

ANZ New Zealand (Int'l) Limited Interim Financial Statements

FOR THE SIX MONTHS ENDED 31 MARCH 2015

Interim Management Report

For the six months ended 31 March 2015

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 increase in the Company's total liabilities from \$19,971 million as at 30 September 2014 to \$20,544 million as at 31 March 2015 has been driven primarily by issuances of U.S. Medium-Term Notes and Covered Bonds exceeding maturities of Euro Medium-Term Notes.

Net interest income of \$3 million for the six months to 31 March 2015 is consistent with interest income for the six months to 31 March 2014.

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

There have been no changes to the Directors of the Company since 30 September 2014.

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
14 May 2015



Antonia Watson
Director
14 May 2015

Statement of Comprehensive Income

| \$ millions | Unaudited 6 months to 31/03/2015 | Unaudited 6 months to 31/03/2014 | Audited Year to 30/09/2014 |
|---------------------------------|--|--|----------------------------------|
| Interest income | 124 | 124 | 247 |
| Interest expense | 121 | 121 | 240 |
| Net interest income | 3 | 3 | 7 |
| Profit before income tax | 3 | 3 | 7 |
| Income tax expense | 1 | 1 | 2 |
| Profit after income tax | 2 | 2 | 5 |

There are no items of other comprehensive income.

Statement of Changes in Equity

| \$ millions | Unaudited 6 months to 31/03/2015 | Unaudited 6 months to 31/03/2014 | Audited Year to 30/09/2014 |
|---|--|--|----------------------------------|
| Total equity (retained earnings) | | | |
| Opening balance | 5 | 4 | 4 |
| Profit after tax | 2 | 2 | 5 |
| Ordinary dividend paid | (5) | (4) | (4) |
| Closing balance | 2 | 2 | 5 |

Balance Sheet

| \$ millions | Unaudited 31/03/2015 | Unaudited 31/03/2014 | Audited 30/09/2014 |
|------------------------------|-------------------------|-------------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | - | 2 | 179 |
| Due from the Parent Company | 20,546 | 18,817 | 19,797 |
| Total assets | 20,546 | 18,819 | 19,976 |
| Liabilities | | | |
| Due to other related parties | 5 | 329 | 179 |
| Accrued interest payable | 34 | 41 | 98 |
| Commercial paper | 6,273 | 5,401 | 6,057 |
| Current tax liabilities | 1 | 1 | 1 |
| Debt issuances | 14,231 | 13,045 | 13,636 |
| Total liabilities | 20,544 | 18,817 | 19,971 |
| Net assets | 2 | 2 | 5 |
| Equity | | | |
| Retained earnings | 2 | 2 | 5 |
| Total Equity | 2 | 2 | 5 |

Cash Flow Statement

| \$ millions | Unaudited 6 months to 31/03/2015 | Unaudited 6 months to 31/03/2014 | Audited Year to 30/09/2014 |
|--|--|--|----------------------------------|
| Cash flows from operating activities | | | |
| Interest received | 189 | 167 | 231 |
| Interest paid | (185) | (164) | (224) |
| Income taxes paid | (1) | (1) | (2) |
| Net cash flows provided by operating activities | 3 | 2 | 5 |
| Cash flows from investing activities | | | |
| Increase in due from the Parent Company | (890) | (2,169) | (2,192) |
| Net cash flows used in investing activities | (890) | (2,169) | (2,192) |
| Cash flows from financing activities | | | |
| Proceeds from issue of debt issuances | 2,149 | 2,167 | 3,406 |
| Increase / (decrease) in due to other related parties | (174) | 329 | 179 |
| Increase / (decrease) in commercial paper | (80) | 1,079 | 1,605 |
| Redemption of debt issuances | (1,187) | (1,404) | (2,822) |
| Dividends paid | - | (4) | (4) |
| Net cash flows provided by financing activities | 708 | 2,167 | 2,364 |
| Net increase / (decrease) in cash and cash equivalents | (179) | - | 177 |
| Cash and cash equivalents at beginning of the period | 179 | 2 | 2 |
| Cash and cash equivalents at end of the period | - | 2 | 179 |

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 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 2014.

(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 comprises short term deposits with the Parent Company.

Commercial paper, amounts due to other related parties and debt issuances are guaranteed by the Parent Company.

Covered Bonds

As at 31 March 2015, covered bonds of \$4,382 million (31/03/2014 \$3,828 million; 30/09/2014 \$3,928 million) included in debt issuances were guaranteed by ANZNZ Covered Bond Trust Limited as trustee of ANZNZ 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 ANZNZ 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. 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:

| \$ millions | Unaudited 31/03/2015 | | Unaudited 31/03/2014 | | Audited 30/09/2014 | |
|-----------------------------|-------------------------|------------|-------------------------|------------|-----------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Assets | | | | | | |
| Due from the Parent Company | 20,546 | 20,789 | 18,817 | 19,037 | 19,797 | 19,918 |
| Liabilities | | | | | | |
| Debt issuances | 14,231 | 14,474 | 13,045 | 13,265 | 13,636 | 13,757 |



Independent Auditor's Review Report

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

We have completed a review of the interim financial statements of ANZ New Zealand (Int'l) Limited on pages 3 to 5 which comprise the balance sheet as at 31 March 2015, 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.

Directors' responsibility

The Directors of ANZ New Zealand (Int'l) Limited are responsible for the preparation and fair presentation of interim financial statements in accordance with NZ IAS 34: *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error and which give a true and fair view of the financial position of ANZ New Zealand (Int'l) Limited as at 31 March 2015 and its financial performance and cash flows for the six months ended on that date.

Reviewer's responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410: *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with NZ IAS 34: *Interim Financial Reporting*. 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 of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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 financial statements.

Other than in our capacity as auditors we have no relationship with or interests in the company.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of ANZ New Zealand (Int'l) Limited do not present fairly, in all material respects, the financial position of the ANZ New Zealand (Int'l) Limited as at 31 March 2015, and of its financial performance and its cash flows for the 6 months ended on that date, in accordance with NZ IAS 34: *Interim Financial Reporting*.

Our review was completed on 14 May 2015 and our review opinion is expressed as at that date.

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

14 May 2015

Wellington

