

**ANZ NEW ZEALAND (INT'L) LIMITED
INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 31 MARCH 2017



INTERIM MANAGEMENT REPORT

FOR THE SIX MONTHS ENDED 31 MARCH 2017

Nature of Business

ANZ New Zealand (Int'l) Limited (the Company) is incorporated in New Zealand under the Companies Act 1993. Its registered office is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland, 1010, New Zealand. The ultimate parent company is Australia and New Zealand Banking Group Limited (the Ultimate Parent).

The Company provides funding facilities and wholesale funding to its parent company, ANZ Bank New Zealand Limited (the Parent Company) including the issuance of U.S. Commercial Paper, Euro-Commercial Paper, U.S. Medium-Term Notes, Euro Medium-Term Notes and Covered Bonds. The Company's overseas activities are currently conducted through its London Branch. The Company has no subsidiaries.

There have not been any changes in the nature of the Company's business during the period.

Business Review

The movement in the Company's total assets from \$21,317 million as at 30 September 2016 to \$19,627 million as at 31 March 2017 has been driven primarily by a decreased funding requirement from its parent entity.

The movement in funding includes:

NZ\$m	Debt Issuances	Commercial Paper	Total
Issuances	2,393	3,939	6,332
Maturities	(1,880)	(6,517)	(8,397)
Net issuances	513	(2,578)	(2,065)
Foreign exchange revaluation	255	168	423
Movement	768	(2,410)	(1,642)

Net interest income of \$3 million for the six months to 31 March 2017 is consistent with interest income for the six months to 31 March 2016.

Principal Risks and Uncertainties

The Company expects minimal change to its principal risks and uncertainties over the next six months.

The Company's exposure to risk arises from the Company'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 an internal reporting framework in place.

The Company carries minimal interest rate, liquidity and currency risk reflecting the Company's role as a financial intermediary. The Company's principal credit risk exposure continues to be to the Parent Company. Operational risk is managed through a comprehensive infrastructure of effective policies, procedures, businesses systems and compliance.

Other Information

- No important events have occurred since the end of the financial year.
- No significant changes are planned to the future operations of the Company.
- The Company is not involved in research and development.
- The Company has not acquired any of its own shares.
- The Company only operates through its London branch.

Directors

Antonia Watson has taken up the position of Managing Director Retail and Business Banking with the Parent Company and resigned as a Director of the Company on 17 February 2017. Stewart Taylor was appointed as a Director of the Company on 17 February 2017.

There have been no other changes to the Directors of the Company since 30 September 2016.

Responsibility Statement

As at the date on which this Responsibility Statement is signed, after due enquiry and to the best of their knowledge, the Directors confirm that:

- the interim financial statements have been prepared in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*; and
- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, their impact on the interim financial statements and the principal risks and uncertainties for the remaining six months of the financial year.

For and on behalf of the Board of Directors:



Anthony Bradshaw
Director
15 May 2017



Stewart Taylor
Director
15 May 2017

STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31/03/2017 NZ\$m	Unaudited 6 months to 31/03/2016 NZ\$m	Audited Year to 30/09/2016 NZ\$m
Interest income	155	130	281
Interest expense	152	127	275
Net interest income	3	3	6
Profit before income tax	3	3	6
Income tax expense	1	1	2
Profit after income tax	2	2	4

There are no items of other comprehensive income.

STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months to 31/03/2017 NZ\$m	Unaudited 6 months to 31/03/2016 NZ\$m	Audited Year to 30/09/2016 NZ\$m
Total equity (retained earnings)			
Opening balance	5	5	5
Profit after income tax	2	2	4
Ordinary dividend paid	-	-	(4)
Closing balance	7	7	5

BALANCE SHEET

	Note	Unaudited 31/03/2017 NZ\$m	Unaudited 31/03/2016 NZ\$m	Audited 30/09/2016 NZ\$m
Assets				
Due from the Parent Company		19,627	18,922	21,317
Total assets		19,627	18,922	21,317
Liabilities				
Accrued interest payable		10	28	60
Commercial paper		2,948	5,446	5,358
Current tax liabilities		1	1	1
Debt issuances	3	16,661	13,440	15,893
Total liabilities		19,620	18,915	21,312
Net assets		7	7	5
Equity				
Retained earnings		7	7	5
Total Equity		7	7	5

CASH FLOW STATEMENT

	Unaudited 6 months to 31/03/2017 NZ\$m	Unaudited 6 months to 31/03/2016 NZ\$m	Audited Year to 30/09/2016 NZ\$m
Cash flows from operating activities			
Interest received	205	192	312
Interest paid	(202)	(190)	(306)
Income taxes paid	(1)	(1)	(2)
Net cash flows provided by operating activities	2	1	4
Cash flows from investing activities			
Decrease in due from the Parent Company	2,063	192	(4,210)
Net cash flows provided by / (used in) investing activities	2,063	192	(4,210)
Cash flows from financing activities			
Proceeds from issue of debt issuances	2,393	2,258	6,255
Increase / (decrease) in commercial paper	(2,578)	927	1,333
Redemption of debt issuances	(1,880)	(3,378)	(3,378)
Dividends paid	-	-	(4)
Net cash flows provided by / (used in) financing activities	(2,065)	(193)	4,206
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of the period	-	-	-
Cash and cash equivalents at end of the period	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of compliance

These interim financial statements have been prepared in accordance with the requirements of the Disclosure and Transparency Rules issued by the United Kingdom Financial Conduct Authority and New Zealand Generally Accepted Accounting Practice (NZ GAAP) as applicable to interim financial statements. The Company is a publicly accountable for-profit entity for the purposes of complying with NZ GAAP.

These financial statements comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the financial statements for the year ended 30 September 2016.

(ii) Basis of measurement

These interim financial statements have been prepared on a going concern basis in accordance with historical cost concepts.

(iii) Changes in accounting policies

The accounting policies applied by the Company are consistent with those applied and disclosed in the previous full year financial statements.

(iv) Presentation currency and rounding

The amounts contained in the financial statements are presented in millions of New Zealand dollars.

2. RELATED PARTIES

Cash and cash equivalents comprise short term deposits with the Parent Company.

Commercial paper and debt issuances are guaranteed by the Parent Company.

Covered Bonds

As at 31 March 2017, covered bonds of \$5,011 million (31/03/2016 \$4,961 million; 30/09/2016 \$6,218 million) included in debt issuances were guaranteed by ANZ NZ Covered Bond Trust Limited as trustee of ANZ NZ Covered Bond Trust (the Trust) under the terms of the Parent Company's covered bond programme.

Substantially all of the assets of the Trust are made up of certain housing loans and related securities originated by the Parent Company which are security for the guarantee by ANZ NZ Covered Bond Trust Limited as trustee of the Trust of issuances of covered bonds by the Company, or the Parent Company, from time to time. The assets of the Trust are not available to creditors of the Company or the Parent Company, although the Company or the Parent Company (or its liquidator or statutory manager) may have a claim against the residual assets of the Trust (if any) after all prior ranking creditors of the Trust have been satisfied.

3. DEBT ISSUANCES

	Unaudited 31/03/2017	Unaudited 31/03/2016	Audited 30/09/2016
	NZ\$m	NZ\$m	NZ\$m
U.S. medium-term notes	8,586	5,944	6,883
Euro medium-term notes	3,064	2,535	2,792
Covered bonds	5,011	4,961	6,218
Total debt issuances	16,661	13,440	15,893

4. FAIR VALUE MEASUREMENTS

Financial assets and financial liabilities not measured at fair value

No assets or liabilities are carried at fair value. Below is a comparison of the carrying amounts as reported on the balance sheet and fair value of financial asset and liability categories other than those categories where the carrying amount is considered a reasonable approximation of fair value:

	Unaudited 31/03/2017		Unaudited 31/03/2016		Audited 30/09/2016	
	Carrying amount NZ\$m	Fair value NZ\$m	Carrying amount NZ\$m	Fair value NZ\$m	Carrying amount NZ\$m	Fair value NZ\$m
Financial assets						
Due from the Parent Company	19,627	19,699	18,922	19,147	21,317	21,548
Financial liabilities						
Commercial paper	2,948	2,949	5,446	5,451	5,358	5,364
Debt issuances	16,661	16,732	13,440	13,660	15,893	16,118

5. SUBSEQUENT EVENTS

On 27 April 2017, the Company's Board resolved to pay an ordinary dividend of NZ\$4.2 million, which was paid on 3 May 2017.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholder of ANZ New Zealand (Int'l) Limited

We have reviewed pages 3 to 5 of the interim financial statements of ANZ New Zealand (Int'l) Limited which includes the balance sheet as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and the cash flow statement for the 6 months ended on that date, and a summary of significant accounting policies and other explanatory information.

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

Directors' responsibilities

The directors on behalf of ANZ New Zealand (Int'l) Limited are responsible for the preparation and presentation of the interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* which present fairly, in all material respects, the financial position of ANZ New Zealand (Int'l) Limited as at 31 March 2017 and its financial performance and cash flows for the six month period ended on that date. The directors are also responsible for such internal control as they determine are necessary to enable the preparation of the interim financial statements that is free from material misstatement whether due to fraud or error.

Our responsibilities

Our responsibility is to express an independent review opinion on the interim financial statements, as presented to us by the directors, and report our opinion to you.

We are responsible for reviewing the interim financial statements in order to report to you whether, in our opinion, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and do not present fairly, in all material respects, the financial position of ANZ New Zealand (Int'l) Limited as at 31 March 2017 and its financial performance and cash flows for the six month period ended on that date.

Basis of opinion

We have performed our review in accordance with the review engagement standard NZ Standard on Review Engagements 2410, *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410) issued by the External Reporting Board. As the auditor of ANZ New Zealand (Int'l) Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review is limited primarily to enquiries of the company's personnel and analytical review procedures applied to the financial data, and thus provides less assurance than an audit. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those interim financial statements.

Our firm has also provided other services to the company in relation to review and other assurance engagements. These matters have not impaired our independence as auditor of the company for this engagement. The firm has no other relationship with, or interest in, the company.

Review opinion

We have examined the interim financial statements and based on our review, nothing has come to our attention that causes us to believe that these interim financial statements on pages 3 to 5 have not been prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and do not present fairly, in all material respects, the financial position of ANZ New Zealand (Int'l) Limited as at 31 March 2017 and its financial performance and cash flows for the six month period ended on that date.

Our review was completed on 15 May 2017 and our opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'KPMG'.

Wellington

