



The National Bank

of New Zealand Limited

Treasury
7th Floor
NBNZ House
1-9 Victoria Street.
PO Box 540
Wellington
New Zealand
Ph: 64-4-802 2000
Fax: 64-4-473 4928
www.nationalbank.co.nz

18 June 2003

KERRY SAYWELL
WELLINGTON REGIONAL COUNCIL
PO BOX 11646
WELLINGTON

Dear Kerry

I am writing to inform you of recent developments with regard to The National Bank of New Zealand Limited ("NBNZ").

On 16 June 2003 Lloyds TSB Group ("LTSB"), NBNZ's parent, released the following statement.

"Following approaches, Lloyds TSB is considering its options relating to its subsidiary, The National Bank of New Zealand.

Lloyds TSB is undertaking a strategic review so that potential offers for The National Bank of New Zealand, as well as retention of the business, can be considered.

A further announcement will be made when appropriate."

As a result of this statement, Standard & Poor's announced that it had downgraded NBNZ to A+/developing/A-1 and Moody's Investors Service have placed NBNZ on review for possible downgrade.

There are some key points I would like to draw to your attention:

The A+ rating is more reflective of our standalone rating, without the support of LTSB.

The adjustment to the credit rating is not unexpected in the circumstances and there is no impact on our customer base because of that action. LTSB continues to provide the same support and facilities as they always have.

The rating reflects LTSB's consideration of their strategy during the review, for both retention and sale following the review. But the rating does not reflect any change in the Bank's profile within the domestic New Zealand market or the quality of the Bank's assets, which remain very good.

In 2002 NBNZ achieved a profit after tax of \$503 million.

In the first quarter of 2003 NBNZ has achieved:

Profit after tax of \$156 million	(up 30% from 2002 Q1)
Asset growth to \$40,984 million from \$36,947 million	(up 10.9%)
Capital Adequacy at 10.9%	(up from 9.8%)

NBNZ Treasury is committed to being your first choice provider of Treasury services and I will endeavour to keep you informed of any further significant developments

Yours sincerely

NIGEL H M WILLIAMS
Treasurer