,694	2,741

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 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.

16. Subsequent Events

[On 12 August 2011 the Bank's Board resolved to repay, on 15 September 2011, a subordinated loan of AUD 44 million and subordinated fixed rate bonds of $350 million, which had original maturities of 15 September 2016.

On 12 August 2011 the Bank's Board also resolved to pay an ordinary dividend of $270 million no later than 30 September 2011.

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) 2011;

(ii) The Disclosure Statement is not false or misleading.

Over the nine months ended 30 June 2011, after due enquiry, each Director believes that:

(i) ANZ National Bank 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 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, 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 12 August 2011. On that date, the Directors of the Bank were:

S C Elliott

N M T Geary, CBE

D D Hisco

J F Judge

P R Marriott

M R P Smith, OBE

Sir Dryden Spring, Kt

KPMG

Independent Auditors' Review Report

To the Shareholder of ANZ National Bank Limited

We have reviewed pages 2 to 13 of the interim financial statements of ANZ National Bank 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 (No2) 2011 (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 30 June 2011.

Directors' responsibilities

The Directors of ANZ National Bank 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 30 June 2011 and its financial performance and cash flows for the nine months ended on that date. The Directors are also responsible for such internal controls as they 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.

Reviewers' responsibilities

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 30 June 2011 and its financial performance and cash flows for the nine months ended on that date.

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

We have performed our review in accordance with the review engagement standard RS-1 Statement of Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants. A review is limited primarily to enquiries of 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.

Our firm has also provided other services to the Banking Group in relation to other audit related services. 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. There are, however, certain restrictions on borrowings which the partners and employees of our firm can have with the Banking Group. These matters have not impaired our independence as auditors of the Banking Group. The firm has 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 30 June 2011 and its financial performance and cash flows for the nine 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, with the Reserve Bank of New Zealand document Capital Adequacy Framework (Internal Models Based Approach) (BS2B), and with the Banking Group'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 12 August 2011 and our review opinion is expressed as at that date.

KPMG

Wellington

ANZ National Bank Limited ANZ11267 07/11