Australia and New Zealand Banking Group Limited – New Zealand Branch
General Short Form Disclosure Statement

FOR THE THREE MONTHS ENDED 31 DECEMBER 2010 | NUMBER 9 ISSUED FEBRUARY 2011

General Short Form Disclosure Statement

For the three months ended 31 December 2010

Contents

Glossary of Terms

This General Short Form Disclosure Statement has been issued in accordance with the Registered Bank Disclosure Statement (Off-Quarter - Overseas Incorporated Registered Banks) Order 2008 ("the Order").

In this General Short Form Disclosure Statement unless the context otherwise requires:

(a) "Bank" means ANZ National Bank Limited;
(b) "Banking Group" means ANZ National Bank 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; and
(j) 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

General Matters

The NZ Branch was registered as a bank on 5 January 2009. Its address for service is Level 6, 1 Victoria Street, Wellington, New Zealand.

The address for service for the Ultimate Parent Bank is ANZ Centre Melbourne, Level 9, 833 Collins Street, Docklands, Victoria 3008, Australia.

On 30 November 2009, ANZ New Zealand purchased ING Groep's 51% interest in ING (NZ) Holdings Limited ("ING NZ"), which was the holding company for the ANZ-ING wealth management and life insurance joint venture in New Zealand. As a result of the change in ownership, the name of these businesses was changed to OnePath in November 2010.

Nature of Business

ANZ New Zealand provides a broad range of banking and financial products and services to retail, small business, rural, commercial and institutional clients.

Pending Proceedings or Arbitration

Other than disclosed in the General Short Form Disclosure Statement, there are no pending proceedings or arbitration concerning any member of ANZ New Zealand that may have a material adverse effect on ANZ New Zealand as at 21 February 2011.

Further details on pending proceedings or arbitration are set out in Note 21.

Other Material Matters

There are no matters relating to the business or affairs of the NZ Branch and ANZ New Zealand which are not contained elsewhere in the General Short Form Disclosure Statement which would, if disclosed, materially adversely affect the decision of a person to subscribe for debt securities of which the NZ Branch or any member of ANZ New Zealand is the issuer.

Credit Rating Information

Credit ratings are assigned to sovereigns and businesses by the international credit rating agencies. Credit ratings provide investors with an indication of the credit-worthiness of an entity in which they are considering investing. There are three major internationally recognised credit rating agencies: Standard & Poor's, Moody's Investors Service and Fitch Ratings.

As at 21 February 2011 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. On 16 February 2011 Moody's placed the Ultimate Parent Bank's Aa1 rating on review for possible downgrade. A similar action was taken on the other major Australian Banks. On 20 May 2010 Fitch changed the outlook on the Ultimate Parent Bank from Stable to Positive. On 2 March 2009, Moody's changed the outlook on the Ultimate Parent Bank from Stable to Negative. During the two years ended 31 December 2010 there were no other changes to the Ultimate Parent Bank's credit ratings or qualifications.

General Disclosures

The Ultimate Parent Bank's Credit Ratings are:

Rating Agency	Current Credit Rating	Qualification
Standard & Poor's	AA	Outlook Stable
Moody's Investors Service	Aa1	Review for Possible Downgrade
Fitch Ratings	AA-	Outlook Positive

The following table describes the credit rating grades available:

	Standard & Poor's	Moody's Investors Service	Fitch Ratings
The following grades display investment grade characteristics:			
Ability to repay principal and interest is extremely strong. This is the highest investment category.	**AAA**	**Aaa**	**AAA**
Very strong ability to repay principal and interest.	**AA**	**Aa**	**AA**
Strong ability to repay principal and interest although somewhat susceptible to adverse changes in economic, business or financial conditions.	**A**	**A**	**A**
Adequate ability to repay principal and interest. More vulnerable to adverse changes.	**BBB**	**Baa**	**BBB**
The following grades have predominantly speculative characteristics:			
Significant uncertainties exist which could affect the payment of principal and interest on a timely basis.	**BB**	**Ba**	**BB**
Greater vulnerability and therefore greater likelihood of default.	**B**	**B**	**B**
Likelihood of default now considered high. Timely repayment of principal and interest is dependent on favourable financial conditions.	**CCC**	**Caa**	**CCC**
Highest risk of default.	**CC to C**	**Ca to C**	**CC to C**
Obligations currently in default.	**D**	**-**	**RD & D**

Credit ratings from Standard & Poor's and Fitch Ratings may be modified by the addition of "+" or "-" to show the relative standing within the 'AA' to 'B' categories. Moody's Investors Service applies numerical modifiers 1, 2, and 3 to each of the 'Aa' to 'Caa' classifications, with 1 indicating the higher end and 3 the lower end of the rating category.

Ranking of Local Creditors in Liquidation

There are material legislative restrictions in Australia which subordinate the claims of a class of unsecured creditors of the NZ Branch on the assets of the Ultimate Parent Bank to those of another class of unsecured creditors of the Ultimate Parent Bank, in liquidation of the Ultimate Parent Bank.

The Banking Act 1959 of the Commonwealth of Australia (the "Banking Act") gives priority over Australian assets of the Ultimate Parent Bank to deposits/liabilities in Australia if the Ultimate Parent Bank is unable to meet its obligations or suspends payment. Accordingly, deposits/liabilities in New Zealand (together with all other senior unsecured creditors of the Ultimate Parent Bank) will rank after deposits/liabilities in Australia of the Ultimate Parent Bank in relation to claims against Australian assets.

Specifically, pursuant to section 13A(3) of the Banking Act, if an Authorised Deposit-Taking Institution (defined in that Act to include a Bank like the Ultimate Parent Bank) (an "ADI") becomes unable to meet its obligations or suspends payment, the assets of the ADI in Australia are to be available to meet the ADI's liabilities in the following order:

(a) first, the ADI's liabilities to APRA (if any), because of the rights APRA has against the ADI because APRA has made, or is required to make, payments to depositors under the Financial Claims Scheme (defined below);
(b) second, the ADI's debts to APRA for costs incurred by APRA in administration of the Financial Claims Scheme in respect of the ADI;
(c) third, the ADI's liabilities (if any) in Australia in relation to protected accounts that account-holders keep with the ADI;
(d) fourth, the ADI's debts (if any) to the Reserve Bank of Australia;
(e) fifth, the ADI's liabilities (if any) under an industry support contract that is certified by APRA; and
(f) sixth, the ADI's other liabilities in the order of their priority (apart from section 13A(3)).

Under section 13A(1) of the Banking Act, in certain circumstances APRA may take control of an ADI's business or appoint an administrator (defined in the Banking Act) to take control of the ADI's business. Section 16(1) and (2) of the Banking Act provide that, despite anything contained in any law relating to the winding up of companies, but subject to section 13A(3) of the Banking Act, the debts of an ADI to APRA in respect of APRA's costs (including costs in the nature of remuneration and expenses) of being in control of the ADI's business or of having an administrator in control of the ADI's business have priority in a winding-up of the ADI over all other unsecured debts.

General Disclosures

Section 86 of the Reserve Bank Act provides that notwithstanding anything contained in any law relating to the winding up of companies, but subject to section 13A(3) of the Banking Act, debts due to the Reserve Bank of Australia by any ADI shall, in a winding up, have priority over all other debts other than debts due to the Commonwealth of Australia.

Section 13A(3) of the Banking Act affects all of the unsecured deposit liabilities of the NZ Branch which as at 31 December 2010 amounted to $nil (31/12/2009 $nil).

Requirement to Hold Excess Assets over Deposit Liabilities

Section 13A(4) of the Banking Act states that it is an offence for an ADI not to hold assets (other than goodwill) in Australia of a value that is equal to or greater than the total amount of its deposit liabilities in Australia, unless APRA has authorised the ADI to hold assets of a lesser value. During the three months ended 31 December 2010, the Overseas Bank has at all times held assets (other than goodwill and any assets or other amounts prescribed by APRA) in Australia of not less than the value of the Overseas Bank's total deposit liabilities in Australia.

Section 13E of the Banking Act states that APRA may give the Ultimate Parent Bank a direction that requires it to increase its level of capital.

The requirements of these sections of the Act have the potential to impact on the management of the liquidity of ANZ New Zealand.

Guarantees

The Ultimate Parent Bank has guarantees from the Commonwealth of Australia under:

(a) 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");
(b) 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 ADI. The Wholesale Funding Guarantee may also apply as described below.

Financial Claims Scheme
Under the Financial Claims Scheme if:
- APRA has applied for an ADI to be wound up; and
- the responsible Minister makes a declaration that the Financial Claims Scheme applies to that particular ADI

then each account holder of a Protected Account (defined below) with that ADI is entitled to be paid by APRA an amount equal to the balance of the protected account plus accrued interest which has been accrued to the account (subject to various adjustments and preconditions described in the Financial Claims Scheme Act). Once the responsible Minister has made a declaration, there are no other material conditions to payment other than the ADI being unable to meet its obligations or suspending payment. The deposit must be for an amount less than A$1 million. Deposits for a greater amount are covered by the Wholesale Funding Guarantee (to the extent that is applicable as described below).

A protected account includes accounts or covered financial products (defined below) kept by an account holder with an ADI and either:
- requiring the ADI to pay the account holder, on demand by the account holder or at a time agreed by them, the net credit balance of the account at the time of the demand or the agreed time; or
- an account prescribed by regulations.

A covered financial product is a financial product declared by the Australian Treasurer to be a covered financial product and includes accounts such as saving, call, current, cheque, debit card, transaction and mortgage offset accounts.

Deposit holders do not have to be Australian residents to obtain the benefit of the Financial Claims Scheme and it applies to deposits denominated in any currency.

From 12 October 2011 the Financial Claims Scheme applies to Australian dollar deposits only, and is generally subject to review at that time.

Wholesale Funding Guarantee
The Wholesale Funding Guarantee is a deed governed by the laws of the State of New South Wales and has been executed by the Australian Treasurer on behalf of the Australian Government. Australian institutions which are ADIs under the Banking Act, which includes the Ultimate Parent Bank, were entitled to apply for the Wholesale Funding Guarantee prior to 25 March 2010 to apply to deposit accounts over A$1 million and certain funding liabilities.

Foreign banks authorised to carry on banking business in Australia were also able to apply to have certain deposits and funding liabilities held by Australian residents guaranteed by the Australian Government. The Reserve Bank of Australia administers the Wholesale Funding Guarantee.

General Disclosures

On 7 February 2010 the Australian Government announced the withdrawal of the Wholesale Funding Guarantee on 31 March 2010. The final date for ADIs to apply for access to the Wholesale Funding Guarantee was 24 March 2010. Existing guaranteed liabilities of ADIs, including those of the Ultimate Parent Bank, will continue to be covered by the Wholesale Funding Guarantee to maturity for wholesale funding and term deposits and to October 2015 for at call deposits. The Wholesale Funding Guarantee continues to operate for existing guaranteed liabilities as follows.

Under the Wholesale Funding Guarantee, the Commonwealth of Australia irrevocably guarantees the payment of liabilities covered by an eligibility certificate issued by the Australian Government in response to an application made by the ADI, and irrevocably undertakes that whenever the ADI does not pay a liability on the date on which it becomes due or payable, it shall, upon a claim by a person to whom a guaranteed liability is owed, and following the expiry of any applicable grace period, pay the guaranteed liability in accordance with the scheme rules. A claim must be made in the form provided in the scheme rules. In the case of a liability of an Australian ADI, such as the Overseas Bank, the claimant need not be a resident of Australia.

In order to have the Wholesale Funding Guarantee apply, an ADI was required to apply to the Reserve Bank of Australia for an eligibility certificate. Fees were also paid, calculated by reference to the term and amount of the liabilities guaranteed and the credit rating of the ADI the fee which applied to the Ultimate Parent Bank based on its rating by Standard and Poor's of AA, was 70 basis points per annum applied in respect of its guaranteed liabilities in accordance with the Wholesale Funding Guarantee). The fees are levied on a monthly or quarterly basis depending on the liability. An ADI was able to apply for an eligibility certificate in respect of a program under which it issues debt instruments from time to time or on a series-by-series basis.

A person to whom a guaranteed liability is owed may rely on the eligibility certificate issued by the Australian Government as conclusive evidence that the liability satisfies the criteria for eligibility to be guaranteed under the Wholesale Funding Guarantee.

An application must set out details of the liabilities to be guaranteed and be accompanied by an executed counter indemnity in favour of the Australian Government, external legal opinions in a prescribed form, an executed fee letter and a letter of prudential compliance. Further information with respect to the application procedure and fees can be found at the Australian Government Guarantee website at guaranteescheme.gov.au.

If the ADI is an Australian ADI (such as the Ultimate Parent Bank) or an Australian subsidiary of a bank incorporated overseas, it was able to apply for the guarantee to apply to:
- ***Deposit liabilities for amounts over A$1 million***: The deposit could be at call or with maturity of up to 60 months in excess of $1 million per customer per ADI, be in any currency and pre-date the Wholesale Funding Guarantee. There were no restrictions on the types of depositors;
- ***Deposits held in overseas branches***: Deposits held in overseas branches of Australian-owned ADIs could be covered by the Wholesale Funding Guarantee. There were no restrictions on the types of depositors;
- ***Short Term Wholesale Funding Liabilities***: The liability (which could be in any currency) was required to be a senior and unsecured debt instrument with a maturity not exceeding 15 months. In addition, the instrument must be "not complex" and be either a bank bill, a certificate of deposit or transferable deposit, a debenture or commercial paper; and
- ***Term Wholesale Funding Liabilities***: The liability (which may be in any currency) was required to be a senior and unsecured debt instrument with a maturity not exceeding 60 months but greater than 15 months. The instrument required to be "not complex" and be either a bond, a note or a debenture.

In the case of all instruments, they would be issued in bearer, registered or dematerialised form. An instrument could not be granted an eligibility certificate unless it was "not complex". The Government has published a list of the features that were likely to be regarded by the Government as "complex".

If the Australian Government does not perform its obligations under the Wholesale Funding Guarantee, a beneficiary of the guarantee could sue the Commonwealth of Australia under the Judiciary Act 1903 of Australia. In such a suit, the rights of parties are similar to those in a suit between subjects of the Commonwealth of Australia. Jurisdiction to hear claims against the Commonwealth of Australia in contract is vested in certain Australian courts under the Judiciary Act 1903 of Australia. If a judgment is obtained against the Australian Government, no execution or attachment can be issued against the property or revenues of the Commonwealth of Australia. However, if any judgment is given against the Australian Government, the Minister for Finance is obliged to satisfy the judgment out of money legally available, on receipt of a certificate of the judgment issued by an officer of a court in which such judgment has been obtained.

In order to render money legally available, specific appropriation by legislation passed by the Parliament of the Commonwealth of Australia would be necessary before any payment is made, unless the amount involved is such that it could be paid out of funds available under an existing standing appropriation. The Australian Government has enacted legislation which appropriates funds from consolidated revenue for the purposes of paying claims under the Wholesale Funding Guarantee. The Wholesale Funding Guarantee does not contain any submission to the courts of a foreign jurisdiction or any waiver of any immunity which might be available to the Commonwealth of Australia under the law of any foreign jurisdiction.

The Australian Government shall not be liable to perform its obligations under the Wholesale Funding Guarantee in respect of liabilities which have been varied, amended, waived, released, novated, supplemented, extended or restated in any material respect without the written consent of the Australian Government.

General Disclosures

Further information on the Wholesale Funding Guarantee including the Wholesale Deed of Guarantee is available in the most recent Supplemental Disclosure Statement.

Copies of eligibility certificates issued by the Reserve Bank of Australia under the Wholesale Funding Guarantee are available at guaranteescheme.gov.au.

The name of the Guarantor and 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 details of the arrangements, together with relevant legislation, regulations and other documents setting out the terms and conditions of the current guarantee arrangements, are available at the Treasury website treasury.gov.au, apra.gov.au and guaranteescheme.gov.au.

The most recent audited financial statements of the Commonwealth of Australia can be obtained at the Treasury's Budget website budget.gov.au. As at the date of signing of the General Short Form Disclosure Statement, the following ratings were assigned to the Commonwealth of Australia's long term, AUD denomination debt: AAA Outlook Stable (Standard & Poor's), Aaa Outlook Stable (Moody's) and AAA Outlook Stable (Fitch). These ratings have remained unchanged in the two preceding years.

New Zealand Guarantee Arrangements
The Crown guarantees wholesale funding of participating New Zealand financial institutions under the New Zealand Wholesale Funding Guarantee Facility. The NZ Branch does not have a guarantee under this Scheme.

Supplemental Disclosure Statement

A copy of the most recent Supplemental Disclosure Statement for the three months ended 31 December 2010 is available at no charge:

(a) on ANZ New Zealand's website at anz.com;
(b) immediately if request is made at ANZ New Zealand's registered office, located at Level 6, 1 Victoria Street, Wellington, New Zealand.; and
(c) within five working days of a request, if a request is made at any branch of ANZ or The National Bank of New Zealand.

ANZ New Zealand's most recent Supplemental Disclosure Statement contains a copy of the 30 September 2010 Annual Report for the Overseas Banking Group and a copy of the Deed of Guarantee for the Guarantee Scheme.

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 Level 6, 1 Victoria Street, Wellington, New Zealand. 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 General Disclosure Statement on 23 November 2010, there have been no changes to the Directors of Australia and New Zealand Banking Group Limited.

Income Statement

$ millions	Note	Unaudited 3 months to 31/12/2010	Unaudited 3 months to 31/12/2009	Audited Year to 30/09/2010
Interest income		**1,769**	1,577	6,447
Interest expense		**1,121**	975	3,952
Net interest income		**648**	602	2,495
Net trading gains		**40**	19	39
Funds management and insurance income		**56**	36	218
Other operating income		**80**	151	446
Share of profit of equity accounted associates and joint ventures		**-**	36	42
Operating income		**824**	844	3,240
Operating expenses		**418**	375	1,565
Profit before provision for credit impairment		**406**	469	1,675
Provision for credit impairment	11	**34**	152	456
Profit before income tax		**372**	317	1,219
Income tax expense	3	**112**	64	352
Profit after income tax		**260**	253	867

Statement of Comprehensive Income

$ millions	Unaudited 3 months to 31/12/2010	Unaudited 3 months to 31/12/2009	Audited Year to 30/09/2010
Profit after income tax	**260**	253	867
Available-for-sale revaluation reserve			
Valuation gain / (loss) before tax	**(6)**	22	53
Cumulative gain transferred to the income statement on sale of financial assets	**12**	-	(12)
Cash flow hedging reserve			
Valuation gain / (loss) before tax	**(39)**	4	89
Transferred to income statement	**2**	13	21
Other items recognised directly in equity			
Actuarial gain on defined benefit schemes	**-**	-	27
Income tax credit / (expense) on items recognised directly in equity	**7**	(5)	(48)
Net income / (expense) recognised directly in equity	**(24)**	34	130
Total comprehensive income for the year	**236**	287	997

Statement of Changes in Equity

$ millions	**Unaudited 3 months to 31/12/2010**	Unaudited 3 months to 31/12/2009	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 / (loss) recognised after tax	**(6)**	22	42
Transferred to income statement after tax	**8**	-	(9)
Balance at end of the period	**60**	47	58
Cash flow hedging reserve			
Balance at beginning of the period	**102**	23	23
Valuation gain recognised after tax	**(27)**	3	64
Transferred to income statement after tax	**1**	9	15
Balance at end of the period	**76**	35	102
Total reserves	**136**	82	160
Retained earnings			
Balance at beginning of the period	**1,236**	843	843
Profit after income tax attributable to parent	**260**	253	867
Total available for appropriation	**1,496**	1,096	1,710
Actuarial gain on defined benefit schemes after tax	**-**	-	18
Preference dividends paid	**(53)**	-	(492)
Balance at end of the period	**1,443**	1,096	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	**236**	287	997
Transactions with head office	**(53)**	-	(492)
Non-controlling interests	**-**	1	1
Balance at end of the period	**8,004**	7,603	7,821

Balance Sheet

$ millions	Note	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Assets				
Liquid assets	5	**2,168**	2,870	2,239
Due from other financial institutions	6	**2,722**	4,562	3,496
Trading securities	7	**7,395**	5,910	6,757
Derivative financial instruments		**9,404**	7,970	10,854
Available-for-sale assets	8	**1,773**	2,458	2,210
Net loans and advances	9	**95,710**	95,519	96,015
Investments relating to insurance business		**24**	40	28
Insurance policy assets		**149**	81	138
Shares in associates and jointly controlled entities		**144**	148	144
Current tax assets		**48**	24	18
Other assets		**951**	896	970
Deferred tax assets		**208**	434	304
Premises and equipment		**316**	298	311
Goodwill and other intangible assets		**3,529**	3,543	3,545
Total assets		**124,541**	124,753	127,029
Liabilities				
Due to other financial institutions	12	**12,008**	11,347	12,293
Deposits and other borrowings	13	**69,959**	72,970	70,295
Derivative financial instruments		**9,704**	8,857	10,727
Payables and other liabilities		**1,423**	1,559	1,506
Provisions		**266**	375	315
Bonds and notes		**19,016**	17,671	19,899
Term funding		**1,766**	1,766	1,766
Loan capital		**2,395**	2,605	2,407
Total liabilities (excluding head office account)		**116,537**	117,150	119,208
Net assets (excluding head office account)		**8,004**	7,603	7,821
Represented by:				
Share capital and head office account		**6,424**	6,424	6,424
Reserves		**136**	82	160
Retained earnings		**1,443**	1,096	1,236
Parent shareholder's equity and head office account		**8,003**	7,602	7,820
Non-controlling interests		**1**	1	1
Total equity & head office account		**8,004**	7,603	7,821

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

Cash Flow Statement

$ millions	Note	**Unaudited 3 months to 31/12/2010**	Unaudited 3 months to 31/12/2009	Audited Year to 30/09/2010
Cash flows from operating activities				
Interest received		**1,731**	1,530	6,217
Dividends received		**-**	-	2
Net funds management & insurance income		**35**	36	137
Fees and other income received		**186**	271	772
Interest paid		**(1,002)**	(979)	(3,880)
Operating expenses paid		**(483)**	(375)	(1,473)
Income taxes paid		**(31)**	(368)	(579)
Cash flows from operating profits before changes in operating assets and liabilities		**436**	115	1,196
Net changes in operating assets and liabilities:				
Change in due from other financial institutions - term		**210**	1,795	1,967
Change in trading securities		**(652)**	(1,746)	(2,613)
Change in derivative financial instruments		**(341)**	1,230	1,083
Change in available-for-sale assets		**457**	(738)	(435)
Change in insurance investment assets		**14**	-	22
Change in loans and advances		**141**	1,158	218
Change in other assets		**6**	278	143
Change in due to other financial institutions		**(229)**	(1,353)	(914)
Change in deposits		**1,148**	(455)	(1,493)
Change in other borrowings		**(1,590)**	1,350	(417)
Change in payables and other liabilities		**(113)**	8	(65)
Net cash flows provided by / (used in) operating activities	**19**	**(513)**	1,642	(1,308)
Cash flows from investing activities				
Proceeds from sale of shares in associates and jointly controlled entities		**-**	1	7
Proceeds from sale of premises and equipment		**-**	1	1
Purchase of shares in subsidiary entities		**-**	(247)	(247)
Purchase of intangible assets		**(19)**	(2)	(43)
Purchase of premises and equipment		**(20)**	(32)	(80)
Net cash flows used in investing activities		**(39)**	(279)	(362)
Cash flows from financing activities				
Proceeds from bonds and notes		**2,782**	2,121	5,481
Redemptions of bonds and notes		**(1,392)**	(1,692)	(4,307)
Redemptions of loan capital		**(1)**	-	(200)
Preference dividends paid		**(53)**	-	(492)
Net cash flows provided by financing activities		**1,336**	429	482
Net cash flows provided by / (used in) operating activities		**(513)**	1,642	(1,308)
Net cash flows used in investing activities		**(39)**	(279)	(362)
Net cash flows provided by financing activities		**1,336**	429	482
Net increase / (decrease) in cash and cash equivalents		**784**	1,792	(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	**19**	**4,362**	6,558	3,578

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

Notes to the Financial Statements

1. Significant Accounting Policies

(i) Statement of compliance
These financial statements have been prepared in accordance with the requirements of NZ IAS 34 *Interim Financial Reporting* and the Order. These financial statements 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;
- assets recognised as available-for-sale;
- financial instruments designated at fair value through profit and loss; and
- defined benefit scheme asset or liability.

(iii) Changes in accounting policies and application of new accounting statements
The accounting policies adopted by ANZ New Zealand are consistent with those adopted and disclosed in the prior period.

(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 December 2009 this reclassification has for ANZ New Zealand, increased interest income by $30 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. Risk Management Policies

There has been no material change to ANZ New Zealand's policies for managing risk, or material exposures to new types of risk since the authorisation of the previous General Disclosure Statement on 23 November 2010.

3. Income Tax Expense

$ millions	**Unaudited 3 months to 31/12/2010**	Unaudited 3 months to 31/12/2009	Audited Year to 30/09/2010
Income tax expense before tax provisions and the effect of changes in tax legislation	**110**	112	361
Change in tax provisions	**-**	(48)	(54)
Effect of changes in tax legislation	**2**	-	45
Income tax expense	**112**	64	352
Effective tax rate (%) before change in tax provisions and the effect of changes in tax legislation	**29.6%**	35.3%	29.6%
Effective tax rate (%)	**30.1%**	20.2%	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 three months ended 31 December 2010 a specialist standalone business banking unit was created within the Commercial segment, resulting in changes to internal financial reporting. Segmental information in this note has been updated to reflect the new 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, Rural, Commercial and UDC customers. Business banking services are offered to small enterprises (typically with annual revenues of less than $5 million). Commercial 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 analysis[1]

$ millions	Retail[2]	Commercial	Institutional [3]	Other [3]	Total
Unaudited 3 months to 31/12/2010					
External revenues	**466**	**765**	**109**	**(516)**	**824**
Intersegment revenues	**(114)**	**(406)**	**40**	**480**	**-**
Total revenues	**352**	**359**	**149**	**(36)**	**824**
Profit before income tax	**121**	**204**	**113**	**(66)**	**372**
Unaudited 3 months to 31/12/2009					
External revenues	475	759	(36)	(354)	844
Intersegment revenues	(213)	(436)	213	436	-
Total revenues	262	323	177	82	844
Profit before income tax	2	87	147	81	317
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 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. Liquid assets

$ millions	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Cash and balances with central banks	**1,747**	2,425	1,830
Money at call	**324**	363	328
Bills receivable and remittances in transit	**97**	82	81
Total liquid assets	**2,168**	2,870	2,239

6. Due from other financial institutions

$ millions	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Able to be withdrawn without prior notice	**73**	164	457
Securities purchased under agreement to resell	**1,461**	339	346
Securities purchased under agreement to resell with central banks	**229**	-	-
Security settlements	**22**	128	1,535
Certificates of deposit	**937**	1,022	707
Reserve bank bills	**-**	100	-
Term loans and advances	**-**	2,809	451
Total due from other financial institutions	**2,722**	4,562	3,496

7. Trading securities

$ millions	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Government, local body stock and bonds	**4,314**	2,599	3,917
Certificates of deposit	**58**	587	32
Promissory notes	**73**	56	64
Other bank bonds	**2,869**	2,592	2,655
Other	**81**	76	89
Total trading securities	**7,395**	5,910	6,757
Assets encumbered through repurchase agreements included in trading securities	**99**	101	222

8. Available-for-Sale assets

$ millions	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Government, local body stock and bonds	**1,500**	2,159	1,939
Other debt securities	**202**	213	193
Equity securities	**71**	86	78
Total available-for-sale assets	**1,773**	2,458	2,210

Notes to the Financial Statements

9. Net Loans and Advances

$ millions	Unaudited 31/12/2010	Unaudited 31/12/2009	Audited 30/09/2010
Overdrafts	**1,756**	1,954	2,131
Credit card outstandings	**1,435**	1,457	1,388
Term loans - housing	**53,898**	53,480	53,892
Term loans - non-housing	**39,224**	39,069	39,179
Finance lease receivables	**746**	690	726
Gross loans and advances	**97,059**	96,650	97,316
Provision for credit impairment (Note 11)	**(1,352)**	(1,370)	(1,420)
Unearned finance income	**(272)**	(258)	(273)
Fair value hedge adjustment	**284**	480	386
Deferred fee revenue and expenses	**(55)**	(55)	(50)
Capitalised brokerage/mortgage origination fees	**46**	72	56
Total net loans and advances	**95,710**	95,519	96,015

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

$ millions	Retail mortgages	Other retail exposures	Corporate exposures	Total
Unaudited 31/12/2010				
Individually impaired assets	**549**	**74**	**1,423**	**2,046**
Restructured items	**11**	**-**	**-**	**11**
Past due assets (90 days past due assets)[1]	**183**	**43**	**116**	**342**
Other assets under administration	**-**	**-**	**11**	**11**
Undrawn facilities with impaired customers	**-**	**-**	**31**	**31**
Unaudited 31/12/2009				
Individually impaired assets	427	73	829	1,329
Restructured items	7	-	-	7
Past due assets (90 days past due assets)[1]	223	57	106	386
Other assets under administration	1	-	8	9
Undrawn facilities with impaired customers	-	-	49	49
Audited 30/09/2010				
Individually impaired assets	554	81	1,403	2,038
Restructured items	9	-	-	9
Past due assets (90 days past due assets)[1]	153	33	127	313
Other assets under administration	-	-	4	4
Undrawn facilities with impaired customers	-	-	32	32

[1] 90 day past due assets not classified as impaired assets are either 90 days or more past due and well secured, or are portfolio managed facilities that can be held for up to 180 days past due.

Restructured assets

A restructured asset is an impaired asset for which the terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulty in complying with the original terms, and where the yield on the asset following restructuring is still above ANZ New Zealand's cost of funds. An asset is classified as an other individually impaired asset if, following the restructure, the yield on the asset is below ANZ New Zealand's cost of funds.

Assets acquired through enforcement of security

Assets acquired through enforcement of security are those assets which are legally owned by ANZ New Zealand as a result of enforcing security, other than any buildings occupied by ANZ New Zealand. ANZ New Zealand held no material assets acquired through enforcement of security (31/12/2009 $nil; 30/09/2010 $nil).

Past due assets

A past due asset is any loan where the counterparty has failed to make a payment when contractually due, and which is not an impaired asset. A 90 days past due asset is any past due asset which has not been operated by the counterparty within its key terms for at least 90 days.

Notes to the Financial Statements

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.

11. Provision for Credit Impairment

$ millions	Retail mortgages	Other retail exposures	Corporate exposures	Total
Unaudited 31/12/2010				
Collective provision				
Balance at beginning of the period	**122**	**149**	**533**	**804**
Charge / (credit) to income statement	**(7)**	**(5)**	**(42)**	**(54)**
Balance at end of the period	**115**	**144**	**491**	**750**
Individual provision (individually impaired assets)				
Balance at beginning of the period	**218**	**50**	**348**	**616**
Charge to income statement	**7**	**22**	**59**	**88**
Recoveries of amounts previously written off	**-**	**4**	**1**	**5**
Bad debts written off	**(19)**	**(27)**	**(42)**	**(88)**
Discount unwind[1]	**(5)**	**-**	**(14)**	**(19)**
Balance at end of the period	**201**	**49**	**352**	**602**
Total provision for credit impairment	**316**	**193**	**843**	**1,352**
Unaudited 31/12/2009				
Collective provision				
Balance at beginning of the period	127	159	518	804
Charge to income statement	(3)	(1)	4	-
Balance at end of the period	124	158	522	804
Individual provision (individually impaired assets)				
Balance at beginning of the period	156	40	281	477
Charge to income statement	59	28	65	152
Recoveries of amounts previously written off	1	4	-	5
Bad debts written off	(16)	(31)	(11)	(58)
Discount unwind[1]	(3)	(1)	(6)	(10)
Balance at end of the period	197	40	329	566
Total provision for credit impairment	321	198	851	1,370
Audited 30/09/2010				
Collective provision				
Balance at beginning of the year	127	159	518	804
Charge 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[1]	(17)	(3)	(40)	(60)
Balance at end of the year	218	50	348	616
Total provision for credit impairment	340	199	881	1,420

[1] The impairment loss on an impaired asset is calculated as the difference between the asset's carrying amount and the estimated future cash flows discounted to its present value using the original effective interest rate for the asset. This discount unwinds as interest income over the period the asset is held.

Notes to the Financial Statements

Provision movement analysis

$ millions	Retail mortgages	Other retail exposures	Corporate exposures	Total
Unaudited 31/12/2010				
New and increased provisions	**47**	**31**	**85**	**163**
Provision releases	**(40)**	**(5)**	**(25)**	**(70)**
	7	**26**	**60**	**93**
Recoveries of amounts previously written off	**-**	**(4)**	**(1)**	**(5)**
Individual provision charge	**7**	**22**	**59**	**88**
Collective provision charge / (credit)	**(7)**	**(5)**	**(42)**	**(54)**
Charge to income statement	**-**	**17**	**17**	**34**
Unaudited 31/12/2009				
New and increased provisions	66	32	93	191
Provision releases	(6)	-	(28)	(34)
	60	32	65	157
Recoveries of amounts previously written off	(1)	(4)	-	(5)
Individual provision charge	59	28	65	152
Collective provision charge	(3)	(1)	4	-
Charge to income statement	56	27	69	152
Audited 30/09/2010				
New and increased provisions	206	160	338	704
Provision releases	(65)	(23)	(139)	(227)
	141	137	199	477
Recoveries of amounts previously written off	(2)	(17)	(2)	(21)
Individual provision charge	139	120	197	456
Collective provision charge	(5)	(10)	15	-
Charge to income statement	134	110	212	456

12. Due to Other Financial Institutions

$ millions	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Due to other financial institutions	**11,909**	11,046	12,071
Securities sold under agreements to repurchase from other financial institutions	**99**	101	222
Securities sold under agreements to repurchase from central banks[1]	**-**	200	-
Total due to other financial institutions	**12,008**	11,347	12,293

[1] As at 31 December 2010 ANZ New Zealand had entered into no repurchase agreements for residential mortgage-backed securities with the RBNZ (31/12/2009 $200 million; 30/09/2010 $nil). Therefore no underlying collateral had been accepted by the RBNZ in relation to repurchase agreements (31/12/2009 residential mortgages to the value of $246 million were held by RBNZ as collateral; 30/09/2010 $nil).

Notes to the Financial Statements

13. Deposits and Other Borrowings

$ millions	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Amortised cost			
Certificates of deposit	**1,843**	3,028	3,245
Term deposits	**36,147**	34,232	34,687
Demand deposits bearing interest	**19,031**	20,482	18,714
Deposits not bearing interest	**5,539**	4,821	4,964
Secured debenture stock	**1,602**	1,383	1,378
Total deposits and other borrowings recognised at amortised cost	**64,162**	63,946	62,988
Fair value through profit or loss			
Commercial paper	**5,797**	9,024	7,307
Total deposits and other borrowings recognised at fair value	**5,797**	9,024	7,307
Total deposits and other borrowings	**69,959**	72,970	70,295
Secured debenture stock is secured over:			
Carrying value of total tangible assets of UDC Finance Limited	**2,162**	1,912	2,111

14. Related Party Transactions

Balances with related parties

$ millions	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Due from financial institutions			
Due from Ultimate Parent Bank and subsidiaries not part of ANZ New Zealand	**640**	3,150	1,507
Derivative financial assets			
Due from related entities	**2,528**	1,540	2,548
Net loans and advances			
Due from associates	**145**	161	151
Due from joint ventures	**30**	37	36
Shares in associates and joint ventures	**144**	148	144
Other assets			
Due from Ultimate Parent Bank and subsidiaries not part of ANZ New Zealand	**55**	32	37
Total due from related parties	**3,542**	5,068	4,423
Due to other financial institutions			
Due to Ultimate Parent Bank	**10,781**	10,161	10,482
Deposits and other borrowings			
Due to associates	**85**	85	85
Term funding due to Immediate Parent Company	**1,766**	1,766	1,766
Derivative financial liabilities			
Due to related entities	**2,738**	2,112	2,658
Payables and other liabilities			
Due to Ultimate Parent Bank and subsidiaries not part of ANZ New Zealand	**128**	105	105
Bonds and notes			
Due to Ultimate Parent Bank and subsidiaries not part of ANZ New Zealand	**2,260**	2,221	3,605
Loan capital			
Due to Ultimate Parent Bank and subsidiaries not part of ANZ New Zealand	**619**	821	630
Total due to related parties	**18,377**	17,271	19,331

Notes to the Financial Statements

Balances due from / to related parties are unsecured other than that ANZ New Zealand and the Bank have provided guarantees and commitments to related parties as follows:

$ millions	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Financial guarantees provided to the Ultimate Parent Bank	**1,361**	1,694	1,660

15. Interest Earning and Discount Bearing Assets and Liabilities

$ millions	**Unaudited 31/12/2010**	Unaudited 31/12/2009	Audited 30/09/2010
Interest earning and discount bearing assets	**108,701**	110,489	108,325
Interest and discount bearing liabilities	**99,620**	101,477	10 0,335

Notes to the Financial Statements

16. Capital Adequacy

Overseas Banking Group Basel II capital adequacy ratio (unaudited)

	Overseas Banking Group			Overseas Bank (Extended Licensed Entity)	
	31/12/2010	31/12/2009	30/09/2010	30/09/2010	30/09/2009
Tier One Capital	**10.4%**	**10.5%**	10.1%	11.0%	11.6%
Total Capital	**11.9%**	**13.4%**	11.9%	12.3%	14.2%

Basel II came into force on 1 January 2008. The Overseas Banking Group received accreditation from APRA to apply the Advanced Internal Ratings Based ("Advanced IRB") methodology for credit risk weighted assets and the Advanced Measurement Approach ("AMA") for operational risk weighted asset equivalents.

The Overseas Banking Group has Advanced IRB accreditation under Basel II rules. The Overseas Banking Group met the requirements imposed by APRA during the three months ended 31 December 2010 and for the comparative periods shown.

Further details of the Overseas Banking Group's capital adequacy requirements and credit risk management processes can be found in its 2010 Annual Report.

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 December 2010 (unaudited)

On-balance sheet exposures	Principal amount	Risk weight	Risk weighted exposure
	$m		$m
Cash and short term claims on Government	**4,183**	**0%**	**-**
Long term claims on Government	**4,219**	**10%**	**422**
Claims on banks	**4,629**	**20%**	**926**
Claims on public sector entities	**843**	**20%**	**169**
Residential mortgages	**53,609**	**50%**	**26,805**
Other	**44,128**	**100%**	**44,128**
Non risk weighted assets	**12,930**	**n/a**	**-**
	124,541		**72,449**

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	**1,778**	**100%**	**1,778**	**39%**	**697**
Commitments with certain drawdown	**507**	**100%**	**507**	**57%**	**287**
Transaction related contingent items	**677**	**50%**	**338**	**68%**	**229**
Short term, self liquidating trade related contingencies	**80**	**20%**	**16**	**100%**	**16**
Other commitments to provide financial services which have an original maturity of 1 year or more	**4,448**	**50%**	**2,224**	**100%**	**2,224**
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time	**17,286**	**0%**	**-**	**n/a**	**-**
Market related contracts					
- Foreign exchange	**152,616**		**7,638**	**22%**	**1,686**
- Interest rate	**495,259**		**7,951**	**23%**	**1,860**
- Other	**167**		**22**	**59%**	**13**
	672,818		**20,474**		**7,012**

Notes to the Financial Statements

Total Risk Weighted Exposures of the NZ Branch as at 31 December 2010 (Unaudited)

On-balance sheet exposures	Principal amount	Risk weight	Risk weighted exposure
	$m		$m
Claims on banks	**265**	**20%**	**53**
Residential mortgages	**10,466**	**50%**	**5,233**
Other	**54**	**100%**	**54**
Non risk weighted assets	**499**	**n/a**	**-**
	11,284		**5,340**

Off-balance sheet exposures	Principal amount	Credit conversion factor	Credit equivalent amount	Average counterparty risk weight	Risk weighted exposure
	$m		$m		$m
Other commitments to provide financial services which have an original maturity of 1 year or more	**82**	**50%**	**41**	**100%**	**41**
Market related contracts					
- Foreign exchange	**10,783**		**524**	**20%**	**105**
- Interest rate	**18,619**		**139**	**20%**	**28**
	29,484		**704**		**174**

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 quarter are measured over the Overseas Banking Group's equity as at 30 September 2010 (31/12/2009: 30 September 2009; 30/09/2010: 30 September 2010) at the end of the quarter and are calculated separately for each category of exposure. The peak for all categories of exposure may not have occurred at the same time.

	Implied risk weighted exposure		Aggregate capital charge		Aggregate capital charge as a percentage of the Overseas Banking Group's Equity	
Unaudited	**As at**	**Peak**	**As at**	**Peak**	**As at**	**Peak**
	$m	$m	$m	$m	%	%
31/12/2010						
Interest rate risk	**4,079**	**4,079**	**326**	**326**	**0.7%**	**0.7%**
Foreign currency risk	**12**	**98**	**1**	**8**	**0.0%**	**0.0%**
Equity risk	**71**	**78**	**6**	**6**	**0.0%**	**0.0%**
	4,162		**333**			
31/12/2009						
Interest rate risk	3,719	4,053	298	324	0.9%	1.0%
Foreign currency risk	11	89	1	7	0.0%	0.0%
Equity risk	86	86	7	7	0.0%	0.0%
	3,816		306			
30/09/2010						
Interest rate risk	3,733	3,733	299	299	0.7%	0.7%
Foreign currency risk	25	101	2	8	0.0%	0.0%
Equity risk	78	81	6	6	0.0%	0.0%
	3,836		307			

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

As required by the RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by the Bank's valuation of the security property at origination of the exposure. The exposure amount used to calculate LVR excludes commitments to lend.

Notes to the Financial Statements

Retail mortgages by LVR for ANZ New Zealand as at 31 December 2010 (Unaudited)	**Exposure Amount**
	$m
LVR range	
0% - 80%	**43,111**
80% - 90%	**6,453**
Over 90%	**5,472**
	55,036

During the three months ended 31 December 2010 ANZ New Zealand implemented a number of changes to the way it calculates loan to valuation ratios. These changes reflect enhancements to the calculation methodology and to improve the robustness of underlying source data.

17. Liquidity Portfolio

	Unaudited	Unaudited	Audited
$ millions	**31/12/2010**	31/12/2009	30/09/2010
Cash and balances with central banks	**1,058**	2,141	1,015
Securities purchased under agreement to resell	**1,075**	339	266
Certificates of deposit	**768**	1,430	687
Government, local body stock and bonds	**4,825**	2,401	3,631
Available-for-sale assets	**1,480**	2,134	1,915
Other bonds	**3,077**	2,636	2,698
Total liquidity portfolio	**12,283**	11,081	10,212

18. Concentrations of Credit Risk

ANZ New Zealand has no credit exposures, on the basis of limits, to individual counterparties or groups of closely related counterparties (whether bank or non-bank exposures) which equal or exceed 10% of the Overseas Banking Group's equity as at 31/12/2010, 31/12/2009, or 30/09/2010, or at any time for the quarter ended 31/12/2010 in respect of peak end-of-day aggregate credit exposures. The peak end-of-day exposures have been calculated using the Overseas Banking Group’s equity as at 31/12/2010. These calculations exclude credit exposures to the central government of any country with a long term credit rating of A- or A3 or above, or its equivalent.

Notes to the Financial Statements

19. Notes to the Cash Flow Statements

$ millions	Unaudited 3 months to 31/12/2010	Unaudited 3 months to 31/12/2009	Audited Year to 30/09/2010
Reconciliation of profit after income tax to net cash flows provided by / (used in) operating activities			
Profit after income tax	**260**	253	867
Non-cash items:			
Depreciation, amortisation and impairment	**47**	12	71
Provision for credit impairment	**34**	152	456
Deferred fee revenue and expenses	**11**	-	(5)
Share-based payments expense	**5**	5	21
Amortisation of capitalised brokerage/ mortgage origination fees	**17**	12	45
Deferrals or accruals of past or future operating cash receipts or payments:			
Change in operating assets and liabilities	**(949)**	1,527	(2,518)
Change in interest receivable	**4**	(10)	6
Change in interest payable	**93**	(33)	(37)
Change in accrued income	**4**	(4)	(6)
Change in accrued expenses	**(71)**	2	54
Change in provisions	**(49)**	(14)	(63)
Amortisation of premiums and discounts	**18**	3	39
Change in insurance policy assets	**(3)**	-	(49)
Change in insurance investment assets	**(10)**	-	(10)
Change in income tax assets	**73**	(314)	(235)
Items classified as investing/financing:			
Share of profit of equity accounted associates and jointly controlled entities	**-**	(36)	(42)
Re-measuring existing equity interests to fair value	**-**	82	82
Impairment of associates	**-**	-	7
Loss on disposal of premises and equipment	**3**	5	9
Net cash flows provided by / (used in) operating activities	**(513)**	1,642	(1,308)

$ millions	Unaudited 31/12/2010	Unaudited 31/12/2009	Audited 30/09/2010
Reconciliation of cash and cash equivalents to the balance sheets			
Liquid assets	**2,168**	2,870	2,239
Due from other financial institutions - less than 90 days	**2,194**	3,688	1,339
Total cash and cash equivalents	**4,362**	6,558	3,578

20. Securitisations, Funds Management, Other Fiduciary Activities and Insurance

Securitisation

In October 2008, ANZ New Zealand established an in-house residential mortgage backed securities facility that could issue securities meeting the RBNZ criteria for use as collateral in repurchase transactions with the RBNZ. As at 31 December 2010 the rights to cash flows associated with residential mortgages with a carrying value of $6,212 million (31/12/2009 $5,417 million; 30/09/2010 $6,531 million) were held in the facility. These assets do not qualify for derecognition as the Bank retains a continuing involvement in the transferred assets, therefore ANZ New Zealand's financial statements do not change as a result of establishing these facilities.

Funds management

Certain entities that form part of ANZ New Zealand act as trustee and/or manager for a number of unit trusts and investment and superannuation funds. ANZ New Zealand provides private banking services to a number of clients, including investment advice and portfolio management. ANZ New Zealand is not responsible for any decline in performance of the underlying assets of the investors due to market forces.

As funds under management are not controlled by ANZ New Zealand, they are not included in these financial statements. ANZ New Zealand derives fee and commission income from the sale and management of investment funds and superannuation bonds, unit trusts and the provision of private banking services to a number of clients. ANZ New Zealand derives commission income from the sale of third party funds management products.

Notes to the Financial Statements

Custodial services

ANZ New Zealand provides custodial services to customers in respect of assets that are beneficially owned by those customers.

Provision of financial services

Financial services provided by ANZ New Zealand to entities which are involved in trust, custodial, funds management and other fiduciary activities, and to affiliated insurance companies which conduct marketing or distribution of insurance products, or on whose behalf the marketing or distribution of insurance products are conducted, are provided on arm's length terms and conditions and at fair value. Any assets purchased from such entities have been purchased on an arm's length basis and at fair value.

Except for standard lending facilities provided in the normal course of business on arm's length terms, ANZ New Zealand has not provided any funding to entities which conduct any of the following activities: trust, custodial, funds management or other fiduciary activities established, marketed and/or sponsored by a member of ANZ New Zealand (31/12/2009 $nil; 30/09/2010 $nil).

Insurance business

ANZ New Zealand conducts an insurance business through OnePath Insurance Holdings (NZ) Limited and its subsidiaries ("OnePath Insurance"), the assets, liabilities and operations of which are fully consolidated into ANZ New Zealand. OnePath Insurance provides risk transfer and investment contract life insurance products. In addition, other entities within ANZ New Zealand market and distribute a range of insurance products which are underwritten by OnePath Insurance, or by third party insurance companies.

The aggregate insurance business conducted by OnePath Insurance comprises assets totalling $335 million (31/12/2009: $297 million; 30/09/2010 $337 million), which is 0.3% (31/12/2009: 0.3%; 30/09/2010 0.3%) of the total consolidated assets of ANZ New Zealand.

21. Credit Related Commitments and Contingent Liabilities

	Face or contract value		
	Unaudited	Unaudited	Audited
$ millions	**31/12/2010**	31/12/2009	30/09/2010
Credit related commitments			
Commitments with certain drawdown due within one year	**503**	549	493
Commitments to provide financial services	**21,715**	22,051	20,352
Total credit related commitments	**22,218**	22,600	20,845
Contingent liabilities			
Financial guarantees	**1,852**	1,751	1,686
Standby letters of credit	**68**	384	60
Transaction related contingent items	**841**	1,015	898
Trade related contingent liabilities	**79**	70	97
Total contingent liabilities	**2,840**	3,220	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. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers, therefore these transactions are subjected to the same credit origination, portfolio management and collateral requirements for customers applying for loans. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Commerce Commission

ANZ New Zealand is aware that the Commerce Commission is looking at credit contract fees under the Credit Contracts and Consumer Finance Act 2003 ("CCCFA"). In its 2010-2013 Statement of Intent the Commission stated that:

> *"In CCCFA enforcement, the Commission will continue to focus on unreasonable credit fees, while still being mindful of disclosure issues."*

In particular ANZ New Zealand is aware that the Commission is investigating the level of default fees charged on credit cards, the level of currency conversion charges on overseas transactions using credit cards and informal excess arrangements on credit cards under the CCCFA. At this stage the possible outcome of these investigations and any liability or impact on fees cannot be determined with any certainty.

Notes to the Financial Statements

Other contingent liabilities

ANZ New Zealand has other contingent liabilities in respect of actual and potential claims and 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 appropriate. As at 31 December 2010, there were no other contingent assets or liabilities required to be disclosed.

22. Subsequent Events

In November 2010 ANZ New Zealand announced that it will move to a single banking platform during 2011. Further, a management restructure was announced on 9 February 2011 to set up a simplified regional reporting structure across the Bank. The total cost of these announcements is estimated at around $160 million operating expense and around $60 million capital expense.

In February 2011 ANZ New Zealand sold certain available for sale assets, resulting in a gain of $42 million after tax being recognised in the Income Statement, of which $28 million was transferred from the available for sale reserve.

Conditions of Registration

Conditions of Registration, applicable as at 21 February 2011. These conditions have applied since 5 January 2009.

There have been no changes in the NZ Branch's conditions of registration since the issuance of the last General Disclosure Statement dated 23 November 2010.

The registration of the NZ Branch as a registered bank is subject to the following conditions:

1. That the New Zealand Banking Group does not conduct any non-financial activities that in aggregate are material relative to its total activities, where the term material is based on generally accepted accounting practice, as defined in the Financial Reporting Act 1993.

2. That the New Zealand Banking Group's insurance business is not greater than 1% of its total consolidated assets. For the purposes of this condition:
   i. Insurance business means any business of the nature referred to in section 4 of the Insurance Companies (Ratings and Inspections) Act 1994 (including those to which the Act is disapplied by sections 4(1)(a) and (b) and 9 of that Act), or any business of the nature referred to in section 3(1) of the Life Insurance Act 1908;
   ii. In measuring the size of the New Zealand Banking Group's insurance business:
      a. where insurance business is conducted by any entity whose business predominantly consists of insurance business, the size of that insurance business shall be:
         - The total consolidated assets of the group headed by that entity;
         - Or if the entity is a subsidiary of another entity whose business predominantly consists of insurance business, the total consolidated assets of the group headed by the latter entity;
      b. otherwise, the size of each insurance business conducted by any entity within the banking group shall equal the total liabilities relating to that insurance business, plus the equity retained by the entity to meet the solvency or financial soundness needs of the insurance business;
      c. the amounts measured in relation to parts (a) and (b) shall be summed and compared to the total consolidated assets of the banking group. All amounts in parts (a) and (b) shall relate to on balance sheet items only, and shall be determined in accordance with generally accepted accounting practice, as defined in the Financial Reporting Act 1993;
      d. where products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets shall be considered part of the insurance business.

3. That the business of the registered bank in New Zealand does not constitute a predominant proportion of the business of the Australia and New Zealand Banking Group Limited.

4. That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:
   i. the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
   ii. the Reserve Bank has advised that it has no objection to that appointment.

5. That Australia and New Zealand Banking Group Limited complies with the requirements imposed on it by the Australian Prudential Regulation Authority.

6. That Australia and New Zealand Banking Group Limited complies with the following minimum capital adequacy requirements, as administered by the Australian Prudential Regulation Authority:
   - tier one capital of the Australia and New Zealand Banking Group Limited is not less than 4 percent of risk weighted exposures;
   - capital of Australia and New Zealand Banking Group Limited is not less than 8 percent of risk weighted exposures.

7. That the business of the registered bank in New Zealand is restricted to:
   i. acquiring for fair value, and holding, mortgages originated by ANZ National Bank Limited; and
   ii. any other business for which the prior written approval of the Reserve Bank of New Zealand has been obtained; and
   iii. activities that are necessarily incidental to the business specified in paragraphs (i) and (ii).

8. That the value of the mortgages held by the registered bank in New Zealand must not exceed $15 billion in aggregate.

9. That the registered bank in New Zealand may not incur any liabilities except:
   i. to the government of New Zealand in respect of taxation and other charges; and
   ii. to other branches or the head office of the registered bank; and
   iii. to trade creditors and staff; and
   iv. to ANZ National Bank Limited in respect of activities, other than borrowing, that are necessarily incidental to the business specified in paragraphs (i) and (ii) of condition 7; and
   v. any other liabilities for which the prior written approval of the Reserve Bank has been obtained.

Conditions of Registration

For the purposes of these Conditions of Registration, the term "Banking Group" means the New Zealand operations of Australia and New Zealand Banking Group Limited whose business is required to be reported in the financial statements for the Group's New Zealand business, prepared in accordance with section 9(2) of the Financial Reporting Act 1993.

Directors' and New Zealand Chief Executive Officer's Statement

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

i. The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statement (Off-Quarter - Overseas Incorporated Registered Banks) Order 2008;

ii. The Disclosure Statement is not false or misleading.

Each Director of the Ultimate Parent Bank and the Chief Executive Officer - NZ Branch believes, after due enquiry, that, over the three months ended 31 December 2010:

i. The NZ Branch has complied with all the conditions of registration;

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 General Disclosure Statement is dated 21 February 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

S R Peterson
Chief Executive Officer – NZ Branch

Independent Review Report to the Directors of Australia and New Zealand Banking Group Limited - New Zealand Branch

We have reviewed the interim financial statements on pages 7 to 24 prepared and disclosed in accordance with Clause 19 of the Registered Bank Disclosure Statement (Off-Quarter – Overseas Incorporated Registered Banks) Order 2008 (the 'Order') and the supplementary information prescribed in Schedules 2 to 6. The interim financial statements, and supplementary information, provide information about the past financial performance and cash flows of Australia and New Zealand Banking Group Limited - New Zealand Branch and its related entities ('ANZ New Zealand') and their financial position as at 31 December 2010. This information is stated in accordance with the accounting policies set out on page 11.

Directors' responsibilities

The Directors of Australia and New Zealand Banking Group Limited - New Zealand Branch are responsible for the preparation and presentation of interim financial statements in accordance with Clause 19 of the Order which give a true and fair view of the financial position of ANZ New Zealand as at 31 December 2010 and its financial performance and cash flows for the three months ended on that date.

They are also responsible for the preparation of supplementary information which gives a fair view, in accordance with the Order, of the matters to which it relates; and complies with Schedules 2 to 6 of the Order.

Reviewers' responsibilities

We are responsible for reviewing the interim financial statements, including the supplementary information disclosed in accordance with Schedules 3, 5 to 6, and Clause 15 of Schedule 2 of the Order presented to us by the Directors and reporting our findings to you.

It is also our responsibility to express a review opinion to state whether, the supplementary information relating to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 4 of the Order, is in all material respects prepared and disclosed in accordance with Capital Adequacy Framework (Basel 1 Approach) and Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 4 and for reporting our findings to you.

Basis of review opinion

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

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 disclosed in Notes 15, 16, 18 and 20) do not present a true and fair view of the financial position of ANZ New Zealand as at 31 December 2010 and its financial performance and cash flows for the three months ended on that date;

b. the supplementary information disclosed in Notes 15, 18 and 20 prescribed by Schedules 3, 5 to 6 and Clause 15 of Schedule 2 of the Order is not fairly stated in accordance with those Schedules; and

c. the supplementary information relating to Capital Adequacy disclosed in Note 16 of the interim financial statements, as required by Schedule 4 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 4 of the Order.

Our review was completed on 21 February 2011 and our review opinion is expressed as at that date.

KPMG

Wellington