

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED  
- ANZ NEW ZEALAND  
REGISTERED BANK DISCLOSURE STATEMENT**

FOR THE THREE MONTHS ENDED 31 DECEMBER 2015  
NUMBER 29 | ISSUED FEBRUARY 2016



# REGISTERED BANK DISCLOSURE STATEMENT

## FOR THE THREE MONTHS ENDED 31 DECEMBER 2015

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### GLOSSARY OF TERMS

In this Registered Bank Disclosure Statement (Disclosure Statement) unless the context otherwise requires:

- (a) Bank means ANZ Bank New Zealand Limited;
- (b) Banking Group means the Bank and all its controlled entities;
- (c) Immediate Parent Company means ANZ Funds Pty Limited, which is the immediate parent company of ANZ Holdings (New Zealand) Limited;
- (d) Ultimate Parent Bank means Australia and New Zealand Banking Group Limited;
- (e) Overseas Banking Group means the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities;
- (f) New Zealand business means all business, operations, or undertakings conducted in or from New Zealand identified and treated as if it were conducted by a company formed and registered in New Zealand;
- (g) NZ Branch means the New Zealand business of the Ultimate Parent Bank;
- (h) ANZ New Zealand means the New Zealand business of the Overseas Banking Group;
- (i) Registered Office is Level 10, 171 Featherston Street, Wellington, New Zealand, which is also ANZ New Zealand's address for service;
- (j) RBNZ means the Reserve Bank of New Zealand;
- (k) APRA means the Australian Prudential Regulation Authority;
- (l) the Order means the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014; and
- (m) Any term or expression which is defined in, or in the manner prescribed by, the Order shall have the meaning given in or prescribed by the Order.

## GENERAL DISCLOSURES

This Disclosure Statement has been issued in accordance with the Order.

### Credit Rating Information

The Ultimate Parent Bank has three credit ratings, which are applicable to its long-term senior unsecured obligations. The Ultimate Parent Bank's credit ratings are:

Rating Agency	Current Credit Rating	Qualification
Standard & Poor's	AA-	Outlook Stable
Moody's Investors Service	Aa2	Outlook Stable
Fitch Ratings	AA-	Outlook Stable

### Guarantors

No obligations of the NZ Branch are guaranteed as at 16 February 2016.

### ANZNZ Covered Bond Trust

Certain debt securities (Covered Bonds) issued by the Bank's wholly owned subsidiary, ANZ New Zealand (Int'l) Limited, are guaranteed by ANZNZ Covered Bond Trust Limited (the Covered Bond Guarantor), solely in its capacity as trustee of ANZNZ Covered Bond Trust. The Covered Bond Guarantor has guaranteed the payment of interest and principal of Covered Bonds with a carrying value as at 31 December 2015 of NZ\$4,828 million, pursuant to a guarantee which is secured over a pool of assets. The Covered Bond Guarantor's address for service is Level 9, 34 Shortland Street, Auckland, New Zealand. The Covered Bond Guarantor is not a member of the Banking Group and has no credit ratings applicable to its long term senior unsecured obligations payable in New Zealand dollars. The Covered Bonds have been assigned a long term rating of Aaa and AAA by Moody's Investors Service and Fitch Ratings respectively. Details of the pool of assets that secure this guarantee are provided in Note 7.

### Financial Statements of the Ultimate Parent Bank and Overseas Banking Group

Copies of the most recent publicly available financial statements of the Ultimate Parent Bank and Overseas Banking Group will be provided immediately, free of charge, to any person requesting a copy where the request is made at the Registered Office. The most recent publicly available financial statements for the Ultimate Parent Bank and Overseas Banking Group can also be accessed at the internet address anz.com.

### Other Matters

APRA has reviewed the level of exposures that can be provided to the respective New Zealand banking subsidiaries and branches (New Zealand operations) of the four Australian parent banks, including the Ultimate Parent Bank.

APRA has confirmed that by 1 January 2021 no more than 5% of the Ultimate Parent Bank's Level 1 Tier 1 capital can comprise non-equity exposures to its New Zealand operations during ordinary times. Exposures in excess of this limit must be reduced in equal percentages over the five year transition period and may not increase above the exposures as at 30 June 2015. This limit does not include holdings of capital instruments or eligible secured contingent funding support provided to the Bank during times of financial stress.

The Ultimate Parent Bank established a New Zealand branch which was registered on 5 January 2009. The Bank sells, from time-to-time, residential loans and mortgages into the NZ Branch to provide funding for the Bank's business. As at 31 December 2015, the NZ Branch held approximately NZ\$7.5 billion of residential loans. To satisfy APRA's requirements described above, the Bank intends to repay this funding at approximately NZ\$1.6 billion per annum over the next five years.

APRA has also clarified that contingent funding support by the Ultimate Parent Bank to the Bank during times of financial stress must be provided on terms that are acceptable to APRA and, in aggregate with all other exposures to its New Zealand operations, must not exceed 50% of the Ultimate Parent Bank's Level 1 Tier 1 capital. At present, only covered bonds meet APRA's criteria for contingent funding. On this basis, we believe that the Ultimate Parent Bank will continue to be able to provide financial support to the Bank.

### Changes to Conditions of Registration

The conditions of registration applying to the Ultimate Parent Bank were amended on 1 November 2015 to reflect the full application of the Financial Reporting Act 2013. Adoption of these amendments has not resulted in any material change to ANZ New Zealand's reported result or financial position.

### Directorate

Michael Smith retired as Chief Executive Officer and Executive Director on 31 December 2015.

Shayne Elliott became Chief Executive Officer and Executive Director on 1 January 2016.

### Auditor

ANZ New Zealand's auditor is KPMG, Chartered Accountants, Level 9, 10 Customhouse Quay, Wellington, New Zealand.

## INCOME STATEMENT

		Unaudited 3 months to 31/12/2015	Unaudited 3 months to 31/12/2014	Audited Year to 30/09/2015
	Note	NZ\$m	NZ\$m	NZ\$m
Interest income		1,761	1,868	7,417
Interest expense		1,013	1,151	4,537
Net interest income		748	717	2,880
Net trading gains / (losses)		(9)	64	262
Net funds management and insurance income		69	101	385
Other operating income	2	65	101	505
Share of associates' profit		-	1	5
Operating income		873	984	4,037
Operating expenses		378	384	1,513
Profit before credit impairment and income tax		495	600	2,524
Credit impairment charge	5	27	13	76
<b>Profit before income tax</b>		<b>468</b>	<b>587</b>	<b>2,448</b>
Income tax expense		121	162	677
<b>Profit after income tax</b>		<b>347</b>	<b>425</b>	<b>1,771</b>

## STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3 months to 31/12/2015	Unaudited 3 months to 31/12/2014	Audited Year to 30/09/2015
	NZ\$m	NZ\$m	NZ\$m
<b>Profit after income tax</b>	<b>347</b>	<b>425</b>	<b>1,771</b>
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial loss on defined benefit schemes	-	-	(33)
Income tax credit relating to items that will not be reclassified	-	-	9
Total items that will not be reclassified to profit or loss	-	-	(24)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Unrealised gains recognised directly in equity	-	14	12
Realised (gains) / losses transferred to income statement	1	(12)	(16)
Income tax credit / (expense) relating to items that may be reclassified	-	(1)	1
Total items that may be reclassified subsequently to profit or loss	1	1	(3)
<b>Total comprehensive income for the period</b>	<b>348</b>	<b>426</b>	<b>1,744</b>

## BALANCE SHEET

		Unaudited 31/12/2015	Unaudited 31/12/2014	Audited 30/09/2015
	Note	NZ\$m	NZ\$m	NZ\$m
<b>Assets</b>				
Cash		3,023	3,622	2,435
Settlement balances receivable		235	193	309
Collateral paid		2,853	1,269	1,929
Trading securities		12,003	12,023	12,139
Investments backing insurance contract liabilities		178	199	151
Derivative financial instruments		13,949	8,511	17,587
Available-for-sale assets		2,710	708	1,428
Net loans and advances	4	115,733	107,117	114,376
Other assets		700	668	740
Life insurance contract assets		510	513	552
Investments in associates		4	89	4
Premises and equipment		391	378	388
Goodwill and other intangible assets		3,500	3,458	3,492
<b>Total assets</b>		<b>155,789</b>	<b>138,748</b>	<b>155,530</b>
Interest earning and discount bearing assets		136,741	125,132	132,869
<b>Liabilities</b>				
Settlement balances payable		1,079	908	1,469
Collateral received		1,280	207	1,687
Deposits and other borrowings	8	105,607	97,624	99,736
Derivative financial instruments		16,078	10,467	17,769
Current tax liabilities		21	50	81
Deferred tax liabilities		117	87	124
Payables and other liabilities		1,503	1,342	1,527
Provisions		193	183	191
Debt issuances		16,059	15,972	19,403
Subordinated debt		2,644	1,401	2,683
<b>Total liabilities (excluding head office account)</b>		<b>144,581</b>	<b>128,241</b>	<b>144,670</b>
<b>Net assets (excluding head office account)</b>		<b>11,208</b>	<b>10,507</b>	<b>10,860</b>
<b>Equity</b>				
Share capital and head office account		8,058	7,393	8,058
Reserves		(9)	(6)	(10)
Retained earnings		3,159	3,120	2,812
<b>Total equity and head office account</b>		<b>11,208</b>	<b>10,507</b>	<b>10,860</b>
Interest and discount bearing liabilities		119,559	109,551	118,026

## CONDENSED CASH FLOW STATEMENT

	Unaudited 3 months to 31/12/2015 NZ\$m	Unaudited 3 months to 31/12/2014 NZ\$m	Audited Year to 30/09/2015 NZ\$m
<b>Cash flows from operating activities</b>			
Interest received	1,751	1,824	7,357
Interest paid	(1,060)	(1,157)	(4,482)
Other cash inflows provided by operating activities	264	228	958
Other cash outflows used in operating activities	(671)	(479)	(1,979)
<i>Cash flows from operating profits before changes in operating assets and liabilities</i>	284	416	1,854
Net changes in operating assets and liabilities	1,950	1,591	(1,876)
<b>Net cash flows provided by / (used in) operating activities</b>	2,234	2,007	(22)
<b>Cash flows from investing activities</b>			
Cash inflows provided by investing activities	15	-	-
Cash outflows used in investing activities	(38)	(24)	(132)
<b>Net cash flows used in investing activities</b>	(23)	(24)	(132)
<b>Cash flows from financing activities</b>			
Cash inflows provided by financing activities	-	325	6,369
Cash outflows used in financing activities	(1,681)	(908)	(5,945)
<b>Net cash flows provided by / (used in) financing activities</b>	(1,681)	(583)	424
Net increase in cash and cash equivalents	530	1,400	270
Cash and cash equivalents at beginning of the period	2,526	2,256	2,256
<b>Cash and cash equivalents at end of the period</b>	3,056	3,656	2,526

## STATEMENT OF CHANGES IN EQUITY

	Share capital and head office account NZ\$m	Cash flow hedging reserve NZ\$m	Retained earnings NZ\$m	Total equity NZ\$m
<b>As at 1 October 2014 (Audited)</b>	7,393	(7)	2,695	10,081
Profit after income tax	-	-	425	425
Unrealised gains recognised directly in equity	-	14	-	14
Realised gains transferred to the income statement	-	(12)	-	(12)
Income tax expense on items recognised directly in equity	-	(1)	-	(1)
<b>Total comprehensive income for the period</b>	-	1	425	426
<b>As at 31 December 2014 (Unaudited)</b>	7,393	(6)	3,120	10,507
<b>As at 1 October 2014 (Audited)</b>	7,393	(7)	2,695	10,081
Profit after income tax	-	-	1,771	1,771
Unrealised gains recognised directly in equity	-	12	-	12
Realised gains transferred to the income statement	-	(16)	-	(16)
Actuarial loss on defined benefit schemes	-	-	(33)	(33)
Income tax credit on items recognised directly in equity	-	1	9	10
<b>Total comprehensive income for the period</b>	-	(3)	1,747	1,744
Ordinary dividend paid	-	-	(1,630)	(1,630)
Preference shares issued	675	-	-	675
Preference shares redeemed	(10)	-	-	(10)
<b>As at 30 September 2015 (Audited)</b>	8,058	(10)	2,812	10,860
Profit after income tax	-	-	347	347
Realised losses transferred to the income statement	-	1	-	1
<b>Total comprehensive income for the period</b>	-	1	347	348
<b>As at 31 December 2015 (Unaudited)</b>	8,058	(9)	3,159	11,208

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (i) Reporting entity and statement of compliance

These interim financial statements are for ANZ New Zealand for the three months ended 31 December 2015. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice as appropriate for profit oriented entities, the requirements of NZ IAS 34 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and the Order, and should be read in conjunction with ANZ New Zealand's financial statements for the year ended 30 September 2015.

#### (ii) Basis of measurement

These financial statements have been prepared on a going concern basis in accordance with historical cost concepts except that the following assets and liabilities are stated at their fair value:

- derivative financial instruments, including in the case of fair value hedging, the fair value of any applicable underlying exposure;
- financial instruments held for trading;
- financial assets treated as available-for-sale; and
- financial instruments designated at fair value through profit and loss.

#### (iii) Changes in accounting policies

The accounting policies adopted by ANZ New Zealand are consistent with those adopted and disclosed in the previous full year Disclosure Statement.

#### (iv) Presentation currency and rounding

The amounts contained in the financial statements are presented in millions of New Zealand dollars, unless otherwise stated.

#### (v) Comparatives

Certain amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation.

#### (vi) Principles of consolidation

The consolidated financial statements of ANZ New Zealand comprise the financial statements of the NZ Branch and all the New Zealand businesses of all the subsidiaries of the Ultimate Parent Bank (those entities where it is determined that the Ultimate Parent Bank has capacity to control).

### 2. OTHER OPERATING INCOME

	Unaudited 3 months to 31/12/2015 NZ\$m	Unaudited 3 months to 31/12/2014 NZ\$m	Audited Year to 30/09/2015 NZ\$m
Net fee income	101	97	381
Fair value gain / (loss) on hedging activities and financial liabilities designated at fair value	(45)	(8)	70
Other income	9	12	54
<b>Total other operating income</b>	<b>65</b>	<b>101</b>	<b>505</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 3. SEGMENT ANALYSIS

ANZ New Zealand is organised into four major business segments for segment reporting purposes - Retail, Commercial, Wealth and Institutional. Centralised back office and corporate functions support these segments. These segments are consistent with internal reporting provided to the chief operating decision maker, being the Bank's Chief Executive Officer.

Segmental reporting has been updated to reflect minor changes to ANZ New Zealand's structure. Comparative data has been adjusted to be consistent with the current period's segment definitions.

#### Retail

Retail provides products and services to Retail and Business Banking customers via the branch network, mortgage specialists, the contact centre and a variety of self service channels (internet banking, phone banking, ATMs, website and mobile phone banking). Retail customers have personal banking requirements and Business Banking customers consist primarily of small enterprises with annual revenues of less than NZ\$5 million. Core products include current and savings accounts, unsecured lending (credit cards, personal loans and overdrafts) and home loans secured by mortgages over property. The Retail segment distributes insurance and investment products on behalf of the Wealth segment.

#### Commercial

Commercial provides services to Commercial & Agri (CommAgri) and UDC customers. CommAgri customers consist of primarily privately owned medium to large enterprises. Commercial's relationship with these businesses ranges from simple banking requirements with revenue from deposit and transactional facilities, and cash flow lending, to more complex funding arrangements with revenue sourced from a wider range of products. UDC is principally involved in the financing and leasing of plant, vehicles and equipment, mainly for small and medium sized businesses, as well as investment products.

#### Wealth

Wealth comprises the Private Wealth, Funds Management and Insurance businesses, which provide private banking, investment, superannuation and insurance products and services.

#### Institutional

Institutional provides financial services through a number of specialised units to large multi-banked corporations, often global, which require sophisticated product and risk management solutions. Those financial services include loan structuring, foreign exchange, wholesale money market services and transaction banking.

#### Other

Other includes treasury and back office support functions, none of which constitutes a separately reportable segment.

#### Business segment analysis<sup>1</sup>

	Retail NZ\$m	Commercial NZ\$m	Wealth NZ\$m	Institutional NZ\$m	Other <sup>2</sup> NZ\$m	Total NZ\$m
<b>Unaudited 3 months to 31/12/2015</b>						
External revenues	664	491	33	91	(406)	873
Intersegment revenues	(159)	(263)	40	13	369	-
Total revenues	505	228	73	104	(37)	873
Profit / (loss) after income tax	196	107	31	39	(26)	347
<b>Unaudited 3 months to 31/12/2014</b>						
External revenues	628	527	34	218	(423)	984
Intersegment revenues	(140)	(292)	42	(63)	453	-
Total revenues	488	235	76	155	30	984
Profit after income tax	188	129	31	67	10	425
<b>Audited year to 30/09/2015</b>						
External revenues	2,541	2,070	159	851	(1,584)	4,037
Intersegment revenues	(583)	(1,149)	164	(184)	1,752	-
Total revenues	1,958	921	323	667	168	4,037
Profit after income tax	735	478	136	333	89	1,771

<sup>1</sup> Intersegment transfers are accounted for and determined on an arm's length or cost recovery basis.

<sup>2</sup> This segment has negative external revenues as this segment incurs funding costs on behalf of ANZ New Zealand and is reimbursed internally.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. NET LOANS AND ADVANCES

	Note	Unaudited 31/12/2015 NZ\$m	Unaudited 31/12/2014 NZ\$m	Audited 30/09/2015 NZ\$m
Overdrafts		1,417	1,489	1,638
Credit card outstandings		1,753	1,664	1,688
Term loans - housing		68,673	62,749	67,456
Term loans - non-housing		43,147	40,589	42,880
Lease receivables		232	261	236
Hire purchase		978	857	946
Other		-	125	-
<b>Total gross loans and advances</b>		<b>116,200</b>	<b>107,734</b>	<b>114,844</b>
Less: Provision for credit impairment	5	(623)	(682)	(629)
Less: Unearned income		(217)	(219)	(214)
Add: Capitalised brokerage/mortgage origination fees		342	238	323
Add: Customer liability for acceptances		31	46	52
<b>Total net loans and advances</b>		<b>115,733</b>	<b>107,117</b>	<b>114,376</b>

### 5. PROVISION FOR CREDIT IMPAIRMENT

	Retail mortgages NZ\$m	Other retail exposures NZ\$m	Non-retail exposures NZ\$m	Total NZ\$m
<b>Unaudited 31/12/2015</b>				
Collective provision	87	124	254	465
Individual provision	55	7	96	158
Total provision for credit impairment	142	131	350	623
Collective credit impairment charge / (release)	-	(3)	1	(2)
Individual credit impairment charge / (release)	(5)	17	17	29
Credit impairment charge / (release)	(5)	14	18	27
<b>Unaudited 31/12/2014</b>				
Collective provision	89	114	261	464
Individual provision	78	14	126	218
Total provision for credit impairment	167	128	387	682
Collective credit impairment charge / (release)	(2)	(4)	6	-
Individual credit impairment charge / (release)	(1)	15	(1)	13
Credit impairment charge / (release)	(3)	11	5	13
<b>Audited 30/09/2015</b>				
Collective provision	87	127	253	467
Individual provision	62	9	91	162
Total provision for credit impairment	149	136	344	629
Collective credit impairment charge / (release)	(4)	9	(2)	3
Individual credit impairment charge / (release)	(4)	68	9	73
Credit impairment charge / (release)	(8)	77	7	76

## NOTES TO THE FINANCIAL STATEMENTS

### 6. IMPAIRED AND PAST DUE ASSETS

	Retail mortgages NZ\$m	Other retail exposures NZ\$m	Non-retail exposures NZ\$m	Total NZ\$m
<b>Unaudited 31/12/2015</b>				
Total impaired assets	92	29	246	367
Loans that are at least 90 days past due but not impaired	116	32	29	177
<b>Unaudited 31/12/2014</b>				
Total impaired assets	168	34	354	556
Loans that are at least 90 days past due but not impaired	123	34	60	217
<b>Audited 30/09/2015</b>				
Total impaired assets	119	32	253	404
Loans that are at least 90 days past due but not impaired	128	32	62	222

### 7. ASSETS CHARGED AS SECURITY FOR LIABILITIES

	Carrying Amount		
	Unaudited 31/12/2015 NZ\$m	Unaudited 31/12/2014 NZ\$m	Audited 30/09/2015 NZ\$m
Cash collateral given on derivative financial instruments	2,853	1,269	1,929
Securities sold under agreements to repurchase	538	764	47
Residential mortgages pledged as security for covered bonds	7,643	7,631	7,547
Assets pledged as collateral for UDC secured investments	2,498	2,372	2,441
<b>Total financial assets pledged as collateral</b>	<b>13,532</b>	<b>12,036</b>	<b>11,964</b>

#### ANZ NZ Covered Bond Trust (the Covered Bond Trust)

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

ANZ New Zealand continues to recognise the assets of the Covered Bond Trust on its balance sheet as, although they are pledged as security for covered bonds, the Bank retains substantially all the risks and rewards of ownership.

### 8. DEPOSITS AND OTHER BORROWINGS

	Note	Unaudited 31/12/2015 NZ\$m	Unaudited 31/12/2014 NZ\$m	Audited 30/09/2015 NZ\$m
Term deposits		36,324	34,201	34,982
Other deposits bearing interest and other borrowings		42,984	35,729	41,436
Deposits not bearing interest		7,154	6,371	6,716
UDC secured investments	7	1,726	1,562	1,736
<b>Total customer deposits</b>		<b>88,188</b>	<b>77,863</b>	<b>84,870</b>
Certificates of deposit		2,642	2,154	745
Commercial paper		5,858	7,378	4,964
Deposits from banks		539	757	47
Borrowings from Ultimate Parent Bank and Immediate Parent Company		8,380	9,472	9,110
<b>Total deposits and other borrowings</b>		<b>105,607</b>	<b>97,624</b>	<b>99,736</b>

### 9. RELATED PARTY BALANCES

	Unaudited 31/12/2015 NZ\$m	Unaudited 31/12/2014 NZ\$m	Audited 30/09/2015 NZ\$m
Total due from related parties	3,815	3,347	4,179
Total due to related parties	12,995	14,560	14,093

# NOTES TO THE FINANCIAL STATEMENTS

## 10. CAPITAL ADEQUACY

### Basel III capital ratios

	Overseas Banking Group			Ultimate Parent Bank (Extended Licensed Entity)	
	31/12/2015	31/12/2014	30/09/2015	30/09/2015	30/09/2014
<b>Unaudited</b>					
Common equity tier 1 capital	9.4%	8.4%	9.6%	9.6%	9.1%
Tier 1 capital	11.2%	9.9%	11.3%	11.6%	11.3%
Total capital	13.3%	11.8%	13.3%	13.7%	13.4%

For calculation of minimum capital requirements under Pillar 1 (Capital Requirements) of the Basel Accord, APRA has accredited the Overseas Banking Group to use the Advanced Internal Ratings Based (AIRB) methodology for calculation of credit risk weighted assets and the Advanced Measurement Approach (AMA) for the operational risk weighted asset equivalent.

Under prudential regulations, the Overseas Banking Group is required to maintain a Prudential Capital Ratio (PCR) as determined by APRA. The Overseas Banking Group exceeded the PCR set by APRA as at 31 December 2015 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 31 December 2015. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 31 December 2015, in accordance with APS 330: *Public Disclosure of Prudential Information*, discloses capital adequacy ratios and other prudential information. This document can be accessed at the website [anz.com](http://anz.com).

### Market risk

ANZ New Zealand's aggregate market risk exposures below have been calculated in accordance with the RBNZ document BS2B.

	Implied risk weighted exposure	Notional capital charge
	NZ\$m	NZ\$m
<b>Unaudited 31/12/2015</b>		
Interest rate risk	7,111	569
Foreign currency risk	72	6
Equity risk	2	-
	7,185	575

### Residential mortgages by loan-to-valuation ratio

As required by the RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by ANZ New Zealand's valuation of the security property at origination of the exposure. Off balance sheet exposures include undrawn and partially drawn residential mortgage loans as well as commitments to lend. Commitments to lend are formal offers for housing lending which have been accepted by the customer.

	31/12/2015		Total NZ\$m
	On-balance sheet NZ\$m	Off-balance sheet NZ\$m	
<b>Unaudited</b>			
<b>LVR range</b>			
Does not exceed 60%	25,420	4,259	29,679
Exceeds 60% and not 70%	13,338	1,321	14,659
Exceeds 70% and not 80%	19,855	1,785	21,640
Does not exceed 80%	58,613	7,365	65,978
Exceeds 80% and not 90%	5,426	214	5,640
Exceeds 90%	2,392	254	2,646
<b>Total</b>	66,431	7,833	74,264

## NOTES TO THE FINANCIAL STATEMENTS

### 11. LIQUIDITY PORTFOLIO

ANZ New Zealand holds a diversified portfolio of cash and high quality liquid securities to support liquidity risk management. The size of ANZ New Zealand's liquidity portfolio is based on the amount required to meet its liquidity policy and includes both items classified as cash and those classified as operating assets in the Condensed Cash Flow Statement.

<b>Unaudited 31/12/2015</b>	<b>NZ\$m</b>
Cash and balances with central banks	2,255
Certificates of deposit	1,368
Government, local body stock and bonds	5,399
Government treasury bills	876
Reserve Bank bills	792
Other bonds	5,902
<b>Total liquidity portfolio</b>	<b>16,592</b>

The Bank also held unencumbered internal residential mortgage backed securities which would entitle the Banking Group to enter into repurchase transactions with a value of NZ\$5,874 million at 31 December 2015.

### 12. FAIR VALUE MEASUREMENTS

#### Financial assets and financial liabilities not measured 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 at fair value or considered a reasonable approximation of fair value.

The fair values below have been calculated using discounted cash flow techniques where contractual future cash flows of the instrument are discounted using discount rates incorporating wholesale market rates or market borrowing rates of debt with similar maturities or a yield curve appropriate for the remaining term to maturity.

	<b>Unaudited</b>		<b>Unaudited</b>		<b>Audited</b>	
	<b>31/12/2015</b>		<b>31/12/2014</b>		<b>30/09/2015</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	<b>NZ\$m</b>	<b>NZ\$m</b>	<b>NZ\$m</b>	<b>NZ\$m</b>	<b>NZ\$m</b>	<b>NZ\$m</b>
<b>Assets</b>						
Net loans and advances <sup>1</sup>	115,733	116,229	107,117	107,387	114,376	114,899
<b>Liabilities</b>						
Deposits and other borrowings <sup>2</sup>	105,607	105,780	97,624	97,768	99,736	99,947
Debt issuances <sup>1</sup>	16,059	16,152	15,972	16,127	19,403	19,516
Subordinated debt	2,644	2,638	1,401	1,403	2,683	2,640

<sup>1</sup> Fair value hedging is applied to certain financial instruments within these categories. The resulting fair value adjustments mean that the carrying value differs from the amortised cost.

<sup>2</sup> Includes commercial paper (note 8) designated at fair value through profit or loss.

#### Financial assets and financial liabilities measured at fair value in the balance sheet

ANZ New Zealand uses a valuation method within the following hierarchy to determine the carrying amount of assets and liabilities held at fair value, all of which are recurring fair value measurements. There are no assets or liabilities measured at fair value on a non-recurring basis.

- Level 1 – Financial instruments that have been valued by reference to unadjusted quoted prices in active markets for identical financial instruments. This category includes financial instruments valued using quoted yields where available for specific debt securities.
- Level 2 – Financial instruments that have been valued through valuation techniques incorporating inputs other than quoted prices within Level 1 that are observable for a similar financial asset or liability, either directly or indirectly.
- Level 3 – Financial instruments that have been valued using valuation techniques which incorporate significant inputs that are not based on observable market data (unobservable inputs).

There have been no substantial changes in the valuation techniques applied to different classes of financial instruments during the period.

## NOTES TO THE FINANCIAL STATEMENTS

### Valuation hierarchy

	Unaudited 31/12/2015				Unaudited 31/12/2014				Audited 30/09/2015			
	Level 1 NZ\$m	Level 2 NZ\$m	Level 3 NZ\$m	Total NZ\$m	Level 1 NZ\$m	Level 2 NZ\$m	Level 3 NZ\$m	Total NZ\$m	Level 1 NZ\$m	Level 2 NZ\$m	Level 3 NZ\$m	Total NZ\$m
<b>Financial assets</b>												
Trading securities	11,824	179	-	12,003	11,912	111	-	12,023	11,880	259	-	12,139
Derivative financial instruments	19	13,930	-	13,949	4	8,507	-	8,511	12	17,575	-	17,587
Available-for-sale assets	1,384	1,324	2	2,710	548	158	2	708	900	526	2	1,428
Investments backing insurance contract liabilities	3	175	-	178	3	196	-	199	2	149	-	151
<b>Total financial assets held at fair value</b>	<b>13,230</b>	<b>15,608</b>	<b>2</b>	<b>28,840</b>	<b>12,467</b>	<b>8,972</b>	<b>2</b>	<b>21,441</b>	<b>12,794</b>	<b>18,509</b>	<b>2</b>	<b>31,305</b>
<b>Financial liabilities</b>												
Deposits and other borrowings	-	5,858	-	5,858	-	7,378	-	7,378	-	4,964	-	4,964
Derivative financial instruments	2	16,076	-	16,078	3	10,464	-	10,467	18	17,751	-	17,769
Payables and other liabilities	467	-	-	467	177	-	-	177	309	-	-	309
<b>Total financial liabilities held at fair value</b>	<b>469</b>	<b>21,934</b>	<b>-</b>	<b>22,403</b>	<b>180</b>	<b>17,842</b>	<b>-</b>	<b>18,022</b>	<b>327</b>	<b>22,715</b>	<b>-</b>	<b>23,042</b>

### 13. CONCENTRATIONS OF CREDIT RISK TO INDIVIDUAL COUNTERPARTIES

ANZ New Zealand measures its concentration of credit risk to bank counterparties on the basis of approved exposures, and to non-bank counterparties on the basis of limits.

For the three months ended 31 December 2015 there were no individual counterparties, excluding connected parties, governments and banks with long term credit ratings of A- or above, where ANZ New Zealand's period end or peak end-of-day credit exposure equalled or exceeded 10% of the Overseas Banking Group's equity as at the end of the period.

This credit exposure information does not include exposures to counterparties if they are booked outside New Zealand.

### 14. INSURANCE BUSINESS

ANZ New Zealand conducts insurance business through its subsidiary OnePath Life (NZ) Limited (OnePath Life).

ANZ New Zealand's aggregate amount of insurance business comprises the total assets of OnePath Life of NZ\$881 million (31/12/2014: NZ\$902 million; 30/09/2015 NZ\$884 million), which is 0.6% (31/12/2014: 0.7%; 30/09/2015 0.6%) of the total consolidated assets of ANZ New Zealand.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. CREDIT RELATED COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

	Face or contract value		
	Unaudited	Unaudited	Audited
	31/12/2015	31/12/2014	30/09/2015
	NZ\$m	NZ\$m	NZ\$m
<b>Credit related commitments</b>			
Commitments with certain drawdown due within one year	835	884	1,130
Commitments to provide financial services	31,559	28,998	31,063
<b>Total credit related commitments</b>	<b>32,394</b>	<b>29,882</b>	<b>32,193</b>
<b>Guarantees and contingent liabilities</b>			
Financial guarantees	828	878	920
Standby letters of credit	60	67	82
Transaction related contingent items	1,399	1,300	1,385
Trade related contingent liabilities	71	87	67
<b>Total guarantees and contingent liabilities</b>	<b>2,358</b>	<b>2,332</b>	<b>2,454</b>

ANZ New Zealand guarantees the performance of customers by issuing standby letters of credit and guarantees to third parties, including its Ultimate Parent Bank. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers, therefore these transactions are subjected to the same credit origination, portfolio management and collateral requirements for customers applying for loans. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

#### Other contingent liabilities

On 11 March 2013, litigation funder Litigation Lending Services (NZ) Limited announced plans for a representative action against banks in New Zealand for certain fees charged to New Zealand customers over the past six years. Proceedings were filed against the Bank on 25 June 2013. The potential outcome of this litigation cannot be determined with any certainty at this stage.

ANZ New Zealand has other contingent liabilities in respect of actual and possible claims and court proceedings.

An assessment of ANZ New Zealand's likely loss in respect of these matters has been made on a case-by-case basis and provision made where deemed necessary.

## NOTES TO THE FINANCIAL STATEMENTS

### 16. ADDITIONAL DISCLOSURES

#### NZ Branch Funding

	<b>Unaudited 31/12/2015</b>
	<b>NZ\$m</b>
Total liabilities of the NZ Branch less amounts due to related parties	1,065

#### Overseas Banking Group Profitability and Size

	<b>Audited 30/09/2015</b>
	<b>AUDm</b>
Profit for the year ended 30/09/2015 <sup>1</sup>	7,507
Net profit after tax for the year to 30/09/2015 as a percentage of average total assets	0.86%
Total assets	889,900
Percentage change in total assets in the year to 30/09/2015	15.26%

<sup>1</sup> Net profit after tax for the period includes AUD 14 million of profit attributable to non-controlling interests.

#### Overseas Banking Group asset quality

	<b>Unaudited 30/09/2015</b>
	<b>AUDm</b>
Gross impaired assets	2,719
Gross impaired assets as a percentage of total assets	0.3%
Individual provision	1,061
Individual provision as a percentage of gross impaired assets	39.0%
Collective provision	2,956



## DIRECTORS' AND NEW ZEALAND CHIEF EXECUTIVE OFFICER'S STATEMENT

As at the date on which this Disclosure Statement is signed, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes that:

- (i) The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014; and
- (ii) The Disclosure Statement is not false or misleading.

Over the three months ended 31 December 2015, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes that:

- (i) The Ultimate Parent Bank has complied with all Conditions of Registration that applied during that period;
- (ii) The NZ Branch and the Bank had systems in place to monitor and control adequately the material risks of Relevant Members of ANZ New Zealand 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.

**This Disclosure Statement is dated 16 February 2016, and has been signed by the Chairman of the Ultimate Parent Bank, on behalf of all Directors, and by the Chief Executive Officer – NZ Branch.**



**David Gonski, AC**  
Chairman,  
on behalf of the Directors:



**Anthony Bradshaw**  
Chief Executive Officer – NZ Branch

**Ilana Atlas**  
**Paula Dwyer**  
**Shayne Elliott**  
**Lee Hsien Yang**  
**Graeme Liebelt**  
**Ian Macfarlane, AC**  
**John Macfarlane**

