

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

FOR THE SIX MONTHS ENDED 31 MARCH 2011 | NUMBER 10 ISSUED MAY 2011

Disclosure Statement

For the six months ended 31 March 2011

Contents

General Disclosures	2
Income Statement and Statement of Comprehensive Income	3
Statement of Changes in Equity	3
Balance Sheet	5
Condensed Cash Flow Statement	6
Notes to the Financial Statements	7
Directors' Statement	22
Auditors' Report	23

Glossary of Terms

In this Disclosure Statement unless the context otherwise requires:

- (a) "Bank" means ANZ National Bank Limited;
- (b) "Banking Group" means ANZ National Bank Limited and all its controlled entities;
- (c) "Immediate Parent Company" means ANZ Funds Pty Limited, which is the immediate parent company of ANZ Holdings (New Zealand) Limited;
- (d) "NZ Branch" means the New Zealand branch office of Australia and New Zealand Banking Group Limited;
- (e) "ANZ New Zealand" means the combined New Zealand operations of Australia and New Zealand Banking Group Limited;
- (f) "Ultimate Parent Bank" means Australia and New Zealand Banking Group Limited;
- (g) "Overseas Banking Group" means the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities;
- (h) "RBNZ" means the Reserve Bank of New Zealand;
- (i) "APRA" means the Australian Prudential Regulation Authority;
- (j) "the Order" means the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2011; and
- (k) 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.

The address for service is Level 6, 1 Victoria Street, Wellington, New Zealand.

Credit Rating Information

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

The Ultimate Parent Bank's Credit Ratings are:

Rating Agency	Current Credit Rating	Qualification
Standard & Poor's	AA	Outlook Stable
Moody's Investors Service	Aa2	Outlook Stable
Fitch Ratings	AA-	Outlook Positive

The Moody's Investors Service rating was changed from Aa1 (Outlook: Review for possible downgrade) on 18 May 2011.

Guarantors

As at the date of signing of this Disclosure Statement the Ultimate Parent Bank has guarantees from the Commonwealth of Australia under:

- in the case of deposits and certain other accounts up to A\$1 million, a scheme (The "Financial Claims Scheme") pursuant to the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Act 2008 of the Commonwealth of Australia (The "Financial Claims Scheme Act"); and
- in the case of wholesale funding, by a Deed of Guarantee executed by the Treasurer (and related scheme rules) (the "Wholesale Funding Guarantee").

The Financial Claims Scheme applies to the NZ Branch, as it is a foreign branch of an eligible Australian Authorised Deposit-taking Institution. However, from 12 October 2011 the Financial Claims Scheme will apply to Australian dollar deposits only, and is generally subject to review at that time.

On 31 March 2010 the Australian Government closed the Wholesale Funding Guarantee. Existing guaranteed liabilities will continue to be guaranteed to maturity for wholesale funding and term deposits and to October 2015 for at call deposits. The Wholesale Funding Guarantee may also apply to the NZ Branch. The name of the Guarantor and the address for service is The Scheme Administrator, Australian Government Guarantee Scheme for Large Deposits and Wholesale funding, c/- The Secretary, Reserve Bank of Australia, 65 Martin Place, Sydney, New South Wales 2001, Australia.

Further information on the Financial Claims Scheme and the Wholesale Funding Guarantee are available at treasury.gov.au, apra.gov.au, guaranteescheme.gov.au and are provided in the General Disclosure Statement for the year ended 30 September 2010 which is available at no charge:

- on ANZ New Zealand's website anz.co.nz; and
- within two working days of a request, if a request is made at Level 6, 1 Victoria Street, Wellington, New Zealand ("the Registered Office") or at any branch of ANZ or The National Bank of New Zealand.

Financial Statements of the Ultimate Parent Bank and Overseas Banking Group

Copies of the most recent publicly available financial statements of the Ultimate Parent Bank and Overseas Banking Group will be provided immediately, free of charge, to any person requesting a copy where the request is made at the Registered Office. The most recent publicly available financial statements for the Ultimate Parent Bank and Overseas Banking Group can also be accessed at the internet address anz.com.

Directorate

Since the authorisation date of the previous full year General Disclosure Statement on 23 November 2010, there have been no changes to the Directors of Australia and New Zealand Banking Group Limited. On 18 April 2011 F J Brown was appointed Chief Executive Officer of the Branch to replace S R Peterson in that role.

Auditors

KPMG
Chartered Accountants
10 Customhouse Quay
Wellington, New Zealand

Australia and New Zealand Banking Group Limited - New Zealand Branch

Income Statement

3

\$ millions	Note	Unaudited 6 months to 31/03/2011	Unaudited 6 months to 31/03/2010	Audited Year to 30/09/2010
Interest income		3,453	3,133	6,447
Interest expense		2,168	1,925	3,952
Net interest income		1,285	1,208	2,495
Net trading gains		140	16	39
Funds management and insurance income		126	91	218
Other operating income	2	108	217	446
Share of profit of equity accounted associates and joint ventures		1	36	42
Operating income		1,660	1,568	3,240
Operating expenses	2	910	748	1,565
Profit before provision for credit impairment		750	820	1,675
Provision for credit impairment	7	85	325	456
Profit before income tax		665	495	1,219
Income tax expense	3	187	109	352
Profit after income tax		478	386	867

Statement of Comprehensive Income

\$ millions	Unaudited 6 months to 31/03/2011	Unaudited 6 months to 31/03/2010	Audited Year to 30/09/2010
Profit after income tax	478	386	867
Available-for-sale revaluation reserve			
Valuation gain before tax	11	59	53
Cumulative gain transferred to the income statement on sale of financial assets	(42)	-	(12)
Cash flow hedging reserve			
Valuation gain / (loss) before tax	(4)	2	89
Transferred to income statement	6	21	21
Other items recognised directly in equity			
Actuarial gain on defined benefit schemes	8	14	27
Income tax credit / (expense) on items recognised directly in equity	6	(20)	(48)
Net income / (expense) recognised directly in equity	(15)	76	130
Total comprehensive income for the period	463	462	997

Australia and New Zealand Banking Group Limited - New Zealand Branch

Statement of Changes in Equity

4

\$ millions	Unaudited 6 months to 31/03/2011	Unaudited 6 months to 31/03/2010	Audited Year to 30/09/2010
Share capital and head office account			
Balance at beginning and end of period	6,424	6,424	6,424
Available-for-sale revaluation reserve			
Balance at beginning of the period	58	25	25
Valuation gain recognised after tax	6	51	42
Transferred to income statement after tax	(29)	-	(9)
Balance at end of the period	35	76	58
Cash flow hedging reserve			
Balance at beginning of the period	102	23	23
Valuation gain / (loss) recognised after tax	(2)	1	64
Transferred to income statement after tax	4	14	15
Balance at end of the period	104	38	102
Total reserves	139	114	160
Retained earnings			
Balance at beginning of the period	1,236	843	843
Profit after income tax attributable to parent	478	386	867
Actuarial gain on defined benefit schemes after tax	6	10	18
Ordinary dividends paid	(215)	-	-
Preference dividends paid	(105)	(393)	(492)
Balance at end of the period	1,400	846	1,236
Non-controlling interests			
Balance at beginning of the period	1	-	-
Acquired in a business combination	-	1	1
Balance at end of the period	1	1	1
Total equity and head office account			
Balance at beginning of the period	7,821	7,315	7,315
Total comprehensive income for the period	463	462	997
Transactions with head office	(320)	(393)	(492)
Change in non-controlling interests	-	1	1
Balance at end of the period	7,964	7,385	7,821

Australia and New Zealand Banking Group Limited - New Zealand Branch

Balance Sheet

5

\$ millions	Note	Unaudited 31/03/2011	Unaudited 31/03/2010	Audited 30/09/2010
Assets				
Liquid assets		1,799	2,520	2,239
Due from other financial institutions		3,267	2,101	3,496
Trading securities		7,373	6,366	6,757
Derivative financial instruments		10,283	9,087	10,854
Available-for-sale assets		841	1,850	2,210
Net loans and advances	5	95,395	95,689	96,015
Investments backing insurance policyholder liabilities		24	38	28
Insurance policy assets		169	106	138
Shares in associates and jointly controlled entities		145	144	144
Current tax assets		57	135	18
Other assets		1,624	1,172	970
Deferred tax assets		222	431	304
Premises and equipment		331	305	311
Goodwill and other intangible assets		3,529	3,560	3,545
Total assets		125,059	123,504	127,029
Interest earning and discount bearing assets		107,433	107,958	108,325
Liabilities				
Due to other financial institutions	8	12,293	11,941	12,293
Deposits and other borrowings	9	68,349	70,636	70,295
Derivative financial instruments		9,818	9,109	10,727
Payables and other liabilities		2,046	1,681	1,506
Provisions		377	341	315
Bonds and notes		20,019	18,004	19,899
Term funding		1,766	1,766	1,766
Loan capital		2,427	2,641	2,407
Total liabilities (excluding head office account)		117,095	116,119	119,208
Net assets (excluding head office account)		7,964	7,385	7,821
Represented by:				
Share capital and head office account		6,424	6,424	6,424
Reserves		139	114	160
Retained earnings		1,400	846	1,236
Parent shareholder's equity and head office account		7,963	7,384	7,820
Non-controlling interests		1	1	1
Total equity & head office account		7,964	7,385	7,821
Interest and discount bearing liabilities		99,607	100,093	100,335

Australia and New Zealand Banking Group Limited - New Zealand Branch

Condensed Cash Flow Statement

6

\$ millions	Note	Unaudited 6 months to 31/03/2011	Unaudited 6 months to 31/03/2010	Audited Year to 30/09/2010
Cash flows from operating activities				
Interest received		3,384	3,074	6,217
Interest paid		(2,097)	(1,962)	(3,880)
Other cash inflows provided by operating activities		435	421	911
Other cash outflows used in operating activities		(958)	(1,311)	(2,052)
Cash flows from operating profits before changes in operating assets and liabilities		764	222	1,196
Net changes in operating assets and liabilities		(1,480)	(1,586)	(2,504)
Net cash flows used in operating activities	14	(716)	(1,364)	(1,308)
Cash flows from investing activities				
Cash inflows provided by investing activities		-	2	8
Cash outflows used in investing activities		(62)	(317)	(370)
Net cash flows used in investing activities		(62)	(315)	(362)
Cash flows from financing activities				
Cash inflows provided by financing activities		3,617	2,791	5,481
Cash outflows used in financing activities		(1,863)	(2,678)	(4,999)
Net cash flows provided by financing activities		1,754	113	482
Net increase / (decrease) in cash and cash equivalents		976	(1,566)	(1,188)
Cash and cash equivalents at beginning of the period		3,578	4,766	4,766
Cash and cash equivalents at end of the period	14	4,554	3,200	3,578

Notes to the Financial Statements

1. Significant Accounting Policies

(i) Reporting entity and statement of compliance

These financial statements are for ANZ New Zealand for the six months ended 31 March 2011. They have been prepared in accordance with the requirements of NZ IAS 34 *Interim Financial Reporting*, and the Order, and should be read in conjunction with ANZ New Zealand's financial statements for the year ended 30 September 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 ANZ New Zealand 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 this 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 31 March 2010 this reclassification has for ANZ New Zealand, increased interest income by \$61 million and reduced other operating income by a corresponding amount. There was no impact on total operating income or profit after income tax.

Certain other amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation.

(vi) Basis of aggregation

The basis of aggregation is an addition of individual financial statements of the entities in ANZ New Zealand. All transactions between entities within ANZ New Zealand have been eliminated.

2. Operating Income and Expenses

Other operating income includes a fair value loss for the six months ended 31 March 2011 of \$114 million (six months ended 31/03/2010 \$49 million gain; year ended 30/09/2010 \$61 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 \$222 million (six months ended 31/03/2010 \$168 million; year ended 30/09/2010 \$385 million).

Operating expenses include a one-off cost for the six months ended 31 March 2011 of \$141 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.

3. Income Tax Expense

\$ millions	Unaudited 6 months to 31/03/2011	Unaudited 6 months to 31/03/2010	Audited Year to 30/09/2010
Income tax expense before tax provisions and the effect of changes in tax legislation	194	153	361
Change in tax provisions	(4)	(44)	(54)
Effect of changes in tax legislation	(3)	-	45
Income tax expense recognised in the income statement	187	109	352
Effective tax rate (%) before change in tax provisions and the effect of changes in tax legislation	29.2%	30.9%	29.6%
Effective tax rate (%)	28.1%	22.0%	28.9%

Notes to the Financial Statements

4. Segmental Analysis

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

During the six months ended 31 March 2011 a specialist standalone business banking unit was created within the Commercial segment. Segmental reporting has been updated to reflect this and other minor changes to ANZ New Zealand's structure. Comparative data has been adjusted to be consistent with the current period's segment definitions.

Retail

Retail provides banking products and services to individuals through separate ANZ and The National Bank of New Zealand branded distribution channels. Personal banking customers have access to a wide range of financial services and products. ANZ New Zealand's wealth businesses include 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 Banking segment.

Commercial

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

Institutional

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

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

Other

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

Business segment analysis¹

\$ millions	Retail ²	Commercial	Institutional	Other ³	Total
Unaudited 6 months to 31/03/2011					
External revenues	970	1,496	242	(1,048)	1,660
Intersegment revenues	(202)	(791)	64	929	-
Total revenues	768	705	306	(119)	1,660
Profit before income tax	295	409	230	(269)	665
Unaudited 6 months to 31/03/2010					
External revenues	978	1,484	(45)	(849)	1,568
Intersegment revenues	(390)	(837)	368	859	-
Total revenues	588	647	323	10	1,568
Profit before income tax	82	145	273	(5)	495
Audited year to 30/09/2010					
External revenues	1,954	2,976	53	(1,743)	3,240
Intersegment revenues	(672)	(1,629)	548	1,753	-
Total revenues	1,282	1,347	601	10	3,240
Profit before income tax	248	510	496	(35)	1,219

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 ANZ New Zealand and is reimbursed internally.

Notes to the Financial Statements

5. Net Loans and Advances

\$ millions	Note	Unaudited 31/03/2011	Unaudited 31/03/2010	Audited 30/09/2010
Overdrafts		1,933	2,014	2,131
Credit card outstandings		1,386	1,417	1,388
Term loans - housing		54,032	53,471	53,892
Term loans - non-housing		38,595	39,382	39,179
Finance lease receivables		749	692	726
Gross loans and advances		96,695	96,976	97,316
Provision for credit impairment	7	(1,290)	(1,475)	(1,420)
Unearned finance income		(263)	(252)	(273)
Fair value hedge adjustment		263	426	386
Deferred fee revenue and expenses		(54)	(51)	(50)
Capitalised brokerage/mortgage origination fees		44	65	56
Total net loans and advances		95,395	95,689	96,015

6. Impaired Assets, Past Due Assets and Other Assets Under Administration

Individually impaired assets

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2011				
Balance at beginning of the period	554	81	1,403	2,038
Transfers from productive	287	71	453	811
Transfers to productive	(30)	-	(16)	(46)
Assets realised or loans repaid	(210)	(30)	(253)	(493)
Write offs	(36)	(51)	(96)	(183)
Total impaired assets	565	71	1,491	2,127
Unaudited 31/03/2010				
Balance at beginning of the period	387	59	740	1,186
Transfers from productive	307	132	666	1,105
Transfers to productive	(10)	(1)	(52)	(63)
Assets realised or loans repaid	(178)	(32)	(169)	(379)
Write offs	(38)	(63)	(20)	(121)
Total impaired assets	468	95	1,165	1,728
Audited 30/09/2010				
Balance at beginning of the year	387	59	740	1,186
Transfers from productive	591	258	1,282	2,131
Transfers to productive	(24)	(2)	(73)	(99)
Assets realised or loans repaid	(338)	(110)	(454)	(902)
Write offs	(62)	(124)	(92)	(278)
Total impaired assets	554	81	1,403	2,038

Credit quality of financial assets that are past due but not impaired

A large portion of retail credit exposures, such as residential mortgages, are generally well secured. That is, the fair value of associated security is sufficient to ensure that ANZ New Zealand will recover the entire amount owing over the life of the facility and there is reasonable assurance that collection efforts will result in payment of the amounts due in a timely manner.

Notes to the Financial Statements

Ageing analysis of loans that are past due but not impaired

Unaudited 31/03/2011

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
1 to 5 days	403	112	491	1,006
6 to 29 days	692	113	103	908
1 to 29 days	1,095	225	594	1,914
30 to 59 days	310	45	312	667
60 to 89 days	95	21	193	309
90 days or over	184	45	106	335
	1,684	336	1,205	3,225

Other assets under administration

Other assets under administration are any loans, not being impaired or 90 days past due, where the customer is in any form of voluntary or involuntary administration, including receivership, liquidation, bankruptcy or statutory management.

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2011				
Other assets under administration	-	-	12	12
Undrawn facilities with impaired customers	-	-	46	46
Unaudited 31/03/2010				
Other assets under administration	-	-	1	1
Undrawn facilities with impaired customers	-	-	100	100
Audited 30/09/2010				
Other assets under administration	-	-	4	4
Undrawn facilities with impaired customers	-	-	32	32

Notes to the Financial Statements

7. Provision for Credit Impairment

\$ millions

	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2011				
Collective provision				
Balance at beginning of the period	122	149	533	804
Charge / (credit) to income statement	(5)	1	(62)	(66)
Balance at end of the period	117	150	471	738
Individual provision (individually impaired assets)				
Balance at beginning of the period	218	50	348	616
Charge to income statement	15	38	98	151
Recoveries of amounts previously written off	-	9	1	10
Bad debts written off	(36)	(51)	(96)	(183)
Discount unwind	(9)	(1)	(32)	(42)
Balance at end of the period	188	45	319	552
Total provision for credit impairment	305	195	790	1,290
Collective provision charge / (credit)	(5)	1	(62)	(66)
Individual provision charge	15	38	98	151
Total charge to income statement	10	39	36	85
Unaudited 31/03/2010				
Collective provision				
Balance at beginning of the period	127	159	518	804
Charge to income statement	1	2	60	63
Balance at end of the period	128	161	578	867
Individual provision (individually impaired assets)				
Balance at beginning of the period	156	40	281	477
Charge to income statement	101	60	101	262
Recoveries of amounts previously written off	1	8	1	10
Bad debts written off	(38)	(63)	(20)	(121)
Discount unwind	(7)	(1)	(12)	(20)
Balance at end of the period	213	44	351	608
Total provision for credit impairment	341	205	929	1,475
Collective provision charge	1	2	60	63
Individual provision charge	101	60	101	262
Total charge to income statement	102	62	161	325
Audited 30/09/2010				
Collective provision				
Balance at beginning of the year	127	159	518	804
Charge / (credit) to income statement	(5)	(10)	15	-
Balance at end of the year	122	149	533	804
Individual provision (individually impaired assets)				
Balance at beginning of the year	156	40	281	477
Charge to income statement	139	120	197	456
Recoveries of amounts previously written off	2	17	2	21
Bad debts written off	(62)	(124)	(92)	(278)
Discount unwind	(17)	(3)	(40)	(60)
Balance at end of the year	218	50	348	616
Total provision for credit impairment	340	199	881	1,420
Collective provision charge / (credit)	(5)	(10)	15	-
Individual provision charge	139	120	197	456
Total charge to income statement	134	110	212	456

Notes to the Financial Statements

8. Repurchase Agreements

Included in due to other financial institutions, and deposits and other borrowings, are liabilities which are secured by securities with a carrying amount of \$390 million (31/03/2010 \$36 million; 30/09/2010 \$222 million) which were sold under agreements to repurchase.

9. Deposits and Other Borrowings

\$ millions	Note	Unaudited 31/03/2011	Unaudited 31/03/2010	Audited 30/09/2010
Amortised cost				
Certificates of deposit		2,666	3,950	3,245
Term deposits		35,678	33,394	34,687
Demand deposits bearing interest		20,095	19,623	18,714
Deposits not bearing interest		5,455	4,895	4,964
Secured debenture stock		1,584	1,358	1,378
Securities sold under agreement to repurchase	8	10	-	-
Total deposits and other borrowings recognised at amortised cost		65,488	63,220	62,988
Fair value through profit or loss				
Commercial paper		2,861	7,416	7,307
Total deposits and other borrowings recognised at fair value		2,861	7,416	7,307
Total deposits and other borrowings		68,349	70,636	70,295

Secured debenture stock is secured over:

Carrying value of total tangible assets of UDC Finance Limited	2,164	1,898	2,111
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Registered secured debenture stock is constituted and secured by a trust deed between UDC Finance Limited and its independent trustee, Trustees Executors Limited. The trust deed creates floating charges over all the assets, primarily loans and advances, of UDC Finance Limited.

10. Related Party Transactions

	Unaudited 31/03/2011	Unaudited 31/03/2010	Audited 30/09/2010
Total due from related parties	3,941	2,441	4,423
Total due to related parties	18,260	18,219	19,331

11. Capital Adequacy

Overseas Banking Group Basel II capital adequacy ratio (unaudited)

	Overseas Banking Group			Ultimate Parent Bank (Extended Licensed Entity)		
	31/03/2011	31/03/2010	30/09/2010	31/03/2011	31/03/2010	30/09/2010
Tier One Capital	10.5%	10.7%	10.1%	11.4%	11.9%	11.0%
Total Capital	12.1%	13.0%	11.9%	12.6%	13.7%	12.3%

For calculation of minimum capital requirements under Pillar I of the Basel II Accord, APRA has accredited the Overseas Banking Group to use the Advanced Internal Ratings Based ("AIRB") methodology for calculation of credit risk weighted assets and the Advanced Measurement Approach ("AMA") for the operational risk weighted asset equivalent.

Under prudential regulations, the Ultimate Parent Bank is required to hold a minimum Prudential Capital Ratio ("PCR") as determined by APRA. The Overseas Banking Group met the minimum capital adequacy requirements set by APRA as at 31 March 2011 and for the comparative prior period.

The Overseas Banking Group is required to publicly disclose Pillar III financial information as at 31 March 2011. The Overseas Banking Group's Consolidated Financial Report, Dividend Announcement and Appendix 4E, for the six months ended 31 March 2011, discloses capital adequacy ratios calculated under the Basel II methodology. These documents can be accessed at the website anz.com.

Notes to the Financial Statements

Risk weighted credit risk exposures

Risk weighted exposures for ANZ New Zealand and NZ Branch have been derived in accordance with the RBNZ document entitled 'Capital Adequacy Framework (Basel I Approach)' ("BS2") dated October 2010. The credit equivalent amounts for market related contracts are calculated using the current exposure method.

Total Risk Weighted Exposures of ANZ New Zealand as at 31 March 2011 (Unaudited)

On-balance sheet exposures	Principal amount	Risk weight	Risk weighted exposure
	\$m		\$m
Cash and short term claims on Government	3,200	0%	-
Long term claims on Government	4,458	10%	446
Claims on banks	4,818	20%	964
Claims on public sector entities	743	20%	149
Residential mortgages	53,639	50%	26,820
Other	44,395	100%	44,395
Non risk weighted assets	13,806	n/a	-
	125,059		72,773

Off-balance sheet exposures	Principal amount	Credit conversion factor	Credit equivalent amount	Average counterparty risk weight	Risk weighted exposure
	\$m		\$m		\$m
Direct credit substitutes	1,956	100%	1,956	44%	859
Commitments with certain drawdown	567	100%	567	62%	353
Transaction related contingent items	732	50%	366	59%	217
Short term, self liquidating trade related contingencies	60	20%	12	100%	12
Other commitments to provide financial services which have an original maturity of 1 year or more	4,856	50%	2,428	100%	2,428
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time	17,009	0%	-	n/a	-
Market related contracts					
- Foreign exchange	162,351		7,649	22%	1,673
- Interest rate	564,834		9,002	23%	2,093
- Other	434		65	55%	36
	752,799		22,045		7,671

Market risk

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

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

Unaudited 31/03/2011	Implied risk weighted exposure		Aggregate capital charge	
	As at	Peak	As at	Peak
	\$m	\$m	\$m	\$m
Interest rate risk	3,706	5,381	296	430
Foreign currency risk	67	85	5	7
Equity risk	75	82	6	7
	3,848		307	

Notes to the Financial Statements

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

As required by the RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by ANZ New Zealand's valuation of the security property at origination of the exposure and commitments to lend include formal offers for housing lending which may or may not be accepted by the customer.

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

\$ millions	Drawn and undrawn retail mortgages	Commitments to lend	Total
LVR range			
0% - 80%	43,159	1,289	44,448
80% - 90%	6,648	372	7,020
Over 90%	5,411	38	5,449
Total	55,218	1,699	56,917

Reconciliation of mortgage related amounts

\$ millions	Note	Unaudited 31/03/2011
Total residential mortgage exposures (Basel I approach)		53,639
Adjustments between Basel I approach and financial reporting presentation:		
Less: fair value hedge adjustment		(263)
Less: accrued interest on housing loans		(233)
Plus: impaired housing loans		625
Plus: other adjustments		264
Term loans - housing	5	54,032
Plus: short-term housing loans classified as overdrafts		332
Less: housing loans made to corporate customers		(3,095)
Plus: off-balance sheet retail mortgage exposures		5,648
Total retail mortgage exposures as per LVR analysis		56,917

Notes to the Financial Statements

12. Financial Risk Management

Concentrations of credit risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Concentrations of credit risk analysis

Unaudited 31/03/2011

\$ millions	Liquid assets and due from other financial institutions	Trading securities and available-for-sale assets	Derivative financial instruments	Net loans and advances	Other financial assets	Credit related commitments	Total
Industry							
Agriculture	1	-	89	18,078	116	1,546	19,830
Forestry and fishing	15	-	9	474	3	78	579
Business & property services	11	1	52	8,757	56	2,100	10,977
Construction	-	-	2	1,009	6	889	1,906
Entertainment, leisure and tourism	1	-	35	1,099	7	540	1,682
Finance and insurance	3,594	3,025	9,047	1,150	979	1,335	19,130
Government and local authority ¹	1,403	4,951	324	1,142	7	869	8,696
Manufacturing	14	16	128	3,147	20	3,525	6,850
Personal lending	9	-	28	55,686	293	9,498	65,514
Retail trade	-	1	79	1,581	10	1,035	2,706
Transport and storage	-	30	130	1,638	10	622	2,430
Wholesale trade	9	-	19	1,207	8	1,400	2,643
Other ²	9	190	341	1,727	11	1,968	4,246
	5,066	8,214	10,283	96,695	1,526	25,405	147,189
Provisions for credit impairment	-	-	-	(1,290)	-	-	(1,290)
Fair value hedge adjustment	-	-	-	263	-	-	263
Unearned finance income and deferred/capitalised fees	-	-	-	(273)	-	-	(273)
Total financial assets	5,066	8,214	10,283	95,395	1,526	25,405	145,889
Geography							
New Zealand	3,603	6,348	2,421	93,727	1,181	25,405	132,685
Overseas	1,463	1,866	7,862	1,668	345	-	13,204
Total financial assets	5,066	8,214	10,283	95,395	1,526	25,405	145,889

¹ Government and local authority includes exposures to government administration and defence, education and health and community services.

² Other includes exposures to electricity, gas and water, communications and personal services.

Notes to the Financial Statements

Interest rate sensitivity gap

The following table shows the interest rate sensitivity of ANZ New Zealand's assets, liabilities and off balance sheet instruments by disclosing the repricing periods for these instruments (that is, when interest rates applicable to each asset or liability can be changed).

Unaudited 31/03/2011		Less than	3 to 6	6 to 12	1 to 2	Over	Not bearing
\$ millions	Total	3 months	months	months	years	2 years	interest
Assets							
Liquid assets	1,799	1,613	-	-	-	-	186
Due from other financial institutions	3,267	3,096	4	-	-	-	167
Trading securities	7,373	701	23	1,146	656	4,847	-
Derivative financial instruments	10,283	-	-	-	-	-	10,283
Available-for-sale assets	841	570	133	56	3	2	77
Net loans and advances	95,395	65,768	5,722	9,000	9,438	4,631	836
Other financial assets	1,526	15	4	-	1	4	1,502
Total financial assets	120,484	71,763	5,886	10,202	10,098	9,484	13,051
Non-financial assets	4,575	-	-	-	-	-	4,575
Total assets	125,059	71,763	5,886	10,202	10,098	9,484	17,626
Liabilities							
Due to other financial institutions	12,293	12,176	-	-	-	-	117
Deposits and other borrowings	68,349	43,957	10,327	6,461	1,019	1,130	5,455
Derivative financial instruments	9,818	-	-	-	-	-	9,818
Payables and other financial liabilities	1,676	27	-	-	-	297	1,352
Bonds and notes	20,019	8,134	445	-	3,767	7,673	-
Term funding	1,766	1,766	-	-	-	-	-
Loan capital	2,427	-	992	250	350	835	-
Total financial liabilities	116,348	66,060	11,764	6,711	5,136	9,935	16,742
Non-financial liabilities	747	-	-	-	-	-	747
Equity	7,964	-	-	-	-	-	7,964
Total liabilities and equity	125,059	66,060	11,764	6,711	5,136	9,935	25,453
On-balance sheet interest sensitivity gap	-	5,703	(5,878)	3,491	4,962	(451)	(7,827)
Hedging instruments	-	(843)	5,275	(10,755)	1,644	4,679	-
Interest sensitivity gap - net	-	4,860	(603)	(7,264)	6,606	4,228	(7,827)
Interest sensitivity gap - cumulative	-	4,860	4,257	(3,007)	3,599	7,827	-

Notes to the Financial Statements

Funding Composition

ANZ New Zealand actively uses balance sheet disciplines to prudently manage its funding mix. ANZ New Zealand employs funding metrics to ensure that an appropriate proportion of its assets are funded from stable sources, including customer liabilities, longer-dated wholesale debt (with remaining terms exceeding one year) and equity.

	31/03/2011
	Unaudited
\$ millions	
Funding composition	
Customer deposits¹	
New Zealand	55,009
Overseas	7,803
Total customer deposits	<u>62,812</u>
Wholesale funding	
Bonds and notes	20,019
Loan capital	2,427
Certificates of deposit	2,666
Commercial paper	2,861
Term funding	1,766
Securities sold under agreement to repurchase	10
Due to other financial institutions	12,293
Total wholesale funding	<u>42,042</u>
Total funding	<u>104,854</u>
Concentrations of funding by industry	
Households	39,866
Agriculture, forestry and fishing	2,874
Manufacturing	2,740
Entertainment, leisure and tourism	817
Finance and insurance	49,153
Retail trade	766
Wholesale trade	682
Business and property services	3,980
Transport and storage	607
Construction	706
Government and local authority	1,572
Other ²	1,091
Total concentrations of funding by industry	<u>104,854</u>
Concentrations of funding by geography³	
New Zealand	62,007
Australia	14,703
United States	14,036
Europe	7,978
Other countries	6,130
Total concentrations of funding by geography	<u>104,854</u>

¹ Represents term deposits, demand deposits bearing interest, deposits not bearing interest and secured debenture stock.

² Other includes exposures to electricity, gas and water, communications and personal services.

³ Funding of ANZ New Zealand via ANZ National (Int'l) Limited is classified as either from the United States or Europe, as the company conducts overseas funding activities through its London branch.

Notes to the Financial Statements

Liquidity portfolio management

ANZ New Zealand holds a diversified portfolio of cash and high quality liquid securities to support liquidity risk management. The size of ANZ New Zealand's liquidity portfolio is based on the amount required to meet its liquidity policy.

Liquidity Portfolio

	31/03/2011
	Unaudited
\$ millions	
Balances with central banks	1,285
Securities purchased under agreement to resell	1,991
Certificates of deposit	618
Government, local body stock and bonds	4,151
Government treasury bills	709
Other bonds	3,104
Total liquidity portfolio	11,858

Notes to the Financial Statements

Contractual maturity analysis of financial assets and liabilities

The table below presents ANZ New Zealand's financial assets and liabilities within relevant contractual maturity groupings, based on the earliest date on which ANZ New Zealand may be required to realise an asset or settle a liability. The amounts disclosed in the tables represent undiscounted future principal and interest cash flows and may differ to the amounts reported on the balance sheet.

Derivatives (other than those designated in a hedging relationship) and trading portfolio assets and liabilities are included at their fair value, since they will frequently be settled before contractual maturity at fair value.

The contractual maturity analysis for off-balance sheet commitments and contingent liabilities has been prepared using the earliest date at which ANZ New Zealand can be called upon to pay. The liquidity risk of credit related commitments and contingent liabilities may be less than the contract amount, and does not necessarily represent future cash requirements as many of these facilities are expected to be only partially used or to expire unused.

ANZ New Zealand does not manage its liquidity risk on the basis of the information below.

\$ millions			Less than	3 to 12		Beyond	No maturity
Unaudited 31/03/2011	Total	On demand	3 months	months	1 to 5 years	5 years	specified
Financial assets							
Liquid assets	1,809	1,809	-	-	-	-	-
Due from other financial institutions	3,269	184	3,081	4	-	-	-
Trading securities	8,576	-	732	1,446	6,186	212	-
Derivative financial assets (trading)	7,934	-	7,934	-	-	-	-
Available-for-sale assets	847	-	607	123	9	31	77
Net loans and advances	132,545	-	10,737	18,513	34,186	68,281	828
Other financial assets	1,526	-	1,509	-	12	5	-
Total financial assets	156,506	1,993	24,600	20,086	40,393	68,529	905
Financial liabilities							
Due to other financial institutions	13,747	1,138	2,359	2,069	8,181	-	-
Deposits and other borrowings	70,042	18,897	29,367	19,267	2,471	40	-
Derivative financial liabilities (trading)	8,318	-	8,318	-	-	-	-
Other financial liabilities	1,735	-	1,379	11	287	58	-
Bonds and notes	21,672	-	463	3,417	17,570	222	-
Term funding	1,849	-	21	1,828	-	-	-
Loan capital	3,790	-	48	143	951	1,452	1,196
Total financial liabilities	121,153	20,035	41,955	26,735	29,460	1,772	1,196
Net financial assets	35,353	(18,042)	(17,355)	(6,649)	10,933	66,757	(291)
Derivative financial instruments used for balance sheet management							
- gross inflows	32,516	-	3,397	7,234	21,825	60	-
- gross outflows	(30,645)	-	(3,295)	(6,893)	(20,396)	(61)	-
Net financial assets after balance sheet management	37,224	(18,042)	(17,253)	(6,308)	12,362	66,756	(291)

Contractual maturity of off-balance sheet commitments and contingent liabilities

\$ millions	ANZ New Zealand		
	Total	Less than 1 year	Beyond 1 year
31/03/2011			
Non-credit related commitments	302	91	211
Credit related commitments	22,432	22,432	-
Contingent liabilities	2,973	2,973	-
Total	25,707	25,496	211

Notes to the Financial Statements

13. Concentrations of Credit Risk to Individual Counterparties

ANZ New Zealand measures its concentration of credit risk in respect to bank counterparties on the basis of approved exposures, and in respect to non bank counterparties on the basis of limits.

For the period ended 31/03/2011 there were no individual counterparties (excluding connected parties, governments and banks with long term credit ratings of A- or above) where ANZ New Zealand's period end or peak end-of-day credit exposure equalled or exceeded 10% of the Overseas Banking Group's equity (as at the end of the period).

This credit exposure information does not include exposures to counterparties if they are booked outside New Zealand.

14. Notes to the Condensed Cash Flow Statement

\$ millions	Unaudited 6 months to 31/03/2011	Unaudited 6 months to 31/03/2010	Audited Year to 30/09/2010
Reconciliation of profit after income tax to net cash flows used in operating activities			
Profit after income tax	478	386	867
Non-cash items	165	346	588
Deferrals or accruals of past or future operating cash receipts or payments	(1,379)	(2,152)	(2,819)
Items classified as investing/financing	20	56	56
Net cash flows used in operating activities	(716)	(1,364)	(1,308)
\$ millions	Unaudited 31/03/2011	Unaudited 31/03/2010	Audited 30/09/2010
Reconciliation of cash and cash equivalents to the balance sheet			
Liquid assets	1,799	2,520	2,239
Due from other financial institutions - less than 90 days	2,755	680	1,339
Total cash and cash equivalents	4,554	3,200	3,578

15. Insurance business

ANZ New Zealand conducts insurance business through companies in the OnePath Insurance Holdings (NZ) Limited group. The aggregate amount of insurance business in this group comprises assets totalling \$353 million (31/03/2010 \$333 million; 30/09/2010 \$337 million), which is 0.3% (31/03/2010 0.3%; 30/09/2010 0.3%) of the total consolidated assets of ANZ New Zealand.

Notes to the Financial Statements

16. Credit Related Commitments and Contingent Liabilities

	Face or contract value		
	Unaudited 31/03/2011	Unaudited 31/03/2010	Audited 30/09/2010
\$ millions			
Credit related commitments			
Commitments with certain drawdown due within one year	567	566	493
Commitments to provide financial services	21,865	21,344	20,352
Total credit related commitments	22,432	21,910	20,845
Contingent liabilities			
Financial guarantees	1,888	1,716	1,686
Standby letters of credit	68	62	60
Transaction related contingent items	957	977	898
Trade related contingent liabilities	60	84	97
Total contingent liabilities	2,973	2,839	2,741

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

Other contingent liabilities

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

17. Additional Disclosures

NZ Branch Funding

	Unaudited 31/03/2011
\$ millions	
Total liabilities of the NZ Branch less amounts due to related parties	62

Overseas Banking Group Profitability and Size

	Unaudited 31/03/2011
\$AUD millions	
Net profit after tax for the 6 months ended 31/03/2011	2,669
Net profit after tax for the 12 months ended 31/03/2011 as a percentage of average total assets	1.00%
Total assets as at 31/03/2011	537,478
Percentage change in total assets in the 12 months ended 31/03/2011	6.07%

Overseas Banking Group asset quality

	Unaudited 31/03/2011
\$AUD millions	
Gross impaired assets	6,221
Gross impaired assets as a percentage of total assets	1.16%
Total individually assessed provisions for impairment	1,717
Individually assessed provisions for impairment as a percentage of gross impaired assets	27.60%
Collective provision for credit impairment	3,177

Directors' and New Zealand Chief Executive Officer's Statement

As at the date on which this Disclosure Statement is signed, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes, that:

- (i) The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2011;
- (ii) The Disclosure Statement is not false or misleading.

Over the six months ended 31 March 2011, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes that:

- (i) The NZ Branch has complied with all Conditions of Registration that applied during that period;
- (ii) The NZ Branch had systems in place to monitor and control adequately ANZ New Zealand's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that those systems were being properly applied.

This Disclosure Statement is dated 30 May 2011, and has been signed by the Chairman of the Ultimate Parent Bank, as agent for all Directors, and by the Chief Executive Officer – NZ Branch.



J P Morschel
Chairman



F J Brown
Chief Executive Officer – NZ Branch



Independent Auditors' Review Report

To the Directors of Australia and New Zealand Banking Group Limited - New Zealand Branch

We have reviewed pages 3 to 21 of the half year financial statements of Australia and New Zealand Banking Group Limited - New Zealand Branch and its related entities ('ANZ New Zealand') prepared and disclosed in accordance with the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2011 (the 'Order') and the supplementary information prescribed in Schedules 5, 7, 9, 10, 12 and 14 of the Order. The half year financial statements, and supplementary information, provide information about the past financial performance and cash flows of ANZ New Zealand and its financial position as at 31 March 2011.

Directors' responsibilities

The Directors of Australia and New Zealand Banking Group Limited - New Zealand Branch are responsible for the preparation and presentation of the half year Disclosure Statement, which includes interim financial statements prepared in accordance with Clause 26 of the Order which give a true and fair view of the financial position of ANZ New Zealand as at 31 March 2011 and its financial performance and cash flows for the six 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 half year Disclosure Statement which fairly states the matters to which it relates in accordance with Schedules 3, 5, 7, 9, 10, 12, and 14 of the Order.

Reviewers' responsibilities

We are responsible for reviewing the interim financial statements and the supplementary information, disclosed in accordance with Clause 26, Schedules 5, 7, 9, 10, 12, and 14 of the Order and presented to us by the Directors.

We are responsible for reviewing the interim financial statements (excluding the supplementary information) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 ("NZ IAS 34"): Interim Financial Reporting and do not present a true and fair view of the financial position of the Banking Group as at 31 March 2011 and its financial performance and cash flows for the six 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 5, 7, 10, 12 and 14 of the Order.

We are responsible for reviewing the supplementary information relating to credit and market risk exposures and capital adequacy in order to state whether, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the information disclosed in accordance with Schedule 9 is not in all material respects prepared in accordance with the Capital Adequacy Framework (Basel I Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A); and disclosed in accordance with Schedule 9.

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

Our firm has also provided other services to ANZ New Zealand in relation to other audit related services. Partners and employees of our firm may also deal with ANZ New Zealand on normal terms within the ordinary course of trading activities of the business of ANZ New Zealand. There are, however, certain restrictions on borrowings which the partners and employees of our firm can have with ANZ New Zealand. These matters have not impaired our independence as auditors of ANZ New Zealand. The firm has no other relationship with, or interest in, ANZ New Zealand.



Review Opinion

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

- a. the interim financial statements on pages 3 to 21 (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34: Interim Financial Reporting and do not present a true and fair view of the financial position of ANZ New Zealand as at 31 March 2011 and its financial performance and cash flows for the six months ended on that date;
- b. the supplementary information prescribed by Schedules 5, 7, 10, 12, and 14 of the Order does not fairly state the matters to which it relates in accordance with those Schedules; and
- c. the supplementary information relating to credit and market risk exposures and capital adequacy prescribed by Schedule 9 of the Order, is not in all material respects prepared in accordance with Capital Adequacy Framework (Basel 1 Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A), and disclosed in accordance with Schedule 9 of the Order.

Our review was completed on 30 May 2011 and our review opinion is expressed as at that date.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

Wellington