ANZ Bank New Zealand Limited Disclosure Statement

FOR THE NINE MONTHS ENDED 30 JUNE 2013 | NUMBER 70 ISSUED AUGUST 2013

ANZ Bank New Zealand Limited

Disclosure Statement

For the nine months ended 30 June 2013

Contents

Glossary of Terms

In this Disclosure Statement unless the context otherwise requires:

(a) "Bank" means ANZ Bank New Zealand Limited;
(b) "Banking Group" means the Bank and all its controlled entities;
(c) "Immediate Parent Company" means ANZ Holdings (New Zealand) Limited;
(d) "Ultimate Parent Bank" means Australia and New Zealand Banking Group Limited;
(e) "Overseas Banking Group" means the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities;
(f) "New Zealand business" means all business, operations, or undertakings conducted in or from New Zealand identified and treated as if it were conducted by a company formed and registered in New Zealand;
(g) "NZ Branch" means the New Zealand business of the Ultimate Parent Bank;
(h) "ANZ New Zealand" means the New Zealand business of the Overseas Banking Group;
(i) "Registered Office" is Level 10, 170-186 Featherston Street, Wellington, New Zealand, which is also the Banking Group's address for service;
(j) "RBNZ" means the Reserve Bank of New Zealand;
(k) "APRA" means the Australian Prudential Regulation Authority;
(l) "the Order" means the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2013; 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. 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, no material obligations of the Bank are guaranteed.

Certain debt securities ("Covered Bonds") issued by the Bank's wholly owned subsidiary, ANZ New Zealand (Int'l) Limited, are guaranteed by ANZNZ Covered Bond Trust Limited (the "Covered Bond Guarantor"), solely in its capacity as trustee of ANZNZ Covered Bond Trust. The Covered Bond Guarantor has guaranteed the payment of interest and principal of Covered Bonds with a carrying value as at 30 June 2013 of $3,188 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.

Changes to conditions of registration

The conditions of registration applying to the Bank were amended twice since 31 March 2013. The conditions of registration have been reproduced in full from page 14.

Conditions 1 and 4 were amended with effect from 13 May 2013 to refer to updated versions of RBNZ documents.

Conditions 17 to 20 were added with effect from 30 June 2013 to put into effect the RBNZ's Open Bank Resolution Pre-positioning Requirements policy.

Directorate

Joan Withers became an independent Director of the Bank on 1 July 2013. Ms Withers is the Chairperson of Auckland International Airport Ltd and Mighty River Power Ltd, and is Deputy Chairperson of Television New Zealand. She is the former CEO of Fairfax Media and The Radio Network. She has an MBA from the University of Auckland.

Norman Geary announced on 4 July 2013 that he will retire on 30 September 2013.

Auditor

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

Income Statement

$ millions	Note	Unaudited 9 months to 30/06/2013	Unaudited 9 months to 30/06/2012	Audited Year to 30/09/2012
Interest income		**4,472**	4,490	6,017
Interest expense		**2,534**	2,481	3,335
Net interest income		**1,938**	2,009	2,682
Net trading gains		**140**	109	131
Net funds management and insurance income		**176**	222	298
Other operating income	**2**	**347**	438	573
Share of associates' profit		**6**	3	4
Operating income		**2,607**	2,781	3,688
Operating expenses		**1,153**	1,268	1,742
Profit before provision for credit impairment and income tax		**1,454**	1,513	1,946
Provision for credit impairment	**5**	**45**	142	193
Profit before income tax		**1,409**	1,371	1,753
Income tax expense		**374**	359	428
Profit after income tax		**1,035**	1,012	1,325

Statement of Comprehensive Income

$ millions	Unaudited 9 months to 30/06/2013	Unaudited 9 months to 30/06/2012	Audited Year to 30/09/2012
Profit after income tax	**1,035**	1,012	1,325
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on defined benefit schemes	**17**	(2)	(25)
Income tax credit / (expense) relating to items not reclassified	**(5)**	-	6
Total items that will not be reclassified to profit or loss	**12**	(2)	(19)
Items that may be reclassified subsequently to profit or loss			
Unrealised gains / (losses) recognised directly in equity	**(98)**	50	46
Realised gains transferred to income statement	**(21)**	(8)	(95)
Income tax credit / (expense) relating to items that may be reclassified	**33**	(3)	-
Total items that may be reclassified subsequently to profit or loss	**(86)**	39	(49)
Total comprehensive income for the period	**961**	1,049	1,257

Statement of Changes in Equity

$ millions	Share capital	Available-for-sale revaluation reserve	Cash flow hedging reserve	Retained earnings	Total equity
As at 1 October 2011	6,943	46	141	3,695	10,825
Profit after income tax	-	-	-	1,012	1,012
Unrealised gains recognised directly in equity	-	35	15	-	50
Realised gains transferred to the income statement	-	-	(8)	-	(8)
Actuarial loss on defined benefit schemes	-	-	-	(2)	(2)
Income tax expense on items recognised directly in equity	-	(1)	(2)	-	(3)
Total comprehensive income for the period	-	34	5	1,010	1,049
Ordinary dividend paid	-	-	-	(550)	(550)
As at 30 June 2012 (Unaudited)	6,943	80	146	4,155	11,324
As at 1 October 2011	6,943	46	141	3,695	10,825
Profit after income tax	-	-	-	1,325	1,325
Unrealised gains recognised directly in equity	-	34	12	-	46
Realised gains transferred to the income statement	-	(83)	(12)	-	(95)
Actuarial loss on defined benefit schemes	-	-	-	(25)	(25)
Income tax credit on items recognised directly in equity	-	-	-	6	6
Total comprehensive income for the period	-	(49)	-	1,306	1,257
Ordinary dividend paid	-	-	-	(1,150)	(1,150)
As at 30 September 2012 (Audited)	6,943	(3)	141	3,851	10,932
Profit after income tax	**-**	**-**	**-**	**1,035**	**1,035**
Unrealised losses recognised directly in equity	**-**	**(1)**	**(97)**	**-**	**(98)**
Realised gains transferred to the income statement	**-**	**-**	**(21)**	**-**	**(21)**
Actuarial gain on defined benefit schemes	**-**	**-**	**-**	**17**	**17**
Income tax credit / (expense) on items recognised directly in equity	**-**	**-**	**33**	**(5)**	**28**
Total comprehensive income for the period	**-**	**(1)**	**(85)**	**1,047**	**961**
Ordinary dividend paid	**-**	**-**	**-**	**(465)**	**(465)**
As at 30 June 2013 (Unaudited)	**6,943**	**(4)**	**56**	**4,433**	**11,428**

Balance Sheet

$ millions	Note	**Unaudited 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Assets				
Liquid assets		**3,004**	2,693	2,831
Due from other financial institutions		**3,625**	2,216	1,722
Trading securities		**10,128**	12,234	12,338
Derivative financial instruments		**10,889**	12,363	12,753
Current tax assets		**74**	125	15
Available-for-sale assets		**1,235**	250	57
Net loans and advances	**4**	**88,629**	85,178	86,678
Investments backing insurance policy liabilities		**169**	158	142
Insurance policy assets		**299**	260	301
Investments in associates		**98**	100	99
Other assets		**668**	1,357	592
Deferred tax assets		**70**	71	93
Premises and equipment		**342**	322	323
Goodwill and other intangible assets		**3,469**	3,504	3,505
Total assets		**122,699**	120,831	121,449
Interest earning and discount bearing assets		**106,545**	101,915	103,341
Liabilities				
Due to other financial institutions		**3,511**	4,010	1,759
Deposits and other borrowings	**8**	**76,026**	72,866	73,652
Due to Immediate Parent Company		**689**	160	740
Derivative financial instruments		**10,467**	12,954	13,930
Payables and other liabilities		**1,631**	2,136	1,685
Provisions		**271**	308	339
Bonds and notes		**17,514**	15,333	17,244
Loan capital		**1,162**	1,740	1,168
Total liabilities		**111,271**	109,507	110,517
Net assets		**11,428**	11,324	10,932
Represented by:				
Share capital		**6,943**	6,943	6,943
Reserves		**52**	226	138
Retained earnings		**4,433**	4,155	3,851
Total equity		**11,428**	11,324	10,932
Interest and discount bearing liabilities		**92,930**	89,124	89,299

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

Condensed Cash Flow Statement

$ millions	**Unaudited 9 months to 30/06/2013**	Unaudited 9 months to 30/06/2012	Audited Year to 30/09/2012
Cash flows from operating activities			
Interest received	**4,446**	4,466	5,991
Interest paid	**(2,492)**	(2,436)	(3,301)
Other cash inflows provided by operating activities	**655**	625	845
Other cash outflows used in operating activities	**(1,595)**	(1,696)	(2,023)
Cash flows from operating profits before changes in operating assets and liabilities	**1,014**	959	1,512
Net changes in operating assets and liabilities	**3,068**	610	(2,545)
Net cash flows provided by / (used in) operating activities	**4,082**	1,569	(1,033)
Cash flows from investing activities			
Cash inflows provided by investing activities	**70**	16	16
Cash outflows used in investing activities	**(90)**	(64)	(95)
Net cash flows used in investing activities	**(20)**	(48)	(79)
Cash flows from financing activities			
Cash inflows provided by financing activities	**1,105**	2,417	6,244
Cash outflows used in financing activities	**(2,463)**	(5,829)	(7,411)
Net cash flows used in financing activities	**(1,358)**	(3,412)	(1,167)
Net increase / (decrease) in cash and cash equivalents	**2,704**	(1,891)	(2,279)
Cash and cash equivalents at beginning of the period	**3,255**	5,534	5,534
Cash and cash equivalents at end of the period	**5,959**	3,643	3,255

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

Notes to the Interim Financial Statements

1. Significant Accounting Policies

(i) Reporting entity and statement of compliance

These interim financial statements are for the Banking Group for the nine months ended 30 June 2013. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice as appropriate for profit oriented entities, the requirements of NZ IAS 34 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and the Order, and should be read in conjunction with the Banking Group's financial statements for the year ended 30 September 2012.

(ii) Basis of measurement

These interim 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 Margin on Services principles, 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 interim financial statements are presented in millions of New Zealand dollars, unless otherwise stated.

(v) Comparatives

Certain amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation. This includes reclassifying, in the Balance Sheet as at 30 June 2012, collateral received of $567 million from derivative financial instruments asset to due to other financial institutions and collateral paid of $982 million from derivative financial instruments liability to due from other financial institutions.

(vi) Scope of consolidation

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

2. Other Operating Income

$millions	**Unaudited 9 months to 30/06/2013**	Unaudited 9 months to 30/06/2012	Audited Year to 30/09/2012
Net fee income	**335**	342	455
Fair value gain on hedging activities and financial liabilities designated at fair value	**1**	80	14
Net gain on available for sale equity securities transferred to income statement	**-**	-	83
Other income	**11**	16	21
Total other operating income	**347**	438	573

Notes to the Interim Financial Statements

3. Segmental Analysis

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

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

Commercial

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

Wealth

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

Institutional

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

Other

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

Business segment analysis[1]

$ millions	Retail	Commercial	Wealth	Institutional	Other [2]	Total
Unaudited 9 months to 30/06/2013						
External revenues	**731**	**2,016**	**33**	**653**	**(826)**	**2,607**
Intersegment revenues	**134**	**(940)**	**110**	**(181)**	**877**	**-**
Total revenues	**865**	**1,076**	**143**	**472**	**51**	**2,607**
Profit before income tax	**327**	**712**	**42**	**317**	**11**	**1,409**
Unaudited 9 months to 30/06/2012						
External revenues	776	2,063	85	601	(744)	2,781
Intersegment revenues	77	(980)	105	(110)	908	-
Total revenues	853	1,083	190	491	164	2,781
Profit before income tax	304	613	80	332	42	1,371
Audited year to 30/09/2012						
External revenues	1,019	2,744	111	804	(990)	3,688
Intersegment revenues	126	(1,293)	143	(168)	1,192	-
Total revenues	1,145	1,451	254	636	202	3,688
Profit before income tax	421	817	108	425	(18)	1,753

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

Notes to the Interim Financial Statements

4. Net Loans and Advances

$ millions	Note	**Unaudited 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Overdrafts		**1,741**	1,915	1,881
Credit card outstandings		**1,442**	1,408	1,395
Term loans - housing		**47,864**	44,822	46,123
Term loans - non-housing		**37,880**	37,572	37,749
Finance lease receivables		**818**	803	806
Gross loans and advances		**89,745**	86,520	87,954
Provision for credit impairment	**5**	**(888)**	(1,094)	(1,054)
Unearned finance income		**(272)**	(263)	(258)
Fair value hedge adjustment		**(34)**	(3)	(2)
Deferred fee revenue and expenses		**(61)**	(57)	(60)
Capitalised brokerage/mortgage origination fees		**139**	75	98
Total net loans and advances		**88,629**	85,178	86,678

The Bank has sold residential mortgages to the NZ Branch with a net carrying value of $9,916 million as at 30 June 2013 (30/06/2012 $9,843 million, 30/09/2012 $9,396 million). These assets qualify for derecognition as the Bank does not retain a continuing involvement in the transferred assets.

5. Provision for Credit Impairment

$ millions	**Retail mortgages**	**Other retail exposures**	**Non retail exposures**	**Total**
Unaudited 30/06/2013				
Collective provision	**100**	**115**	**354**	**569**
Individual provision	**96**	**15**	**208**	**319**
Total provision for credit impairment	**196**	**130**	**562**	**888**
Collective provision credit	**(4)**	**(10)**	**(21)**	**(35)**
Individual provision charge	**13**	**47**	**20**	**80**
Total charge to income statement	**9**	**37**	**(1)**	**45**
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 to income statement	15	27	100	142
Audited 30/09/2012				
Collective provision	104	125	375	604
Individual provision	119	25	306	450
Total provision for credit impairment	223	150	681	1,054
Collective provision credit	(16)	(22)	(20)	(58)
Individual provision charge	36	55	160	251
Total charge to income statement	20	33	140	193

Notes to the Interim Financial Statements

6. Impaired and Past Due Assets

$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 30/06/2013				
Total impaired assets	**239**	**40**	**745**	**1,024**
Loans that are at least 90 days past due but not impaired	**96**	**51**	**95**	**242**
Unaudited 30/06/2012				
Total impaired assets	342	45	1,067	1,454
Loans that are at least 90 days past due but not impaired	99	34	92	225
Audited 30/09/2012				
Total impaired assets	313	44	1,009	1,366
Loans that are at least 90 days past due but not impaired	91	33	86	210

7. Financial Assets Pledged as Collateral

$ millions	**Unaudited 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Cash collateral given on derivative financial instruments	**615**	982	1,256
Trading securities encumbered through repurchase agreements	**1,152**	2,126	252
Residential mortgages pledged as security for covered bonds	**5,529**	3,909	4,977
Total tangible assets of UDC Finance Limited pledged as collateral for secured stock	**2,129**	2,164	2,103
Total financial assets pledged as collateral	**9,425**	9,181	8,588

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

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

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

8. Deposits and Other Borrowings

$ millions	Note	**Unaudited 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Certificates of deposit		**1,866**	3,014	2,156
Term deposits		**33,641**	32,515	33,922
Demand deposits bearing interest		**29,049**	25,490	25,815
Deposits not bearing interest		**5,562**	4,773	4,838
Secured debenture stock	7	**1,492**	1,515	1,476
Commercial paper		**4,416**	5,559	5,445
Total deposits and other borrowings		**76,026**	72,866	73,652

9. Related Party Transactions

$ millions	**Unaudited 30/06/2013**	Unaudited 30/06/2012	Audited 30/09/2012
Total due from related parties	**3,294**	2,699	3,131
Total due to related parties	**5,678**	5,841	5,990

Notes to the Interim Financial Statements

10. Capital Adequacy

Adoption of Basel III capital framework

Effective 1 January 2013, RBNZ has adopted the majority of Basel III capital reforms in New Zealand. The Basel III reforms include: increased capital deductions from common equity tier 1 capital, an increase in capitalisation rates (including prescribed minimum capital buffers, fully effective 1 January 2014), tighter requirements around new tier 1 and tier 2 securities and transitional arrangements for existing tier 1 and tier 2 securities that do not conform to the new regulations. Other changes include capital requirements for counterparty credit risk and an increase in the asset value correlation with respect to exposures to large and unregulated financial institutions.

Capital ratios of the Banking Group under the internal models based approach (unaudited)

	30/06/2013 Basel III	30/06/2012 Basel II	30/09/2012 Basel II
Common equity tier one capital	**10.7%**	n/a	n/a
Tier one capital	**10.7%**	11.5%	10.8%
Total capital	**12.4%**	13.6%	12.5%
Buffer ratio	**4.4%**	n/a	n/a
RBNZ minimum ratios:			
Common equity tier one capital	**4.5%**	n/a	n/a
Tier one capital	**6.0%**	4.0%	4.0%
Total capital	**8.0%**	8.0%	8.0%

Capital of the Banking Group

$ millions	**Unaudited 30/06/2013**
Common equity tier one capital before deductions	**11,428**
Less deductions from common equity tier one capital	**(3,853)**
Common equity tier one capital	**7,575**
Additional tier one capital	**-**
Total tier one capital	**7,575**
Tier two capital	**1,150**
Total capital	**8,725**

Capital requirements of the Banking Group (unaudited)

$ millions	**Exposure at default**	**Risk weighted exposure or implied risk weighted exposure[1]**	**Total capital requirement**
Corporate exposures	**44,552**	**26,878**	**2,150**
Sovereign exposures	**9,297**	**99**	**8**
Bank exposures	**12,942**	**4,392**	**351**
Retail mortgage exposures	**52,141**	**13,487**	**1,080**
Other retail exposures	**9,299**	**6,554**	**524**
Exposures subject to internal ratings based approach	**128,231**	**51,410**	**4,113**
Specialised lending exposures subject to slotting approach	**8,065**	**7,767**	**621**
Exposures subject to standardised approach	**755**	**288**	**23**
Equity exposures	**101**	**428**	**34**
Other exposures	**3,015**	**982**	**79**
Total credit risk	**140,167**	**60,875**	**4,870**
Operational risk	**n/a**	**5,553**	**444**
Market risk	**n/a**	**4,109**	**329**
Total	**140,167**	**70,537**	**5,643**

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

Notes to the Interim 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 $412 million (30/06/2012 $325 million; 30/09/2012 $338 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 fixed asset risk and business risk) were applied in November 2012 and the prior period restated accordingly.

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

As required by the RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by the Banking Group's valuation of the security property at origination of the exposure. Off balance sheet exposures include undrawn and partially drawn residential mortgage loans as well as commitments to lend. Commitments to lend are formal offers for housing lending which have been accepted by the customer.

Unaudited 30/06/2013 $ millions	On-balance sheet	Off-balance sheet	Total
LVR range			
0% - 59%	**16,460**	**3,074**	**19,534**
60% - 69%	**7,688**	**798**	**8,486**
70% - 79%	**11,501**	**983**	**12,484**
Less than 80%	**35,649**	**4,855**	**40,504**
80% - 89%	**6,455**	**584**	**7,039**
Over 90%	**3,680**	**399**	**4,079**
Total	**45,784**	**5,838**	**51,622**

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.

$ millions	Unaudited 30/06/2013
Balances with central banks	**1,908**
Securities purchased under agreement to resell	**942**
Certificates of deposit	**619**
Government, local body stock and bonds	**5,575**
Government treasury bills	**666**
Other bonds	**4,846**
Total liquidity portfolio	**14,556**

Notes to the Interim 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 2013 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 $598 million (30/06/2012: $549 million; 30/09/2012 $564 million), which is 0.5% (30/06/2012: 0.5%; 30/09/2012 0.5%) of the total consolidated assets of the Banking Group.

14. Credit Related Commitments, Guarantees and Contingent Liabilities

	Face or contract value		
	Unaudited	Unaudited	Audited
$ millions	**30/06/2013**	30/06/2012	30/09/2012
Credit related commitments			
Commitments with certain drawdown due within one year	**950**	933	742
Commitments to provide financial services	**24,212**	24,001	24,698
Total credit related commitments	**25,162**	24,934	25,440
Guarantees and contingent liabilities			
Financial guarantees	**885**	755	731
Standby letters of credit	**46**	49	44
Transaction related contingent items	**1,054**	1,016	913
Trade related contingent liabilities	**81**	98	117
Total guarantees and contingent liabilities	**2,066**	1,918	1,805

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

Other contingent liabilities

In October 2012, the Commerce Commission commenced an investigation, under the Fair Trading Act 1986, into the promotion and sale of interest rate swaps by certain banks (including ANZ New Zealand) to rural customers. The investigation is at an early stage and the possible outcome of the investigation cannot be determined with any certainty.

On 11 March 2013, litigation funder Litigation Lending Services (NZ) announced plans for a representative action against banks in New Zealand for certain fees charged to New Zealand customers over the past six years. Proceedings were filed against the Bank on 25 June 2013. The potential outcome of this litigation cannot be determined with any certainty at this stage.

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 9 August 2013 the Bank's Board resolved to pay an ordinary dividend of $600 million no later than 30 September 2013.

On 9 August 2013 the Bank's Board also resolved to issue $300 million of preference shares to the Immediate Parent no later than 30 September 2013. The preference shares will qualify as additional tier one capital for capital adequacy purposes.

Conditions of Registration

These conditions apply on and after 30 June 2013, except as provided otherwise.

The registration of ANZ Bank New Zealand Limited ("the bank") as a registered bank is subject to the following conditions:

1. That-

(a) the Total capital ratio of the banking group is not less than 8 percent;

(b) the Tier 1 capital ratio of the banking group is not less than 6 percent;

(c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5 percent; and

(d) the Total capital of the banking group is not less than $30 million; and

(e) the process in Subpart 2H of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated May 2013 is followed for the recognition and repayment of capital.

For the purposes of this condition of registration,-

the scalar referred to in the Reserve Bank of New Zealand document "Capital adequacy framework (Internal Models Based Approach)" (BS2B) dated May 2013 is 1.06.

"Total capital ratio", "Tier 1 capital ratio", "Common Equity Tier 1 capital ratio", and "Total capital" must be calculated in accordance with the Reserve Bank of New Zealand document "Capital adequacy framework (Internal Models Based Approach)" (BS2B) dated May 2013.

1A. That-

(a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a bank's internal capital adequacy assessment process ('ICAAP')" (BS12) dated December 2007;

(b) under its ICAAP the bank identifies and measures its "other material risks" defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital adequacy framework (Internal Models Based Approach)" (BS2B) dated May 2013; and

(c) the bank determines an internal capital allocation for each identified and measured "other material risk".

1B. That the banking group complies with all requirements set out in the Reserve Bank of New Zealand document "Capital adequacy framework (Internal Models Based Approach)" (BS2B) dated May 2013.

1C. That, if the buffer ratio of the banking group is 2.5% or less, the bank must:

(a) According to the following table, limit the aggregate distributions of the bank's earnings to the percentage limit to distributions that corresponds to the banking group's buffer ratio:

Banking group's buffer ratio	Percentage limit to distributions of the bank's earnings
0% - 0.625%	0%
>0.625 - 1.25%	20%
>1.25 - 1.875%	40%
>1.875% - 2.5%	60%

(b) prepare a capital plan to restore the banking group's buffer ratio to above 2.5% within any timeframe determined by the Reserve Bank for restoring the buffer ratio; and

(c) have the capital plan approved by the Reserve Bank.

For the purposes of this condition of registration,-

"buffer ratio", "distributions", and "earnings" have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Internal Models Based Approach)" (BS2B) dated May 2013.

the scalar referred to in the Reserve Bank of New Zealand document "Capital adequacy framework (Internal Models Based Approach)" (BS2B) dated May 2013 is 1.06.

This condition of registration applies on and after 1 January 2014.

2. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

In this condition of registration, the meaning of "material" is based on generally accepted accounting practice.

3. That the banking group's insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group's insurance business is the sum of the following amounts for entities in the banking group:

(a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

(b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group's insurance business

(a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and

(b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration;

"insurance business" means the undertaking or assumption of liability as an insurer under a contract of insurance:

"insurer" and "contract of insurance" have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

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

[1] This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's)

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons shall not exceed 15 percent of the banking group's tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated May 2013.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.

6. That the bank complies with the following corporate governance requirements:

(a) the board of the bank must have at least five directors;

(b) the majority of the board members must be non-executive directors;

(c) at least half of the board members must be independent directors;

(d) an alternate director,—

(i) for a non-executive director must be non-executive; and

(ii) for an independent director must be independent;

(e) at least half of the independent directors of the bank must be ordinarily resident in New Zealand;

(f) the chairperson of the board of the bank must be independent; and

(g) the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated March 2011.

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

(b) the Reserve Bank has advised that it has no objection to that appointment.

8. That a person must not be appointed as chairperson of the board of the bank unless:

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

(b) the Reserve Bank has advised that it has no objection to that appointment.

9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:

(a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;

(b) the committee must have at least three members;

(c) every member of the committee must be a non-executive director of the bank;

(d) the majority of the members of the committee must be independent; and

(e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated March 2011.

10. That a substantial proportion of the bank's business is conducted in and from New Zealand.

11. That the bank has legal and practical ability to control and execute any business, and any functions relating to any business, of the bank that are carried on by a person other than the bank, sufficient to achieve, under normal business conditions and in the event of stress or failure of the bank or of a service provider to the bank, the following outcomes:

(a) that the bank's clearing and settlement obligations due on a day can be met on that day;

(b) that the bank's financial risk positions on a day can be identified on that day;

(c) that the bank's financial risk positions can be monitored and managed on the day following any failure and on subsequent days; and

(d) that the bank's existing customers can be given access to payments facilities on the day following any failure and on subsequent days.

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

12. That:

(a) the business and affairs of the bank are managed by, or under the direction and supervision of, the board of the bank;

(b) the employment contract of the chief executive officer of the bank or person in an equivalent position (together "CEO") is with the bank, and the terms and conditions of the CEO's employment agreement are determined by, and any decision relating to the employment or termination of employment of the CEO are made by, the board of the bank; and

(c) all staff employed by the bank shall have their remuneration determined by (or under the delegated authority of) the board or the CEO of the bank and be accountable (directly or indirectly) to the CEO of the bank.

13. That the banking group complies with the following quantitative requirements for liquidity-risk management:

(a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;

(b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and

(c) the one-year core funding ratio of the banking group is not less than 75 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated March 2011 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated December 2011.

14. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:

(a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;

(b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;

(c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and

(d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

15. That no more than 10% of total assets may be beneficially owned by a SPV.

For the purposes of this condition,-

"total assets" means all assets of the banking group plus any assets held by any SPV that are not included in the banking group's assets:

"SPV" means a person-

(a) to whom any member of the banking group has sold, assigned, or otherwise transferred any asset;

(b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and

(c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

"covered bond" means a debt security issued by any member of the banking group, for which repayment to holders is guaranteed by a SPV, and investors retain an unsecured claim on the issuer.

16. That-

(a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:

(i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and

(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and

(b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:

(i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;

(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and

(iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

For the purposes of this condition of registration, "qualifying acquisition or business combination", "notification threshold" and "non-objection threshold" have the same meaning as in the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011.

17. That the registered bank is pre-positioned for Open Bank Resolution and in accordance with a direction from the Reserve Bank, the registered bank can-

(a) close promptly at any time of the day and on any day of the week and that effective upon the appointment of the statutory manager-

(i) all liabilities are frozen in full; and

(ii) no further access by customers and counterparties to their accounts (deposits, liabilities or other obligations) is possible;

(b) apply a *de minimus* to relevant customer liability accounts;

(c) apply a partial freeze to the customer liability account balances;

(d) reopen by no later than 9am the next business day following the appointment of a statutory manager and provide customers access to their unfrozen funds;

(e) maintain a full freeze on liabilities not pre-positioned for open bank resolution; and

(f) reinstate customers' access to some or all of their residual frozen funds.

18. That the registered bank has an Implementation Plan that-

(a) is up-to-date; and

(b) demonstrates that the registered bank's prepositioning for Open Bank Resolution meets the requirements set out in the Reserve Bank document: "Open Bank Resolution Pre-positioning Requirements Policy" (BS17).

19. That the registered bank has a compendium of liabilities that-

(a) at the product-class level lists all liabilities, indicating which are-

(i) pre-positioned for Open Bank Resolution; and

(ii) not pre-positioned for Open Bank Resolution;

(b) is agreed to by the Reserve Bank; and

(c) if the Reserve Bank's agreement is conditional, meets the Reserve Bank's conditions.

20. That on an annual basis the registered bank test all the component parts of its OBR solution that demonstrates the registered bank's prepositioning for Open Bank Resolution as specified in their Implementation Plan.

For the purposes of this condition of registration, "*de minimus*", "partial freeze", "customer liability account", "frozen and unfrozen funds", "Implementation Plan", "compendium of liabilities", and "pre-positioned and non pre-positioned liabilities" have the same meaning as in the Reserve Bank document entitled "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated June 2013.

In these conditions of registration:

"banking group" means ANZ Bank New Zealand Limited's financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993):

"generally accepted accounting practice" has the same meaning as in section 2 of the Financial Reporting Act 1993.

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 2013; and

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

Over the nine months ended 30 June 2013, after due enquiry, each Director believes that:

(i) ANZ Bank New Zealand Limited has complied with all Conditions of Registration that applied during that period;

(ii) Credit exposures to connected persons were not contrary to the interests of the Banking Group;

(iii) ANZ Bank New Zealand Limited had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

This Disclosure Statement is dated, and has been signed by or on behalf of all Directors of the Bank on, 9 August 2013.

Antony Carter

Shayne Elliott

Norman Geary, CBE

David Hisco

John Judge

Michael Smith, OBE

Joan Withers