

# **ANZ National (Int'l) Limited**

## **Interim Financial Statements**

**For the six months ended 31 March 2012**

## Statement of Comprehensive Income

\$ thousands	Unaudited 6 months to 31/03/2012	Unaudited 6 months to 31/03/2011	Audited Year to 30/09/2011
Interest income	221,907	188,657	383,859
Interest expense	218,039	184,709	375,935
Net interest income	3,868	3,948	7,924
Net foreign exchange gains / (losses)	53	(10)	(19)
Total income	3,921	3,938	7,905
Operating expenses	329	278	589
<b>Profit before income tax</b>	<b>3,592</b>	3,660	7,316
Income tax expense	1,006	1,098	2,306
<b>Profit after income tax</b>	<b>2,586</b>	2,562	5,010
<b>Other comprehensive income</b>			
Currency translation adjustments	-	-	-
<b>Total comprehensive income</b>	<b>2,586</b>	2,562	5,010

## Statement of Changes in Equity

\$ thousands	Note	Share capital	Foreign currency translation reserve	Retained profits	Total equity
As at 1 October 2010 (audited)		500	3,283	3,004	6,787
Profit after tax		-	-	2,562	2,562
Other comprehensive income		-	110	(110)	-
Total comprehensive income		-	110	2,452	2,562
As at 31 March 2011 (unaudited)		500	3,393	5,456	9,349
As at 1 October 2010 (audited)		500	3,283	3,004	6,787
Profit after tax		-	-	5,010	5,010
Other comprehensive income		-	(120)	120	-
Total comprehensive income		-	(120)	5,130	5,010
Ordinary dividend paid		-	-	(3,004)	(3,004)
As at 30 September 2011 (audited)		500	3,163	5,130	8,793
Transfer on change in functional currency	1	-	(3,163)	3,163	-
Profit after tax		-	-	2,586	2,586
Total comprehensive income		-	-	2,586	2,586
As at 31 March 2012 (unaudited)		500	-	10,879	11,379

## Balance Sheet

\$ thousands	Note	Unaudited 31/03/2012	Unaudited 31/03/2011	Audited 30/09/2011
<b>Assets</b>				
Liquid assets		369	78	181
Amounts due from parent company		19,647,879	19,827,384	19,992,149
Total assets		19,648,248	19,827,462	19,992,330
<b>Liabilities</b>				
Payables and other liabilities		104,371	93,884	99,369
Deposits and other borrowings		4,456,627	2,860,319	4,790,137
Current tax liabilities		1,432	1,198	1,292
Amounts due to related parties		2,348,527	2,464,336	2,296,295
Bonds and notes		12,725,912	14,398,376	12,796,444
Total liabilities		19,636,869	19,818,113	19,983,537
Net assets		11,379	9,349	8,793
<b>Equity</b>				
Ordinary share capital		500	500	500
Foreign currency translation reserve	1	-	3,393	3,163
Retained profits		10,879	5,456	5,130
Total equity		11,379	9,349	8,793

## Cash Flow Statement

\$ thousands	Unaudited 6 months to 31/03/2012	Unaudited 6 months to 31/03/2011	Audited Year to 30/09/2011
<b>Cash flows from operating activities</b>			
Interest received	214,820	201,624	390,497
Interest paid	(210,905)	(197,663)	(382,833)
Operating expenses	(378)	(286)	(558)
Payment of tax	(866)	(1,015)	(2,129)
<b>Net cash flows provided by operating activities</b>	<b>2,671</b>	<b>2,660</b>	<b>4,977</b>
<b>Cash flows from investing activities</b>			
(Decrease) / Increase in due from parent company	(178,250)	3,935,375	4,250,157
<b>Net cash flows (used in) / provided by investing activities</b>	<b>(178,250)</b>	<b>3,935,375</b>	<b>4,250,157</b>
<b>Cash flows from financing activities</b>			
Proceeds from bonds and notes	2,016,909	1,767,437	1,767,437
Increase / (Decrease) in due to related parties	182,955	(1,145,575)	(1,324,128)
Decrease in deposits and other borrowings	(398,075)	(4,559,890)	(2,939,814)
Redemptions of bonds and notes	(1,626,022)	-	(1,755,515)
Dividends paid	-	-	(3,004)
<b>Net cash flows provided by / (used in) financing activities</b>	<b>175,767</b>	<b>(3,938,028)</b>	<b>(4,255,024)</b>
Net increase in cash and cash equivalents	188	7	110
Opening cash and cash equivalents	181	71	71
<b>Closing cash and cash equivalents</b>	<b>369</b>	<b>78</b>	<b>181</b>

## Notes to the Financial Statements

### 1. Accounting Policies

#### (i) Basis of preparation

These interim financial statements for ANZ National (Int'l) Limited ("the Company") have been prepared in accordance with the requirements of *NZ IAS 34: Interim Financial Reporting*, and should be read in conjunction with the financial statements for the year ended 30 September 2011.

#### (ii) Presentation and functional currency

On 1 October 2011 the Company changed its functional currency to New Zealand dollars ("NZD") from United States dollars ("USD"), because of the increase in the number of currencies in which funding is obtained and that the Company operates as a financial intermediary with its parent. NZD was chosen as the new functional currency because it is the functional currency of the parent company and the Company's activities are substantially managed in NZD. The change in functional currency has been accounted for prospectively from the date of change. As shown in the statement of changes in equity, the foreign currency translation reserve of \$3,163,000 was transferred to retained profits on 1 October 2011.

These financial statements are presented in thousands of New Zealand dollars (2011: thousands of New Zealand dollars), unless otherwise stated.

#### (iii) Changes in accounting policies

Apart from the change in functional currency, there have been no changes to accounting policies since the issuance of the last annual financial statements.

### 2. Related Parties

The Company is wholly owned by ANZ National Bank Limited ("the Parent Company"), which is incorporated in New Zealand. The ultimate parent company is Australia and New Zealand Banking Group Limited, which is incorporated in Australia.

The following liabilities were guaranteed by the Parent Company:

	Unaudited 31/03/2012	Unaudited 31/03/2011	Audited 30/09/2011
\$ thousands			
Deposits and other borrowings	<b>4,456,627</b>	2,860,319	4,790,137
Borrowings due to Australia and New Zealand Banking Group Limited and subsidiaries	<b>2,345,676</b>	2,462,488	2,294,235
Bonds and notes	<b>12,725,912</b>	14,398,376	12,796,444

As at 31 March 2012, covered bonds of \$1,898 million (31 March 2011 nil; 30 September 2011 nil) included in Bonds and Notes were guaranteed by ANZNZ Covered Bond Trust Limited as trustee of ANZNZ Covered Bond Trust under the terms of the Parent Company's covered bond programme. The assets of ANZNZ Covered Bond Trust are not available to creditors of the Parent Company, although the Parent Company (or its liquidator or statutory manager) may have a claim against the residual assets of ANZNZ Covered Bond Trust (if any) after all prior ranking creditors of ANZNZ Covered Bond Trust have been satisfied.

## **Interim Management Report**

The principal activities of the Company include the provision of funding facilities and wholesale funding to its parent company, ANZ National Bank Limited, including the issuance of U.S. Commercial Paper, Euro-Commercial Paper, U.S. Medium-Term Notes, Euro Medium-Term Notes and European Covered Bonds. The Company's overseas activities are currently conducted through its London Branch. The Company has no subsidiary companies.

### **Important Events**

The decrease in the Company's total assets from \$19,992 million as at 30 September 2011 to \$19,648 million as at 31 March 2012 has been driven primarily by the strengthening of the NZD/USD spot rate from 0.76 at 30 September 2011 to 0.82 at 31 March 2012. This has offset an increase in bonds and notes from new EUR and CHF issuances, replacing GBP maturities.

Net interest income of \$3.9 million for the six months to 31 March 2012 was consistent with the prior financial year (six months ended 31 March 2011: \$3.9 million; year ended 30 September 2011: \$8.0 million), reflecting a broadly constant level of assets.

### **Principal Risks and Uncertainties**

The Company expects minimal change to 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, and 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 significant 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.

## 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 management report of the Company includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules (DTR), being:

- An indication of important events that have occurred during the first six months of the financial year, and their impact on the interim financial statements; and
- A description of the principal risks and uncertainties for the remaining six months of the financial year.

For and on behalf of the Board of Directors:

 \_\_\_\_\_ Director  
Nick Freeman

 \_\_\_\_\_ Director  
David Hisco

15 May 2012 \_\_\_\_\_ Date





## Auditors' review report

### To the shareholder of ANZ National (Int'l) Limited

We have reviewed the interim financial statements on pages 1 to 3 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. The financial statements provide information about the past financial performance of ANZ National (Int'l) Limited and its financial position as at 31 March 2012.

#### Directors' responsibilities

The Directors of ANZ National (Int'l) Limited are responsible for the preparation of interim financial statements which give a true and fair view of the financial position of the company as at 31 March 2012 and the results of its operations and cash flows for the six months ended on that date.

#### Reviewers' responsibilities

It is our responsibility to express an independent opinion on the interim financial statements presented by the Directors and report our opinion to you.

#### Basis of opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to the financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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 the interim financial statements on pages 1 to 3 do not give a true and fair view of the financial position of ANZ National (Int'l) Limited as at 31 March 2012, the results of its operations and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting*.

Our review was completed on 15 May 2012 and our opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'KPMG', with a horizontal line drawn underneath it.

Wellington