

**ANZ BANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENT**

FOR THE SIX MONTHS ENDED 31 MARCH 2018
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REGISTERED BANK DISCLOSURE STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2018

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GLOSSARY OF TERMS

In this Registered Bank Disclosure Statement (Disclosure Statement) unless the context otherwise requires:

Bank means ANZ Bank New Zealand Limited.

Banking Group, We or Our means the Bank and all its controlled entities.

Immediate Parent Company means ANZ Holdings (New Zealand) Limited.

Ultimate Parent Bank means Australia and New Zealand Banking Group Limited.

Overseas Banking Group means the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities.

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.

NZ Branch means the New Zealand business of the Ultimate Parent Bank.

ANZ New Zealand means the New Zealand business of the Overseas Banking Group.

UDC means UDC Finance Limited.

Registered Office is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland, New Zealand, which is also the Banking Group's address for service.

RBNZ means the Reserve Bank of New Zealand.

APRA means the Australian Prudential Regulation Authority.

the Order means the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014.

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.

INCOME STATEMENT

	Note	3 months to		6 months to	
		31 Mar 18 NZ\$m	31 Mar 17 NZ\$m	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m
Interest income		1,577	1,524	3,170	3,075
Interest expense		806	773	1,614	1,562
Net interest income		771	751	1,556	1,513
Other operating income	2	172	133	382	301
Net funds management and insurance income		93	112	204	133
Share of associates' profit		-	-	1	1
Operating income		1,036	996	2,143	1,948
Operating expenses		361	361	747	730
Profit before credit impairment and income tax		675	635	1,396	1,218
Credit impairment charge	5	60	4	72	42
Profit before income tax		615	631	1,324	1,176
Income tax expense		167	178	366	330
Profit after income tax		448	453	958	846

STATEMENT OF COMPREHENSIVE INCOME

	3 months to		6 months to	
	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m
Profit after income tax	448	453	958	846
<i>Items that will not be reclassified to profit or loss</i>				
Actuarial gain on defined benefit schemes	2	19	2	19
Income tax expense relating to items that will not be reclassified	(1)	(5)	(1)	(5)
Total items that will not be reclassified to profit or loss	1	14	1	14
<i>Items that may be reclassified subsequently to profit or loss</i>				
Unrealised losses recognised directly in equity	(8)	-	(6)	(15)
Realised losses transferred to income statement	1	4	3	6
Income tax credit / (expense) relating to items that may be reclassified	2	(1)	1	2
Total items that may be reclassified subsequently to profit or loss	(5)	3	(2)	(7)
Total comprehensive income for the period	444	470	957	853

BALANCE SHEET

As at	Note	31 Mar 18 NZ\$m	30 Sep 17 NZ\$m
Assets			
Cash		2,752	2,338
Settlement balances receivable		763	536
Collateral paid		1,634	1,415
Trading securities		8,416	7,663
Investments backing insurance contract liabilities		152	123
Derivative financial instruments		8,147	9,878
Current tax assets		15	-
Available-for-sale assets		6,609	6,360
Net loans and advances	4	119,649	117,627
Assets held for sale	11	3,225	3,065
Other assets		711	683
Life insurance contract assets		669	636
Investments in associates		-	7
Premises and equipment		354	367
Goodwill and other intangible assets		3,266	3,275
Total assets		156,362	153,973
Liabilities			
Settlement balances payable		1,860	1,840
Collateral received		760	613
Deposits and other borrowings	7	106,080	101,657
Derivative financial instruments		7,766	9,826
Current tax liabilities		-	39
Deferred tax liabilities		207	187
Liabilities held for sale	11	1,017	1,088
Payables and other liabilities		1,104	1,151
Employee entitlements		117	119
Other provisions		62	66
Debt issuances	8	24,456	24,606
Total liabilities		143,429	141,192
Net assets		12,933	12,781
Equity			
Share capital		8,888	8,888
Reserves		46	48
Retained earnings		3,999	3,845
Total equity		12,933	12,781

CONDENSED CASH FLOW STATEMENT

For the six months ended	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m
Cash flows from operating activities		
Interest received	3,182	3,084
Interest paid	(1,625)	(1,560)
Other cash inflows provided by operating activities	530	451
Other cash outflows used in operating activities	(1,182)	(1,121)
<i>Cash flows from operating profits before changes in operating assets and liabilities</i>	905	854
Net changes in operating assets and liabilities	401	(802)
Net cash flows provided by operating activities	1,306	52
Cash flows from investing activities		
Cash inflows provided by investing activities	35	-
Cash outflows used in investing activities	(18)	(26)
Net cash flows used in investing activities	17	(26)
Cash flows from financing activities		
Cash inflows provided by financing activities	2,885	2,943
Cash outflows used in financing activities	(3,825)	(3,388)
Net cash flows used in financing activities	(940)	(445)
Net increase in cash and cash equivalents	383	(419)
Cash and cash equivalents at beginning of the period	2,439	2,315
Cash and cash equivalents at end of the period	2,822	1,896

STATEMENT OF CHANGES IN EQUITY

	Share capital NZ\$m	Available- for-sale revaluation reserve NZ\$m	Cash flow hedging reserve NZ\$m	Retained earnings NZ\$m	Total equity NZ\$m
As at 1 October 2016	8,888	-	62	3,760	12,710
Profit after income tax	-	-	-	846	846
Unrealised gains / (losses) recognised directly in equity	-	7	(22)	-	(15)
Realised losses transferred to the income statement	-	-	6	-	6
Actuarial gain on defined benefit schemes	-	-	-	19	19
Income tax credit / (expense) on items recognised directly in equity	-	(2)	4	(5)	(3)
Total comprehensive income for the period	-	5	(12)	860	853
Ordinary dividend paid	-	-	-	(785)	(785)
Preference dividend paid	-	-	-	(5)	(5)
As at 31 March 2017	8,888	5	50	3,830	12,773
As at 1 October 2017	8,888	5	43	3,845	12,781
Profit after income tax	-	-	-	958	958
Unrealised gains / (losses) recognised directly in equity	-	9	(15)	-	(6)
Realised losses transferred to the income statement	-	-	3	-	3
Actuarial gain on defined benefit schemes	-	-	-	2	2
Income tax credit / (expense) on items recognised directly in equity	-	(2)	3	(1)	-
Total comprehensive income for the period	-	7	(9)	959	957
Ordinary dividend paid	-	-	-	(800)	(800)
Preference dividend paid	-	-	-	(5)	(5)
As at 31 March 2018	8,888	12	34	3,999	12,933

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim financial statements for the Banking Group have been prepared in accordance with the requirements of the Reserve Bank of New Zealand Act 1989, and should be read in conjunction with the Banking Group's financial statements for the year ended 30 September 2017.

These financial statements comply with:

- New Zealand Generally Accepted Accounting Practice, as defined in the Financial Reporting Act 2013
- NZ IAS 34 *Interim Financial Reporting* and other applicable Financial Reporting Standards, as appropriate for publicly accountable for-profit entities
- IAS 34 *Interim Financial Reporting*.

Use of estimates, assumptions and judgements

The preparation of these interim financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments are provided in the previous full year financial statements. Such estimates and judgements are reviewed on an ongoing basis.

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
- available-for-sale financial assets
- financial instruments held for trading
- financial instruments designated at fair value through profit and loss.

Changes in accounting policies

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

Presentation currency and rounding

The amounts contained in the financial statements are presented in millions of New Zealand dollars, unless otherwise stated.

Comparatives

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

Principles of consolidation

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

2. OTHER OPERATING INCOME

	Note	3 months to		6 months to	
		31 Mar 18 NZ\$m	31 Mar 17 NZ\$m	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m
i) Net fee and commission income		98	92	203	197
ii) Other income					
Net trading gains		39	54	99	109
Fair value gain / (loss) on hedging activities and financial liabilities designated at fair value		11	(33)	24	(49)
Net foreign exchange earnings and other financial instruments income		50	21	123	60
Derivative valuation adjustments		(4)	10	1	27
Loss on sale of mortgages to NZ Branch		-	-	(1)	(1)
Gain on UDC terminated transaction	11	20	-	20	-
Insurance proceeds		-	-	20	-
Other		8	10	16	18
Other income		74	41	179	104
Total other operating income		172	133	382	301

NOTES TO THE FINANCIAL STATEMENTS

3. SEGMENT REPORTING

The Banking Group is organised into three major business segments for segment reporting purposes - 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.

Segment 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 a full range of banking and wealth management services to consumer, private banking and small business banking customers. We deliver our services via our internet and app-based digital solutions and network of branches, mortgage specialists, relationship managers and contact centres.

Commercial

Commercial provides a full range of banking services including traditional relationship banking and sophisticated financial solutions (including asset financing) through dedicated managers focusing on privately owned medium to large enterprises and the agriculture business segment.

Institutional

The Institutional division services global institutional and business customers across three product sets: Transaction Banking, Loans & Specialised Finance and Markets.

- Transaction Banking provides working capital and liquidity solutions including documentary trade, supply chain financing as well as cash management solutions, deposits, payments and clearing.
- Loans & Specialised Finance provides loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance, structured trade and asset finance, and corporate advisory.
- Markets provide risk management services on foreign exchange, interest rates, credit, commodities, debt capital markets and wealth solutions in addition to managing the Banking Group's interest rate exposure and liquidity position.

Other

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

	Retail NZ\$m	Commercial NZ\$m	Institutional NZ\$m	Other NZ\$m	Total NZ\$m
For the six months ended 31 March 2018					
External revenues	1,346	894	313	(410)	2,143
Intersegment revenues ¹	(127)	(405)	(6)	538	-
Total revenues	1,219	489	307	128	2,143
Profit after income tax	486	267	121	84	958

For the six months ended 31 March 2017

External revenues	1,315	893	363	(623)	1,948
Intersegment revenues ¹	(137)	(437)	2	572	-
Total revenues	1,178	456	365	(51)	1,948
Profit / (loss) after income tax	478	219	195	(46)	846

Other segment

Other segment profit / (loss) after income tax comprises:

	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m
For the six months ended		
Central functions ²	16	(1)
Technology and Group Centre	42	26
Economic hedges	16	(36)
Revaluation of insurance policies	10	(35)
Total	84	(46)

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

² Central functions' external revenues for the six months to 31 March 2018 includes the \$20 million insurance proceeds (note 2) that were received from a member of the Overseas Banking Group.

NOTES TO THE FINANCIAL STATEMENTS

4. NET LOANS AND ADVANCES

	Note	31 Mar 18 NZ\$m	30 Sep 17 NZ\$m
Overdrafts		861	1,040
Credit cards		1,660	1,638
Term loans - housing		75,020	72,524
Term loans - non-housing		43,990	44,227
Finance lease and hire purchase receivables		1,696	1,577
Subtotal		123,227	121,006
Unearned income		(236)	(222)
Capitalised brokerage/mortgage origination fees		318	334
Gross loans and advances (including assets classified as held for sale)		123,309	121,118
Less: Provision for credit impairment	5	(590)	(579)
Net loans and advances (including assets classified as held for sale)		122,719	120,539
Less: UDC net loans and advances held for sale	11	(3,070)	(2,912)
Net loans and advances		119,649	117,627

The Bank has sold residential mortgages to the NZ Branch with a net carrying value of NZ\$3,516 million as at 31 March 2018 (30 September 2017: NZ\$4,337 million). These assets qualify for derecognition as the Bank does not retain a continuing involvement in the transferred assets.

5. PROVISION FOR CREDIT IMPAIRMENT

Provision for credit impairment - balance sheet

	31 Mar 18 NZ\$m	30 Sep 17 NZ\$m
Individual provision	175	152
Collective provision	415	427
Total provision for credit impairment	590	579

Credit impairment charge - income statement

	3 months to		6 months to	
	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m
New and increased provisions	92	42	132	116
Write-backs	(18)	(19)	(30)	(34)
Recoveries of amounts previously written-off	(12)	(6)	(18)	(12)
Individual credit impairment charge	62	17	84	70
Collective credit impairment release	(2)	(13)	(12)	(28)
Total credit impairment charge	60	4	72	42

6. IMPAIRED AND PAST DUE LOANS

	31 Mar 18 NZ\$m	30 Sep 17 NZ\$m
Loans that are at least 90 days past due but not impaired	197	182
Impaired loans	344	357

NOTES TO THE FINANCIAL STATEMENTS

7. DEPOSITS AND OTHER BORROWINGS

	Note	31 Mar 18 NZ\$m	30 Sep 17 NZ\$m
Term deposits		47,721	45,457
On demand and short term deposits		42,152	41,451
Deposits not bearing interest		9,940	8,882
UDC secured investments		958	1,039
Total customer deposits		100,771	96,829
Certificates of deposit		2,020	1,916
Deposits from banks and securities sold under repurchase agreements		1,643	157
Commercial paper		2,554	3,721
Deposits from Ultimate Parent Bank and other members of ANZ New Zealand		50	73
Deposits and other borrowings (including liabilities classified as held for sale)		107,038	102,696
Less: UDC secured investments held for sale	11	(958)	(1,039)
Deposits and other borrowings		106,080	101,657

8. DEBT ISSUANCES

	31 Mar 18 NZ\$m	30 Sep 17 NZ\$m
Senior debt	17,370	16,008
Covered bonds	3,802	5,315
Total unsubordinated debt	21,172	21,323
Subordinated debt		
- Additional Tier 1 capital	2,438	2,438
- Other	846	845
Total subordinated debt	3,284	3,283
Total debt issued	24,456	24,606

Covered bonds 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 Trust). The Covered Bond Trust is a member of the Banking Group, whereas the Covered Bond Guarantor is not a member of the Banking Group.

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 the Covered Bond Guarantor 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.

NOTES TO THE FINANCIAL STATEMENTS

9. FAIR VALUE MEASUREMENTS

Financial assets and financial liabilities measured at fair value in the balance sheet

The Banking Group categorises financial assets and liabilities carried at fair value into a fair value hierarchy as required by NZ IFRS 13 *Fair Value Measurement* based on the observability of inputs used to measure fair value:

- Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly. Modelled valuation techniques are used that incorporate observable market inputs for securities with similar credit risk, maturity and yield characteristics; and or/current market yields for similar instruments.
- Level 3 – valuations using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

We deem transfers into and out of Level 1 and Level 2 to have occurred as at the beginning of the reporting period in which the transfer occurred.

The table below summarises the attribution of financial instruments carried at fair value to the fair value hierarchy:

	31 Mar 18				30 Sep 17			
	Level 1 NZ\$m	Level 2 NZ\$m	Level 3 NZ\$m	Total NZ\$m	Level 1 NZ\$m	Level 2 NZ\$m	Level 3 NZ\$m	Total NZ\$m
Financial assets								
Trading securities	6,959	1,457	-	8,416	7,276	387	-	7,663
Derivative financial instruments	4	8,140	3	8,147	5	9,870	3	9,878
Available-for-sale assets	6,018	590	1	6,609	5,336	1,023	1	6,360
Investments backing insurance contract liabilities	-	152	-	152	-	123	-	123
Total financial assets held at fair value	12,981	10,339	4	23,324	12,617	11,403	4	24,024
Financial liabilities								
Deposits and other borrowings	-	2,554	-	2,554	-	3,721	-	3,721
Derivative financial instruments	13	7,752	1	7,766	24	9,801	1	9,826
Payables and other liabilities	179	-	-	179	151	-	-	151
Total financial liabilities held at fair value	192	10,306	1	10,499	175	13,522	1	13,698

Financial assets and financial liabilities not measured at fair value

Below is a comparison of the carrying amounts as reported on the balance sheet and fair values of financial asset and liability categories other than those categories where the carrying amount is at fair value or considered a reasonable approximation of fair value.

The fair values below have been calculated using discounted cash flow techniques where contractual future cash flows of the instrument are discounted using discount rates incorporating wholesale market rates or market borrowing rates of debt with similar maturities or a yield curve appropriate for the remaining term to maturity.

	31 Mar 18		30 Sep 17	
	Carrying amount NZ\$m	Fair value NZ\$m	Carrying amount NZ\$m	Fair value NZ\$m
Assets				
Net loans and advances ^{1,2}	122,719	122,900	120,539	120,588
Liabilities				
Deposits and other borrowings ^{2,3}	104,484	104,539	98,975	99,030
Debt issuances ¹	24,456	24,804	24,606	25,018

¹ Fair value hedging is applied to certain financial instruments within these categories. The resulting fair value adjustments mean that the carrying value differs from the amortised cost.

² Amounts include UDC items classified as held for sale.

³ Excludes commercial paper (note 7) designated at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

10. CREDIT RELATED COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Credit related commitments and contingencies	31 Mar 18 NZ\$m	30 Sep 17 NZ\$m
Contract amount of:		
Undrawn facilities	28,148	26,769
Guarantees and letters of credit	914	1,010
Performance related contingencies	1,669	1,598
Total	30,731	29,377

The Banking Group 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.

Other contingent liabilities

There are outstanding court proceedings, claims and possible claims for and against the Banking Group. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions and/or disclosures as deemed appropriate have been made. In some instances we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice the interests of the Banking Group.

In recent years there has been an increase in the number of matters on which the Banking Group engages with its regulators. Globally there have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators and customer claims. The Banking Group also instigates engagement with its regulators. The nature of these investigations and reviews can be wide-ranging and, for example, may include a range of matters including responsible lending practices, product suitability, wealth advice and adequacy of product disclosure documentation. The Banking Group has received various notices and requests for information from its regulators as part of both industry-wide (including a recent request from the Financial Markets Authority and RBNZ for all New Zealand banks to provide an overview of both work undertaken and ongoing work to identify and address conduct and culture risk) and Banking Group specific reviews, and has also made disclosures to its regulators at its own instigation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

11. ASSETS AND LIABILITIES HELD FOR SALE

UDC

On 11 January 2017, the Bank announced that it had entered into a conditional agreement to sell UDC to HNA Group (HNA). On 21 December 2017, the Bank announced that it had been informed that New Zealand's Overseas Investment Office had declined HNA's application to acquire UDC and the agreement with HNA was terminated in January 2018.

On 20 March 2018, the Bank announced that it was continuing to examine a broad range of options for UDC's future including an Initial Public Offering (IPO) and trade sale. As a result of the ongoing process, the assets and liabilities of UDC meet the criteria to be classified as held for sale as at 31 March 2018.

Paymark Limited (Paymark)

On 17 January 2018, the Bank entered into an agreement to sell its 25% shareholding in Paymark to Ingenico Group. The carrying amount of the Banking Group's investment in Paymark at 31 March 2018 was NZ\$7 million and the asset is classified as held for sale. The transaction is subject to regulatory consents.

12. SUBSEQUENT EVENTS

On 13 April 2018, the Bank issued NZ\$3,000 million of ordinary shares and paid ordinary dividends of NZ\$3,000 million to the Immediate Parent Company.

REGISTERED BANK DISCLOSURES

B1. GENERAL DISCLOSURES

Guarantors

The Bank has guaranteed the payment of interest and principal of covered bonds issued by its subsidiary ANZ New Zealand (Int'l) Limited. This obligation is 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's address for service is Level 9, 34 Shortland Street, Auckland, 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. The covered bonds have been assigned a long term rating of Aaa and AAA by Moody's Investors Service and Fitch Ratings respectively. Refer to page 8 for further details, and to page 12 for the amount of assets of the ANZ Covered Bond Trust pledged as security for covered bonds.

No other material obligations of the Bank are guaranteed as at 15 May 2018.

Changes in the Bank's Board of Directors

As at 15 May 2018 there have been changes to the Directors of the Bank since 30 September 2017, the balance date of the last full year disclosure statement. These changes were:

- The Rt Hon Sir John Phillip Key, GNZM, AC was appointed as an independent Non-Executive Director on 18 October 2017 and was appointed Chair of the Board of Directors on 1 January 2018. The RBNZ has confirmed that Sir John still qualifies as an Independent Director of the Bank following his appointment as an independent Non-Executive Director of the Ultimate Parent Bank on 28 February 2018.
- John Judge retired as a Non-Executive Director on 31 December 2017.
- Michelle Jablko was appointed as a Non-Executive Director and ceased as alternative director for Shayne Elliott on 29 March 2018.
- Nigel Williams retired as a Non-Executive Director on 29 March 2018.

Auditor

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

Changes to Conditions of Registration

The conditions of registration applying to the Bank were amended on 1 January 2018 to refer to revised versions of the RBNZ Banking Supervision Handbook documents:

- *Liquidity Policy* (BS13) which includes changes to the calculation of liquidity ratios as a consequence of the removal of off-quarter disclosure statements.
- *Framework for Restrictions on High-LVR Residential Mortgage Lending* (BS19) which includes changes to the High-LVR restrictions.

Adoption of these amendments has not resulted in any material change to the Banking Group's reported result or financial position.

Credit Rating Information

The Bank has three credit ratings, which are applicable to its long-term senior unsecured obligations.

As at 15 May 2018, the Bank's credit ratings are:

Rating agency	Credit rating	Qualification
Standard & Poor's (S&P Global)	AA-	Outlook Negative
Fitch Ratings (Fitch)	AA-	Outlook Stable
Moody's Investors Service (Moody's)	A1	Outlook Stable

Financial Support

APRA has reviewed the level of financial exposures that can be provided to the respective New Zealand banking subsidiaries and branches (New Zealand operations) of the four Australian parent banks, including the Ultimate Parent Bank.

APRA has confirmed that by 1 January 2021 no more than 5% of the Ultimate Parent Bank's Level 1 Tier 1 capital base can comprise non-equity exposures to its New Zealand operations during ordinary times. Exposures in excess of this limit as at 1 January 2016 must be reduced in equal percentages over the five year transition period and may not increase above the exposures as at 30 June 2015. This limit does not include holdings of capital instruments or eligible secured contingent funding support provided to the Bank during times of financial stress.

The Ultimate Parent Bank established a New Zealand branch which was registered on 5 January 2009. The Bank sells, from time-to-time, residential mortgages into the NZ Branch to provide funding for the Bank's business. As at 31 March 2018, the NZ Branch held approximately NZ\$3.5 billion of residential mortgages. To satisfy APRA's requirements described above, the Bank intends to repay this funding at approximately NZ\$1.6 billion per annum over the transition period ending 31 December 2020.

APRA has also stated that contingent funding support by the Ultimate Parent Bank to the Bank during times of financial stress must be provided on terms that are acceptable to APRA and the Ultimate Parent Bank's exposures to the Bank and its other New Zealand operations must not exceed 50% of the Ultimate Parent Bank's Level 1 Tier 1 capital base. At present, only covered bonds meet APRA's criteria for contingent funding. On this basis, the Ultimate Parent Bank believes it will be able to continue to provide financial support to the Bank.

Further, from 1 July 2017, APRA's Level 3 Conglomerates regulations became effective which limit the financial and operational assistance the Ultimate Parent Bank can provide the Bank. These requirements are not expected to place additional restrictions on the Ultimate Parent Bank's ability to provide financial or operational support to the Bank.

REGISTERED BANK DISCLOSURES

B2. ADDITIONAL FINANCIAL DISCLOSURES

Additional information on the balance sheet

As at 31 March 2018	NZ\$m
Total interest earning and discount bearing assets	142,569
Total interest and discount bearing liabilities	123,146
Total amounts due from related entities	2,802
Total amounts due to related entities	4,871

Assets charged as security for liabilities

These amounts exclude the amounts disclosed as collateral paid on the balance sheet that relate to derivative liabilities. The terms and conditions of the collateral agreements are included in the standard Credit Support Annex that forms part of the International Swaps and Derivatives Association Master Agreement.

Assets charged as security for liabilities include the following types of instruments:

- Securities provided as collateral for repurchase transactions. These transactions are governed by standard industry agreements.
- UDC secured investments are secured by a security interest granted under the trust deed over all of UDC's present and future assets and undertakings, to Trustees Executors Limited, as supervisor. The assets subject to the security interest comprise mainly loans to UDC's customers and certain plant and equipment. The security interest secures all amounts payable by UDC on the UDC secured investments and all other moneys payable by UDC under the trust deed.
- Specified residential mortgages provided as security for notes and bonds issued to investors as part of the Bank's covered bond programme.

The amortised cost of assets pledged as security are as follows:

As at 31 March 2018	Note	NZ\$m
Securities sold under agreements to repurchase		1,610
Residential mortgages pledged as security for covered bonds	8	10,865
Assets pledged as collateral for UDC secured investments		3,151

Additional information on the income statement

The amounts of net trading gains or losses and other fair value adjustments are included in note 2 to the financial statements. The Banking Group does not have any loans and advances designated at fair value through profit or loss. Other operating income for the purposes of the Order comprises Net fee and commission income, Insurance proceeds and Other (all in note 2), Net funds management and insurance income and Share of associates' profit (both shown on the income statement).

REGISTERED BANK DISCLOSURES

Additional information on concentrations of credit risk

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

Analysis of financial assets by industry sector is based on Australian and New Zealand Standard Industrial Classification (ANZSIC) codes. The significant categories shown are the level one New Zealand Standard Industry Output Categories (NZSIOC), except that Agriculture is shown separately as required by the Order.

As at 31 March 2018	Cash, settlements receivable and collateral paid NZ\$m	Trading securities and available-for-sale assets NZ\$m	Derivative financial instruments NZ\$m	Net loans and advances ³ NZ\$m	Other financial assets NZ\$m	Credit related commitments ⁴ NZ\$m	Total NZ\$m
New Zealand residents							
Agriculture	-	-	24	17,600	61	1,396	19,081
Forestry and fishing, agriculture services	-	-	2	1,549	5	215	1,771
Manufacturing	-	29	136	2,764	10	1,737	4,676
Electricity, gas, water and waste services	-	19	431	1,575	5	1,732	3,762
Construction	-	-	15	1,697	6	1,134	2,852
Wholesale trade	-	-	64	1,549	5	1,651	3,269
Retail trade and accommodation	-	-	20	3,086	11	877	3,994
Transport, postal and warehousing	-	29	56	1,357	5	589	2,036
Finance and insurance services	2,788	2,237	974	908	371	1,288	8,566
Public administration and safety ¹	-	8,606	631	300	5	1,213	10,755
Rental, hiring & real estate services	-	5	113	30,752	107	2,263	33,240
Professional, scientific, technical, administrative and support services	-	-	4	1,189	4	503	1,700
Households	-	-	-	53,904	188	14,235	68,327
All other New Zealand residents ²	-	31	224	2,494	10	1,750	4,509
	2,788	10,956	2,694	120,724	793	30,583	168,538
Overseas							
Finance and insurance services	2,101	4,006	4,976	137	-	148	11,368
Households	-	-	-	1,484	5	-	1,489
All other non-NZ residents	1	63	477	882	3	-	1,426
	2,102	4,069	5,453	2,503	8	148	14,283
Less: Provision for credit impairment	-	-	-	(518)	-	(72)	(590)
Less: Unearned income	-	-	-	(236)	-	-	(236)
Add: Capitalised brokerage / mortgage origination fees	-	-	-	318	-	-	318
Total financial assets	4,890	15,025	8,147	122,791	801	30,659	182,313

¹ Public administration and safety includes exposures to local government administration and central government administration, defence and public safety.

² Other includes exposures to mining, information media and telecommunications, education and training, health care and social assistance and arts, recreation and other services.

³ Excludes individual and collective provisions for credit impairment held in respect of credit related commitments.

⁴ Credit related commitments comprise undrawn facilities, customer contingent liabilities and letters of offer.

REGISTERED BANK DISCLOSURES

Additional information on concentrations of funding

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

Analysis of funding liabilities by industry is based on ANZSIC codes. The significant categories shown are the level one New Zealand Standard Industry Output Categories (NZSIOC).

Funding composition	Note	31 Mar 18 NZ\$m
Customer deposits	7	100,771
<i>Wholesale funding</i>		
Debt issuances	8	24,456
Certificates of deposit	7	2,020
Commercial paper	7	2,554
Other borrowings	7	1,693
Total wholesale funding		30,723
Total funding		131,494
Concentrations of funding by industry		
<i>Customer deposits - New Zealand residents</i>		
Agriculture, forestry and fishing		3,722
Manufacturing		2,152
Construction		1,913
Wholesale trade		1,548
Retail trade and accommodation		1,691
Financial and insurance services		9,798
Rental, hiring and real estate services		2,741
Professional, scientific, technical, administrative and support services		5,081
Public administration and safety		1,403
Arts, recreation and other services		1,914
Households		54,747
All other New Zealand residents ¹		3,926
		90,636
<i>Customer deposits - overseas</i>		
Households		9,570
All other non-NZ residents		565
		10,135
Total customer deposits		100,771
<i>Wholesale funding (financial and insurance services industry)</i>		
New Zealand		9,917
Overseas		20,806
Total wholesale funding		30,723
Total funding		131,494
Concentrations of funding by geography		
New Zealand		100,553
Australia		1,103
United States		12,670
Europe		9,830
Other countries		7,338
Total funding		131,494

¹ Other includes mining; electricity, gas, water and waste services; transport, postal and warehousing; information media and telecommunications; education and training; health care and social assistance.

REGISTERED BANK DISCLOSURES

Additional information on interest rate sensitivity

The following tables represent the interest rate sensitivity of the Banking Group's assets, liabilities and off balance sheet instruments by showing the periods in which these instruments may reprice, that is, when interest rates applicable to each asset or liability can be changed.

As at 31 March 2018	Total NZ\$m	Up to 3 months NZ\$m	Over 3 to 6 months NZ\$m	Over 6 to 12 months NZ\$m	Over 1 to 2 years NZ\$m	Over 2 years NZ\$m	Not bearing interest NZ\$m
Assets							
Cash	2,752	2,493	-	-	-	-	259
Settlement balances receivable	763	132	-	-	-	-	631
Collateral paid	1,634	1,634	-	-	-	-	-
Trading securities	8,416	1,140	380	1,567	597	4,732	-
Derivative financial instruments	8,147	-	-	-	-	-	8,147
Available-for-sale assets	6,609	665	260	1,243	283	4,157	1
Net loans and advances	122,719	61,878	9,679	20,217	20,613	10,747	(415)
Other financial assets	801	119	27	4	2	-	649
Total financial assets	151,841	68,061	10,346	23,031	21,495	19,636	9,272
Liabilities							
Settlement balances payable	1,860	653	-	-	-	-	1,207
Collateral received	760	760	-	-	-	-	-
Deposits and other borrowings	107,038	69,735	13,170	9,365	3,471	1,357	9,940
Derivative financial instruments	7,766	-	-	-	-	-	7,766
Debt issuances	24,456	3,928	1,139	2,770	1,126	15,493	-
Payables and other liabilities	748	179	-	-	-	-	569
Total financial liabilities	142,628	75,255	14,309	12,135	4,597	16,850	19,482
Hedging instruments	-	2,836	5,909	(5,326)	(7,306)	3,887	-
Interest sensitivity gap	9,213	(4,358)	1,946	5,570	9,592	6,673	(10,210)

Additional information on liquidity risk

Maturity analysis of financial liabilities

The table below provides residual contractual maturity analysis of financial liabilities at 31 March 2018 within relevant maturity groupings. All outstanding debt issuances are profiled on the earliest date on which the Banking Group may be required to pay. The amounts represent principal and interest cash flows – so they may differ from equivalent amounts reported on balance sheet.

As at 31 March 2018	Total NZ\$m	On demand NZ\$m	Up to 3 months NZ\$m	Over 3 to 12 months NZ\$m	Over 1 to 5 years NZ\$m	Over 5 years NZ\$m
Financial liabilities						
Settlement balances payable	1,871	1,160	711	-	-	-
Collateral received	760	-	760	-	-	-
Deposits and other borrowings	116,041	59,784	27,109	23,905	5,243	-
Derivative financial liabilities (trading)	6,115	-	6,115	-	-	-
Debt issuances	26,715	-	892	3,665	15,684	6,474
Other financial liabilities	407	-	46	23	87	251
Derivative financial instruments (balance sheet management)						
- gross inflows	14,113	-	913	2,945	7,251	3,004
- gross outflows	(14,166)	-	(974)	(3,176)	(7,288)	(2,728)

As at 31 March 2018	Total NZ\$m	Less than 1 year NZ\$m	Beyond 1 year NZ\$m
Off-balance sheet commitments and contingent liabilities			
Non-credit related commitments	457	56	401
Credit related commitments and contingencies	30,731	30,731	-

REGISTERED BANK DISCLOSURES

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 internal and regulatory liquidity scenario metrics.

As at 31 March 2018	NZ\$m
Cash and balances with central banks	1,919
Certificates of deposit	425
Government, local body stock and bonds	6,765
Government treasury bills	1,026
Reserve Bank bills	370
Other bonds	5,544
Total liquidity portfolio	16,049

The Bank also held unencumbered internal residential mortgage backed securities which would entitle the Banking Group to enter into repurchase transactions with a value of NZ\$6,843 million at 31 March 2018.

Reconciliation of mortgage-related amounts

As at 31 March 2018	Note	NZ\$m
Term loans - housing ¹	4	75,020
Less: fair value hedging adjustment		(24)
Less: housing loans made to corporate customers		(2,269)
Add: unsettled re-purchases of mortgages from the NZ Branch		51
On-balance sheet retail mortgage exposures subject to the IRB approach	B4	72,778
Add: off-balance sheet retail mortgage exposures subject to the IRB approach	B4	8,264
Total retail mortgage exposures subject to the IRB approach (as per LVR analysis)	B4	81,042

¹ Term loans – housing includes loans secured over residential property for owner-occupier, residential property investment and business purposes.

REGISTERED BANK DISCLOSURES

B3. ASSET QUALITY

Past due assets

	Retail mortgages NZ\$m	Other retail exposures NZ\$m	Non-retail exposures NZ\$m	Total NZ\$m
As at 31 March 2018				
Less than 30 days past due	564	177	607	1,348
At least 30 days but less than 60 days past due	133	42	96	271
At least 60 days but less than 90 days past due	108	19	10	137
At least 90 days past due	143	36	18	197
Total past due but not impaired	948	274	731	1,953

Movement in individually impaired assets

	Retail mortgages NZ\$m	Other retail exposures NZ\$m	Non-retail exposures NZ\$m	Total NZ\$m
For the six months ended 31 March 2018				
Balance at beginning of the period	31	20	306	357
Additions	11	53	116	180
Amounts written off	(2)	(38)	(38)	(78)
Deletions	(20)	(12)	(83)	(115)
Balance at end of the period	20	23	301	344
Individual provision	21	7	147	175

Movement in balances of individual credit impairment allowances

	Retail mortgages NZ\$m	Other retail exposures NZ\$m	Non-retail exposures NZ\$m	Total NZ\$m
For the six months ended 31 March 2018				
Balance at beginning of the period	25	6	121	152
<i>Individual credit impairment charge / (release)</i>				
New and increased provisions	3	45	84	132
Write-backs	(5)	(6)	(19)	(30)
Recoveries of amounts previously written off	-	(11)	(7)	(18)
Individual credit impairment charge / (release)	(2)	28	58	84
Bad debts written off	(2)	(38)	(38)	(78)
Add back recoveries of amounts previously written off	-	11	7	18
Discount unwind	-	-	(1)	(1)
Balance at end of the period	21	7	147	175

Movement in balances of collective credit impairment allowances

	Retail mortgages NZ\$m	Other retail exposures NZ\$m	Non-retail exposures NZ\$m	Total NZ\$m
For the six months ended 31 March 2018				
Balance at beginning of the period	75	121	231	427
Charge / (release) to income statement	6	5	(23)	(12)
Balance at end of the period	81	126	208	415

Asset quality for assets designated at fair value

The Banking Group does not have any loans and advances designated at fair value through profit or loss.

Other asset quality information

	Retail mortgages NZ\$m	Other retail exposures NZ\$m	Non-retail exposures NZ\$m	Total NZ\$m
As at 31 March 2018				
Undrawn facilities with impaired customers	-	-	12	12
Other assets under administration	8	3	-	11

REGISTERED BANK DISCLOSURES

B4. CAPITAL ADEQUACY UNDER THE INTERNAL MODELS BASED APPROACH, AND REGULATORY LIQUIDITY RATIOS

RBNZ Basel III capital ratios

	Banking Group			Bank (Solo Consolidated)	
	RBNZ minimum	31 Mar 18	31 Mar 17	31 Mar 18	31 Mar 17
Common equity tier 1 capital	4.5%	11.0%	10.2%	9.5%	9.2%
Tier 1 capital	6.0%	14.4%	13.5%	13.0%	12.7%
Total capital	8.0%	14.4%	13.8%	13.0%	13.0%
Buffer ratio	2.5%	6.4%	5.7%	n/a	n/a

Capital of the Banking Group

As at 31 March 2018	NZ\$m
Tier 1 capital	
<i>Common equity tier 1 (CET1) capital</i>	
Paid up ordinary shares issued by the Bank	8,588
Retained earnings (net of appropriations)	3,999
Accumulated other comprehensive income and other disclosed reserves	46
<i>Less deductions from common equity tier 1 capital</i>	
Goodwill and intangible assets, net of associated deferred tax liabilities	(3,389)
Cash flow hedge reserve	(34)
Expected losses to the extent greater than total eligible allowances for impairment	(311)
Common equity tier 1 capital	8,899
<i>Additional tier 1 capital</i>	
Preference shares	300
NZD 500m ANZ New Zealand Capital Notes (ANZ NZ CN)	500
NZD 1,003m ANZ New Zealand Internal Capital Notes (ANZ NZ ICN)	1,003
NZD 938m ANZ New Zealand Internal Capital Notes (ANZ NZ ICN2)	938
Retained earnings of the Bonus Bonds Scheme	54
<i>Less deductions from additional tier 1 capital</i>	
Surplus retained earnings of the Bonus Bonds Scheme	(15)
Additional tier 1 capital	2,780
Total tier 1 capital	11,679
Tier 2 capital	-
Total capital	11,679

Capital requirements of the Banking Group

As at 31 March 2018	Total exposures after credit risk mitigation NZ\$m	Risk weighted exposure or implied risk weighted exposure ¹ NZ\$m	Total capital requirement NZ\$m
Total credit risk	181,608	69,364	5,550
Operational risk	n/a	5,921	474
Market risk	n/a	3,968	317
Agri business supervisory adjustment	n/a	1,818	145
Total	181,608	81,071	6,486

¹ The calculation of capital requirements for total credit risk includes a scalar of 1.06 in accordance with the Bank's Conditions of Registration.

REGISTERED BANK DISCLOSURES

Capital structure

Ordinary shares- common equity tier 1 capital

All ordinary shares share equally in dividends and any proceeds available to ordinary shareholders on winding up of the Bank. On a show of hands every member who is present at a meeting in person or by proxy or by representative is entitled to one vote, and upon a poll every member shall have one vote for each share held.

Preference shares – additional tier 1 capital

All preference shares were issued by the Bank to the Immediate Parent and do not carry any voting rights. The preference shares are wholly classified as equity instruments as there is no contractual obligation for the Bank to either deliver cash or another financial instrument or to exchange financial instruments on a potentially unfavourable basis. The key terms of the preference shares are as follows:

Dividends are payable at the discretion of the directors of the Bank and are non-cumulative. The Bank must not resolve to pay any dividend or make any other distribution on its ordinary shares until the next preference dividend payment date if the dividend on the preference shares is not paid.

Should the Bank elect to pay a dividend, the dividend is based on a floating rate equal to the aggregate of the New Zealand 6 month bank bill rate plus a 325 basis point margin, multiplied by one minus the New Zealand company tax rate, with dividend payments due on 1 March and 1 September each year.

The preference shares are redeemable, subject to prior written approval of the RBNZ, by the Bank providing notice in writing to holders of the preference shares:

- on any date on or after a change to laws or regulations that adversely affects the regulatory capital or tax treatment of the preference shares or
- on any dividend payment date on or after 1 March 2019 or
- on any date after 1 March 2019 if the Bank has ceased to be a wholly owned subsidiary of the Ultimate Parent Bank.

The preference shares may be redeemed for nil consideration should a non-viability trigger event occur.

In the event of liquidation, holders of preference shares are entitled to available subscribed capital per share, *pari passu* with all holders of existing preference shares and ANZ capital notes but in priority to all holders of ordinary shares. They have no entitlement to participate in further distribution of profits or assets.

ANZ capital notes – additional tier 1 capital

ANZ capital notes are fully paid convertible non-cumulative perpetual subordinated notes. The notes rank equally with each other and with the Bank's preference shares and lower than perpetual subordinated debt. Holders of the notes do not have any right to vote in general meetings of the Bank.

As at 31 March 2018, ANZ NZ CN carried a BB+ credit rating from Standard and Poor's.

The notes are classified as debt given there are circumstances beyond the Bank's control where the principal is converted into a variable number of shares of the Bank (ANZ NZ ICN and ANZ NZ ICN2) or the Ultimate Parent Bank (ANZ NZ CN).

Interest payments on the ANZ capital notes are non-cumulative and subject to the Bank's absolute discretion and certain payment conditions (including RBNZ and, in respect of the ANZ NZ CN, APRA requirements).

Where specified, ANZ capital notes provide the Bank with an early redemption or conversion option on a specified date and in certain other circumstances (such as a tax or regulatory event). This option is subject to RBNZ's and, in respect of the ANZ NZ CN, APRA's prior written approval.

Where specified, ANZ capital notes will immediately convert into a variable number of ordinary shares of the:

- Bank based on the net assets per share in the Bank's most recently published Disclosure Statement (ANZ NZ ICN) or
- Ultimate Parent Bank based on the average market price of the Ultimate Parent Bank's ordinary shares over a specified period prior to conversion less a 1% discount, subject to a maximum conversion number (ANZ NZ CN).

The Bank will be required to convert some or all of the notes if:

- the Banking Group's, or in the case of the ANZ NZ CN the Overseas Banking Group's Level 2, common equity tier 1 capital ratio is equal to or less than 5.125% - known as a Common Equity Capital Trigger Event); or
- a Non-Viability Trigger Event occurs.

ANZ capital notes mandatorily convert into a variable number of ordinary shares of the Bank (ANZ NZ ICN) or Ultimate Parent Bank (ANZ NZ CN) on similar terms as early redemption or conversion:

- on a specified date; or
- on an earlier date under certain circumstances.

However, the mandatory conversion is deferred for a specified period if certain conversion tests are not met.

REGISTERED BANK DISCLOSURES

	ANZ NZ CN	ANZ NZ ICN	ANZ NZ ICN2
Issuer	The Bank	The Bank	The Bank
Issued to	Listed on NZX	NZ Branch	NZ Branch
Issue date	31 March 2015	5 March 2015	15 June 2016
Issue amount	NZ\$500 million	NZ\$1,003 million	NZ\$938 million
Face value	NZ\$1	NZ\$100	NZ\$100
Interest frequency	Quarterly in arrears	Semi-annually in arrears	Semi-annually in arrears
Interest rate	Fixed at 7.2% p.a. until 25 May 2020. Resets in May 2020 to a floating rate: New Zealand 3 month bank bill rate + 3.5%	Floating rate: New Zealand 6 month bank bill rate + 3.8%	Floating rate: New Zealand 6 month bank bill rate + 6.29%
Issuer's early redemption or conversion option	25 May 2020	24 March 2023	15 June 2026 and each 5th anniversary thereafter
Mandatory conversion date	25 May 2022	24 March 2025	n/a
Common equity capital trigger event	Yes	Yes	Yes
Non-viability trigger event	Yes	Yes	Yes
Carrying value as at 31 March 2018 (net of issue costs)	NZ\$497 million	NZ\$1,003 million	NZ\$938 million

Reserves – common equity tier 1 capital

Common equity tier 1 capital includes the available-for-sale revaluation reserve of NZ\$12 million as at 31 March 2018.

Retained earnings of the Bonus Bonds Scheme – additional tier 1 capital

The Bonus Bonds Scheme is consolidated for capital adequacy purposes, and its retained earnings are included in additional tier 1 capital less 8.5% of the consolidated risk-weighted assets that relate to the Bonus Bonds Scheme.

REGISTERED BANK DISCLOSURES

Credit risk subject to the Internal Ratings Based (IRB) approach

IRB credit exposures by exposure class and customer credit rating

As at 31 March 2018	Probability of default %	Exposure at default NZ\$m	Exposure-weighted LGD used for the capital calculation %	Exposure-weighted risk weight %	Risk weighted exposure NZ\$m	Total capital requirement NZ\$m
Corporate						
0 - 2	0.06	6,229	62	42	2,802	224
3 - 4	0.33	21,494	35	39	8,814	705
5	0.99	13,989	34	60	8,968	717
6	2.28	4,117	33	77	3,351	268
7 - 8	14.16	1,887	39	161	3,214	257
Default	100.00	375	49	113	451	37
Total corporate exposures	1.97	48,091	38	54	27,600	2,208
Sovereign						
0	0.01	11,971	5	1	132	11
1 - 8	0.02	449	5	1	4	-
Total sovereign exposures	0.01	12,420	5	1	136	11
Bank						
0	0.03	70	65	16	12	1
1	0.03	10,318	58	27	2,981	238
2 - 4	0.10	887	64	39	369	30
Total bank exposures	0.04	11,275	59	28	3,362	269
Retail mortgages						
0 - 3	0.20	22,724	12	6	1,396	112
4	0.46	32,509	18	15	5,054	404
5	0.92	21,173	23	31	6,999	560
6	1.98	4,684	26	61	3,022	242
7 - 8	4.99	383	27	99	400	32
Default	100.00	203	20	16	34	2
Total retail mortgages exposures	0.86	81,676	18	20	16,905	1,352
Other retail						
0 - 2	0.10	554	77	50	291	23
3 - 4	0.27	4,900	78	55	2,834	227
5	1.03	1,916	72	74	1,505	120
6	2.31	2,054	71	89	1,940	155
7 - 8	8.74	1,502	85	133	2,117	169
Default	100.00	80	78	44	37	4
Total other retail exposures	2.65	11,006	77	75	8,724	698
Total credit risk exposures subject to the IRB approach	1.19	164,468	30	33	56,727	4,538

Credit risk exposures subject to the IRB approach have been derived in accordance with *Capital Adequacy Framework (Internal Models Based Approach)* (BS2B) and other relevant correspondence with RBNZ setting out prescribed credit risk estimates.

REGISTERED BANK DISCLOSURES

IRB credit exposures: On-balance sheet, off-balance sheet and market related contracts

As at 31 March 2018	Total exposure or principal amount NZ\$m	Exposure at default NZ\$m	Exposure-weighted LGD used for the capital calculation %	Exposure-weighted risk weight %	Risk weighted exposure NZ\$m	Total capital requirement NZ\$m
On-balance sheet exposures						
Corporate	35,764	34,922	34	54	19,986	1,599
Sovereign	12,255	11,978	5	1	113	9
Bank	6,327	5,769	58	19	1,175	94
Retail mortgages	72,778	73,006	19	20	15,594	1,247
Other retail	5,284	5,371	74	93	5,318	426
Total on-balance sheet exposures	132,408	131,046	25	30	42,186	3,375
Off-balance sheet exposures						
Corporate	12,926	10,167	48	47	5,092	407
Sovereign	381	358	5	1	3	-
Bank	1,479	1,177	50	18	222	18
Retail mortgages	8,264	8,670	16	14	1,311	105
Other retail	5,750	5,635	79	57	3,406	272
Total off-balance sheet exposures	28,800	26,007	43	36	10,034	802
Market related contracts						
Corporate	102,054	3,002	61	79	2,522	202
Sovereign	15,576	84	5	23	20	2
Bank	1,033,561	4,329	62	43	1,965	157
Total market related contracts	1,151,191	7,415	61	57	4,507	361
Total credit risk exposures subject to the IRB approach	1,312,399	164,468	30	33	56,727	4,538

Other IRB credit exposures

As at 31 March 2018	Exposure at default NZ\$m	Risk weight %	Risk weighted exposure NZ\$m	Total capital requirement NZ\$m
Cash	259	-	-	-
New Zealand dollar denominated claims on the Crown and the RBNZ	1,631	-	-	-
Other assets	1,551	100	1,644	132
Total other IRB credit risk exposures	3,441	45	1,644	132

Other IRB credit exposures have been calculated in accordance with BS2B.

Additional mortgage information

As required by the RBNZ, loan-to-valuation ratios (LVR) 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.

As at 31 March 2018	On-balance sheet NZ\$m	Off-balance sheet NZ\$m	Total NZ\$m
LVR range			
Does not exceed 60%	35,642	5,445	41,087
Exceeds 60% and not 70%	16,533	1,379	17,912
Exceeds 70% and not 80%	16,731	1,110	17,841
Does not exceed 80%	68,906	7,934	76,840
Exceeds 80% and not 90%	2,469	150	2,619
Exceeds 90%	1,403	180	1,583
Total retail mortgage exposures	72,778	8,264	81,042

REGISTERED BANK DISCLOSURES

Specialised lending subject to the slotting approach

As at 31 March 2018	Exposure at default NZ\$m	Risk weight %	Risk weighted exposure NZ\$m	Total capital requirement NZ\$m
On-balance sheet exposures				
Strong	4,331	70	3,214	257
Good	5,554	90	5,299	424
Satisfactory	441	115	537	43
Weak	51	250	135	11
Default	33	-	-	-
Total on-balance sheet exposures	10,410	83	9,185	735

As at 31 March 2018	Exposure amount NZ\$m	Exposure at default NZ\$m	Average risk weight %	Risk weighted exposure NZ\$m	Total capital requirement NZ\$m
Off-balance sheet exposures					
Undrawn commitments and other off balance sheet exposures	1,361	1,300	82	1,130	90
Market related contracts	2,059	103	133	145	12
Total off-balance sheet exposures	3,420	1,403	86	1,275	102

Specialised lending exposures subject to the slotting approach have been calculated in accordance with BS2B.

The supervisory categories of specialised lending above are associated with specific risk-weights. These categories broadly correspond to the following external credit assessments using Standard & Poor's rating scale, Strong: BBB- or better, Good: BB+ or BB, Satisfactory: BB- or B+ and Weak: B to C-.

Credit risk exposures subject to the standardised approach

As at 31 March 2018	Exposure at default NZ\$m	Risk weight %	Risk weighted exposure NZ\$m	Total capital requirement NZ\$m
On-balance sheet exposures				
Corporates	133	72	101	8
Default	1	150	1	-
Total on-balance sheet exposures	134	73	102	8

As at 31 March 2018	Exposure amount NZ\$m	Average credit conversion factor %	Exposure at default NZ\$m	Average risk weight %	Risk weighted exposure NZ\$m	Total capital requirement NZ\$m
Off-balance sheet exposures						
Undrawn commitments and other off balance sheet exposures	569	59	333	96	338	27
Market related contracts	226,446	1	1,411	4	60	5
Total off balance sheet	227,015	n/a	1,744	22	398	32

Credit exposures subject to the Standardised Approach have been calculated in accordance with BS2A.

Equity exposures

As at 31 March 2018	Exposure at default NZ\$m	Risk weight %	Risk weighted exposure NZ\$m	Total capital requirement NZ\$m
All equity holdings not deducted from capital	8	400	33	3

Equity exposures have been calculated in accordance with BS2B.

Credit risk mitigation

As at 31 March 2018, under the IRB approach, the Banking Group had NZ\$936 million of Corporate exposures covered by guarantees where the presence of the guarantees was judged to reduce the underlying credit risk of the exposures. Information on the total value of exposures covered by financial guarantees and eligible financial collateral is not disclosed, as the effect of these guarantees and collateral on the underlying credit risk exposures is not considered to be material.

REGISTERED BANK DISCLOSURES

Operational risk

The Banking Group uses the Advanced Measurement Approach for determining its regulatory capital requirement for operational risk calculated in accordance with BS2B. As at 31 March 2018 the Banking Group had an implied risk weighted exposure of NZ\$5,921 million for operational risk and an operational risk capital requirement of NZ\$474 million.

Market risk

The aggregate market risk exposures below have been calculated in accordance with BS2B. The peak end-of-day market risk exposures are for the six months ended 31 March 2018.

	Implied risk weighted exposure		Aggregate capital charge		Peak occurred on
	Period end	Peak	Period end	Peak	
As at 31 March 2018	NZ\$m	NZ\$m	NZ\$m	NZ\$m	
Interest rate risk	3,914	6,821	313	546	24/01/2018
Foreign currency risk	53	183	4	15	6/02/2018
Equity risk	1	1	-	-	31/03/2018
	3,968		317		

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 1 and total capital ratios. The other material risks identified by the Banking Group include pension risk, insurance risk, strategic equity risk, fixed asset risk, deferred acquisition cost risk, value in-force risk, business retention risk and software risk. The Banking Group's internal capital allocation for these other material risks is NZ\$399 million (March 2017: NZ\$435 million).

Information about Ultimate Parent Bank and Overseas Banking Group

APRA Basel III capital ratios

	Overseas Banking Group		Ultimate Parent Bank (Extended Licensed Entity)	
	31 Mar 18	31 Mar 17	31 Mar 18	31 Mar 17
Common equity tier 1 capital	11.0%	10.1%	10.9%	10.2%
Tier 1 capital	12.9%	12.1%	12.9%	12.3%
Total capital	14.9%	14.5%	15.1%	14.8%

The Ultimate Parent Bank and the Overseas Banking Group are required to hold minimum capital as determined by APRA, which is at least equal to that specified under the Basel III capital framework.

APRA has authorised the Ultimate Parent Bank and the Overseas Banking Group to use

- the Advanced Internal Ratings Based (AIRB) methodology for calculation of credit risk weighted assets. There are however several small portfolios (mainly retail and local corporates in Asia Pacific) where the Overseas Banking Group applies the standardised approach.
- the Advanced Measurement Approach (AMA) for the operational risk weighted asset equivalent.

The Overseas Banking Group exceeded the minimum capital requirements set by APRA as at 31 March 2018.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 31 March 2018. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 31 March 2018, in accordance with APS 330: *Public Disclosure of Prudential Information*, discloses capital adequacy ratios and other prudential information. This document can be accessed at the website anz.com.

Regulatory liquidity ratios

For the three months ended	31 Mar 18	31 Dec 17
Quarterly average core funding ratio	89.8%	89.1%
Quarterly average one-month mismatch ratio	5.5%	5.6%
Quarterly average one-week mismatch ratio	5.6%	5.6%

REGISTERED BANK DISCLOSURES

B5. CONCENTRATIONS OF CREDIT RISK TO INDIVIDUAL COUNTERPARTIES

The Banking Group measures its concentration of credit risk to individual counterparties at the reporting date on the basis of actual exposures. Peak end-of-day aggregate credit exposures are measured on the basis of internal limits that were not materially exceeded between the reporting date for the previous disclosure statement and the reporting date for the Disclosure Statement.

The exposure information in the table below excludes exposures to:

- connected persons (ie other members of the Overseas Banking Group and Directors of the Bank)
- the central government or central bank of any country with a long-term credit rating of A- or A3 or above, or its equivalent
- any supranational or quasi-sovereign agency with a long-term credit rating of A- or A3 or above, or its equivalent.

	As at 31 Mar 18	Peak end of day over 3 months to 31 Mar 18
Exposures to banks		
Total number of exposures to banks that are greater than 10% of CET1 capital	3	3
with a long-term credit rating of A- or A3 or above, or its equivalent	3	3
- 10% to less than 15% of CET1 capital	1	-
- 15% to less than 20% of CET1 capital	2	3
with a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent	-	-
Exposures to non-banks		
Total number of exposures to non-banks (ie corporates) that are greater than 10% of CET1 capital	-	2
with a long-term credit rating of A- or A3 or above, or its equivalent	-	2
- 10% to less than 15% of CET1 capital	-	2
with a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent	-	-

B6. INSURANCE BUSINESS

The Banking Group conducts insurance business through its subsidiary OnePath Life (NZ) Limited (OnePath Life). The Banking Group's aggregate amount of insurance business comprises the total assets of OnePath Life of NZ\$984 million, which is 0.6% of the total consolidated assets of the Banking Group.

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 2014
- (ii) The Disclosure Statement is not false or misleading.

Over the six months ended 31 March 2018, 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, 15 May 2018.

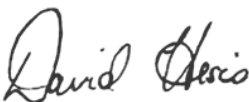
Antony Carter



Shayne Elliott



David Hisco




Michelle Jablko



The Rt Hon Sir John Key, GNZM, AC



Mark Verbiest



Joan Withers





Independent Review Report

To the shareholder of ANZ Bank New Zealand Limited

Report on the half year disclosure statement

Conclusion

Based on our review of the interim financial statements and the registered bank disclosures (together referred to as 'the disclosure statement') of ANZ Bank New Zealand Limited (the Banking Group) on pages 2 to 26, nothing has come to our attention that causes us to believe that:

- i. the interim financial statements on pages 2 to 10 do not present fairly in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting, in all material respects, the Banking Group's financial position as at 31 March 2018 and its financial performance and cash flows for the 6 month period ended on that date;
- ii. the registered bank disclosures in sections B1, B2, B3, B5 and B6 disclosed in accordance with schedules 5, 7, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) ('the Order') respectively, do not fairly state, in all material respects, the matters to which they relate in accordance with those schedules
- iii. the registered bank disclosures relating to capital adequacy and liquidity requirements in section B4 are not, in all material respects, disclosed in accordance with schedule 11 of the Order.

We have completed a review of the accompanying half year disclosure statement which comprises:

- the interim financial statements formed of:
 - the consolidated balance sheet as at 31 March 2018;
 - the consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
 - notes, including a summary of significant accounting policies and other explanatory information.
- the registered bank disclosures prescribed in Schedules 5, 7, 11, 13, 16 and 18 of the Order.



Basis for conclusion

A review of the half year disclosure statement in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of ANZ Bank New Zealand Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the Banking Group in relation to review and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with the Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as reviewer of the Banking Group. The firm has no other relationship with, or interest in, the Banking Group.



Use of this independent review report

This independent review report is made solely to the shareholder of the Banking Group. Our review work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder for our review work, this independent review report, or any of the opinions we have formed.



Responsibilities of the Directors for the half year disclosure statement

The Directors, on behalf of the Banking Group, are responsible for:

- the preparation and fair presentation of the half year disclosure statement in accordance with IAS 34, NZ IAS 34 and Schedules 3, 5, 7, 13, 16 and 18 of the Order;
- the preparation and fair presentation of the registered bank disclosures in regards to capital adequacy and liquidity requirements in accordance with Schedule 11 of the Order;
- implementing necessary internal control to enable the preparation of a half year disclosure statement that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the half year disclosure statement

Our responsibility is to express a conclusion on the half year disclosure statement based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the:

- the interim financial statements do not present fairly in all material respects the Banking Group's financial position as at 31 March 2018 and its financial performance and cash flows for the 6 month period ended on that date;
- the interim financial statements do not, in all material respects, comply with IAS 34 and NZ IAS 34;
- the registered bank disclosures in sections B1, B2, B3, B5 and B6 does not, fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order; and
- the registered bank disclosures relating to capital adequacy and liquidity requirements in section B4 is not, in all material respects, disclosed in accordance with schedule 11 of the Order

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on the half year disclosure statement. This description forms part of our independent review report.



KPMG
Auckland

15 May 2018

BANK FINANCIAL STRENGTH DASHBOARD

Background

This section does not form part of the Disclosure Statement and contains the information in respect of the Banking Group included on the Bank Financial Strength Dashboard (Dashboard) published on the RBNZ's website. Amounts below may differ slightly from those published by the RBNZ due to rounding differences. The tables below include reconciliations to amounts included in the Disclosure Statement where there are classification differences between the financial statements and the Dashboard.

D2. CAPITAL ADEQUACY

Capital ratios

As at 31 March 2018	
Total capital ratio	14.4%
Common equity tier 1 (CET1) capital ratio	11.0%
Tier 1 capital ratio	14.4%
Buffer ratio	6.4%
Total capital ratio regulatory minimum	8.0%

Risk weighted assets

As at 31 March 2018	Disclosure Statement NZ\$m	Classification differences			Dashboard NZ\$m
		Default exposures NZ\$m	Credit valuation adjustments NZ\$m	Exposure categories NZ\$m	
Sovereign / quasi-sovereign	136	-	(19)	-	117
Public sector entities	-	-	-	308	308
Registered banks	3,362	-	(1,005)	(308)	2,049
Corporates	27,600	(451)	(1,111)	10,398	36,436
Retail / Residential mortgages	16,905	(34)	-	-	16,871
Other retail	8,724	(37)	-	(8,687)	-
Specialised lending exposures subject to slotting approach	10,460	-	(62)	(10,398)	-
Exposures subject to standardised approach	500	(1)	-	(499)	-
Problem loans	-	523	-	-	523
Equity holdings	33	-	-	-	33
Credit risk supervisory adjustment	-	-	-	1,818	1,818
All other assets	1,644	-	2,197	9,186	13,027
Credit risk	69,364	-	-	1,818	71,182
Market risk	3,968	-	-	-	3,968
Operational risk	5,921	-	-	-	5,921
Agri business supervisory adjustment	1,818	-	-	(1,818)	-
Total risk weighted assets	81,071	-	-	-	81,071

D3. ASSET QUALITY

As at 31 March 2018	Housing NZ\$m	Consumer NZ\$m	Business NZ\$m	Agriculture NZ\$m	All other NZ\$m	Total NZ\$m
Total loans	72,379	3,538	28,840	17,166	1,374	123,297
Impaired loans	45	8	130	75	86	344
Loans 90 days past due but not impaired	141	28	23	5	-	197
Total non-performing loans	186	36	153	80	86	541
Non-performing loans ratio (%)	0.26%	1.02%	0.53%	0.47%	6.26%	0.44%
Individual provisions	11	6	78	24	56	175
Collective provisions	67	66	91	42	148	414
<i>On-balance sheet residential mortgage exposures with LVRs that:</i>						
Exceeds 80% and not 90%						3.4%
Exceeds 90%						1.9%

A reconciliation of the amounts in this table to the financial statements is included in the Other Information on page 31.

The Supplementary Information does not form part of the Disclosure Statement

D1. CREDIT RATINGS

As at 31 March 2018	Credit rating
S&P Global	AA-
Fitch	AA-
Moody's	A1

Capital

As at 31 March 2018	NZ\$m
CET1 capital	12,633
CET1 deductions	(3,734)
Net CET1 capital	8,899
Total additional tier 1 capital	2,780
Total tier 1 capital	11,679
Total capital	11,679

BANK FINANCIAL STRENGTH DASHBOARD

D4. PROFITABILITY / PERFORMANCE

	Financial statements NZ\$m	Classification differences		Dashboard NZ\$m
		Funds management income and other commissions NZ\$m		
3 months to 31 March 2018				
Total interest income	1,577	-		1,577
Total interest expense	806	-		806
Net interest income	771	-		771
Gains/losses on trading and hedging	46	-		46
Fee and commission income	98	63		161
All other income	121	(63)		58
Operating expenses	361	-		361
Impaired asset expense	60	-		60
Profit before tax	615	-		615
Tax expense	167	-		167
Profit after tax	448	-		448
Return on assets (%)				1.2%
Return on equity (%)				13.7%
Net interest margin (%)				2.2%

D5. FINANCIAL POSITION

	Financial statements NZ\$m	Classification differences			Dashboard NZ\$m
		Nostris / vobros and other bank deposits NZ\$m	Securities purchased under agreements to re-sell NZ\$m	Subordinated debt issued to related parties NZ\$m	
As at 31 March 2018					
Cash and bank deposits ¹	4,386	247	(862)	-	3,771
Debt securities held ²	15,177	(86)	-	-	15,091
Net loans and advances	122,719	-	-	-	122,719
Derivatives in an asset position	8,147	-	-	-	8,147
All other assets	5,933	(161)	862	-	6,634
Total assets	156,362	-	-	-	156,362
Deposits	100,771	-	-	-	100,771
Debt securities issued ³	29,030	-	-	(1,952)	27,078
Other borrowings ⁴	2,453	1,160	-	1,952	5,565
Derivatives in a liability position	7,766	-	-	-	7,766
All other liabilities	3,409	(1,160)	-	-	2,249
Total liabilities	143,429	-	-	-	143,429
Equity	12,933	-	-	-	12,933

¹ Comprises cash and collateral paid

² Comprises trading securities, investments backing insurance contract liabilities and available-for-sale assets

³ Comprises debt issuances plus certificates of deposit and commercial paper from deposits and other borrowings

⁴ Comprises collateral received and the remaining items of deposits and other borrowings

D6. LIQUIDITY

3 months to 31 March 2018

Quarterly average core funding ratio	89.8%
Quarterly average one-month mismatch ratio	5.5%
Quarterly average one-week mismatch ratio	5.6%

D7. LARGE EXPOSURES

As at 31 March 2018

Top 5 credit exposures to non-bank counterparties (ie corporates) as a ratio of CET1 capital	28.3%
Credit exposures to non-bank counterparties (ie corporates) that are greater than 10% of CET1 capital	-
Top 5 credit exposures to banks as a ratio of CET1 capital	61.9%
Credit exposures to banks that are greater than 10% of CET1 capital	3

OTHER INFORMATION

Reconciliation of total loans by industry and sector

The financial statements and Dashboard include amounts for total loans which are based on different definitions. The table below reconciles the various amounts. This information does not form part of the Disclosure Statement.

As at 31 March 2018	Note	Housing NZ\$m	Consumer NZ\$m	Business NZ\$m	Agriculture NZ\$m	All other ¹ NZ\$m	Total NZ\$m
Total loans per Balance Sheet	4	75,020	n/a	n/a	n/a	48,207	123,227
Fair value hedge adjustment		(24)	-	-	-	24	-
Business loans secured by residential property		(2,617)	-	-	337	2,280	-
Residential investor property		(20,529)	-	-	47	20,482	-
Other household and agriculture industry loans		-	3,538	-	17,216	(20,754)	-
Concentration of loans by industry ²	B2	51,850	3,538	-	17,600	50,239	123,227
Fair value hedge adjustments		-	-	-	-	(24)	(24)
Unearned income on finance leases		-	-	-	-	(197)	(197)
Deposit components of overdraft product		-	-	-	-	291	291
Residential investor property		20,529	-	-	(47)	(20,482)	-
Business lending		-	-	28,466	(50)	(28,416)	-
Loans by purpose (RBNZ series S31)		72,379	3,538	28,466	17,503	1,411	123,297
Other business loans secured by residential property		-	-	374	(337)	(37)	-
Total loans per Dashboard	D3	72,379	3,538	28,840	17,166	1,374	123,297

¹ All other in RBNZ series S31 and the Dashboard comprises: Depository and other financial institutions, Central and Local Government, Non-profit institutions serving households.

² Household exposures (resident and non-resident) in note B2 comprise Housing and Consumer.

