



The National Bank of New Zealand Limited

*Annual Report
&
General Disclosure Statement*



GROUP AND REGISTERED BANK
31 DECEMBER 1999



NUMBER 16

Lloyds B15

000427

ANNUAL REPORT AND GENERAL DISCLOSURE STATEMENT

For the year ended 31 December 1999

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Part I

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CORPORATE INFORMATION

General matters

Name: The National Bank of New Zealand Limited (referred to in full or as the "Registered Bank")

Address for service: National Bank House, 170-186 Featherston Street, Wellington, New Zealand

The National Bank of New Zealand Limited was originally incorporated in England under the Companies Act 1862 on 14 August 1872 and further incorporated in New Zealand under The National Bank of New Zealand (Limited) Act, 1873. Pursuant to the National Bank of New Zealand Act 1985, The National Bank of New Zealand Limited was deemed to be incorporated under the Companies Act 1955 on 19 June 1985 and pursuant to the National Bank of New Zealand Limited Act 1985 of the United Kingdom, The National Bank of New Zealand Limited ceased to be incorporated in England.

Ultimate parent bank:

Lloyds TSB Bank plc

71 Lombard Street

London EC3P 3BS

England

Ultimate holding company:

Lloyds TSB Group plc

71 Lombard Street

London EC3P 3BS

England

Guarantors

There are no guarantees over the material obligations of any member of The National Bank of New Zealand Limited and its subsidiaries (the "Banking Group").

DIRECTORATE

Executive directors

Sir John Anderson, Mr S M Fyfe and Dr R E Walrond are executive directors of The National Bank of New Zealand Limited.

Directors' address for service

The National Bank of New Zealand Limited

National Bank House

170-186 Featherston Street

Wellington

New Zealand

Directorate (continued)

Directors

Sir Wilson Whineray

KNZM, OBE, B.COM, MBA, DIPVFM

Chairman

The National Bank of New Zealand Limited

Company Director

New Zealand

Norman Michael Thomas Geary

CBE, B.COM, FACA, FNZIM, FCIT

Company Director

New Zealand

Sir John Anderson

KBE, FACA

Chief Executive

The National Bank of New Zealand Limited

New Zealand

Alan Edward Moore

CBE, FCIS, ACIB, FCT

Deputy Chairman

Lloyds TSB Group plc

England

Graham Keith Ansell

CMG, BA(HONS)ECON

Company Director

New Zealand

David Peter Pritchard

B.SC

Group Director, Wholesale Markets and International Banking

Lloyds TSB Group plc

England

Iain Donald Cheyne

CBE, BA

Managing Director, International Banking

Lloyds TSB Bank plc

England

John Michael Robson

BA, AMP, FNZIM

Company Director

New Zealand

John Clarke

CMG, JP

Company Director

New Zealand

Sir Dryden Spring

Company Director

New Zealand

Barry Michael Joseph Dincen

LLB

Company Director

New Zealand

Dr Ralph Eric Walrond

FCIB, FCIS, F INST D

Deputy Chief Executive

The National Bank of New Zealand Limited

New Zealand

Steven Montgomery Fyfe

BCA, CA

Director Finance and Planning

The National Bank of New Zealand Limited

New Zealand

Directorate (continued)

Changes in directors during the year

Sir Wilson Whineray and Sir John Anderson, Messrs G K Ansell and J Clarke retired by rotation in accordance with clauses 27.1 and 27.2 of The National Bank of New Zealand Limited's constitution at the annual meeting of the shareholder held 25 March 1999. Mr D P Pritchard retired pursuant to clause 28.3. They were all subsequently re-elected.

Dr R E Walrond was appointed as a director at the annual meeting held 25 March 1999.

At the 2000 annual meeting of the shareholder, Mr J Clarke is to retire as a director. Messrs I D Cheyne, B M J Dineen and S M Fyfe are required to retire by rotation pursuant to clauses 27.1 and 27.2 of The National Bank of New Zealand Limited's constitution, but are eligible immediately for re-election pursuant to clause 27.4.

Auditors

PricewaterhouseCoopers

Chartered Accountants

113-119 The Terrace

Wellington

New Zealand

Part II

Annual Report of the Directors

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ANNUAL REPORT OF THE DIRECTORS

Results for the year ended 31 December 1999

	<i>The Banking Group</i>	<i>The Registered Bank</i>
	<i>\$m</i>	<i>\$m</i>
Operating surplus before taxation	455	349
Less: Taxation expense	122	77
Operating surplus after taxation	333	272
Shareholder's equity		
Total shareholder's equity as at 1 January 1999	1,367	1,367
Add: Operating surplus after taxation	333	272
Movement in asset revaluation reserve	(13)	48
Dividends declared	(175)	(175)
Foreign investor tax credit	26	26
Total shareholder's equity as at 31 December 1999	1,538	1,538

Dividends

The directors resolved that an ordinary dividend of \$149m and a supplementary dividend of \$26m be paid.

Financial statements

The financial statements for the year ended 31 December 1999 immediately follow this report.

Statutory compliance

All statutory requirements have been complied with and are in accordance with The National Bank of New Zealand Limited's constitution. Shareholder consent to non-disclosure of the following items has been given under section 211 of the Companies Act 1993:

- Remuneration and other benefits received by each director;
- Number of employees whose remuneration and other benefits exceed \$100,000; and
- Particulars of entries in the interests register.

Directors' transactions

There have been no transactions between The National Bank of New Zealand Limited or any member of the Banking Group and any director or immediate relative or close business associate of any director which either has been entered into on terms other than those which would in the ordinary course of business of The National Bank of New Zealand Limited, or any member of the Banking Group, be given to any other person of like circumstances or means, or which could be reasonably likely to influence materially the exercise of the duties of any director.

Annual Report of the Directors (continued)

Conflicts of interest policy

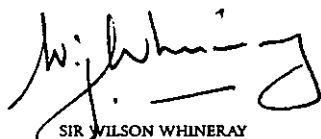
The policy and current practice of the board of directors of The National Bank of New Zealand Limited for avoiding or dealing with conflicts of interest which may arise from the personal, professional or business interests of the directors or any of them, is that where a director's judgment could potentially be impaired, because a conflict of interest exists between the director's business affairs and the business affairs of The National Bank of New Zealand Limited, then that director must declare that the conflict of interest exists and leave the meeting for the duration of the board's discussion and voting on that relevant matter.

An interests register is maintained of directors' declared interests. To minimise conflicts of interest a director may not take up any other outside directorships or appointments without first obtaining the consent of the chairman of The National Bank of New Zealand Limited's board.

Auditors

PricewaterhouseCoopers have signified their willingness to continue in office and a resolution confirming their continuation as auditors will be submitted to the annual meeting.

By order of the board



SIR WILSON WHINERAY
CHAIRMAN



SIR JOHN ANDERSON
CHIEF EXECUTIVE

23rd DAY OF MARCH 2000

Part III

Financial Statements

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FINANCIAL STATEMENTS

Statement of Financial Performance

For the year ended 31 December 1999	Note	The Banking Group		The Registered Bank	
		1999 \$m	1998 \$m	1999 \$m	1998 \$m
Interest revenue	2	1,815	1,889	1,767	1,684
Less: Interest expense	2	1,127	1,359	1,256	1,370
Net interest income		688	530	511	314
Other operating revenue	3	340	248	388	248
Total income		1,028	778	899	662
Less: Provisions	11	32	22	31	19
Income after provisions		996	756	868	643
Less: Operating expenses					
Staff		277	246	271	224
Premises and equipment		108	99	100	90
Restructuring		-	120	-	120
Other		156	137	148	119
Total operating expenses		541	602	519	553
Operating surplus before taxation	4	455	154	349	90
Less: Taxation	7	122	37	77	(5)
Operating surplus after taxation		333	117	272	95
Less: Dividend	6	149	45	149	45
Operating surplus after taxation and dividend		184	72	123	50

Statement of Movements in Equity

For the year ended 31 December 1999	Note	The Banking Group		The Registered Bank	
		1999 \$m	1998 \$m	1999 \$m	1998 \$m
Shareholder's equity at beginning of year		1,367	990	1,367	990
Operating surplus after taxation		333	117	272	95
Issued share capital		-	312	-	312
Movement in asset revaluation reserve	21	(13)	(7)	48	15
Total movement for the year		320	422	320	422
Dividend distribution:					
Less: Dividend	6	149	45	149	45
Less: Supplementary dividend	6	26	16	26	16
Add: Foreign investor tax credit		26	16	26	16
Shareholder's equity at end of year		1,538	1,367	1,538	1,367

The notes on pages 15 to 48 form part of these financial statements.

Statement of Financial Position

		The Banking Group		The Registered Bank	
		1999	1998	1999	1998
As at 31 December 1999	Note	\$m	\$m	\$m	\$m
Assets employed					
Liquid assets	8	3,193	2,937	3,141	2,926
Investments	9	86	236	58	230
Loans and advances	10	24,842	23,617	23,589	22,906
Balances with subsidiaries	23	-	-	418	560
Balances with related parties	23	3	1	3	1
Other assets	12	1,307	1,580	1,365	1,564
		29,431	28,371	28,574	28,187
Current and deferred taxation	13	125	62	123	100
Investments in subsidiaries	15	-	-	3,779	2,534
Premises and equipment	17	248	473	65	75
Total assets employed		29,804	28,906	32,541	30,896
<i>Financed by:</i>					
Liabilities					
Deposits by financial institutions		1,610	1,632	2,090	1,632
Deposits by customers		13,973	13,837	13,898	13,830
Debt securities issued		9,370	7,625	3,588	3,359
Balances with subsidiaries	23	-	-	9,297	8,500
Balances with related parties	23	1,265	2,287	8	9
Dividend payable		149	45	149	45
Other liabilities	18	1,424	1,638	1,498	1,679
Total liabilities		27,791	27,064	30,528	29,054
Dated loan capital	19	475	475	475	475
Shareholder's equity					
Share capital	20	472	472	472	472
Reserves	21	1,066	895	1,066	895
Total shareholder's equity		1,538	1,367	1,538	1,367
Total liabilities and shareholder's equity		29,804	28,906	32,541	30,896
Additional financial position information					
Total interest earning and discount bearing assets		27,815	26,679	26,925	26,489
Total interest and discount bearing liabilities		25,857	25,267	28,368	26,858
Assets used to secure deposit obligations		655	235	655	235

The notes on pages 15 to 48 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 1999

	The Banking Group		The Registered Bank	
	1999	1998	1999	1998
	\$m	\$m	\$m	\$m
Cash flows from operating activities				
<i>Sources</i>				
Dividends received	-	-	30	153
Fees, commission and other income received	318	248	336	249
Income tax refunded	-	-	-	21
Interest received	1,811	1,910	1,747	1,696
	2,129	2,158	2,113	2,119
<i>Disbursements</i>				
Cash paid to suppliers and employees	536	459	618	401
Income taxes paid	177	12	100	-
Interest paid	1,155	1,372	1,219	1,332
	1,868	1,843	1,937	1,734
Net cash flows from operating activities	261	315	176	385
Cash flows from investing activities				
<i>Sources</i>				
Cash acquired on purchase of subsidiary	-	1,167	-	19
Decrease in finance leases	56	4	16	8
Decrease in investments	150	195	172	117
Decrease in other assets	33	-	34	-
Decrease in other receivables	-	-	-	20
Disposal of premises and equipment	13	13	3	7
Disposal of subsidiary	46	-	46	-
	298	1,379	271	171
<i>Disbursements</i>				
Increase in lending to customers	1,351	565	730	554
Increase in other assets	-	185	-	185
Increase in other receivables	-	6	-	-
Increase in subsidiaries	-	-	1,221	-
Purchase of premises and equipment	36	14	16	14
	1,387	770	1,967	753
Net cash flows from investing activities	(1,089)	609	(1,696)	(582)

Statement of Cash Flows (continued)

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999	1998	1999	1998
<i>For the year ended 31 December 1999</i>	\$m	\$m	\$m	\$m
Cash flows from financing activities				
<i>Sources</i>				
Decrease in balances with subsidiaries	-	-	939	502
Increase in balances with related parties	-	1,631	-	45
Increase in current accounts, deposit accounts and securities issued	3,273	-	1,967	314
	3,273	1,631	2,906	861
<i>Disbursements</i>				
Decrease in balances with related parties	1,024	-	3	-
Decrease in current accounts, deposit accounts and securities issued	-	1,880	-	-
Dividend paid	45	50	45	50
	1,069	1,930	48	50
Net cash flows from financing activities	2,204	(299)	2,858	811
Increase in cash and cash equivalents	1,376	625	1,338	614
Cash and cash equivalents at beginning of year	1,498	873	1,485	871
Cash and cash equivalents at end of year	2,874	1,498	2,823	1,485
Analysis of cash and cash equivalents				
Liquid assets	3,193	2,937	3,141	2,926
Less: Overdrafts and call deposits with financial institutions	319	1,439	318	1,441
Cash and cash equivalents at end of year	2,874	1,498	2,823	1,485

Statement of Cash Flows (continued)

	The Banking Group		The Registered Bank	
	1999	1998	1999	1998
<i>For the year ended 31 December 1999</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Reconciliation of operating surplus after taxation to net cash flows from operating activities				
Operating surplus after taxation	333	117	272	95
<i>Add back:</i>				
Depreciation	35	34	24	19
Decrease in accrued dividend payable	-	-	-	54
Decrease in accrued interest receivable	-	21	-	12
Decrease in accrued operating income	151	976	135	821
Decrease in current taxation	2	5	33	-
Decrease in deferred taxation	-	20	-	26
Increase in accrued interest payable	-	-	37	37
Provisions for doubtful debts	32	22	31	19
	220	1,078	260	988
<i>Less:</i>				
Decrease in accrued interest payable	28	13	-	-
Decrease in operating expenses	195	867	241	688
Increase in accrued dividends receivable	-	-	39	-
Increase in accrued interest receivable	4	-	20	-
Increase in current taxation	-	-	-	10
Increase in deferred taxation	65	-	56	-
	292	880	356	698
Net cash flows from operating activities	261	315	176	385

Netting of cash flows:

Certain cash flows have been netted in order to provide meaningful disclosure as many of the cash flows are received and disbursed on behalf of customers and therefore reflect the activities of customers rather than those of the Banking Group or the Registered Bank.

The notes on pages 15 to 48 form part of these financial statements.

Notes to the Financial Statements

Note 1 Statement of accounting policies

Reporting entity and statutory base

This reporting entity consists of The National Bank of New Zealand Limited (referred to in full or as the "Registered Bank") and all its subsidiaries (the "Banking Group").

The reporting entity is a company registered under the Companies Act 1993 and is an issuer for the purposes of the Financial Reporting Act 1993.

The financial statements have been prepared in accordance with the Financial Reporting Act 1993 and the Registered Bank Disclosure Statement (Full and Half-Year - New Zealand Incorporated Registered Banks) Order 1998.

Measurement base

A modified historical cost basis has been used when preparing these financial statements.

Changes in accounting policies

There have been no material changes in accounting policies during the financial year.

Particular accounting policies

A Basis of consolidation

Assets, liabilities and results of subsidiaries are included in the consolidated financial statements on the basis that financial statements for subsidiaries are prepared for the same balance date as the consolidated financial statements. The purchase method of consolidation is used. All material intercompany balances and transactions have been eliminated.

B Liquid assets

Liquid assets comprise cash, balances with central banks, and short term balances with other financial institutions which are valued at cost. Also included are Treasury bills, Reserve Bank bills, Promissory notes, Certificates of deposits and Commercial bills which are valued at cost plus accrued interest or discount. Commercial bill acceptances discounted by the Banking Group are recorded as off-balance sheet direct credit substitutes.

C Loans and advances

Loans and advances comprise all finance provided to customers such as bank overdrafts, term loans and lease finance. Income on these advances, apart from leases, is accounted for on an accruals basis.

Finance charges on assets leased to customers under finance leases and instalment advances are credited to the statement of financial performance using the actuarial method which recognises income over the lives of the agreements in proportion to the balances outstanding.

D Fee revenue and expenses

Application and activity fees received are recognised when derived. Credit card fees are recognised when charged to the customer's account.

Fees paid are expensed as incurred.

Notes to the Financial Statements (continued)

Note 1 Statement of accounting policies (continued)

E Impaired assets

Loans and advances considered non-performing are classified as follows:

- (i) Non-accrual assets, consisting of:
 - all credit exposures against which specific provisions have been raised; and
 - credit exposures which are contractually past 90 days due where it is unlikely that the interest will be received.
- (ii) Restructured assets consisting of credit exposures, the original terms of which have been changed to grant a concession that would not otherwise be available, due to the counterparty's difficulty in complying with the original conditions and on which interest continues to accrue at a rate greater than the Banking Group's average cost of borrowed funds as at the date of restructuring.

Income on impaired assets is recognised only when the underlying principal has been fully repaid.

F Past due assets

Past due assets comprise any loans and advances which are not defined as impaired assets and have not been operated within their key terms for 90 days.

G Bad and doubtful debt provisions

Bad and doubtful debt provisions arise from a continuing appraisal of credit exposures; assessment of credit and market risks for off-balance sheet financial instruments is consistent with the on-balance sheet assessment process.

Interest on advances up to the time any principal provision is made is credited to the statement of financial performance and a provision against such interest is made where appropriate.

Advances are written down to estimated realisable value when the normal banking relationship with the customer has ceased.

H Premises and equipment

Premises are valued annually or when the intention for use changes. For the majority of premises, valuations are based upon valuations carried out by external valuers, and for the remainder, on valuations carried out by professionally qualified staff.

Valuations have been carried out on the basis of open market value for either existing use or vacant possession.

Premises in the process of construction and incomplete as at balance date are included in the financial statements at the lower of cost or valuation.

Equipment and leasehold improvements are included at cost.

Expenditure on operating software for computers is expensed when incurred.

Notes to the Financial Statements (continued)

Note 1 Statement of accounting policies (continued)

I Depreciation

Land

Land is not depreciated.

Buildings

Buildings are maintained in a state of good repair and it is considered that residual values are such that depreciation is not significant. Consequently buildings are not depreciated.

Equipment

Equipment and leasehold improvements are depreciated in equal instalments over the estimated useful lives of the assets which are as follows:

Fixtures and fittings	20 years
Furnishings	10 years
Computers and other equipment	3 to 6 years
Motor vehicles	3 to 5 years

J Investments

Premiums and discounts on dated investments, apart from investments held for dealing purposes, are amortised from their purchase to their maturity on a yield to maturity basis. Where investments are sold prior to maturity, profits or losses on sale are taken to the statement of financial performance when realised.

Investments held for dealing purposes are included at market value and unrealised gains or losses are taken to the statement of financial performance.

Transactions with related parties involving investments not held for dealing purposes are stated at their book value.

All securities are accounted for on a trade date basis.

Investments in companies held for investment purposes are stated at the lower of cost or directors' valuation.

K Investments in subsidiaries

Investments in subsidiaries are stated in the statement of financial position at The National Bank of New Zealand Limited's share of net tangible assets of the respective subsidiaries.

L Associated companies

Investments in associated companies are stated at the lower of cost or directors' valuation.

M Deposits and debt securities issued

Deposits are stated at their principal balance. Debt securities are stated at their original principal plus accrued discount.

Interest expense on deposits and debt securities issued is accounted for on an accruals basis.

N Repurchase and reverse repurchase agreements

Securities sold under repurchase agreements are recorded as assets with the proceeds recorded as an interest bearing deposit. Securities purchased under repurchase agreements are recorded as interest earning assets.

Notes to the Financial Statements (continued)

Note 1 Statement of accounting policies (continued)

O Deferred taxation

Deferred taxation is provided under the liability method where there is virtual certainty that a liability or asset will crystallise in the foreseeable future.

P Foreign currency translation

Assets, liabilities and results in foreign currencies are expressed in New Zealand dollars at the foreign currency exchange rates ruling as at balance date.

Q Off-balance sheet financial instruments and commitments

In the normal course of business the Banking Group enters into transactions involving off-balance sheet financial instruments. These include foreign currency exchange contracts, swaps, financial futures and options. Instruments not taken up as hedging transactions are valued at market rates ruling as at balance date and the resulting gains or losses are recognised in the statement of financial performance. Off-balance sheet instruments taken up as hedges are accounted for on the same basis as the transactions they hedge.

In addition, the Banking Group also enters into transactions whereby it guarantees the performance of customers or issues guarantees to third parties. A financial asset or liability is recognised in the statement of financial position if it is probable that any future economic benefit associated with the transaction will flow to or from the Banking Group. Provision is made in the statement of financial performance for unrealised losses arising from instruments that are not recognised in the statement of financial position.

R Life insurance business

The Banking Group conducts life insurance business through its subsidiary NBNZ Life Insurance Limited.

The operating results have been determined in accordance with the "*Margin on Services*" methodology for the valuation of policy liabilities.

S Staff superannuation fund

Full provision is made for accrued benefits of members of the staff superannuation fund on the basis of triennial statutory valuations.

T Comparative information

Comparative information has been reclassified or restated where it provides more meaningful information and to ensure consistency.

Notes to the Financial Statements (continued)

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Note 2 Interest				
Interest revenue				
Loans and advances	1,675	1,722	1,598	1,508
Government and local authority stock	74	12	74	11
Other securities	62	145	71	140
Balances with subsidiaries	-	-	20	15
Balances with related parties	1	1	1	1
Other	3	9	3	9
Total interest revenue	1,815	1,889	1,767	1,684
Interest expense				
Deposits by financial institutions	24	61	24	54
Deposits by customers	555	724	589	664
Debt securities issued	441	485	168	243
Balances with subsidiaries	-	-	439	376
Balances with related parties	74	53	3	-
Other liabilities	10	8	10	8
Dated loan capital	23	28	23	25
Total interest expense	1,127	1,359	1,256	1,370
Note 3 Other operating revenue				
Net foreign currency exchange trading	57	41	57	41
Net financial securities and interest rate derivative trading	16	34	16	31
Sale of subsidiaries	22	-	22	-
Lending and banking facility fee revenue	237	183	218	165
Dividends received	-	-	69	99
Other	8	(10)	6	12
Total other operating revenue	340	248	388	348

Notes to the Financial Statements (continued)

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Note 4 Operating surplus before taxation				
Operating surplus before taxation is stated after taking into account the following charges:				
Depreciation	35	34	24	19
Rental of premises and equipment	45	36	67	50
Expense on sale of fixed assets	2	5	1	5
	\$000	\$000	\$000	\$000
Auditor's remuneration:				
Audit fees	842	980	758	596
Other services	1,282	1,021	1,282	1,260
Directors' fees	287	276	287	276
Donations	86	105	86	105

Note 5 Discontinued activities

On 31 March 1999 the Banking Group sold its shareholding in the Fleetlease Group of companies. The impact on financial performance of the discontinued activities is:

	<i>The Banking Group</i>	
	1999 \$m	1998 \$m
Total income	3	-
Operating surplus before taxation	1	-

	<i>The Banking Group and The Registered Bank</i>			
	1999 € per share	1998 € per share	1999 \$m	1998 \$m
Note 6 Dividend				
Ordinary dividend - declared	93.7	28.1	149	45
Supplementary dividend - declared	16.4	10.3	26	16
Total dividend	110.1	38.4	175	61

Notes to the Financial Statements (continued)

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Note 7 Taxation				
Operating surplus before taxation	455	154	349	90
Taxation at 33%	150	51	115	30
Taxation effect of permanent differences	(28)	(14)	(38)	(35)
Taxation as charged to statement of financial performance	122	37	77	(6)
<i>Represented by:</i>				
Current taxation expense	187	20	133	2
Deferred taxation (benefit)expense	(65)	17	(56)	(7)
	122	37	77	(6)
Note 8 Liquid assets				
Cash in hand and with central banks	184	77	184	77
Government securities	1,899	1,019	1,899	1,019
Commercial bills and promissory notes	34	143	34	134
Call advances to financial institutions	13	16	13	14
Overnight advances and certificates of deposits with financial institutions	1,063	1,682	1,011	1,682
Total liquid assets	3,193	2,937	3,141	2,926

Notes to the Financial Statements (continued)

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Note 9 Investments				
Held for dealing				
Government and local authority stock	11	175	11	175
Investments in companies	52	19	43	16
Other investments	8	2		2
	71	196	54	196
Held for investment				
Investments in companies	2	8		10
Other investments	13	32		24
	15	40		34
Total investments	86	236	58	230
Market value	87	236	58	230
Note 10 Loans and advances				
Lending to customers	24,062	22,827	23,482	22,669
Other lending	836	790	160	274
Finance leases	44	101	45	61
	24,942	23,718	23,687	23,004
Less: Total provisions for doubtful debts	100	101	98	98
Total loans and advances	24,842	23,617	23,589	22,906

	<i>The Banking Group</i>					
	<i>Non-accrual assets</i>		<i>Restructured assets</i>		<i>Total impaired assets</i>	
	<i>1999</i> <i>\$m</i>	<i>1998</i> <i>\$m</i>	<i>1999</i> <i>\$m</i>	<i>1998</i> <i>\$m</i>	<i>1999</i> <i>\$m</i>	<i>1998</i> <i>\$m</i>
Note 11 Impaired assets and provisions						
(a) Gross impaired assets						
Balance at beginning of year	162	86	20	20	182	106
Net additions	51	101	-	5	51	106
Amounts written off	(43)	(25)	-	(5)	(43)	(30)
Other movements	20	-	(20)	-	-	-
Total gross impaired assets	190	162	-	20	190	182
Past due assets at 31 December 1999 were \$50m (31 December 1998: \$48m). There are no material real estate assets or other assets acquired through the enforcement of security. Past due assets at 31 December 1998 have been restated to \$48m, as a result of a re-alignment of reporting classifications.						
Gross non-accrual assets at 31 December 1998 have been reduced by \$42m from that previously reported. This adjustment is a result of the re-classification of customers assets at that date which were incorrectly included within impaired assets. There were no specific doubtful debt provisions associated with these assets.						
(b) Specific provisions for doubtful debts						
Balance at beginning of year	99	44	2	5	101	49
Charge to statement of financial performance						
Net provisions made	34	22	-	2	34	24
Recoveries of provisions written off in previous years	(2)	(2)	-	-	(2)	(2)
Charge to statement of financial performance	32	20	-	2	32	22
Provisions acquired	-	56	-	-	-	56
Advances written off	(35)	(23)	-	(5)	(35)	(28)
Provisions recovered	2	2	-	-	2	2
Other movements	2	-	(2)	-	-	-
Total specific provisions for doubtful debts	100	99	-	2	100	101
Net impaired assets	90	63	-	18	90	81
(c) Interest revenue forgone	15	16	-	-	15	16

Interest revenue forgone has been calculated with reference to average rates applying for the financial year.

Notes to the Financial Statements (continued)

Note 11 Impaired assets and provisions (continued)

	<i>The Registered Bank</i>					
	<i>Non-accrual assets</i>		<i>Restructured assets</i>		<i>Total impaired assets</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m	1999 \$m	1998 \$m
(a) Gross impaired assets						
Balance at beginning of year	162	166	20	20	182	106
Net additions	51	101	-	5	51	106
Amounts written off	(43)	(25)	-	(6)	(43)	(30)
Other movements	20	-	(20)	-	-	-
Total gross impaired assets	190	162	-	20	190	182

Past due assets at 31 December 1999 were \$50m (31 December 1998: \$48m). There are no material real estate assets or other assets acquired through the enforcement of security. Past due assets at 31 December 1998 have been restated to \$48m, as a result of a re-alignment of reporting classifications.

Gross non-accrual assets at 31 December 1998 have been reduced by \$42m from that previously reported. This adjustment is a result of the re-classification of customers assets at that date which were incorrectly included within impaired assets. There were no specific doubtful debt provisions associated with these assets.

(b) Specific provisions for doubtful debts

Balance at beginning of year	96	44	2	5	98	49
Charge to statement of financial performance						
Net provisions made	32	18	-	2	32	20
Recoveries of provisions written off in previous years	(1)	(1)	-	-	(1)	(1)
Charge to statement of financial performance	31	17	-	2	31	19
Provisions acquired	-	54	-	-	-	54
Advances written off	(32)	(20)	-	(6)	(32)	(25)
Provisions recovered	1	1	-	-	1	1
Other movements	2	-	(2)	-	-	-
Total specific provisions for doubtful debts	98	96	-	2	98	98
Net impaired assets	93	66	-	18	93	84
(c) Interest revenue forgone	15	16	-	-	15	16

Interest revenue forgone has been calculated with reference to average rates applying for the financial year.

There is no general provision for doubtful debts held by the Registered Bank or within the Banking Group.

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999	1998	1999	1998
	\$m	\$m	\$m	\$m
Note 12 Other assets				
Accrued interest receivable	105	101	120	100
Unrealised gains on financial instruments	1,032	1,389	1,032	1,389
Other	170	90	213	75
Total other assets	1,307	1,580	1,365	1,564

Notes to the Financial Statements (continued)

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999	1998	1999	1998
	\$m	\$m	\$m	\$m
Note 13 Current and deferred taxation				
Current taxation	30	32	36	69
Deferred taxation				
Deferred taxation relating to:				
Provisions for doubtful debts	28	29	28	28
Other	67	1	59	3
Total deferred taxation	95	30	87	31
Total current and deferred taxation	125	62	123	100
Movement in deferred taxation:				
Balance at beginning of year	30	31	31	31
Balanced acquired	-	16	-	(7)
Deferred portion of current year taxation benefit(expense)	65	(17)	56	7
Balance at end of year	95	30	87	31
Note 14 Imputation credit account				
Balance at beginning of year	150	201	64	126
Imputation credits attached to dividends received	12	12	6	7
Imputation credits attached to dividends paid	(26)	(30)	(26)	(30)
Income tax payments made during the year (net of refunds)	159	(33)	(3)	(39)
Balance at end of year	295	150	41	64

Note 15 Investments in subsidiaries

All subsidiaries are wholly owned. The subsidiaries within the Banking Group as at balance date are:

	<i>Nature of Business</i>
Alos Holdings Limited	Nominee
Alsep Holdings Limited	Nominee
Arawata Investments Limited	Nominee
Argitis Holdings Limited	Nominee
Black Horse Finance Limited	Finance facilities
Black Horse Holdings Limited	Holding company
Black Horse Properties Limited	Property company
Black Horse Securities Limited	Dormant
Cleethorpes Sixty Limited	Property company
Consolidated Nominees Limited	Dormant
Control Nominees Limited	Dormant
Countrywide Advisory Limited	Dormant
Countrywide Endeavour Building Society	Dormant
Countrywide Finance Limited	Asset financing

Notes to the Financial Statements (continued)

Note 15 Investments in subsidiaries (continued)

	<i>Nature of Business</i>
Countrywide Funds Management Limited	Investment services
Countrywide Home Loans Limited	Dormant
Countrywide Leasing Limited	Dormant
Countrywide Nominees Limited	Nominee
Countrywide Property Services Limited	Property company
Countrywide Real Estate and Investments Limited	Nominee
Countrywide Securities Limited	Nominee
Countrywide Services Limited	Nominee
Countrywide Superannuation Services Limited	Nominee
Crown Debt Securities Limited	Nominee
Diners Club NZ Limited	Card services
Eastpac Custodians Limited	Dormant
Eastpac Holdings Limited	Dormant
Eastpac Mining Limited	Dormant
Eastpac Nominees Limited	Nominee
Equus Holdings Limited	Nominee
Eventide Holdings Limited	Nominee
Fertiliser Plant Leasing Limited	Nominee
Harcourt & Co Limited	Dormant
Harcourt Corporation Limited	Investment company
Harcourt Investments Limited	Dormant
Industrial Products Limited	Dormant
Kiwi Asset Underwritten Related Investments Limited	Dormant
Leasing Nominees Limited	Dormant
Moginie Holdings Limited	Dormant
National Bank of New Zealand Custodians Limited	Nominee and custody services
National Bank of New Zealand Properties Limited	Property company
Nationwide Home Loans Limited	Mortgage finance
Nationwide Mortgage Brokers Limited	Mortgage finance
NBNZ International Limited	Finance facilities
NBNZ Life Insurance Limited	Life insurance services
NBNZ Private Trust Management Limited	Nominee and trustee
NBNZ Trustees Limited	Nominee and trustee
New Zealand Residential Home Loans Limited	Dormant
New Zealand Residential Loans Limited	Dormant
Northpac Custodians Limited	Dormant
Northpac Holdings Limited	Nominee
Northpac Investments Limited	Dormant
Philodendron Investments Limited	Dormant

Notes to the Financial Statements (continued)

Note 15 Investments in subsidiaries (continued)

	<i>Nature of Business</i>
Repton Group Limited	Nominee
Salient Holdings	Finance facilities
Salient Holdings (No. 2)	Finance facilities
Ship Finance Limited	Finance facilities
South Pacific Merchant Finance Limited	Investment company
Southpac Corporation Limited	Investment company
Southpac Custodians Limited	Nominee
Southpac Holdings Limited	Dormant
Southpac Nominees Limited	Nominee
Southpac Oracle Limited	Dormant
Southpac Property Trust Limited	Nominee and trustee
Southpac Securities Limited	Financing
Southpac Trust Nominees Limited	Nominee
Southpac Trusts Limited	Nominee
Trillium Holdings Limited	Finance facilities
VPM Investments Limited	Dormant
Westport Nominees Limited	Dormant
Woodroyd Consolidated Limited	Dormant

All subsidiaries have been consolidated into the Banking Group's financial statements. The subsidiaries all have a balance date of 31 December, except the following subsidiaries:

	<i>Balance Date</i>
Arawata Investments Limited	31 March
Fertiliser Plant Leasing Limited	31 March
Philodendron Investments Limited	31 October

Disposal of subsidiaries

On 23 April 1999 The National Bank of New Zealand Limited disposed of its entire interest in the Fleetlease Group of companies. The disposal of those subsidiaries gave rise to a profit of \$22m to the Banking Group.

Summary of the effect of disposal of Fleetlease

	<i>\$m</i>
Assets and liabilities disposed of:	
Bank balances	-
Net current assets	34
Property, plant and equipment	192
Borrowing	(202)
Net assets	24
Profit on disposal	22
Total cash received	46

The disposal of Fleetlease represents a discontinued activity of the Group.

Notes to the Financial Statements (continued)

Note 16 Acquisitions

Countrywide Banking Corporation

On 14 September 1998 The National Bank of New Zealand Limited acquired the shareholding in the Countrywide Banking Corporation Limited group of companies (the "Countrywide Group"). The results and financial position of the Countrywide Group have been included in the Banking Group since 1 September 1998.

Summary of net assets acquired

	<i>\$m</i>
Assets	
Cash in hand and with central banks	10
Call and overnight advances to financial institutions	7
Other central bank securities	174
Other securities held for liquidity and other purposes	976
Equity investment securities	20
Other investment securities	59
Loans, advances and lease finance	7,080
	8,326
Current and deferred taxation	19
Premises and equipment	269
Other assets	467
Total assets	9,081
Liabilities	
Deposits and other borrowings	8,072
Other liabilities	572
Dated loan capital	125
Total liabilities	8,769
Net assets acquired	312

Consideration for the net assets acquired was the issue of additional ordinary share capital.

On 27 November 1998 the assets and liabilities of Countrywide Banking Corporation Limited ("Countrywide") were transferred to The National Bank of New Zealand Limited by a short-form amalgamation procedure under Part XIII of the Companies Act 1993. The effect of this amalgamation is that The National Bank of New Zealand Limited will carry on the banking businesses previously conducted by both The National Bank of New Zealand Limited and Countrywide. Accordingly, from 27 November 1998, Countrywide was removed from the register maintained by the Reserve Bank of New Zealand and is no longer a registered bank.

Countrywide Life Limited

On 31 October 1999 the assets and liabilities of Countrywide Life Limited were transferred to NBNZ Life Insurance Limited by a short form amalgamation procedure under Part XIII of the Companies Act 1993.

	The Banking Group		The Registered Bank	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Note 17 Premises and equipment				
Freehold land (at valuation)	29	35	-	-
Buildings (at valuation)	72	93	-	1
Leasehold improvements (at cost)	27	47	6	22
Accumulated depreciation	(15)	(26)	(4)	(15)
	12	21	2	7
Operating leases (at cost)	4	264	4	3
Accumulated depreciation	(1)	(72)	(1)	(1)
	3	192	3	2
Equipment (at cost)	297	299	160	169
Accumulated depreciation	(165)	(167)	(100)	(104)
	132	132	60	65
Total premises and equipment	248	473	65	75

Independent valuers Robertson Young Telfer (Central) Limited were employed to determine the valuation of land and buildings for 31 December 1999 as at 30 November 1999 (31 December 1998, Darroch & Co, as at 30 November 1998).

	The Banking Group		The Registered Bank	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Note 18 Other liabilities				
Accrued interest payable	112	140	238	201
Unrealised losses on financial instruments	701	958	701	958
Securities purchased and not yet settled	280	216	280	216
Other	331	324	279	304
Total other liabilities	1,424	1,638	1,498	1,679

Note 19 Dated loan capital

Fixed rate subordinated bonds	475	475	475	475
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Issue date	Amount \$m	Coupon rate	Call date	Reset margin (basis points)	Maturity date
22 December 1992	200	7.94%	-	-	20 FEBRUARY 2003
15 February 1995	50	10.00%	15 MARCH 2000	110	15 MARCH 2005
26 February 1996	75	8.75%	15 MARCH 2001	100	15 MARCH 2006
15 August 1996	150	9.00%	15 MARCH 2002	80	15 MARCH 2007

Interest is paid semi-annually in arrears.

The bonds can be redeemed early on the call date subject to the consent of The Financial Services Authority (previously Bank of England). If the bonds are not called they will continue to pay interest to maturity at the five year New Zealand Government stock yield plus the applicable reset margin. All of the bonds rank pari passu to each other and are subordinated in right of payment to the claims of depositors and creditors of the Banking Group. They qualify as lower tier two capital as defined by the Reserve Bank of New Zealand for capital adequacy purposes. Under the Reserve Bank of New Zealand Capital Adequacy rules as at 31 December 1999 \$160m of the \$200m 22 December 1992 issue qualified as lower tier two capital because there are only three years remaining to maturity.

Notes to the Financial Statements (continued)

Note 20 Share capital of The National Bank of New Zealand Limited

Issued and paid up capital

159m ordinary shares fully paid

<i>The Registered Bank</i>	
1999	1998
\$m	\$m
472	472

During the year ended 31 December 1998, 35,097,083 ordinary shares were issued at a price of \$8.879 each. The share issue was made to finance the acquisition of the Countrywide Banking Corporation Limited group of companies.

The whole of the issued share capital is owned by NBNZ Holdings Limited, whose ultimate parent bank is Lloyds TSB Bank plc and whose ultimate holding company is Lloyds TSB Group plc, both of which are incorporated in Great Britain.

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999	1998	1999	1998
	\$m	\$m	\$m	\$m
Note 21 Reserves				
Asset revaluation reserve				
Balance at beginning of year	12	18	63	59
Movement in asset revaluation reserve	(13)	(7)	48	15
Transfer from(to) retained earnings	2	1	(31)	(11)
Balance at end of year	1	12	80	63
Retained earnings				
Balance at beginning of year	883	812	832	771
Transfer (to)from asset revaluation reserve	(2)	(1)	31	11
Operating surplus after taxation	333	117	272	95
Dividend paid	(175)	(61)	(175)	(61)
Foreign investor tax credit	26	16	26	16
Balance at end of year	1,065	883	986	832
Total reserves	1,066	895	1,066	895

	<i>Interest of the Registered Bank</i>	
	Balance date	
Note 22 Associated companies		
Principal associated companies are:		
AVPS Limited	31 MARCH	22%
Electronic Transaction Services Limited	31 MARCH	25%
Interchange and Settlement Limited	31 MARCH	13%
Mondex New Zealand Limited	31 DECEMBER	20%

Notes to the Financial Statements (continued)

Note 23 Related party transactions

Related parties comprise companies within Lloyds TSB Group plc group of companies.

In the course of operations during the financial year the Banking Group entered into transactions with related parties involving on and off-balance sheet financial instruments. This included 7.2% (31 December 1998: 9.0%) of foreign currency exchange financial instruments. Included in the statement of financial performance is interest revenue and interest expense which has been received or incurred as a result of transactions with related parties.

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Interest revenue	1	1	21	16
Interest expense	74	53	442	376

Balances with related parties have been separately identified in the statement of financial position.

Note 24 Concentrations of credit risk

Concentrations of credit risk arise where the Banking Group is exposed to risk in activities or industries of a similar nature. An analysis of financial assets by industry sector using New Zealand standard industry codes is as follows:

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Agriculture, hunting and forestry	4,765	4,703	4,761	4,703
Mining and quarrying	20	51	20	51
Manufacturing	894	806	893	806
Utilities	315	305	315	305
Building and construction	158	243	158	243
Wholesale and retail trade	587	371	587	371
Transport, storage and communication	245	447	245	447
Financing, insurance and real estate	4,325	5,197	7,230	7,720
Government, local bodies and services	2,548	1,372	2,520	1,372
Households	13,324	12,738	13,317	12,597
Non-residents	943	558	942	542
Total financial assets	28,124	26,791	30,988	29,157
Other assets	1,307	1,580	1,365	1,564
Current and deferred taxation	125	62	123	100
Premises and equipment	248	473	65	75
Total assets employed	29,804	28,906	32,541	30,896

Off-balance sheet financial assets are substantially held with other financial institutions. Analysis by industry sector is not readily available.

Notes to the Financial Statements (continued)

Note 25 Concentrations of funding

Concentrations of funding arise where the Banking Group is funded by industries of a similar nature. An analysis of financial liabilities by industry sector using New Zealand standard industry codes is as follows:

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Agriculture, hunting and forestry	533	402	530	402
Mining and quarrying	26	29	26	29
Manufacturing	476	439	474	439
Utilities	77	89	77	89
Building and construction	156	150	155	150
Wholesale and retail trade	1,040	639	1,036	639
Transport, storage and communication	177	193	176	193
Financing, insurance and real estate	5,566	6,765	15,674	15,372
Government, local bodies and services	1,372	1,118	1,366	1,118
Households	7,286	6,903	7,256	6,897
Non-residents	9,509	8,654	2,111	2,002
Total financial liabilities	26,218	25,381	28,881	27,330
Other liabilities	1,424	1,638	1,498	1,679
Dividend payable	149	45	149	45
Dated loan capital	475	475	475	475
Shareholder's equity	1,538	1,367	1,538	1,367
Total liabilities and shareholder's equity	29,804	28,906	32,541	30,896

Notes to the Financial Statements (continued)

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Note 26 Segment analysis				
Geographical				
Total income:				
New Zealand	1,024	775	899	662
Hong Kong	4	3	-	-
	1,028	778	899	662
Operating surplus before taxation:				
New Zealand	454	152	349	90
Hong Kong	1	2	-	-
	455	154	349	90
Assets:				
New Zealand	28,497	27,278	31,176	29,332
Australia	-	15	-	-
Hong Kong	7,073	6,595	-	-
Eliminations on consolidation	(7,073)	(6,562)	-	-
	28,497	27,326	31,176	29,332
Other assets	1,307	1,580	1,365	1,564
Total assets	29,804	28,906	32,541	30,896
Liabilities and dated loan capital:				
New Zealand	26,847	25,855	29,505	27,850
Australia	-	16	-	-
Hong Kong	7,068	6,592	-	-
Eliminations on consolidation	(7,073)	(6,562)	-	-
	26,842	25,901	29,505	27,850
Other liabilities	1,424	1,638	1,498	1,679
Shareholder's equity	1,538	1,367	1,538	1,367
Total liabilities and shareholder's equity	29,804	28,906	32,541	30,896

Intersegment pricing is on an arms-length basis. The Banking Group's principal activities are within the banking industry.

Notes to the Financial Statements (continued)

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Note 27 Lease commitments				
As at balance date commitments under operating leases in respect of payments due to be made were:				
Less than one year	30	35	16	20
Between one and two years	27	32	13	20
Between two and five years	60	72	31	42
Greater than five years	65	77	42	51
Total lease commitments	182	216	102	133
Note 28 Capital commitments				
Contracted capital expenditure not provided for in these financial statements comprises:	2	1	2	1
Note 29 Contingent liabilities				
Uncalled capital in subsidiaries	-	-	5	5

There are outstanding legal actions against the Banking Group which are being defended. Where an expense is anticipated to be incurred provision is made in the statement of financial performance.

Notes to the Financial Statements (continued)

Note 30 Financial instruments

Financial instruments, both on and off-balance sheet, are entered into by the Banking Group in the course of providing financial services to its customers, to manage its exposure to risk and for trading purposes. The gross value of financial instruments reflects the level of the Banking Group's activity in those products and not its smaller net risk exposure. Limits are imposed within the Banking Group on its exposure to financial risk.

Collateral is obtained where considered necessary by the Banking Group to cover the risk assessment of the exposure. Collateral will include cash, mortgages, debentures, equities and financial covenants.

The effective interest rates and interest rate repricing of financial instruments are as follows:

	The Banking Group 31 December 1999						
	Weighted average interest rate (%)	Notional or carrying value \$m	Interest rate insensitive \$m	At call and less than 3 months \$m	3-12 months \$m	1-5 years \$m	Greater than 5 years \$m
Assets							
Liquid assets	4.96	3,193	184	2,504	318	131	56
Investments	3.26	86	1	17	10	34	24
Loans and advances	7.67	24,842	-	13,870	4,165	6,784	23
Balances with related parties	5.43	3	-	3	-	-	-
Other assets	N/A	1,307	1,307	-	-	-	-
Total financial assets		29,431	1,492	16,394	4,493	6,949	103
Non-financial assets	N/A	373	373	-	-	-	-
Total assets		29,804	1,865	16,394	4,493	6,949	103
Liabilities							
Deposits by financial institutions	5.34	1,610	-	1,610	-	-	-
Deposits by customers	4.06	13,973	-	12,036	1,434	500	3
Debt securities issued	5.35	9,370	-	7,823	1,431	116	-
Balances with related parties	5.43	1,265	-	1,236	29	-	-
Other liabilities	N/A	1,424	1,144	-	-	158	122
Dividend payable	N/A	149	149	-	-	-	-
Dated loan capital	8.62	475	-	50	-	425	-
Shareholder's equity	N/A	1,538	1,538	-	-	-	-
Total liabilities and shareholder's equity		29,804	2,831	22,755	2,894	1,199	125
On-balance sheet gap		-	(966)	(6,361)	1,599	5,750	(22)
Off-balance sheet financial instruments	N/A	273	-	5,610	(2,744)	(2,548)	(45)
Net effective interest rate gap		273	(966)	(751)	(1,145)	3,202	(67)

Notes to the Financial Statements (continued)

Note 30 Financial instruments (continued)

The Banking Group 31 December 1998							
	Weighted average interest rate (%)	Notional or carrying value \$m	Interest rate insensitive \$m	At call and less than 3 months \$m	3-12 months \$m	1-5 years \$m	Greater than 5 years \$m
Assets							
Liquid assets	4.44	2,937	77	2,076	784	-	-
Investments	5.61	236	40	-	1	148	47
Loans and advances	7.28	23,617	-	11,878	5,092	6,624	23
Balances with related parties	4.64	1	-	1	-	-	-
Other assets	N/A	1,580	1,580	-	-	-	-
Total financial assets		28,371	1,697	13,955	5,877	6,772	70
Non-financial assets	N/A	535	535	-	-	-	-
Total assets		28,906	2,232	13,955	5,877	6,772	70
Liabilities							
Deposits by financial institutions	3.71	1,632	-	1,631	1	-	-
Deposits by customers	3.46	13,837	-	11,926	1,636	273	2
Debt securities issued	5.65	7,625	-	5,972	1,058	595	-
Balances with related parties	4.64	2,287	-	2,029	258	-	-
Other liabilities	N/A	1,638	1,422	-	-	179	37
Dividend payable	N/A	45	45	-	-	-	-
Dated loan capital	8.62	475	-	-	50	425	-
Shareholder's equity	N/A	1,367	1,367	-	-	-	-
Total liabilities and shareholder's equity		28,906	2,834	21,558	3,003	1,472	39
On-balance sheet gap		-	(602)	(7,603)	2,874	5,300	31
Off-balance sheet financial instruments	N/A	22	-	5,019	(75)	(4,784)	(138)
Net effective interest rate gap		22	(602)	(2,584)	2,799	516	(107)

Notes to the Financial Statements (continued)

Note 30 Financial instruments (continued)

	The Registered Bank 31 December 1999						
	Weighted average interest rate (%)	Notional or carrying value \$m	Interest rate insensitive \$m	At call and less than 3 months \$m	3-12 months \$m	1-5 years \$m	Greater than 5 years \$m
Assets							
Liquid assets	4.96	3,141	184	2,453	318	130	56
Investments	3.26	58	1	4	5	34	14
Loans and advances	7.76	23,589	-	12,728	4,165	6,673	23
Balances with subsidiaries	4.16	418	-	327	91	-	-
Balances with related parties	5.43	3	-	3	-	-	-
Investments in subsidiaries	N/A	3,779	3,779	-	-	-	-
Other assets	N/A	1,365	1,365	-	-	-	-
Total financial assets		32,353	5,329	15,515	4,579	6,837	93
Non-financial assets	N/A	188	188	-	-	-	-
Total assets		32,541	5,517	15,515	4,579	6,837	93
Liabilities							
Deposits by financial institutions	5.34	2,090	-	2,090	-	-	-
Deposits by customers	4.01	13,898	-	11,961	1,434	500	3
Debt securities issued	5.35	3,588	-	3,091	381	116	-
Balances with subsidiaries	4.40	9,297	-	6,110	3,127	-	60
Balances with related parties	5.43	8	-	8	-	-	-
Other liabilities	N/A	1,498	1,219	-	-	158	121
Dividends payable	N/A	149	149	-	-	-	-
Dated loan capital	8.62	475	-	50	-	425	-
Shareholder's equity	N/A	1,538	1,538	-	-	-	-
Total liabilities and shareholder's equity		32,541	2,906	23,310	4,942	1,199	184
On-balance sheet gap		-	2,611	(7,795)	(363)	5,638	(91)
Off-balance sheet financial instruments	N/A	273	-	5,210	(2,744)	(2,148)	(45)
Net effective interest rate gap		273	2,611	(2,585)	(3,107)	3,490	(136)

Notes to the Financial Statements (continued)

Note 30 Financial instruments (continued)

The Registered Bank 31 December 1998						
	Weighted average interest rate (%)	Notional or carrying value \$m	Interest rate insensitive \$m	At call and less than 3 months \$m	13-12 months \$m	1-5 years \$m
						Greater than 5 years \$m
Assets						
Liquid assets	4.44	2,926	77	2,065	784	-
Investments	4.72	1,230	34	-	11	148
Loans and advances	7.35	22,906	-	11,236	5,049	6,598
Balances with subsidiaries	4.65	560	21	364	175	-
Balances with related parties	4.64	1	-	-	-	-
Investments in subsidiaries	N/A	2,534	2,534	-	-	-
Other assets	N/A	1,564	1,564	-	-	-
Total financial assets		30,721	4,230	13,666	6,009	6,746
Non-financial assets	N/A	175	175	-	-	-
Total assets		30,896	4,405	13,666	6,009	6,746
Liabilities						
Deposits by financial institutions	3.71	1,632	-	1,631	1	-
Deposits by customers	3.46	13,830	-	11,920	1,636	273
Debt securities issued	6.37	3,359	-	2,692	546	121
Balances with subsidiaries	4.64	8,500	-	6,154	2,346	-
Balances with related parties	4.64	9	-	9	-	-
Other liabilities	N/A	1,679	1,463	-	-	179
Dividend payable	N/A	45	45	-	-	-
Dated loan capital	8.62	475	-	-	50	425
Shareholder's equity	N/A	1,367	1,367	-	-	-
Total liabilities and shareholder's equity		30,896	2,875	22,406	4,579	998
On-balance sheet gap		-	1,530	(8,740)	1,430	5,748
Off-balance sheet financial instruments	N/A	22	-	5,419	(75)	(5,184)
Net effective interest rate gap		22	1,530	(3,321)	1,355	564

Notes to the Financial Statements (continued)

Note 30 Financial instruments (continued)

The notional values and credit exposures for off-balance sheet financial instruments are:

	<i>The Banking Group</i>			
	1999	1999	1998	1998
	<i>Contract or notional amount \$m</i>	<i>Credit exposure¹ \$m</i>	<i>Contract or notional amount \$m</i>	<i>Credit exposure¹ \$m</i>
Commitments and contingencies				
Direct credit substitutes	116	116	32	32
Commitments with certain drawdown	936	936	590	590
Underwriting and sub-underwriting facilities	276	138	192	96
Transaction related contingent items	11	6	127	64
Trade related contingent items	352	70	207	42
Commitments to extend credit	2,409	201	2,306	183
	4,100	1,467	3,454	1,007
Foreign exchange, interest rate and swap contracts				
Exchange rate and swap contracts:				
Forwards	28,888	695	21,015	659
Options purchased	505	13	991	20
Cross currency and interest rate contracts	4,452	544	4,585	552
	33,845	1,252	26,591	1,231
Interest rate and swap contracts:				
Forwards	3,234	3	2,209	5
Options purchased	396	1	178	1
Futures	3,549	-	1,576	-
Swaps	22,933	333	21,281	428
	30,112	337	25,244	434

¹ Credit exposure is determined according to Reserve Bank of New Zealand capital adequacy guidelines.

Notes to the Financial Statements (continued)

Note 30 Financial instruments (continued)

	<i>The Registered Bank</i>			
	1999	1999	1998	1998
	Contract or notional amount \$m	Credit exposure ¹ \$m	Contract or notional amount \$m	Credit exposure ¹ \$m
Commitments and contingencies				
Direct credit substitutes	116	116	32	32
Commitments with certain drawdown	936	936	590	590
Underwriting and sub-underwriting facilities	276	138	192	96
Transaction related contingent items	11	6	127	64
Trade related contingent items	352	70	207	42
Commitments to extend credit	2,409	201	2,306	183
	4,100	1,467	3,454	1,007
Foreign exchange, interest rate and swap contracts				
Exchange rate and swap contracts:				
Forwards	28,888	695	21,015	659
Options purchased	505	13	991	20
Cross currency and interest rate contracts	4,452	544	4,585	552
	33,845	1,252	26,591	1,231
Interest rate and swap contracts:				
Forwards	3,234	3	2,209	5
Options purchased	396	1	178	1
Futures	3,549	-	1,576	-
Swaps	22,533	331	20,881	428
	29,712	335	24,844	434

¹ Credit exposure is determined according to Reserve Bank of New Zealand capital adequacy guidelines.

Notes to the Financial Statements (continued)

Note 31 Foreign currency exposure

Foreign currency exposure is analysed by displaying the net open position in each currency for recognised and unrecognised financial instruments in New Zealand dollar equivalents.

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Australian dollars	(13)	28	(13)	28
Japanese yen	(10)	7	(10)	7
US dollars	9	(14)	9	(14)

Note 32 Fair value of financial instruments

This disclosure is intended to provide an estimate of the fair value of financial instruments and not the fair value of the Banking Group's business as a whole. It specifically excludes certain non-financial instruments and a range of intangible, franchise and relationship benefits which are integral to a full assessment of the Banking Group's financial position and the value of its business.

Methodologies

The methodologies and assumptions used when determining fair value depend on the terms and risk characteristics of the various instruments and include the following:

Liquid assets

For cash and short term financial instruments, the carrying amount is equivalent to the fair value.

Investments

For investments held for dealing, the estimated fair values, which are also the carrying amounts, are based on quoted market prices. For investment securities, the estimated fair values are based on quoted market prices or on the Banking Group's share of net assets at their book value.

Loans and advances

For floating rate loans and advances, the carrying amount is a reasonable estimate of fair value. For other loans and advances, fair values have been estimated using a discounted cash flow model with reference to current market rates for similar types of loans and advances.

Deposits by financial institutions

The fair value of deposits by financial institutions is the amount payable on demand as at balance date.

Deposits by customers

For term deposits by customers, fair values have been estimated using a discounted cash flow model with reference to current market rates for similar types of deposits. For other deposits by customers, the carrying value is a reasonable estimate of fair value.

Debt securities issued and other liabilities

The estimated fair values are based on quoted market prices.

Commitments to extend credit, financial guarantees, performance bonds and letters of credit

No fair value has been ascribed to commitments and financial guarantees, performance bonds and letters of credit on the basis that these financial instruments generate ongoing fees at the Banking Group's current pricing levels.

Notes to the Financial Statements (continued)

Note 32 Fair value of financial instruments (continued)

Foreign currency exchange rate and interest rate contracts

The fair values of foreign currency exchange rate and interest rate contracts were obtained from quoted market prices, discounted cash flow models or option pricing models as appropriate. The revaluation gains or losses arising from the application of fair values to these contracts, excluding contracts which qualify as hedges, are included in "other assets" or "other liabilities" as applicable.

Hedging transactions

The fair value of off-balance sheet financial instruments used as hedging transactions are included in the fair value of the on-balance sheet transactions they hedge.

	<i>The Banking Group</i>			
	1999	1999	1998	1998
	<i>Carrying value \$m</i>	<i>Estimated fair value \$m</i>	<i>Carrying value \$m</i>	<i>Estimated fair value \$m</i>
Assets				
Liquid assets	3,193	3,193	2,937	2,937
Investments	86	87	236	236
Loans and advances	24,842	24,985	23,617	23,813
Balances with related parties	3	3	1	1
Other assets	1,307	1,307	1,580	1,580
Total financial assets	29,431	29,575	28,371	28,567
Non-financial assets	373	373	535	535
Total assets	29,804	29,948	28,906	29,102
Liabilities				
Deposits by financial institutions	1,610	1,610	1,632	1,632
Deposits by customers	13,973	13,979	13,837	13,862
Debt securities issued	9,370	9,370	7,625	7,627
Balances with related parties	1,265	1,265	2,287	2,287
Other liabilities	1,424	1,424	1,638	1,638
Dividend payable	149	149	45	45
Dated loan capital	475	475	475	475
Shareholder's equity	1,538	1,676	1,367	1,536
Total liabilities and shareholder's equity	29,804	29,948	28,906	29,102

Notes to the Financial Statements (continued)

Note 32 Fair value of financial instruments (continued)

	<i>The Registered Bank</i>			
	1999	1999	1998	1998
	Carrying value \$m	Estimated fair value \$m	Carrying value \$m	Estimated fair value \$m
Assets				
Liquid assets	3,141	3,141	2,926	2,926
Investments	58	58	230	230
Loans and advances	23,586	23,732	22,906	23,102
Balances with subsidiaries	418	418	560	560
Balances with related parties	3	3	1	1
Investments in subsidiaries	3,779	3,779	2,534	2,534
Other assets	1,365	1,365	1,564	1,564
Total financial assets	32,353	32,496	30,721	30,917
Non-financial assets	188	188	175	175
Total assets	32,541	32,684	30,896	31,092
Liabilities				
Deposits by financial institutions	2,090	2,090	1,632	1,632
Deposits by customers	13,898	13,923	13,830	13,855
Debt securities issued	3,588	3,588	3,359	3,361
Balances with subsidiaries	9,297	9,297	8,500	8,500
Balances with related parties	8	8	9	9
Other liabilities	1,498	1,498	1,679	1,679
Dividend payable	149	149	45	45
Dated loan capital	475	475	475	475
Shareholder's equity	1,538	1,656	1,367	1,536
Total liabilities and shareholder's equity	32,541	32,684	30,896	31,092

Notes to the Financial Statements (continued)

Note 32 Fair value of financial instruments (continued)

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999	1998	1999	1998
	<i>Carrying amount/ estimated fair value</i>		<i>Carrying amount/ estimated fair value</i>	
	\$m	\$m	\$m	\$m
Foreign exchange, interest rate and swap contracts				
Exchange rate and swap contracts:				
Forwards	4	166	4	166
Options	6	-	6	-
Cross currency and interest rate contracts	288	218	288	218
	298	384	298	384
Interest rate and swap contracts:				
Options	1	-	1	-
Swaps	34	(148)	34	(148)
	35	(148)	35	(148)
Total foreign exchange, interest rate and swap contracts	333	236	333	236

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999	1998	1999	1998
	\$000	\$000	\$000	\$000
Note 33 Loans to directors				
Loans to directors:				
Interest bearing	1,920	1,895	1,920	1,895
Non-interest bearing credit card receivables	11	10	11	10

All loans to and receivables from directors have arisen in the ordinary course of business and are at normal banking terms and conditions.

At 31 December 1999 all loans are repayable at call or within five years (31 December 1998: All loans were repayable at call or within five years).

Interest bearing loans incur interest at rates between 7.00% and 7.25% at 31 December 1999 (31 December 1998: Between 6.25% and 9.25%).

Notes to the Financial Statements (continued)

Note 34 Credit exposure concentrations

Concentration of credit exposures to individual counterparties

Credit exposure concentrations to individual counterparties are disclosed on the basis of actual exposures, net of specific provisions (which are nil) and gross of set offs and exclude exposures to connected persons and OECD governments. Peak credit exposures to individual counterparties are calculated using the Banking Group's equity as at the end of the quarter.

Percentage of equity	31 December 1999			
	Number of counterparties			
	Bank counterparties		Other counterparties	
	Quarter end	Peak for the quarter	Quarter end	Peak for the quarter
10% to 19%	1	1	1	2
20% to 29%	-	2	-	-
30% to 39%	-	1	1	1
40% to 49%	-	1	-	-

Percentage of equity	31 December 1998			
	Number of counterparties			
	Bank counterparties		Other counterparties	
	Quarter end	Peak for the quarter	Quarter end	Peak for the quarter
10% to 19%	2	4	3	5
20% to 29%	1	1	1	1
30% to 39%	2	-	-	-
40% to 49%	1	1	-	-
50% to 59%	-	3	-	-

Credit exposures to connected persons

Credit exposures to connected persons are disclosed on the basis of actual exposures, net of specific provisions (which are nil) and gross of set offs. Peak credit exposures to connected persons are calculated using the Banking Group's tier one capital as at the end of the quarter.

	1999	1998
Credit exposures to connected persons at end of reporting period	\$86M	\$98M
Credit exposures to connected persons at end of reporting period as a percentage of total tier one capital	5.6%	7.2%
Peak credit exposures to connected persons during the three months ended 31 December	\$594M	\$431M
Peak credit exposures to connected persons during the three months ended 31 December as a percentage of total tier one capital	38.6%	31.8%

The Banking Group does not have any credit exposures to non-bank connected persons.

Notes to the Financial Statements (continued)

Note 35 Fiduciary activities

(i) Securitisation

The Banking Group has not securitised any of its own assets. The Banking Group is involved in providing banking facilities to customers who securitise assets.

(ii) Funds management

The Banking Group administers several unit trusts, a superannuation bond and superannuation plans. Investment management of funds owned by these products, excluding the superannuation bond, is conducted by AMP Asset Management New Zealand Limited. The National Bank of New Zealand Limited Treasury division conducts investment management of the superannuation bond.

The unit trusts are managed to ensure sufficient liquid assets are held to meet normal redemptions. Any decline in the value of the underlying assets of the unit trusts is reflected in the unit price, and ultimately borne by the investor. The National Bank of New Zealand Limited does not guarantee the unit trusts with respect to liquidity or asset values.

The Banking Group derives commission and fee income from the sale and management of superannuation, unit trusts and life insurance products.

The aggregate value of funds promoted by the Banking Group was:

	1999	1998
	\$m	\$m
Life Insurance bond policyholders' funds	16.9	55.9
The National Bank Superannuation Bond	30.9	39.4
Discretionary funds (including unit trusts)	326.6	255.5

Funding was provided only to The National Bank Superannuation Bond to facilitate payments, including provisional taxation payments. Peak funding during the quarter ended 31 December 1999 was \$2.1m: 0.1% (31 December 1998 \$3.6m: 0.3%) of total tier one capital, calculated using the Banking Group's tier one capital as at the end of the quarter.

(iii) Custodial services

National Bank of New Zealand Custodians Limited provides custodial services to customers in respect of assets that are beneficially owned by those customers.

(iv) Transactions with Banking Group entities

Financial services provided by any member of the Banking Group to entities which are involved in trust, custodial, funds management and any other fiduciary activities have been conducted on an arms length basis and at fair value.

Securities owned or issued by these entities which have been purchased by the Banking Group are on an arms length basis and at fair value.

Notes to the Financial Statements (continued)

Note 36 Risk management

Exposure to risk arises from the Banking Group's operations as a financial intermediary and participant in the financial markets. All aspects of risk are managed within a framework of policies, limits, control procedures, systems and reporting. Risk exposures are independently monitored and controlled within predefined limits, with a robust internal reporting framework in place.

Interest rate risk

Interest rate risk arises from provision of a variety of banking services to customers including deposit taking and lending, current account facilities and the provision of off-balance sheet financial instruments such as swaps, options and forward rate agreements. The Banking Group also conducts limited trading and investment activities in its own right.

The Banking Group's asset and liability committee, comprising executive management, is responsible for implementing and monitoring interest rate risk management policies within specifically defined policy guidelines and limits, in line with those for the overall Lloyds TSB Group plc.

The main objective of the management of interest rate risk is to limit the adverse effect of interest rate movements on profits and to enhance earnings within defined parameters. Where natural hedging still leaves a resultant interest rate mismatch, these are hedged within predefined limits through the use of physical financial instruments, interest rate swaps and other derivative financial instruments. A substantial proportion of customer deposits and lending is at variable interest rates, either directly linked to market rates or based upon published rates which are periodically adjusted to reflect market movements.

Liquidity risk

The Banking Group's liquidity policy is based on ensuring that funding requirements can be met, both to replace existing deposits as they mature and to satisfy the demands for additional borrowing.

The source and maturity of deposits are managed to avoid undue concentrations of funding and appropriate levels of liquid assets are held to ensure a prudent level of liquidity is maintained at all times.

Currency risk

The Banking Group's currency risk arises primarily from the provision of foreign currency exchange rate products to corporate and commercial clients, and from proprietary trading in the interbank foreign currency exchange market.

Trading activities include spot and forward foreign exchange transactions, currency swaps and options and currency denominated loans and deposits.

Currency risk is monitored and reported daily to ensure that exposure to adverse foreign currency exchange rate movements is maintained within predefined limits.

Credit risk

The Banking Group continuously monitors credit risk to ensure that the potential loss from default on financial and contractual agreements is minimised, at both an individual borrower and portfolio level.

A formalised credit structure ensures prudent lending policies and practices are adopted throughout the Banking Group. Specific lending discretions have been granted to reflect the experience of lending management, who operate within a defined framework which ensures all lending decisions are approved and noted at the appropriate level of responsibility within the Banking Group or Lloyds TSB Group plc.

Equity risk

Equity risk, which is the exposure to potential losses arising from adverse price changes in equity instruments, is monitored by total volume within predefined limits.

Notes to the Financial Statements (continued)

Note 36 Risk management (continued)

Operational risk

Operational risk is the risk of losses as a result of inadequate systems and controls, human error or management failure. It includes the threat of natural disasters, systems failure, insurance risk, funds management risk, custodial operations risk, fraud and non-compliance with legislation and regulations.

A systematic framework is in place to ensure operational risk is identified and controlled. This encompasses a variety of controls including formal policies, documented procedures, business practices and compliance monitoring. These controls are subject to frequent review and improvement.

General: internal audit

The Banking Group maintains an internal audit function which is accountable to the board of directors through a board audit committee. The audit committee comprises three non-executive directors and meets approximately seven times a year.

The internal audit department conducts compliance and risk assessment reviews of the Banking Group's operations, procedures and systems on a cyclical basis in accordance with a defined risk assessment methodology. Ad hoc reviews are also undertaken as required.

The activities of the Banking Group are subject to audit by the internal audit department of Lloyds TSB Group plc with whom close liaison is maintained to ensure a common audit approach is followed.

Part IV

50 **Five Year Financial Summary**

51 **Capital Adequacy**

58 **Market Risk**

59 **Credit Rating**

60 **Conditions of Registration**

FIVE YEAR FINANCIAL SUMMARY

	<i>The Banking Group</i>				
	1999	1998	1997	1996	1995
	\$m	\$m	\$m	\$m	\$m
Financial performance					
Interest revenue	1,815	1,889	1,585	1,657	1,498
Less: Interest expense	1,127	1,359	1,148	1,310	1,124
Other operating revenue	340	248	193	226	259
Less: Impaired asset expense	32	22	24	3	12
Less: Operating expenses	541	482	427	440	420
Less: Restructuring expenses	-	120	-	-	-
Operating surplus before taxation	455	154	179	130	201
Less: Taxation	122	37	53	33	52
Operating surplus after taxation	333	117	126	97	149
Less: Dividend	149	45	50	51	60
Transfer to reserves	184	72	76	46	89
	1999	1998	1997	1996	1995
Financial position					
Liquid assets	3,193	2,937	1,102	1,480	1,045
Investments	86	236	352	303	1,027
Loans and advances	24,842	23,617	15,998	14,021	11,768
Balances with related parties	3	1	37	25	382
Other	1,680	2,115	2,236	1,122	1,326
Total assets	29,804	28,906	19,725	16,951	15,548
Deposits by financial institutions	1,610	1,632	624	558	1,759
Deposits by customers	13,973	13,837	9,416	9,453	8,497
Debt securities issued	9,370	7,625	5,250	3,860	3,114
Balances with related parties	1,265	2,287	692	563	53
Other	1,573	1,683	2,403	1,247	1,043
Total liabilities	27,791	27,064	18,385	15,681	14,466
Total gross impaired assets	190	182	106	78	84
Total shareholder's equity and reserves	1,538	1,367	990	920	882
Post tax return on average shareholder's equity	22.9%	10.4%	13.2%	10.8%	17.7%
Post tax return on average total assets	1.1%	0.5%	0.7%	0.6%	1.0%

1996 includes the sale of Lloyds Bank NZA Limited on 31 December 1996.

1997 includes the sale of Southpac Investment Management Limited on 31 December 1997.

1998 includes Countrywide Banking Corporation Limited group from 1 September 1998 and restructuring expenses of \$120m.

1999 includes the sale of the Fleetlease Group of companies.

All information has been taken from audited financial statements. Certain information from the audited 1995 to 1998 financial statements has been reclassified to provide more meaningful information and to ensure consistency.

CAPITAL ADEQUACY

The National Bank of New Zealand Limited operates under a banking licence issued by the Reserve Bank of New Zealand. The Reserve Bank of New Zealand adopts a risk based framework for the measurement of capital adequacy, based on internationally accepted capital measurement standards. The minimum capital adequacy ratio banks must maintain under Reserve Bank of New Zealand guidelines is 8.0%.

Calculation of capital adequacy for the Registered Bank

For the purposes of calculating capital ratios for the Registered Bank on a solo basis, subsidiaries which are both wholly owned and wholly funded by the Registered Bank are to be consolidated with the Registered Bank. In this context wholly funded by the Registered Bank means there are no liabilities (including off-balance sheet obligations) to anyone other than:

- (a) The Registered Bank;
- (b) The Inland Revenue Department; and
- (c) Trade creditors, where aggregate exposure to trade creditors does not exceed 5.0% of the subsidiary's shareholder's equity.

Wholly owned by the Registered Bank means all equity issued by the subsidiary is held by the Registered Bank.

Where there is a full, unconditional, irrevocable cross guarantee between a subsidiary and the Registered Bank, the subsidiary may be consolidated with the Registered Bank for the purposes of calculating the Registered Bank's solo capital position.

Share capital

The ordinary shares which are fully paid are included within tier one capital. The material terms and conditions of the ordinary shares are:

- (a) each share contains a single right to vote;
- (b) there are no redemption, conversion or capital repayment options/facilities;
- (c) there is no predetermined dividend rate;
- (d) once a dividend is proposed, there are no provisions for variation or suspension of the dividend;
- (e) there is no maturity date; and
- (f) there are no options granted or to be granted pursuant to any agreement.

Capital Adequacy (continued)

(a) Qualifying capital

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Tier one capital				
(a) Issued and fully paid-up ordinary share capital	472	472	472	472
(b) Revenue and similar reserves prior to the current year	881	812	857	811
(c) Current year's retained earnings	184	71	173	71
Total tier one capital	1,537	1,355	1,502	1,354
Tier two capital				
Upper level tier two capital:				
(a) Revaluation reserve	1	12	1	12
Lower level tier two capital:				
(b) Dated loan capital	435	475	435	475
Total tier two capital	436	487	436	487
Tier one capital plus tier two capital	1,973	1,842	1,938	1,841
Less: Other deductions from total qualifying capital	-	24	-	24
Less: Investment in subsidiaries not wholly funded	-	-	4	24
Total qualifying capital	1,973	1,818	1,934	1,793

Capital Adequacy (continued)

(b) Risk weighted exposures

		The Banking Group 31 December 1999				
		Principal amount \$m	Risk weight	Risk weighted exposure \$m		
1	Calculation of balance sheet exposures					
	Cash and short term claims on Government	1,997	0%	-		
	Long term claims on Government	289	10%	29		
	Claims on banks	1,421	20%	284		
	Claims on public sector entities	215	20%	43		
	Residential mortgages	13,759	50%	6,879		
	Other	11,000	100%	11,000		
	Non-risk weighted exposures	1,123	N/A	-		
	Total assets	29,804		18,235		
		The Banking Group 31 December 1999				
		Principal amount \$m	Credit conversion factor	Credit equivalent amount \$m	Average counter- party risk weight	Risk weighted exposure \$m
2	Calculation of off-balance sheet exposures					
	Direct credit substitutes	116	100%	116	90%	104
	Commitments with certain drawdown	936	100%	936	61%	575
	Underwriting and sub-underwriting facilities	276	50%	138	81%	112
	Transaction related contingent items	11	50%	6	100%	6
	Trade related contingent items	352	20%	70	100%	70
	Other commitments to provide financial services which have an original maturity of one year or more	402	50%	201	100%	201
	Other commitments with an original maturity of less than one year or which can be unconditionally cancelled at any time	2,007	0%	-	-	-
	Market related contracts: ¹					
	Foreign exchange contracts	33,845	N/A	1,252	31%	391
	Interest rate contracts	30,112	N/A	337	34%	116
	Total off-balance sheet exposures					1,575
	Total risk weighted exposures					19,810

¹ Current Exposure Method was used to calculate the credit risk on these contracts.

Capital Adequacy (continued)

(b) Risk weighted exposures

		The Banking Group 31 December 1998				
		Principal amount \$m	Risk weight	Risk weighted exposure \$m		
1	Calculation of balance sheet exposures					
	Cash and short term claims on Government	1,114	0%	-		
	Long term claims on Government	320	10%	32		
	Claims on banks	2,161	20%	432		
	Claims on public sector entities	220	20%	44		
	Residential mortgages	12,965	50%	6,483		
	Other	10,682	100%	10,682		
	Non-risk weighted exposures	1,444	N/A	-		
	Total assets	28,906		17,673		
		The Banking Group 31 December 1998				
		Principal amount \$m	Credit conversion factor	Credit equivalent amount \$m	Average counter- party risk weight	Risk weighted exposure \$m
2	Calculation of off-balance sheet exposures					
	Direct credit substitutes	32	100%	32	63%	20
	Commitments with certain drawdown	590	100%	590	62%	367
	Underwriting and sub-underwriting facilities	192	50%	96	82%	79
	Transaction related contingent items	127	50%	64	100%	64
	Trade related contingent items	207	20%	42	100%	42
	Other commitments to provide financial services which have an original maturity of one year or more	367	50%	183	84%	154
	Other commitments with an original maturity of less than one year or which can be unconditionally cancelled at any time	1,939	0%	-	-	-
	Market related contracts: ¹					
	Foreign exchange contracts	26,591	N/A	1,231	33%	404
	Interest rate contracts	25,244	N/A	433	36%	154
	Total off-balance sheet exposures					1,284
	Total risk weighted exposures					18,957

¹ Current Exposure Method was used to calculate the credit risk on these contracts.

Capital Adequacy (continued)

(b) Risk weighted exposures (continued)

The Registered Bank 31 December 1999			
	Principal amount \$m	Risk weight	Risk weighted exposure \$m
1 Calculation of balance sheet exposures			
Cash and short term claims on Government	1,997	0%	-
Long term claims on Government	288	10%	29
Claims on banks	1,476	20%	295
Claims on public sector entities	215	20%	43
Residential mortgages	13,647	50%	6,823
Other	10,940	100%	10,940
Total assets	28,563		18,130

The Registered Bank 31 December 1999					
	Principal amount \$m	Credit conversion factor	Credit equivalent amount \$m	Average counter- party risk weight	Risk weighted exposure \$m
2 Calculation of off-balance sheet exposures					
Direct credit substitutes	116	100%	116	90%	104
Commitments with certain drawdown	936	100%	936	61%	575
Underwriting and sub-underwriting facilities	276	50%	138	81%	112
Transaction related contingent items	11	50%	6	100%	6
Trade related contingent items	352	20%	70	100%	70
Other commitments to provide financial services which have an original maturity of one year or more	402	50%	201	100%	201
Other commitments with an original maturity of less than one year or which can be unconditionally cancelled at any time	2,007	0%	-	-	-
Market related contracts: ¹					
Foreign exchange contracts	33,845	N/A	1,251	31%	391
Interest rate contracts	29,712	N/A	335	34%	115
Total off-balance sheet exposures					1,574
Total risk weighted exposures					19,704

¹ Current Exposure Method was used to calculate the credit risk on these contracts.

Capital Adequacy (continued)

(b) Risk weighted exposures (continued)

The Registered Bank 31 December 1998			
	Principal amount \$m	Risk weight %	Risk weighted exposure \$m
1 Calculation of balance sheet exposures			
Cash and short term claims on Government	111	0%	0
Long term claims on Government	120	10%	12
Claims on banks	2,065	20%	414
Claims on public sector entities	220	20%	44
Residential mortgages	12,965	50%	6,483
Other	10,414	100%	10,414
Total assets	27,101		17,387

The Registered Bank 31 December 1998					
	Principal amount \$m	Credit conversion factor %	Credit equivalent amount \$m	Average counter- party risk weight %	Risk weighted exposure \$m
2 Calculation of off-balance sheet exposures					
Direct credit substitutes	32	100%	32	63%	20
Commitments with certain drawdown	590	100%	590	62%	367
Underwriting and sub-underwriting facilities	192	50%	96	82%	79
Transaction related contingent items	127	50%	64	100%	64
Trade related contingent items	207	20%	42	100%	42
Other commitments to provide financial services which have an original maturity of one year or more	366	50%	183	84%	154
Other commitments with an original maturity of less than one year or which can be unconditionally cancelled at any time	1,939	0%	-	-	-
Market related contracts: ¹					
Foreign exchange contracts	26,591	N/A	1,231	33%	404
Interest rate contracts	25,244	N/A	433	36%	154
Total off-balance sheet exposures					1,284
Total risk weighted exposures					18,671

¹ Current Exposure Method was used to calculate the credit risk on these contracts.

Capital Adequacy (continued)

(c) Capital adequacy ratios

	<i>The Banking Group</i>		<i>The Registered Bank</i>	
	1999	1998	1999	1998
	%	%	%	%
Total tier one capital as a percentage of total risk weighted exposures	7.8	7.2	7.6	7.3
Total qualifying capital as a percentage of total risk weighted exposures	10.0	9.6	9.8	9.6

It is a condition of registration that the Banking Group maintains a minimum capital adequacy ratio of 8.0%. The capital adequacy for the parent bank, The National Bank of New Zealand Limited and subsidiaries with minimal external business, as defined in the Registered Bank Disclosure Statement (Full and Half-Year - New Zealand Incorporated Registered Banks) Order 1998, as the Registered Bank is also shown. There is no condition of registration which requires maintenance of a minimum capital adequacy ratio for the Registered Bank.

(d) Capital adequacy ratios of Lloyds TSB Group plc

	1999	1998
	%	%
Total tier one capital as a percentage of total risk weighted exposures	10.0	8.7
Total qualifying capital as a percentage of total risk weighted exposures	15.1	11.3

Lloyds TSB Group plc is required to meet a minimum total qualifying capital ratio by The Financial Services Authority (previously Bank of England) under the Basle Committee framework. Lloyds TSB Group plc met this requirement as at 31 December 1999 and 31 December 1998.

Lloyds TSB Bank plc capital adequacy ratios are not publicly available.

MARKET RISK

<i>Exposures to market risk</i>	<i>1999 Quarter end</i>	<i>1999 Peak for the quarter</i>	<i>1998 Quarter end</i>	<i>1998 Peak for the quarter</i>
Interest rate exposures				
Aggregate	\$70.9M	\$75.6M	\$31.7M	\$49.5M
Percentage of equity	4.6%	4.9%	2.3%	3.6%
Foreign currency exposures				
Aggregate	\$2.6M	\$9.4M	\$3.1M	\$6.4M
Percentage of equity	0.2%	0.6%	0.2%	0.5%

The Banking Group's holdings of equity instruments is not significant.

Market risk exposures have been calculated in accordance with clauses 1(a), 8(a) and 11(a) of the Eighth Schedule to the Registered Bank Disclosure Statement (Full and Half-Year - New Zealand Incorporated Registered Banks) Order 1998. Peak exposures are calculated using the Banking Group's equity as at the end of the quarter.

The Banking Group undertakes daily monitoring and regular (but not daily) calculations of aggregate interest rate exposures.

CREDIT RATING

The National Bank of New Zealand Limited has undergone credit ratings by Standard & Poor's (Australia) Pty Limited. There has been no change in the credit ratings in the preceding two years. The latest credit ratings are as follows:

Long term New Zealand dollars	AA-
Subordinated debt New Zealand dollars	A+

Standard & Poor's (Australia) Pty Limited credit rating scale definitions

Long Term Ratings

AAA rated corporations have an extremely strong capacity for timely repayment of debt obligations.

AA rated corporations have a very strong capacity for timely repayment of debt obligations. They differ only from AAA status because margins of protection may not be as large or because protection elements may be subject to greater fluctuation.

A rated corporations have a strong capacity to meet debt obligations in a timely manner. Such corporations may be somewhat more susceptible to adverse changes in their environment, or margins of protection for the lender may be lower than for more highly rated corporations.

BBB rated corporations have a satisfactory capacity to meet debt obligations. Protection levels are more likely to be weakened by adverse changes in circumstances and economic conditions than for borrowers in more highly rated categories.

BB rated corporations' ability to pay interest and repay principal is only adequate and is likely to be affected over time by adverse economic changes.

B rated corporations are not highly protected as to their ability to pay interest and repay principal when due.

CCC rated corporations have poor protection levels. There is uncertainty with regard to the corporation's industry or some other feature of its business. Speculative characteristics exist and debt is not well safe guarded.

CC is typically applied to debt subordinated to senior debt that is assigned an actual or implied CCC rating.

C is assigned where there is a high risk of default, or where default may have occurred.

D rated corporations are in default.

CONDITIONS OF REGISTRATION

The conditions of registration of The National Bank of New Zealand Limited issued by the Reserve Bank of New Zealand and applying at the date of this General Disclosure Statement are as follows:

1. That the Banking Group complies with the following requirements:

- Capital of the Banking Group is not less than 8 percent of risk weighted exposures;
- Tier one capital of the Banking Group is not less than 4 percent of risk weighted exposures;
- Capital of the Banking Group is not less than NZ\$15 million.

For the purposes of this condition of registration, capital, tier one capital and risk weighted exposures shall be calculated in accordance with the Reserve Bank of New Zealand document entitled "*Capital Adequacy Framework*" (BS2) dated 8 July 1998.

2. That the business of the Banking Group consists of, or substantially consists of, the borrowing and lending of money, or the provision of other financial services, or both.

3. That aggregate credit exposures (net of specific provisions and gross of set-offs) of the Banking Group to all connected persons do not exceed 75 percent of the Banking Group's tier one capital and that, within this limit, aggregate credit exposures (net of specific provisions and gross of set-offs) to non-bank connected persons do not exceed 15 percent of the Banking Group's tier one capital. For the purpose of this condition of registration:

- (i) Tier one capital shall be calculated in accordance with the Reserve Bank of New Zealand document entitled "*Capital Adequacy Framework*" (BS2) dated 8 July 1998.
- (ii) An owner means any person who has substantial interest in the Registered Bank.
- (iii) Connected person means any person, other than a government of a country which is a member of the Organisation for Economic Co-operation and Development, which is:
 - (a) an owner; or
 - (b) an entity in which an owner has a substantial interest (other than the Registered Bank and entities in which the Registered Bank itself has a substantial interest); or
 - (c) a person which has a substantial interest in an owner;
- (iv) A person has substantial interest in an entity if that person:
 - (a) holds (whether directly or indirectly) more than 20 percent of the issued securities of an entity, other than securities that carry no right to participate beyond a specified amount in a distribution of either profits or capital; or
 - (b) is entitled to receive (whether directly or indirectly) more than 20 percent of every dividend (or, in the case of an entity which is not a company, distributions of a similar nature) paid on securities issued by the entity, other than securities that carry no right to participate beyond a specified amount in a distribution of either profits or capital; or
 - (c) is in a position to exercise, or control the exercise of, more than 20 percent of the maximum number of votes that can be exercised at a meeting of an entity or the owners of the entity; or
 - (d) controls or significantly influences the composition of the board of directors of the entity, or if the entity does not have a board of directors, the body which has the power to manage or direct or supervise the management of, the business and affairs of the company.
- (v) In determining whether a person has a substantial interest in an entity sections 7 and 8 of the Companies Act 1993 shall apply with all necessary modifications.
- (vi) Non-bank connected person means any connected person other than a bank or an entity in which a bank has a substantial interest.

Conditions of Registration (continued)

(vii) Credit exposure means the amount of the maximum loss that a party to a contract could incur as a result of the counterparty to that contract failing to discharge its obligations, without taking into account the value of collateral, guarantees, indemnities, other support arrangements, and any potential recoveries, and excluding contingent exposures arising from risk lay-offs to a bank's owner, where the maximum loss is in relation to:

(a) a market related contract means the credit equivalent amount of the contract determined in accordance with the Reserve Bank of New Zealand document entitled "*Capital Adequacy Framework*" (BS2) dated 8 July 1998;

(b) any other contract means the full value of the contract;

provided that a financial liability may not be offset against any such loss even though to do so would accord with generally accepted accounting practice as defined in the Financial Reporting Act 1993.

(viii) Securities shall have the same meaning as in the Reserve Bank of New Zealand Act 1989.

(ix) For the purposes of this condition of registration the term person includes a corporation sole, a company or other body corporate (whether incorporated in New Zealand or elsewhere), an unincorporated body of persons and a public body.

(4) That the board of the Registered Bank contains at least two independent directors. In this context an independent director is a director who is not an employee of the Registered Bank, and who is not a director, trustee or employee of any holding company of the Registered Bank, or any other entity capable of controlling or significantly influencing the Registered Bank.

(5) That the chairperson of The National Bank of New Zealand Limited's board is not an employee of the Registered Bank.

(6) That The National Bank of New Zealand Limited's constitution does not permit The National Bank of New Zealand Limited's directors to act in the interests of any holding company of the Registered Bank, where to do so would conflict with the interests of The National Bank of New Zealand Limited in New Zealand, to the detriment of creditors.

(7) That a substantial portion of The National Bank of New Zealand Limited's business is conducted in and from New Zealand.

For the purposes of these conditions of registration, the term "Banking Group" shall mean The National Bank of New Zealand Limited's financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993).

DIRECTORS' STATEMENT

Each director of The National Bank of New Zealand Limited after due enquiry by them, believes 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 Registered Bank Disclosure Statement (Full and Half-Year - New Zealand Incorporated Registered Banks) Order 1998; and
 - (b) the Disclosure Statement is not false or misleading; and
- (2) over the year ended 31 December 1999:
 - (a) The National Bank of New Zealand Limited has complied with the conditions of registration;
 - (b) credit exposures to connected persons (if any) were not contrary to the interests of the Banking Group; and
 - (c) The National Bank of 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 and other business risks, and that those systems were being properly applied.

Signed by or on behalf of all the directors:

SIR WILSON WHINERAY

SIR JOHN ANDERSON

G K ANSELL

I D CHEYNE

J CLARKE

B M J DINEEN

S M FYFE

N M T GEARY

A E MOORE

D P PRITCHARD

J M ROBSON

SIR DRYDEN SPRING

DR R E WALROND

23RD DAY OF MARCH 2000



PricewaterhouseCoopers
113-119 The Terrace
PO Box 243
Wellington, New Zealand
Telephone +64 4 462 7000
Facsimile +64 4 462 7001

Auditors' Report to the Shareholder of

The National Bank of New Zealand Limited (the "Bank")

We have audited the financial information containing the financial statements and supplementary information on pages 10 to 48 and 51 to 58. The financial statements provide information about the past financial performance and cash flows of the Bank and Banking Group and their financial position as at 31 December 1999.

The financial statements consist of the financial statements of the Bank and the consolidated financial statements of the Banking Group comprising the Bank and its subsidiaries at the end of, or during, the year ended 31 December 1999. The supplementary information disclosed is required by Clauses 12(3) and 12(4) of the Registered Bank Disclosure Statement (Full and Half-Year - New Zealand Incorporated Registered Banks) Order 1998 (the Order). This information is stated in accordance with the accounting policies set out on pages 15 to 18.

Directors' Responsibilities

The Directors are responsible for the preparation and presentation of financial statements which give a true and fair view of the financial position of the Bank and Banking Group as at 31 December 1999 and their financial performance and cash flows for the year ended on that date. They are also responsible for the preparation and presentation of supplementary information which:

- (a) gives a true and fair view, in accordance with Clause 12(3) of the Order, of the matters to which it relates; and
- (b) complies with Schedules 7 and 8 of the Order in accordance with Clause 12(4) of the Order.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements and supplementary information presented by the Directors required by Clauses 12(1), 12(2), 12(3) and 12(4) of the Order and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial information. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial information; and
- (b) whether the accounting policies used and described on pages 15 to 18 are appropriate to the circumstances of the Bank and Banking Group, consistently applied and adequately disclosed.



We have conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and supplementary information required by the order are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements and the supplementary information required by the Order.

Our firm carries out other assignments on behalf of the Bank and Banking Group in the areas of taxation and consulting advice. In addition, certain employees of our firm may deal with the Bank and Banking Group on normal terms within the ordinary course of trading activities of the Bank and Banking Group. Our firm has no other interests in the Bank or Banking Group.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Bank and Banking Group as far as appears from our examination of those records; and
- (b) the financial statements have been drawn up to:
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Bank and Banking Group as at 31 December 1999 and their financial performance and cash flows for the year ended on that date; and
- (c) the supplementary information as required by Clause 12(3) of the Order:
 - (i) has been prepared in accordance with the Conditions of Registration of the Bank pursuant to section 74 of Reserve Bank of New Zealand Act 1989 and is in accordance with the books and records of the Bank and Banking Group; and
 - (ii) gives a true and fair view of the matters to which it relates.
- (d) the supplementary information as required by Clause 12(4) of the Order complies with Schedules 7 and 8 of the Order.

Our work was completed on 23 March 2000 and our unqualified opinion is expressed as at that date.

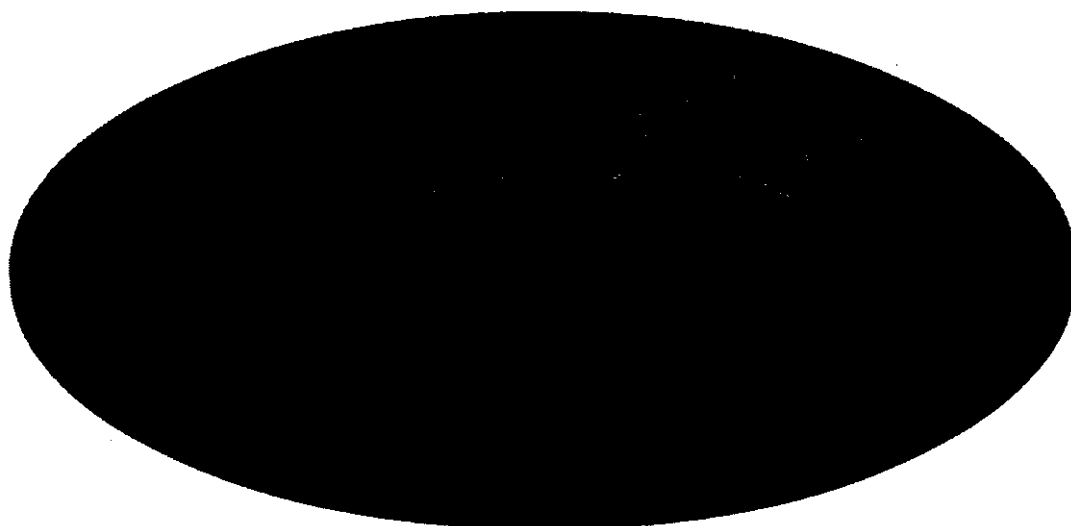
A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', written over a horizontal line.

Chartered Accountants

Wellington

THE NATIONAL BANK OF NEW ZEALAND LIMITED
AUDITORS' REPORT
PAGE 2

Key Information Summary



N U M B E R I 6
31 D E C E M B E R 1999



Introductory information

The purpose of this **Key Information Summary** is to provide *customers and potential customers* with information about the financial condition of their bank.

Neither the New Zealand Government nor the Reserve Bank of New Zealand guarantees or insures bank deposits.

The information contained in the **Key Information Summary** is explained in the Reserve Bank of New Zealand publication "Your Bank's Disclosure Statement - What's In It For You?", which can be obtained from the Reserve Bank of New Zealand.

Corporate information

Name of Registered Bank:	The National Bank of New Zealand Limited
Ultimate parent bank:	Lloyds TSB Bank plc incorporated in Great Britain
Ultimate holding company:	Lloyds TSB Group plc incorporated in Great Britain

The Banking Group comprises the Registered Bank and all its subsidiaries.

Credit rating

The National Bank of New Zealand Limited has undergone credit ratings by Standard & Poor's (Australia) Pty Limited. There has been no change in the credit ratings in the preceding two years. The latest credit ratings are as follows:

Long term New Zealand dollars	AA-
Subordinated debt New Zealand dollars	A+

	Audited 1999	Audited 1998
Operating surplus of the Banking Group after tax and extraordinary items for the year ended 31 December	\$333M	\$117M
Operating surplus of the Banking Group after tax and extraordinary items for the twelve months ended 31 December expressed as a percentage of the average of total assets	1.1%	0.5%

Size

Total assets employed of the Banking Group as at 31 December	\$29,804M	\$28,906M
Percentage change in total assets employed of the Banking Group for the twelve months ended 31 December	3.1%	46.5%

Capital adequacy

Total tier one capital of the Banking Group expressed as a percentage of total risk weighted exposures as at 31 December	7.8%	7.2%
Total qualifying capital of the Banking Group expressed as a percentage of total risk weighted exposures as at 31 December	10.0%	9.6%

The minimum tier one capital ratio permitted under the Banking Group's Conditions of Registration is 4.0%

The minimum total capital adequacy ratio permitted under the Banking Group's Conditions of Registration is 8.0%

Asset quality

Total gross impaired assets of the Banking Group as at 31 December	\$190M	\$182M
Total gross impaired assets of the Banking Group expressed as a percentage of total assets as at 31 December	0.6%	0.6%
Total specific provisions for doubtful debts of the Banking Group as at 31 December	\$100M	\$101M
Total specific provisions for doubtful debts of the Banking Group expressed as a percentage of total gross impaired assets as at 31 December	52.6%	55.5%

Peak credit exposure concentrations

Peak credit exposure concentrations to individual counterparties are disclosed on the basis of actual exposures, net of specific provisions (which are nil) and gross of set offs and excluding exposures to connected persons and OECD governments. Peak credit exposures to individual counterparties are calculated using the Banking Group's equity as at the end of the quarter.

	<i>Audited</i> <i>Quarter ended 31 December 1999</i>	
	<i>Number of counterparties</i>	
	<i>Bank counterparties</i>	<i>Other counterparties</i>
10% to 19%	1	2
20% to 29%	2	-
30% to 39%	1	1
40% to 49%	1	-

	<i>Audited</i> <i>Quarter ended 31 December 1998</i>	
	<i>Number of counterparties</i>	
	<i>Bank counterparties</i>	<i>Other counterparties</i>
10% to 19%	4	5
20% to 29%	1	1
30% to 39%	-	-
40% to 49%	1	-
50% to 59%	3	-

Peak credit exposures to connected persons

Peak credit exposures to connected persons are disclosed on the basis of actual exposures, net of specific provisions (which are nil) and gross of set offs. Peak credit exposures to connected persons are calculated using the Banking Group's tier one capital as at the end of the quarter.

	<i>Audited</i> <i>1999</i>	<i>Audited</i> <i>1998</i>
Peak credit exposures to connected persons during the year ended 31 December	\$594M	\$431M
Peak credit exposures to connected persons during the three months ended 31 December as a percentage of total tier one capital	38.6%	31.8%

The maximum peak aggregate end-of-day credit exposure, net of specific provisions (which are nil) and gross of set offs, to connected persons under the Banking Group's conditions of registration is 75% of tier one capital. The Banking Group does not have any credit exposures to non-bank connected persons.

Reference to disclosure statements

Any person upon request and without charge may obtain a copy of the Registered Bank's most recent General Disclosure Statement including the Supplemental Disclosure Statement (if any) immediately by requesting a copy at Level 8 of NBNZ House, 1-9 Victoria Street, Wellington, or within five working days where the request is made at any National Bank branch or agency of The National Bank of New Zealand Limited. Alternatively, a copy of the General Disclosure Statement may be requested by calling our Customer Service Centre toll free on 0800 18 18 18, or by accessing the Internet using the address - <http://www.nbnz.co.nz>.

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers
113-119 The Terrace
PO Box 243
Wellington, New Zealand
Telephone +64 4 462 7000
Facsimile +64 4 462 7001



The National Bank
of New Zealand Limited