ANZ National Bank Limited
Disclosure Statement

FOR THE NINE MONTHS ENDED 30 JUNE 2012 | NUMBER 66 ISSUED AUGUST 2012

Disclosure Statement

For the nine months ended 30 June 2012

Contents

General Disclosures	2
Income Statement and Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Balance Sheet	5
Condensed Cash Flow Statement	6
Notes to the Financial Statements	7
Directors' Statement	14
Auditors' Report	15

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 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 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 30 June 2012 of $341 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 2011 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.

Certain debt securities ("Covered Bonds") issued by the Bank or its wholly owned subsidiary, ANZ National (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 30 June 2012 of $1,845 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 7.

Other material obligations of the Bank are not guaranteed.

Changes to conditions of registration

The conditions of registration applying to the Bank have been amended with effect from 1 July 2012 to remove condition 1C, that imposed minimum capital ratios on the Bank at the solo "registered bank" level. This change has no impact on capital adequacy requirements for the Banking Group. The amendment also removed any conditions that ceased to apply on or before 30 June 2012, removed commencement dates for conditions that came into effect on or before 1 July 2012, and made some minor wording changes. None of these changes change the intention of the conditions.

Directorate

Mr P R Marriott resigned as a Director of the Bank on 31 May 2012.

Sir Dryden Spring retired as Director and Chairman of the Bank on 22 June 2012. Mr J F Judge took over as Chairman on 23 June 2012.

There have been no other changes to the Directors of the Bank since 30 September 2011, the balance date of the last full year Disclosure Statement.

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 30/06/2012	Unaudited 9 months to 30/06/2011	Audited Year to 30/09/2011
Interest income		**4,490**	4,692	6,179
Interest expense		**2,481**	2,790	3,620
Net interest income		**2,009**	1,902	2,559
Net trading gains		**109**	197	228
Net funds management and insurance income		**222**	202	265
Other operating income	2	**440**	193	361
Share of associates' profit		**1**	1	2
Operating income		**2,781**	2,495	3,415
Operating expenses	2	**1,268**	1,303	1,686
Profit before provision for credit impairment and income tax		**1,513**	1,192	1,729
Provision for credit impairment	6	**142**	121	178
Profit before income tax		**1,371**	1,071	1,551
Income tax expense		**359**	319	452
Profit for the period		**1,012**	752	1,099

Statement of Comprehensive Income

$ millions	Unaudited 9 months to 30/06/2012	Unaudited 9 months to 30/06/2011	Audited Year to 30/09/2011
Profit for the period	**1,012**	752	1,099
Unrealised gains recognised directly in equity	**50**	23	72
Realised gains transferred to income statement	**(8)**	(35)	(38)
Actuarial gain / (loss) on defined benefit schemes	**(2)**	8	(64)
Income tax credit / (expense) on items recognised directly in equity	**(3)**	2	11
Total comprehensive income for the period	**1,049**	750	1,080

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

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 2010	6,943	58	102	3,342	10,445	1	10,446
Profit after income tax attributable to parent	-	-	-	752	752	-	752
Valuation gain recognised in other comprehensive income	-	15	8	-	23	-	23
Losses / (gains) 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
As at 1 October 2010	6,943	58	102	3,342	10,445	1	10,446
Profit after income tax attributable to parent	-	-	-	1,099	1,099	-	1,099
Valuation gain recognised in other comprehensive income	-	21	51	-	72	-	72
Losses / (gains) transferred to income statement	-	(42)	4	-	(38)	-	(38)
Actuarial loss on defined benefit schemes	-	-	-	(64)	(64)	-	(64)
Income tax credit / (expense) on items recognised directly in equity	-	9	(16)	18	11	-	11
Total comprehensive income for the period	-	(12)	39	1,053	1,080	-	1,080
Ordinary dividend paid	-	-	-	(700)	(700)	-	(700)
Movement in non-controlling interests	-	-	-	-	-	(1)	(1)
As at 30 September 2011 (Audited)	**6,943**	**46**	**141**	**3,695**	**10,825**	**-**	**10,825**
Profit after income tax attributable to parent	**-**	**-**	**-**	**1,012**	**1,012**	**-**	**1,012**
Valuation gain recognised in other comprehensive income	**-**	**35**	**15**	**-**	**50**	**-**	**50**
Gains transferred to income statement	**-**	**-**	**(8)**	**-**	**(8)**	**-**	**(8)**
Actuarial loss on defined benefit schemes	**-**	**-**	**-**	**(2)**	**(2)**	**-**	**(2)**
Income tax expense on items recognised directly in equity	**-**	**(1)**	**(2)**	**-**	**(3)**	**-**	**(3)**
Total comprehensive income for the period	**-**	**34**	**5**	**1,010**	**1,049**	**-**	**1,049**
Ordinary dividend paid	**-**	**-**	**-**	**(550)**	**(550)**	**-**	**(550)**
As at 30 June 2012 (Unaudited)	**6,943**	**80**	**146**	**4,155**	**11,324**	**-**	**11,324**

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

Balance Sheet

$ millions	Note	Unaudited 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
Assets				
Liquid assets		**2,693**	2,205	2,455
Due from other financial institutions		**1,234**	2,356	3,685
Trading securities		**12,234**	9,652	9,466
Derivative financial instruments		**11,796**	10,439	14,160
Current tax assets		**125**	75	-
Available-for-sale assets		**250**	352	411
Net loans and advances	4	**85,178**	85,025	83,610
Investments backing insurance policy liabilities		**158**	86	97
Insurance policy assets		**260**	191	200
Due from Immediate Parent Company		**-**	62	-
Investments in associates		**100**	102	100
Other assets		**1,357**	1,043	854
Deferred tax assets		**71**	173	139
Premises and equipment		**322**	324	325
Goodwill and other intangible assets		**3,504**	3,518	3,510
Total assets		**119,282**	115,603	119,012
Interest earning and discount bearing assets		**100,933**	98,799	98,214
Liabilities				
Due to other financial institutions		**3,443**	2,214	2,236
Deposits and other borrowings	8	**72,866**	68,469	69,238
Due to Immediate Parent Company		**160**	-	174
Derivative financial instruments		**11,972**	11,597	14,174
Current tax liabilities		**-**	-	17
Payables and other liabilities		**2,136**	2,113	2,645
Provisions		**308**	320	309
Bonds and notes		**15,333**	17,727	17,406
Loan capital		**1,740**	2,397	1,988
Total liabilities		**107,958**	104,837	108,187
Net assets		**11,324**	10,766	10,825
Represented by:				
Share capital		**6,943**	6,943	6,943
Reserves		**226**	152	187
Retained earnings		**4,155**	3,670	3,695
Parent shareholder's equity		**11,324**	10,765	10,825
Non-controlling interests		**-**	1	-
Total equity		**11,324**	10,766	10,825
Interest and discount bearing liabilities		**88,557**	86,594	86,369

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

Condensed Cash Flow Statement

$ millions	Unaudited 9 months to 30/06/2012	Unaudited 9 months to 30/06/2011	Audited Year to 30/09/2011
Cash flows from operating activities			
Interest received	**4,466**	4,607	6,074
Interest paid	**(2,436)**	(2,718)	(3,573)
Other cash inflows provided by operating activities	**625**	595	913
Other cash outflows used in operating activities	**(1,696)**	(1,456)	(1,892)
Cash flows from operating profits before changes in operating assets and liabilities	**959**	1,028	1,522
Net changes in operating assets and liabilities	**4**	(1,844)	1,712
Net cash flows provided by / (used in) operating activities	**963**	(816)	3,234
Cash flows from investing activities			
Cash inflows provided by investing activities	**16**	48	69
Cash outflows used in investing activities	**(64)**	(74)	(119)
Net cash flows used in investing activities	**(48)**	(26)	(50)
Cash flows from financing activities			
Cash inflows provided by financing activities	**2,417**	3,867	4,172
Cash outflows used in financing activities	**(5,829)**	(2,340)	(4,793)
Net cash flows provided by / (used in) financing activities	**(3,412)**	1,527	(621)
Net increase / (decrease) in cash and cash equivalents	**(2,497)**	685	2,563
Cash and cash equivalents at beginning of the period	**6,140**	3,577	3,577
Cash and cash equivalents at end of the period	**3,643**	4,262	6,140

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 2012. 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 2011.

(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.

(vi) Principles of consolidation

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

2. Other Operating Income and Expenses

Other operating income includes fair value gains of $80 million (30/06/2011 $158 million loss; 30/09/2011 $102 million loss) 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 $360 million (30/06/2011 $351 million; 30/09/2011 $463 million).

Operating expenses include costs for the nine months ended 30 June 2012 of $97 million (30/06/2011 $147 million; 30/09/2011 $162 million) incurred in relation to the planned 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 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.

Segmental reporting has been updated to 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 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 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 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;
- Relationship Management – provides origination, credit analysis and relationship coverage to every Institutional customer;
- Global Loans – 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	Commercial	Institutional	Other[2]	Total
Unaudited 9 months to 30/06/2012					
External revenues	**862**	**2,069**	**593**	**(743)**	**2,781**
Intersegment revenues	**168**	**(973)**	**(112)**	**917**	**-**
Total revenues	**1,030**	**1,096**	**481**	**174**	**2,781**
Profit before income tax	**362**	**629**	**334**	**46**	**1,371**
Unaudited 9 months to 30/06/2011					
External revenues	933	2,190	442	(1,070)	2,495
Intersegment revenues	72	(1,092)	39	981	-
Total revenues	1,005	1,098	481	(89)	2,495
Profit before income tax	326	623	365	(243)	1,071
Audited year to 30/09/2011					
External revenues	1,222	2,895	613	(1,315)	3,415
Intersegment revenues	118	(1,424)	27	1,279	-
Total revenues	1,340	1,471	640	(36)	3,415
Profit before income tax	436	838	491	(214)	1,551

[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 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
Overdrafts		**1,915**	1,916	1,847
Credit card outstandings		**1,408**	1,392	1,367
Term loans – housing		**44,822**	44,307	43,636
Term loans – non-housing		**37,572**	38,054	37,398
Finance lease receivables		**803**	755	768
Gross loans and advances		**86,520**	86,424	85,016
Provision for credit impairment	6	**(1,094)**	(1,198)	(1,156)
Unearned finance income		**(263)**	(258)	(256)
Fair value hedge adjustment		**(3)**	72	22
Deferred fee revenue and expenses		**(57)**	(50)	(51)
Capitalised brokerage / mortgage origination fees		**75**	35	35
Total net loans and advances		**85,178**	85,025	83,610

The Bank has sold residential mortgages to the NZ Branch with a net carrying value of $9,843 million as at 30 June 2012 (30/06/2011 $9,547 million, 30/09/2011 $9,931 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 30/06/2012				
Total individually impaired assets	**315**	**45**	**1,067**	**1,427**
Loans that are at least 90 days past due but not impaired	**99**	**34**	**92**	**225**
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
Audited 30/09/2011				
Total individually impaired assets	451	61	1,194	1,706
Loans that are at least 90 days past due but not impaired	133	38	117	288

Notes to the Financial Statements

6. Provision for Credit Impairment

$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 30/06/2012				
Collective provision	**110**	**125**	**385**	**620**
Individual provision	**118**	**26**	**330**	**474**
Total provision for credit impairment	**228**	**151**	**715**	**1,094**
Collective provision credit	**(10)**	**(22)**	**(10)**	**(42)**
Individual provision charge	**25**	**49**	**110**	**184**
Total charge in income statement	**15**	**27**	**100**	**142**
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
Audited 30/09/2011				
Collective provision	120	147	395	662
Individual provision	148	37	309	494
Total provision for credit impairment	268	184	704	1,156
Collective provision charge / (credit)	9	(2)	(138)	(131)
Individual provision charge	24	79	206	309
Total charge in income statement	33	77	68	178

7. Financial Assets Pledged as Collateral

$ millions	Unaudited 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
Trading securities encumbered through repurchase agreements	**2,126**	844	1,219
Residential mortgages pledged as security for covered bonds	**3,909**	-	-
Total tangible assets of UDC Finance Limited pledged as collateral for secured stock	**2,164**	2,066	2,007
Total financial assets pledged as collateral	**8,199**	2,910	3,226

ANZNZ Covered Bond Trust

The assets of ANZNZ Covered Bond Trust ("the 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 Trust of issuances of covered bonds by the Bank, or its wholly owned subsidiary ANZ National (Int'l) Limited, from time to time. The assets of the 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 Trust (if any) after all prior ranking creditors of the Trust have been satisfied.

The Banking Group continues to recognise the assets of the 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.

8. Deposits and Other Borrowings

$ millions	Note	Unaudited 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
Certificates of deposit		**3,014**	2,304	2,454
Term deposits		**32,515**	35,297	33,799
Demand deposits bearing interest		**25,490**	21,541	22,230
Deposits not bearing interest		**4,773**	4,324	4,477
Secured debenture stock	7	**1,515**	1,583	1,488
Commercial paper		**5,559**	3,420	4,790
Total deposits and other borrowings		**72,866**	68,469	69,238

Notes to the Financial Statements

9. Related Party Transactions

$ millions	Unaudited 30/06/2012	Unaudited 30/06/2011	Audited 30/09/2011
Total due from related parties	**2,699**	3,273	3,000
Total due to related parties	**5,841**	6,971	8,427

10. Capital Adequacy

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

	30/06/2012	30/06/2011	30/09/2011
Tier One Capital	**11.51%**	9.81%	10.02%
RBNZ minimum Tier One Capital ratio	**4.00%**	4.00%	4.00%
Total Capital	**13.58%**	13.04%	12.74%
RBNZ minimum Total Capital ratio	**8.00%**	8.00%	8.00%

	$m
Tier One Capital	11,324
Less deductions from Tier One Capital	3,661
Total Tier One Capital	7,663
Tier Two Capital	1,390
Less deductions from Tier Two Capital	11
Total Capital	9,042

$ millions	Exposure at default	Risk weighted exposure or implied risk weighted exposure[1]	Total capital requirement
Corporate exposures	44,054	27,628	2,210
Sovereign exposures	10,555	86	7
Bank exposures	10,334	1,897	152
Retail mortgage exposures	48,787	12,457	997
Other retail exposures	9,017	5,875	470
Total exposures subject to internal ratings based approach	122,747	47,943	3,836
Specialised lending exposures subject to slotting approach	7,901	7,667	613
Exposures subject to standardised approach	278	265	21
Equity exposures	227	961	77
Other exposures	2,256	936	75
Total credit risk	133,409	57,772	4,622
Operational risk	n/a	5,000	400
Market risk	n/a	3,815	305
Total capital requirement	133,409	66,587	5,327

[1] 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, 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 $486 million (30/06/2011 $445 million; 30/09/2011 $457 million).

The Banking Group regularly reviews the methodologies used to calculate the economic capital allocated to other material risks. Updated capital methodologies (particularly relating to insurance and funds management risks) were applied in February 2012 and prior periods have been 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 30/06/2012 $ millions	On-balance sheet	Off-balance sheet	Total
LVR range			
0% - 59%	16,731	3,313	20,044
60% - 69%	7,126	983	8,109
70% - 79%	10,094	1,280	11,374
Less than 80%	33,951	5,576	39,527
80% - 89%	5,448	1,036	6,484
Over 90%	3,373	354	3,727
Total	42,772	6,966	49,738

11. 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.

Liquidity Portfolio

$ millions	Unaudited 30/06/2012
Balances with central banks	1,196
Securities purchased under agreement to resell	233
Certificates of deposit	120
Government, local body stock and bonds	6,540
Government treasury bills	40
Other bonds	3,918
Total liquidity portfolio	12,047

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 nine months ended 30 June 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 $549 million (30/06/2011: $390 million; 30/09/2011 $438 million), which is 0.5% (30/06/2011: 0.3%; 30/09/2011 0.4%) of the total consolidated assets of the Banking Group.

14. Credit Related Commitments, Guarantees and Contingent Liabilities

	Face or contract value		
$ millions	**Unaudited 30/06/2012**	**Unaudited 30/06/2011**	**Audited 30/09/2011**
Credit related commitments			
Commitments with certain drawdown due within one year	**933**	472	527
Commitments to provide financial services	**24,001**	21,842	22,526
Total credit related commitments	**24,934**	22,314	23,053
Guarantees and contingent liabilities			
Financial guarantees	**755**	1,919	1,753
Standby letters of credit	**49**	51	60
Transaction related contingent items	**1,016**	921	882
Trade related contingent liabilities	**98**	80	110
Total guarantees and contingent liabilities	**1,918**	2,971	2,805

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 23 July 2012 the Banking Group repaid a subordinated fixed rate bond of $350 million. The bond had an ultimate maturity date of 23 July 2017, with the Bank able to elect to redeem the bond on 23 July 2012.

On 16 August 2012 the Bank's Board resolved to repay a subordinated loan of $216 million on 17 September 2012. The loan had an ultimate maturity date of 18 September 2017, with the Bank able to elect to repay the loan on 17 September each year from 2012 to 2016.

On 16 August 2012 the Bank's Board also resolved to pay an ordinary dividend of $600 million no later than 30 September 2012.

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 2012; and

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

Over the nine months ended 30 June 2012, 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, 16 August 2012. 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

KPMG

Independent Auditors' Review Report

To the Shareholder of ANZ National Bank Limited

We have reviewed pages 3 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 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 30 June 2012.

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 2012 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 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.

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 2012 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 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 30 June 2012 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 16 August 2012 and our review opinion is expressed as at that date.

KPMG

Wellington

ANZ National Bank Limited 07/12 13386