

ASX ANNOUNCEMENT*Wednesday, 22 August, 2012***Bank of New Zealand Disclosure Statement**

National Australia Bank Limited today released the Disclosure Statement for the Bank of New Zealand. This is prepared quarterly to meet a regulatory requirement.

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Bank of New Zealand

Disclosure Statement

For the nine months ended 30 June 2012

This Disclosure Statement has been issued by Bank of New Zealand for the nine months ended 30 June 2012 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2012 (the “Order”).

In this Disclosure Statement, unless the context otherwise requires:

- a) “Banking Group” means Bank of New Zealand’s financial reporting group, which consists of Bank of New Zealand, all of its wholly owned entities and other entities consolidated for financial reporting purposes; and
- b) Words and phrases defined by the Order have the same meanings when used in this Disclosure Statement.

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Disclosure Statement

*For the
nine months ended
30 June 2012*

Contents

Address for Service

The name of the Registered Bank is Bank of New Zealand (referred to either by its full name or as the “Bank” or the “Company”) and its address for service is Level 4, 80 Queen Street, Auckland 1010, New Zealand.

Nature of Business

The Bank was incorporated on 29 July 1861. The Banking Group provides a broad range of banking and financial products to retail, business, agribusiness, corporate and institutional clients.

Guarantees

Wholesale funding guarantee – Certain debt securities issued by the Bank, or its subsidiary, BNZ International Funding Limited (London Branch), prior to 30 April 2010 are guaranteed by the Crown under the Crown’s wholesale funding guarantee scheme (the “Scheme”). The Scheme was closed to new guarantees on 30 April 2010. The guarantor under the Scheme is Her Majesty the Queen in right of New Zealand acting by and through the Minister of Finance (the “Crown”). The Crown’s address for service is 1 The Terrace, Wellington 6011, New Zealand.

The Scheme guarantees certain payment obligations of the Bank in respect of principal and interest (excluding penalty interest) owing under the guaranteed debt securities. The expiry date of the guarantee is the earlier of the maturity date of the guaranteed obligation or five years after the issue date of the guaranteed obligation.

A guarantee eligibility certificate is issued in respect of each issue of debt securities that is covered by the Crown wholesale funding guarantee. Copies of the guarantee eligibility certificates issued to Bank of New Zealand and information about the Scheme are available from New Zealand Treasury’s website – www.treasury.govt.nz/economy/guarantee/wholesale.

The information about the Crown’s wholesale funding guarantee above is a brief summary only. The full wholesale funding guarantee should be reviewed by any person intending to rely on the guarantee to ensure that they understand how it will apply to their circumstances. Any person intending to rely on the wholesale funding guarantee should also search the relevant eligibility certificates.

Covered bond guarantee – Certain debt securities (“Covered Bonds”) issued by the Bank, or its subsidiary, BNZ International Funding Limited (London Branch), are guaranteed by the CBG Trustee Company Limited, solely in its capacity as trustee of the BNZ Covered Bond Trust (the “Covered Bond Guarantor”). The Covered Bond Guarantor has guaranteed the payment of interest and principal under the Covered Bonds pursuant to a guarantee which is secured over a pool of assets. The Covered Bond Guarantor’s address for service is Level 10, 141 Willis Street, Wellington 6011, New Zealand. The Covered Bond Guarantor is not a member of the Banking Group and has no credit ratings applicable to its long-term senior unsecured obligations payable in New Zealand dollars. The Covered Bonds have been assigned a long-term credit rating of Aaa and AAA from Moody’s Investors Service and Fitch Ratings respectively. Refer to note 8 for further information.

Further details about these guarantees can be obtained by referring to the Bank’s Disclosure Statement for the year ended 30 September 2011 which is available at www.bnz.co.nz.

Other material obligations of the Bank are not guaranteed.

Ultimate Parent Bank and Address for Service

The ultimate parent bank of Bank of New Zealand is National Australia Bank Limited whose address for service is Level 4 (UB 4440), 800 Bourke Street, Docklands, Victoria 3008, Australia.

Pending Proceedings or Arbitration

The Bank’s Directors are of the opinion that there are no pending proceedings or arbitrations concerning any member of the Banking Group, whether in New Zealand or elsewhere, that may have a material adverse effect on the Bank or the Banking Group.

Other Material Matters

With the continuing uncertainty over the extent of the impact of the Canterbury earthquakes and aftershocks, the Bank has retained an allowance against potential credit losses that result as a consequence.

The sovereign debt situation in Europe remains a concern across global financial markets. However, the Bank’s Directors are of the opinion that the Bank has a strong funding and capital base to manage through this period of uncertainty.

The Bank’s Directors are of the opinion that there are no other matters relating to the business or affairs of the Bank or the Banking Group which would, if disclosed in this Disclosure Statement, materially adversely affect the decision of a person to subscribe for debt securities of which the Bank or any member of the Banking Group is the issuer.

Directorate

There have been no changes in the composition of the Bank’s Board of Directors since 30 September 2011.

Responsible Persons – Messrs. John Anthony Waller, Non-Executive Director, Chairman, and Andrew Gregory Thorburn, Executive Director, have been authorised in writing to sign this Disclosure Statement in accordance with section 82 of the Reserve Bank of New Zealand Act 1989, on behalf of the other Directors, being:

Cameron Anthony Clyne

Stephen John Moir

Prudence Mary Flacks

Dr Andrew John Pearce

Edwin Gilmour Johnson

Gavin Robin Slater

Dr Susan Carrel Macken

Income Statement

For the
nine months ended
30 June 2012

Dollars in Millions	Note	Consolidated		
		Unaudited 9 Months 30/6/12	Unaudited 9 Months 30/6/11	Audited 12 Months 30/9/11
Interest income		2,839	2,777	3,742
Interest expense		1,714	1,752	2,355
Net interest income		1,125	1,025	1,387
Gains less losses on financial instruments at fair value	2	(42)	(77)	120
Other operating income		275	298	382
Total operating income		1,358	1,246	1,889
Operating expenses		584	580	775
Total operating profit before impairment losses on credit exposures and income tax expense		774	666	1,114
Impairment losses on credit exposures	9	42	114	152
Total operating profit before income tax expense		732	552	962
Income tax expense on operating profit		204	166	291
Net profit attributable to shareholders of Bank of New Zealand		528	386	671

The accounting policies and other notes form part of, and should be read in conjunction with, these interim financial statements.

Dollars in Millions	Consolidated		
	Unaudited 9 Months 30/6/12	Unaudited 9 Months 30/6/11	Audited 12 Months 30/9/11
Net profit attributable to shareholders of Bank of New Zealand	528	386	671
Other comprehensive income/(expense), net of taxation			
Net actuarial loss on defined benefit plan	-	-	(2)
Net change in foreign currency translation reserve	(3)	-	6
Net change in cash flow hedge reserve	31	18	59
Available for sale investments revaluation reserve:			
Change in available for sale investments revaluation reserve from revaluation	14	1	4
Total other comprehensive income, net of taxation	42	19	67
Total comprehensive income attributable to shareholders of Bank of New Zealand	570	405	738

The accounting policies and other notes form part of, and should be read in conjunction with, these interim financial statements.

Statement of Comprehensive Income

For the
nine months ended
30 June 2012

Statement of Changes in Equity

For the
nine months ended
30 June 2012

Dollars in Millions	Consolidated							
	Unaudited 9 Months 30/6/12							
	Ordinary Capital	Perpetual Preference Capital	Retained Profits	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Available For Sale Investments Revaluation Reserve	Cash Flow Hedge Reserve	Total Shareholders' Equity
Balance at beginning of period	1,451	910	1,844	2	3	20	119	4,349
Comprehensive income/ (expense)								
Net profit attributable to shareholders of Bank of New Zealand	-	-	528	-	-	-	-	528
Total other comprehensive (expense)/income	-	-	-	-	(3)	14	31	42
Total comprehensive income/ (expense)	-	-	528	-	(3)	14	31	570
Proceeds from shares issued	400	-	-	-	-	-	-	400
Ordinary dividend	-	-	(25)	-	-	-	-	(25)
Perpetual preference dividend	-	-	(47)	-	-	-	-	(47)
Balance at end of period	1,851	910	2,300	2	-	34	150	5,247
	Unaudited 9 Months 30/6/11							
Balance at beginning of period	1,451	910	1,566	2	(3)	16	60	4,002
Comprehensive income								
Net profit attributable to shareholders of Bank of New Zealand	-	-	386	-	-	-	-	386
Total other comprehensive income	-	-	-	-	-	1	18	19
Total comprehensive income	-	-	386	-	-	1	18	405
Ordinary dividend	-	-	(330)	-	-	-	-	(330)
Perpetual preference dividend	-	-	(45)	-	-	-	-	(45)
Balance at end of period	1,451	910	1,577	2	(3)	17	78	4,032
	Audited 12 Months 30/9/11							
Balance at beginning of year	1,451	910	1,566	2	(3)	16	60	4,002
Comprehensive income								
Net profit attributable to shareholders of Bank of New Zealand	-	-	671	-	-	-	-	671
Total other comprehensive (expense)/income	-	-	(2)	-	6	4	59	67
Total comprehensive income	-	-	669	-	6	4	59	738
Ordinary dividend	-	-	(330)	-	-	-	-	(330)
Perpetual preference dividend	-	-	(61)	-	-	-	-	(61)
Balance at end of year	1,451	910	1,844	2	3	20	119	4,349

The accounting policies and other notes form part of, and should be read in conjunction with, these interim financial statements.

Balance Sheet

As at 30 June 2012

Dollars in Millions	Note	Consolidated		
		Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Assets				
Cash and balances with central banks	4	1,459	1,651	1,986
Due from other financial institutions	5	1,214	987	1,567
Trading securities	6	4,604	3,391	3,935
Other money market placements	7	898	392	1,037
Available for sale investments		49	122	62
Derivative financial instruments		5,093	5,058	6,949
Loans and advances to customers	8	58,210	56,163	56,661
Current tax		119	198	88
Amounts due from related entities		316	692	600
Other assets		427	291	683
Deferred tax		156	186	165
Property, plant and equipment		217	188	200
Goodwill and other intangible assets		167	149	152
Total assets		72,929	69,468	74,085
Financed by:				
Liabilities				
Due to central banks and other financial institutions	10	1,546	990	2,672
Other money market deposits	11	8,681	9,643	11,789
Trading liabilities		103	-	51
Deposits from customers	12	34,701	30,858	31,354
Derivative financial instruments		5,253	6,069	6,051
Bonds and notes		12,893	11,543	12,414
Amounts due to related entities		2,981	4,408	3,212
Other liabilities		619	657	921
Subordinated debt	13	905	1,268	1,272
Total liabilities		67,682	65,436	69,736
Net assets		5,247	4,032	4,349
Shareholders' equity				
Contributed equity - ordinary shareholder	21	1,851	1,451	1,451
Reserves		186	94	144
Retained profits		2,300	1,577	1,844
Ordinary shareholder's equity		4,337	3,122	3,439
Contributed equity - perpetual preference shareholders		910	910	910
Total shareholders' equity		5,247	4,032	4,349

The accounting policies and other notes form part of, and should be read in conjunction with, these interim financial statements.

Cash Flow Statement

For the
nine months ended
30 June 2012

Dollars in Millions	Note	Consolidated		
		Unaudited 9 Months 30/6/12	Unaudited 9 Months 30/6/11	Audited 12 Months 30/9/11
Cash flows from operating activities				
Cash was provided from:				
Dividend income		2	2	4
Interest income		2,833	2,787	3,754
Net trading income		138	37	-
Other income		273	296	378
Cash was applied to:				
Interest expense		(1,789)	(1,728)	(2,270)
Net trading income		-	-	(2)
Operating expenses		(562)	(546)	(763)
Taxes and subvention payments		(228)	(127)	(118)
Net cash flows from operating activities before changes in operating assets and liabilities				
		667	721	983
Changes in operating assets and liabilities arising from cash flow movements				
Net movement in balances with central banks (term)*		(26)	(111)	(56)
Net movement in due from other financial institutions (term)*		679	25	(504)
Net movement in loans and advances to customers*		(1,748)	(1,446)	(1,996)
Net movement in other assets		259	247	(146)
Net movement in other money market placements (term)*		(184)	(23)	(83)
Net movement in trading securities and trading liabilities*		(635)	(200)	(685)
Net movement in deposits from customers*		3,347	2,195	2,691
Net movement in due to central banks and other financial institutions (term)*		(279)	(152)	522
Net movement in other liabilities		(247)	(252)	4
Net change in operating assets and liabilities				
		1,166	283	(253)
Net cash flows from operating activities				
		1,833	1,004	730
Cash flows from investing activities				
Cash was provided from:				
Proceeds on maturity of available for sale investments		28	147	208
Cash was applied to:				
Acquisition of intangible assets		(34)	(46)	(56)
Purchase of property, plant and equipment		(45)	(51)	(75)
Net cash flows from investing activities				
		(51)	50	77
Cash flows from financing activities				
Net movement in bonds and notes*		315	1,884	2,591
Net movement in contributed equity - ordinary shares		400	-	-
Net movement in derivative financial instruments*		1,285	186	(1,336)
Net movement in other money market deposits*		(3,116)	(2,236)	(92)
Net movement in related entity funding*		53	(882)	(1,930)
Net movement in subordinated debt*		(350)	-	-
Ordinary dividend		(25)	(330)	(330)
Perpetual preference dividend		(47)	(45)	(61)
Net cash flows from financing activities				
		(1,485)	(1,423)	(1,158)
Net movement in cash and cash equivalents				
		297	(369)	(351)
Cash and cash equivalents at beginning of period		1,381	1,732	1,732
Cash and cash equivalents at end of period				
		1,678	1,363	1,381
Cash and cash equivalents at end of period comprised:				
Cash and balances with central banks classified as cash and cash equivalents	4	1,207	1,370	1,760
Due from other financial institutions classified as cash and cash equivalents	5	905	528	579
Other money market placements classified as cash and cash equivalents	7	392	130	715
Due to central banks and other financial institutions classified as cash and cash equivalents	10	(826)	(665)	(1,673)
Total cash and cash equivalents				
		1,678	1,363	1,381

* The amounts shown represent the net cash flows for the financial period.

Cash Flow Statement continued

For the
nine months ended
30 June 2012

Dollars in Millions	Note	Consolidated		
		Unaudited 9 Months 30/6/12	Unaudited 9 Months 30/6/11	Audited 12 Months 30/9/11
Reconciliation of net profit attributable to shareholders of Bank of New Zealand to net cash flows from operating activities				
Net profit attributable to shareholders of Bank of New Zealand		528	386	671
Add back non-cash items in net profit:				
Decrease in accrued interest receivable		-	10	12
Depreciation and amortisation expense		46	37	53
Impairment losses on credit exposures	9	42	114	152
Increase in accrued interest payable		-	24	85
Increase in provision for tax		-	42	178
Loss on disposal of property, plant and equipment		-	-	4
Unrealised gains less losses on financial instruments		180	114	-
Deduct non-cash items in net profit:				
Decrease in accrued interest payable		(75)	-	-
Decrease in other liabilities		(24)	(6)	(50)
Decrease in provision for tax		(24)	-	-
Increase in accrued interest receivable		(6)	-	-
Unrealised gains less losses on financial instruments		-	-	(122)
Deduct operating cash flows not included in net profit:				
Net change in operating assets and liabilities		1,166	283	(253)
Net cash flows from operating activities		1,833	1,004	730

Netting of cash flows

Certain cash flows (as indicated by *) are shown net as these cash flows are either received and disbursed on behalf of customers and counterparties and therefore reflect the activities of these parties rather than those of the Bank, or are received and disbursed in transactions where the turnover is quick, the amounts large and the maturities short.

The accounting policies and other notes form part of, and should be read in conjunction with, these interim financial statements.

Notes to and Forming Part of the Interim Financial Statements

For the nine months ended 30 June 2012

Note 1 Principal Accounting Policies

These interim financial statements are general purpose financial reports prepared in accordance with the requirements of NZ IAS 34 Interim Financial Reporting and the Order, and should be read in conjunction with the Disclosure Statement for the year ended 30 September 2011.

There have been no material changes in accounting policies during the interim financial period. The accounting policies used in the preparation of these interim financial statements are consistent with the accounting policies used in the preparation of the Disclosure Statement for the year ended 30 September 2011.

The following amendments to standards relevant to the Banking Group have been adopted from 1 October 2011 and have been applied in the preparation of these interim financial statements. Adoption of these amendments has not resulted in any significant impact on the Banking Group's reported results or financial position.

- Harmonisation Amendments are effective for accounting periods beginning on or after 1 July 2011. This amends multiple standards to harmonise NZ IFRS with IFRS and Australian Accounting Standards and is read in conjunction with FRS-44 NZ Additional Disclosures.
- Improvements to NZ IFRSs (July 2010) – NZ IFRS 7 Financial Instruments: Disclosures is applicable for accounting periods beginning on or after 1 January 2011. The amendments remove certain disclosure requirements and address qualitative and quantitative disclosures about an entity's exposure to risk arising from financial instruments.

Income Statement Notes

Dollars in Millions	Consolidated		
	Unaudited 9 Months 30/6/12	Unaudited 9 Months 30/6/11	Audited 12 Months 30/9/11
Note 2 Gains Less Losses on Financial Instruments at Fair Value			
Trading gains less losses on financial instruments at fair value			
Foreign exchange trading gain	71	69	89
Interest rate related trading derivatives	56	8	27
Other derivatives	-	-	1
Net (loss)/gain in the fair value of financial assets and liabilities held for trading	(6)	8	4
Trading gains less losses on financial instruments at fair value	121	85	121
Other gains less losses on financial instruments at fair value			
Hedge accounting			
Net gain arising from hedging instruments in fair value hedge accounting relationships	52	34	39
Net loss arising from the hedged items attributable to the hedged risk in fair value hedge accounting relationships	(42)	(53)	(63)
Ineffectiveness arising from cash flow hedge accounting relationships	-	-	-
	10	(19)	(24)
Other			
Net loss in the fair value of financial assets (refer to table below)	(110)	(69)	(83)
Net (loss)/gain in the fair value of financial liabilities (refer to table below)	(50)	(86)	83
Bid/offer adjustment	2	(1)	-
Net (loss)/gain attributable to other derivatives used for hedging purposes that do not qualify as designated and effective hedging instruments	(15)	13	23
	(173)	(143)	23
Other gains less losses on financial instruments at fair value	(163)	(162)	(1)
Total gains less losses on financial instruments at fair value	(42)	(77)	120
Net loss in the fair value of financial assets comprised:			
Loss in the fair value of financial assets designated at fair value through profit or loss	(52)	(89)	(98)
Credit risk adjustments on financial assets designated at fair value through profit or loss	(62)	(12)	(8)
Net gain attributable to other derivatives used for hedging purposes that do not qualify for hedge accounting	4	32	23
	(110)	(69)	(83)
Net (loss)/gain in the fair value of financial liabilities comprised:*			
(Loss)/gain in the fair value of financial liabilities designated at fair value through profit or loss	(120)	151	(59)
Credit risk adjustments on financial liabilities designated at fair value through profit or loss	(81)	(26)	82
Net gain/(loss) attributable to other derivatives used for hedging purposes that do not qualify for hedge accounting	151	(211)	60
	(50)	(86)	83

* All foreign currency gains/(losses) are excluded from this category. Due to the Banking Group's practice of managing all foreign currency risk centrally, all foreign currency gains/(losses) are included within 'Foreign exchange trading gain' above.

Note 3 Segment Analysis

Operating segments

An operating segment is a component of an entity engaging in business activities and whose operating results are regularly reviewed by the entity's chief operating decision maker. For each operating segment identified by the Banking Group, financial information is regularly reported to the New Zealand Executive Team for the purposes of evaluation of performance and allocation of resource.

The Banking Group's business is organised into two operating and reportable segments: Retail and BNZ Partners. Retail provides financial services and products to individual customers and, for management reporting purposes, includes insurance activities carried out by a controlled entity of National Australia Bank Limited that is not part of the Banking Group. BNZ Partners provides financial services and products to business, agribusiness and corporate customers.

Revenues and expenses directly associated with each operating segment are included in determining their result. Transactions between operating segments are based on agreed recharges between segments. Segment revenue represents revenue directly attributable to a segment and a portion of the Banking Group's revenue that can be allocated to a segment on a reasonable basis. Segment revenue includes Net interest income and Other operating income, and transfer pricing adjustments to reflect inter-segment funding arrangements. Inter-segment pricing is determined on an arm's length basis.

Segment profit represents operating profit before unrealised fair value gains or losses on financial instruments and income or expenses which are one-off in nature and are not part of the Banking Group's core business operations.

Included within 'Other' in the table below are business activities that do not constitute a separately reportable segment; elimination entries on consolidation of the results and of the Banking Group's controlled entities in the preparation of the consolidated interim financial statements of the Banking Group; results of an entity included for management reporting purposes, but excluded from the consolidated interim financial statements of the Banking Group for statutory financial reporting purposes; and other balances excluded for management reporting purposes but included as part of the consolidated interim financial statements of the Banking Group for statutory financial reporting purposes.

Dollars in Millions	Consolidated				
	Unaudited 9 Months 30/6/12				
	Retail	BNZ Partners	Total Reportable Segments	Other	Total Banking Group
Revenue from external customers	623	809	1,432	(74)	1,358
Net inter-segment revenue	1	83	84	(84)	-
Total segment revenue	624	892	1,516	(158)	1,358
Operating profit before income tax expense*	271	573	844	(112)	732
Income tax expense	71	163	234	(30)	204
Net profit attributable to shareholders of Bank of New Zealand	200	410	610	(82)	528
	Unaudited 9 Months 30/6/11				
Revenue from external customers	571	760	1,331	(85)	1,246
Net inter-segment revenue	1	60	61	(61)	-
Total segment revenue	572	820	1,392	(146)	1,246
Operating profit before income tax expense*	264	463	727	(175)	552
Income tax expense	73	140	213	(47)	166
Net profit attributable to shareholders of Bank of New Zealand	191	323	514	(128)	386
	Audited 12 Months 30/9/11				
Revenue from external customers	769	1,041	1,810	79	1,889
Net inter-segment revenue	1	85	86	(86)	-
Total segment revenue	770	1,126	1,896	(7)	1,889
Operating profit before income tax expense*	352	654	1,006	(44)	962
Income tax expense	99	196	295	(4)	291
Net profit attributable to shareholders of Bank of New Zealand	253	458	711	(40)	671

* For the nine months ended 30 June 2012, operating profit before income tax expense within the 'Other' category included fair value losses on financial instruments of \$101 million (nine months ended 30 June 2011: \$164 million; year ended 30 September 2011: \$15 million), which are recorded as part of the overall gains less losses on financial instruments at fair value disclosed in note 2.

Asset Notes

Dollars in Millions	Consolidated		
	Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Note 4 Cash and Balances With Central Banks			
Notes and coins*	121	136	125
Transaction balances with central banks*	1,086	1,234	1,635
Loans and advances to central banks	252	281	226
Total cash and balances with central banks	1,459	1,651	1,986

* Classified as cash and cash equivalents in the cash flow statement.

Included in cash and balances with central banks as at 30 June 2012 was \$252 million of cash collateral posted with counterparties to meet standard derivative trading obligations (30 June 2011: \$281 million; 30 September 2011: \$226 million).

Dollars in Millions	Consolidated		
	Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Note 5 Due from Other Financial Institutions			
Transaction balances with other financial institutions*	149	170	92
Securities purchased under agreements to resell with other financial institutions*	756	358	487
Loans and advances due from other financial institutions	309	459	988
Total due from other financial institutions	1,214	987	1,567

* Classified as cash and cash equivalents in the cash flow statement.

The Banking Group has accepted collateral of New Zealand Government Securities with a fair value of \$1,455 million as at 30 June 2012 arising from reverse repurchase agreements with other financial and non-financial (refer to note 7) institutions, which it is permitted to sell or repledge (30 June 2011: \$488 million; 30 September 2011: \$1,180 million).

Government Securities with a fair value of \$248 million were repledged as at 30 June 2012 (30 June 2011: nil; 30 September 2011: nil). The Bank's obligation to repurchase is classified under due to central banks and other financial institutions.

Included in due from other financial institutions as at 30 June 2012 was \$305 million of collateral posted with counterparties to meet standard derivative trading obligations (30 June 2011: \$386 million; 30 September 2011: \$300 million).

Dollars in Millions	Consolidated		
	Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Note 6 Trading Securities			
Treasury bills	1,884	1,466	1,913
Government securities	1,049	1,345	898
Semi-government securities	543	32	219
Bank bills	637	-	448
Bank bonds	246	205	124
Promissory notes	160	290	283
Other securities	85	53	50
Total trading securities	4,604	3,391	3,935

Included in trading securities as at 30 June 2012 were \$224 million encumbered through repurchase agreements (30 June 2011: \$229 million; 30 September 2011: \$725 million). These trading securities have not been derecognised from the Bank as the Bank retains substantially all the risks and rewards of ownership. The Bank's obligation to repurchase is classified under due to central banks and other financial institutions. No trading securities were used to secure deposit obligations as at 30 June 2012 (30 June 2011: \$44 million; 30 September 2011: 596 million).

Dollars in Millions	Consolidated		
	Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Note 7 Other Money Market Placements			
Money market placements with non-financial institutions	337	262	322
Securities purchased under agreements to resell with non-financial institutions*	561	130	715
Total other money market placements	898	392	1,037

* Included in securities purchased under agreements to resell with non-financial institutions as at 30 June 2012 were \$392 million classified as cash and cash equivalents in the cash flow statement (30 June 2011: \$130 million; 30 September 2011: \$715 million).

Included in other money market placements as at 30 June 2012 was \$26 million of collateral posted with counterparties to meet standard derivative trading obligations (30 June 2011: nil; 30 September 2011: nil).

Dollars in Millions	Consolidated		
	Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Note 8 Loans and Advances to Customers			
Overdrafts	2,342	2,321	1,986
Credit card outstandings	1,376	1,392	1,371
Housing loans	27,922	27,077	27,382
Other term lending	26,856	25,637	26,133
Other lending	200	191	227
Total gross loans and advances to customers	58,696	56,618	57,099
Deduct:			
Allowance for impairment losses and credit risk adjustments on individual financial assets (refer to note 9)	199	243	227
Allowance for impairment losses and credit risk adjustments on groups of financial assets (refer to note 9)	305	287	279
Deferred and other unearned future income	47	41	39
Fair value hedge adjustments	(65)	(116)	(107)
Total deductions	486	455	438
Total net loans and advances to customers	58,210	56,163	56,661

The BNZ RMBS Trust Series 2008-1 (the "RMBS Trust") provides an in-house residential mortgage-backed securities facility to issue securities as collateral for borrowing from the Reserve Bank of New Zealand ("RBNZ"). As at 30 June 2012, included within the Banking Group's loans and advances to customers were housing loans with a carrying amount of \$4,453 million held by the RMBS Trust (30 June 2011: \$4,466 million; 30 September 2011: \$4,477 million). These housing loans have not been derecognised from the Bank's financial statements as the Bank retains substantially all of the risks and rewards of ownership. The Banking Group had not entered into any repurchase agreements for residential mortgage-backed securities with the RBNZ as at 30 June 2012 (30 June 2011: nil; 30 September 2011: nil). RBNZ had not accepted any residential mortgage-backed securities as collateral from the Banking Group as at 30 June 2012 (30 June 2011: nil; 30 September 2011: nil) and, as a result, the securities issued by the RMBS Trust remain unencumbered.

The BNZ Covered Bond Trust (the "Covered Bond Trust") holds certain Bank of New Zealand housing loans, and its trustee provides guarantees of the covered bonds issued by the Bank or BNZ International Funding Limited (London Branch), a wholly owned controlled entity of the Bank. Guarantees provided in relation to the covered bonds issued have a prior claim over the assets of the Covered Bond Trust. As at 30 June 2012, included within the Banking Group's loans and advances to customers were housing loans with a carrying amount of \$5,372 million held by the Covered Bond Trust (30 June 2011: \$4,046 million; 30 September 2011: \$4,044 million). These housing loans have not been derecognised from the Bank's financial statements as the Bank retains substantially all of the risks and rewards of ownership. The Banking Group had issued debt securities with a face value of \$4,343 million that were guaranteed by the Covered Bond Trust as at 30 June 2012 (30 June 2011: \$3,377 million; 30 September 2011: \$3,384 million). The underlying collateral for the guarantees provided by the Covered Bond Trust comprised housing loans and other assets to the value of \$5,467 million as at 30 June 2012 (30 June 2011: \$4,083 million; 30 September 2011: \$4,083 million).

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Dollars in Millions	Consolidated			
	Residential Mortgage Lending Unaudited 30/6/12	Other Retail Exposures Unaudited 30/6/12	Corporate Exposures Unaudited 30/6/12	Total Unaudited 30/6/12
Note 9 Asset Quality				
Allowance for impairment losses and credit risk adjustments				
Loans and advances to customers				
<i>Individual financial assets</i>				
Allowance for impairment losses	46	21	60	127
Credit risk adjustments on individual financial assets designated at fair value through profit or loss	-	1	71	72
	46	22	131	199
<i>Groups of financial assets</i>				
Allowance for impairment losses	36	60	96	192
Credit risk adjustments on groups of financial assets designated at fair value through profit or loss	-	2	111	113
	36	62	207	305
Other money market placements				
Credit risk adjustments on groups of financial assets designated at fair value through profit or loss	-	-	1	1
Trading derivative financial instruments				
Credit risk adjustments on groups of financial assets designated at fair value through profit or loss	-	-	10	10
Charges to income statement on financial assets				
Charge to impairment losses on credit exposures				
Loans and advances to customers				
Impairment losses on individual financial assets	14	26	17	57
Impairment losses on groups of financial assets	(4)	(8)	(3)	(15)
	10	18	14	42
Charge to income statement on financial assets designated at fair value through profit or loss				
Loans and advances to customers				
Credit risk adjustments on individual financial assets	-	-	20	20
Credit risk adjustments on groups of financial assets	-	1	40	41
	-	1	60	61
Other money market placements				
Credit risk adjustments on groups of financial assets	-	-	1	1
	-	1	61	62
Trading derivative financial instruments				
Charge to income statement on groups of financial assets	-	-	1	1
Pre-allowance balances at end of period				
Loans and advances to customers				
Other individually impaired assets – at amortised cost	118	30	192	340
Other individually impaired assets – at fair value through profit or loss	-	1	164	165
Total impaired assets at end of period	118	31	356	505
90 days past due assets	92	36	124	252
Off-balance sheet impaired assets				
Included in contingent liabilities in note 16 is \$2 million off-balance sheet facilities to counterparties for whom drawn balances are classified as individually impaired as at 30 June 2012. No allowance for impairment losses on individual off-balance sheet credit related commitments had been made as at 30 June 2012.				

Liability Notes

Dollars in Millions	Consolidated		
	Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Note 10 Due to Central Banks and Other Financial Institutions			
Transaction balances with other financial institutions*	408	431	933
Deposits from central banks	77	78	608
Deposits from other financial institutions	643	247	391
Securities sold under agreements to repurchase from other financial institutions*	418	234	740
Total due to central banks and other financial institutions	1,546	990	2,672

* Classified as cash and cash equivalents in the cash flow statement.

Dollars in Millions	Consolidated		
	Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Note 11 Other Money Market Deposits			
Money market deposits from non-financial institutions	1,877	2,016	1,864
Certificates of deposit	1,716	2,774	1,830
Commercial paper	5,088	4,853	8,095
Total other money market deposits	8,681	9,643	11,789

Dollars in Millions	Consolidated		
	Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Note 12 Deposits from Customers			
Demand deposits not bearing interest	2,065	1,616	1,724
Demand deposits bearing interest	12,046	10,428	10,644
Term deposits	20,590	18,814	18,986
Total deposits from customers	34,701	30,858	31,354

Note 13 Subordinated Debt

On 15 June 2012, the Bank repaid subordinated debt with a face value of \$350 million (\$367 million book value) which were listed on the NZDX. These bonds, which had a maturity date of 15 June 2017, were called by the Bank in accordance with the option it held under the terms and conditions set out at the time of issue.

Other Notes

Dollars in Millions	Consolidated	
	Unaudited 30/6/12	Unaudited 30/6/11
Note 14 Interest Earning and Discount Bearing Assets and Liabilities		
Interest earning and discount bearing assets	65,520	
Interest and discount bearing liabilities	59,641	

Dollars in Millions	Consolidated	
	Unaudited 30/6/12	Unaudited 30/6/11
Note 15 Related Entities Transactions		
Total amounts due from related entities	316	
Total amounts due to related entities*	3,886	

* Included in total amounts due to related entities is \$905 million classified as subordinated debt on the balance sheet.

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Note 16 Contingent Liabilities and Credit Related Commitments

Bank of New Zealand and other income tax group members have a joint and several liability for the income tax liability of the income tax group. Bank of New Zealand is not expected to incur any additional tax liability as a result of this joint and several liability.

Contingent liabilities and credit related commitments exist in respect of commitments to extend credit, letters of credit and financial guarantees, as well as claims, potential claims and court proceedings against entities in the Banking Group. Any potential liability arising in respect of these claims cannot be accurately assessed. Where some loss is probable appropriate provisions have been made.

On 31 July 2006, the Bank sold 100% of the share capital in Custom Fleet (NZ) Limited. The Bank provided limited indemnities regarding certain sale-related warranties and the performance of Custom Fleet (NZ) Limited prior to 31 July 2006. These indemnities are valid for a period of not longer than seven years from the date of sale.

Contingent liabilities and credit related commitments arising in respect of the Banking Group's operations were:

Dollars in Millions	Consolidated		
	Unaudited 30/6/12	Unaudited 30/6/11	Audited 30/9/11
Contingent liabilities			
Bank guarantees	57	56	55
Standby letters of credit	332	319	324
Documentary letters of credit	72	78	69
Performance related contingencies	300	332	331
Total contingent liabilities	761	785	779
Credit related commitments			
Revocable commitments to extend credit	6,816	6,386	6,341
Irrevocable commitments to extend credit	7,175	7,212	6,986
Total credit related commitments	13,991	13,598	13,327
Total contingent liabilities and credit related commitments	14,752	14,383	14,106

Note 17 Concentrations of Credit Exposures to Individual Counterparties and Groups of Closely Related Counterparties

The Banking Group's disclosure of concentrations of credit exposures to individual counterparties and groups of closely related counterparties is based on actual credit exposures and excludes credit exposures to connected persons, the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent, and banks with a long-term credit rating of A- or A3 or above, or its equivalent. Peak credit exposures to individual counterparties are calculated using the Banking Group's end of period shareholders' equity.

As at 30 June 2012 and for the three months ended 30 June 2012, the Banking Group had no bank or non-bank counterparties that equalled or exceeded 10% of the Banking Group's equity and met the disclosure requirements described above.

Note 18 Insurance Business

The Banking Group does not conduct any Insurance Business, as defined in clause 3 of the Bank's conditions of registration.

Note 19 Capital Adequacy

The tables included below detail the capital calculation, capital ratios and capital requirements as at 30 June 2012. During the interim financial period the Banking Group fully complied with all RBNZ's capital requirements as set out in the Bank's conditions of registration. The Bank's conditions of registration require capital adequacy ratios for the Banking Group to be calculated under the Basel II framework in accordance with the RBNZ's Capital Adequacy Framework (Internal Models Based Approach) ("BS2B") dated June 2011.

Regulatory capital

The following table shows the qualifying capital for the Banking Group.

Dollars in Millions	Consolidated	
	Unaudited	30/6/12
Qualifying capital		
Tier One capital (before deductions)	4,925	
Deductions from Tier One capital	239	
Total Tier One capital (net of all deductions and adjustments)	4,686	
Tier Two capital (before deductions)	1,118	
Deductions from Tier Two capital	88	
Total Tier Two capital	1,030	
Total Tier One and Tier Two qualifying capital	5,716	

Basel II regulatory capital ratios

The table below shows the capital adequacy ratios based on BS2B.

	Consolidated	
	Regulatory Minima	Unaudited 30/6/12
Tier One capital expressed as a percentage of total risk-weighted exposures	4.00%	10.43%
Total qualifying capital expressed as a percentage of total risk-weighted exposures	8.00%	12.72%

Total regulatory capital requirements

Dollars in Millions	Consolidated	
	Total Capital Requirement*	Unaudited 30/6/12
Credit risk		
Exposures subject to the internal ratings based approach (refer to table below)	2,561	
Equity exposures	13	
Specialised lending subject to the slotting approach	443	
Exposures subject to the standardised approach	50	
Total credit risk	3,067	
Operational risk	312	
Market risk	216	
Total	3,595	

* In calculating total capital requirement, a scalar of 1.06 has been applied to the risk-weighted assets, as required by the RBNZ in accordance with the Bank's conditions of registration.

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

Dollars in Millions	Consolidated	
	Total Minimum Capital Requirement	Unaudited 30/6/12
Corporate	1,556	
Sovereign	6	
Bank	41	
Residential mortgage	768	
Other retail	129	
Retail small to medium enterprises	61	
Total exposures	2,561	

Note 19 Capital Adequacy *continued*

Residential mortgages by loan-to-valuation ratio

The table below sets out residential mortgage lending (including loans to businesses) as used to calculate the Banking Group's Pillar one capital requirement by the loan-to-valuation ratio ("LVR").

The LVRs are calculated as the greater of the customer's current loan limit or balance, divided by the Banking Group's valuation of the security at the last credit event for the customer. Where no LVR is available, the exposure is included in the 'Over 90%' category.

Dollars in Millions	Consolidated		
	On-balance Sheet Exposures at Default Unaudited 30/6/12	Off-balance Sheet Exposures at Default* Unaudited 30/6/12	Total Exposures at Default Unaudited 30/6/12
LVR Range			
0-59%	9,699	1,300	10,999
60-69%	4,862	419	5,281
70-79%	9,505	711	10,216
80-89%	1,926	62	1,988
Over 90%	1,949	385	2,334
	27,941	2,877	30,818

* Off-balance sheet exposures included unutilised limits and loans approved but not yet drawn.

Pillar two capital for other material risks

As at 30 June 2012, the Banking Group had an internal capital allocation for Business Risk of \$135 million. The assessment of Business Risk covers strategic, reputation and earnings risk.

Note 20 Financial Risk Management

There have been no material changes to the Banking Group's policies for managing risk, or material exposures to new categories of risk since 31 March 2012.

Liquidity portfolio management

The table below shows financial assets held by the Banking Group for the purpose of managing liquidity risk.

Dollars in Millions	Consolidated
	Unaudited 30/6/12
Cash and balances immediately convertible to cash	1,362
Securities purchased under agreements to resell	1,317
Treasury bills	1,884
Government securities	577
Semi-government securities	543
Bank bills	637
Bank bonds	246
Promissory notes	160
Other securities	85
Total liquidity portfolio	6,811

As at 30 June 2012, the Banking Group also held unencumbered residential mortgage-backed securities ("RMBS") of \$4,491 million. The RMBS can be sold to RBNZ under agreements to repurchase for liquidity purposes. The Banking Group had not entered into any repurchase agreements for residential mortgage-backed securities with the RBNZ.

As at 30 June 2012, there was an ongoing A\$1 billion market rate advance facility provided from National Australia Bank Limited for the Banking Group's liquidity management in the course of its normal trading activities.

Note 21 Contributed Equity

On 10 May 2012, the Bank issued 400,000,000 ordinary shares ("Shares") to its immediate parent National Australia Group (NZ) Limited. The Shares were issued at a subscription price of \$1.00 each and are on the same terms as, and rank equally with, all existing ordinary shares in the Bank. This has resulted in the Bank's fully paid ordinary shares increasing from \$1,451 million (2,470,997,499 shares) to \$1,851 million (2,870,997,499 shares) with effect from 10 May 2012.

Bank of New Zealand has the following credit ratings applicable to its long-term senior unsecured obligations payable in New Zealand, in New Zealand dollars.

Rating Agency	Current Credit Rating	Qualification
Standard & Poor's (Australia) Pty Limited	AA-	Outlook Stable
Moody's Investors Service Pty Limited	Aa3	Outlook Stable

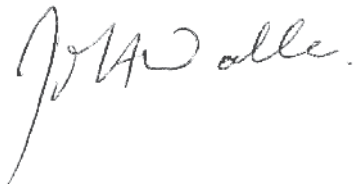
Changes in conditions of registration

There have been no changes to the Bank's conditions of registration between the reporting date for the previous disclosure statement (31 March 2012) and 30 June 2012.

The Directors of Bank of New Zealand (the "Bank") state that each Director of the Bank believes, after due enquiry, that:

1. as at the date on which the Disclosure Statement is signed:
 - (a) the Disclosure Statement contains all the information that is required by the Order; and
 - (b) the Disclosure Statement is not false or misleading; and
2. during the nine months ended 30 June 2012:
 - (a) the Bank has complied with its conditions of registration applicable during that period;
 - (b) credit exposures to connected persons were not contrary to the interests of the Banking Group; and
 - (c) the Bank 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 16th of August 2012 and signed by Messrs. Waller and Thorburn as Directors and as responsible persons on behalf of all the other Directors.



J A Waller
Chairman



A G Thorburn
Managing Director and Chief Executive Officer

Credit Ratings

Conditions of Registration

Directors' Statement



BNZ is a member of the National Australia Bank Group

