

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

FOR THE NINE MONTHS ENDED 30 JUNE 2016
NUMBER 31 | ISSUED AUGUST 2016



REGISTERED BANK DISCLOSURE STATEMENT

FOR THE NINE MONTHS ENDED 30 JUNE 2016

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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. On 7 July 2016, Standard & Poor's changed the outlook on the Ultimate Parent Bank from Stable to Negative.

The Ultimate Parent Bank's credit ratings are:

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

Guarantors

No obligations of the NZ Branch are guaranteed as at 15 August 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 30 June 2016 of NZ\$4,739 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 30 June 2016, the NZ Branch held approximately NZ\$6.6 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 five year transition period ending 31 December 2020.

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.

Directorate

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

Shayne Elliott became Chief Executive Officer and an 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 9 months to 30/06/2016 NZ\$m	Unaudited 9 months to 30/06/2015 NZ\$m	Audited Year to 30/09/2015 NZ\$m
	Note			
Interest income		5,109	5,576	7,417
Interest expense		2,842	3,436	4,537
Net interest income		2,267	2,140	2,880
Net trading gains		44	218	262
Net funds management and insurance income		325	280	385
Other operating income	2	309	352	505
Share of associates' profit		2	4	5
Operating income		2,947	2,994	4,037
Operating expenses	2	1,198	1,134	1,513
Profit before credit impairment and income tax		1,749	1,860	2,524
Credit impairment charge	5	104	58	76
Profit before income tax		1,645	1,802	2,448
Income tax expense		452	498	677
Profit after income tax		1,193	1,304	1,771

STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 9 months to 30/06/2016 NZ\$m	Unaudited 9 months to 30/06/2015 NZ\$m	Audited Year to 30/09/2015 NZ\$m
Profit after income tax	1,193	1,304	1,771
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial loss on defined benefit schemes	(6)	(26)	(33)
Income tax credit relating to items that will not be reclassified	2	7	9
Total items that will not be reclassified to profit or loss	(4)	(19)	(24)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Unrealised gains recognised directly in equity	78	2	12
Realised losses / (gains) transferred to income statement	4	(16)	(16)
Income tax credit / (expense) relating to items that may be reclassified	(23)	4	1
Total items that may be reclassified subsequently to profit or loss	59	(10)	(3)
Total comprehensive income for the period	1,248	1,275	1,744

BALANCE SHEET

		Unaudited 30/06/2016	Unaudited 30/06/2015	Audited 30/09/2015
	Note	NZ\$m	NZ\$m	NZ\$m
Assets				
Cash		1,951	3,643	2,435
Settlement balances receivable		550	346	309
Collateral paid		2,326	2,219	1,929
Trading securities		12,746	12,257	12,139
Investments backing insurance contract liabilities		120	141	151
Derivative financial instruments		21,376	16,486	17,587
Current tax assets		136	77	-
Available-for-sale assets		2,831	782	1,428
Net loans and advances	4	119,744	112,991	114,376
Other assets		723	717	740
Life insurance contract assets		633	541	552
Investments in associates		4	90	4
Premises and equipment		398	374	388
Goodwill and other intangible assets		3,418	3,471	3,492
Total assets		166,956	154,135	155,530
Interest earning and discount bearing assets		140,069	132,423	132,869
Liabilities				
Settlement balances payable		1,502	1,315	1,469
Collateral received		761	1,278	1,687
Deposits and other borrowings	8	108,413	100,736	99,736
Derivative financial instruments		23,290	16,360	17,769
Current tax liabilities		-	-	81
Deferred tax liabilities		156	98	124
Payables and other liabilities		1,595	1,720	1,527
Provisions		190	195	191
Debt issuances	9	17,108	19,313	19,403
Subordinated debt	10	2,623	2,719	2,683
Total liabilities (excluding head office account)		155,638	143,734	144,670
Net assets (excluding head office account)		11,318	10,401	10,860
Equity				
Share capital and head office account		8,058	7,393	8,058
Reserves		49	(17)	(10)
Retained earnings		3,211	3,025	2,812
Total equity and head office account		11,318	10,401	10,860
Interest and discount bearing liabilities		122,345	118,901	118,026

CONDENSED CASH FLOW STATEMENT

	Unaudited 9 months to 30/06/2016 NZ\$m	Unaudited 9 months to 30/06/2015 NZ\$m	Audited Year to 30/09/2015 NZ\$m
Cash flows from operating activities			
Interest received	5,114	5,514	7,357
Interest paid	(2,835)	(3,362)	(4,482)
Other cash inflows provided by operating activities	718	655	958
Other cash outflows used in operating activities	(1,713)	(1,674)	(1,979)
<i>Cash flows from operating profits before changes in operating assets and liabilities</i>	1,284	1,133	1,854
Net changes in operating assets and liabilities	(622)	(860)	(1,876)
Net cash flows provided by / (used in) operating activities	662	273	(22)
Cash flows from investing activities			
Cash inflows provided by investing activities	38	-	-
Cash outflows used in investing activities	(69)	(77)	(132)
Net cash flows used in investing activities	(31)	(77)	(132)
Cash flows from financing activities			
Cash inflows provided by financing activities	3,907	4,281	6,369
Cash outflows used in financing activities	(5,070)	(3,022)	(5,945)
Net cash flows provided by / (used in) financing activities	(1,163)	1,259	424
Net increase / (decrease) in cash and cash equivalents	(532)	1,455	270
Cash and cash equivalents at beginning of the period	2,526	2,256	2,256
Cash and cash equivalents at end of the period	1,994	3,711	2,526

STATEMENT OF CHANGES IN EQUITY

	Share capital and head office account NZ\$m	Available- for-sale revaluation reserve NZ\$m	Cash flow hedging reserve NZ\$m	Retained earnings NZ\$m	Total equity NZ\$m
As at 1 October 2014 (Audited)	7,393	-	(7)	2,695	10,081
Profit after income tax	-	-	-	1,304	1,304
Unrealised gains recognised directly in equity	-	1	1	-	2
Realised gains transferred to the income statement	-	-	(16)	-	(16)
Actuarial loss on defined benefit schemes	-	-	-	(26)	(26)
Income tax credit on items recognised directly in equity	-	-	4	7	11
Total comprehensive income for the period	-	1	(11)	1,285	1,275
Ordinary dividend paid	-	-	-	(955)	(955)
As at 30 June 2015 (Unaudited)	7,393	1	(18)	3,025	10,401
As at 1 October 2014 (Audited)	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
Total comprehensive income for the period	-	-	(3)	1,747	1,744
Preference shares issued	675	-	-	-	675
Preference shares redeemed	(10)	-	-	-	(10)
Ordinary dividend paid	-	-	-	(1,630)	(1,630)
As at 30 September 2015 (Audited)	8,058	-	(10)	2,812	10,860
Profit after income tax	-	-	-	1,193	1,193
Unrealised gains recognised directly in equity	-	-	78	-	78
Realised losses transferred to the income statement	-	-	4	-	4
Actuarial loss on defined benefit schemes	-	-	-	(6)	(6)
Income tax credit / (expense) on items recognised directly in equity	-	-	(23)	2	(21)
Total comprehensive income for the period	-	-	59	1,189	1,248
Ordinary dividend paid	-	-	-	(790)	(790)
As at 30 June 2016 (Unaudited)	8,058	-	49	3,211	11,318

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 nine months ended 30 June 2016. 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

With the exception of software changes in note 2, 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 AND EXPENSES

Other operating income

	Unaudited 9 months to 30/06/2016 NZ\$m	Unaudited 9 months to 30/06/2015 NZ\$m	Audited Year to 30/09/2015 NZ\$m
Net fee income	301	286	381
Fair value gain / (loss) on hedging activities and financial liabilities designated at fair value	(21)	26	70
Other income	29	40	54
Total other operating income	309	352	505

Operating expenses

During the nine months ended 30 June 2016, ANZ New Zealand changed the application of its accounting policy for the capitalisation of expenditure on internally generated software assets effective from 1 October 2015. The change aligns the accounting policy for software assets with the rapidly changing technology landscape and ANZ New Zealand's evolving digital strategy by increasing the threshold for capitalisation of software development costs and directly expensing more project related costs. The change does not affect ANZ New Zealand's total investment in technology but does affect the timing of recognition of costs in the profit and loss account. The impact of the change on the results for the nine months ended 30 June 2016 was:

- Higher amortisation of NZ\$65 million relating to the accelerated amortisation of software assets where the original cost was below the revised threshold at 1 October 2015. This brings forward amortisation which otherwise would have been recognised in future periods.
- Higher operating expenses of NZ\$31 million relating to software development costs which otherwise would have been capitalised and amortised in future periods.

The change in capitalised software treatment has no impact on regulatory capital ratios.

NOTES TO THE FINANCIAL STATEMENTS

3. SEGMENT ANALYSIS

ANZ New Zealand is organised into three major business segments for segment reporting purposes - Retail, Commercial 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.

During the nine months ended 30 June 2016, Wealth was integrated with Retail, having been disclosed separately previously. During the year ended 30 September 2015, Business Banking was integrated with Retail, having been included in Commercial previously. Segment reporting has been updated to reflect these changes and other 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, Private Banking, and Business Banking customers via the branch network, mortgage specialists, relationship managers, the contact centre and a variety of self service channels (internet banking, phone banking, ATMs, website and mobile phone banking). Retail and Private Banking 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 and services include current and savings accounts, unsecured lending (credit cards, personal loans and overdrafts), home loans secured by mortgages over property, investment products, superannuation and insurance services.

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.

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 analysis¹

	Retail NZ\$m	Commercial NZ\$m	Institutional NZ\$m	Other ² NZ\$m	Total NZ\$m
Unaudited 9 months to 30/06/2016					
External revenues	2,155	1,423	346	(977)	2,947
Intersegment revenues	(371)	(743)	45	1,069	-
Total revenues	1,784	680	391	92	2,947
Profit / (loss) after income tax	710	324	164	(5)	1,193
Unaudited 9 months to 30/06/2015					
External revenues	2,001	1,560	670	(1,237)	2,994
Intersegment revenues	(300)	(869)	(167)	1,336	-
Total revenues	1,701	691	503	99	2,994
Profit after income tax	644	360	255	45	1,304
Audited year to 30/09/2015					
External revenues	2,700	2,070	851	(1,584)	4,037
Intersegment revenues	(419)	(1,149)	(184)	1,752	-
Total revenues	2,281	921	667	168	4,037
Profit after income tax	872	478	333	88	1,771

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

² 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

		Unaudited 30/06/2016	Unaudited 30/06/2015	Audited 30/09/2015
	Note	NZ\$m	NZ\$m	NZ\$m
Overdrafts ¹		1,091	1,159	1,162
Credit card outstandings		1,674	1,676	1,688
Term loans - housing ¹		72,286	66,377	67,932
Term loans - non-housing		43,872	43,027	42,880
Lease receivables		227	243	236
Hire purchase		1,037	911	946
Other		-	125	-
Total gross loans and advances		120,187	113,518	114,844
Less: Provision for credit impairment	5	(631)	(657)	(629)
Less: Unearned income		(213)	(215)	(214)
Add: Capitalised brokerage/mortgage origination fees		362	294	323
Add: Customer liability for acceptances		39	51	52
Total net loans and advances		119,744	112,991	114,376

¹ Comparative amounts have been changed to reclassify revolving credit facilities secured by residential property provided to corporate customers from Overdrafts to Term loans – housing (30/06/2015 NZ\$498 million, 30/09/2015 NZ\$476 million).

5. PROVISION FOR CREDIT IMPAIRMENT

	Retail mortgages	Other retail exposures	Non-retail exposures	Total
	NZ\$m	NZ\$m	NZ\$m	NZ\$m
Unaudited 30/06/2016				
Collective provision	87	131	261	479
Individual provision	44	6	102	152
Total provision for credit impairment	131	137	363	631
Collective credit impairment charge	-	4	8	12
Individual credit impairment charge / (release)	(10)	53	49	92
Credit impairment charge / (release)	(10)	57	57	104
Unaudited 30/06/2015				
Collective provision	95	123	259	477
Individual provision	69	8	103	180
Total provision for credit impairment	164	131	362	657
Collective credit impairment charge	4	5	4	13
Individual credit impairment charge / (release)	(1)	47	(1)	45
Credit impairment charge	3	52	3	58
Audited 30/09/2015				
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 ASSETS AND PAST DUE ASSETS

	Retail mortgages NZ\$m	Other retail exposures NZ\$m	Non-retail exposures NZ\$m	Total NZ\$m
Unaudited 30/06/2016				
Total impaired assets	75	30	264	369
Loans that are at least 90 days past due but not impaired	124	31	49	204
Unaudited 30/06/2015				
Total impaired assets	140	31	269	440
Loans that are at least 90 days past due but not impaired	141	36	59	236
Audited 30/09/2015				
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 PLEDGED AS COLLATERAL FOR LIABILITIES

	Carrying Amount		
	Unaudited 30/06/2016 NZ\$m	Unaudited 30/06/2015 NZ\$m	Audited 30/09/2015 NZ\$m
Cash collateral given on derivative financial instruments	2,326	2,219	1,929
Securities sold under agreements to repurchase	861	826	47
Residential mortgages pledged as security for covered bonds	11,317	7,020	7,547
Assets pledged as collateral for UDC secured investments	2,619	2,458	2,441
Total financial assets pledged as collateral	17,123	12,523	11,964

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 30/06/2016 NZ\$m	Unaudited 30/06/2015 NZ\$m	Audited 30/09/2015 NZ\$m
Term deposits		38,121	34,401	34,982
On demand and short term deposits		43,674	39,326	41,436
Deposits not bearing interest		7,548	6,366	6,716
UDC secured investments	7	1,677	1,654	1,736
Total customer deposits		91,020	81,747	84,870
Certificates of deposit		1,502	2,257	745
Commercial paper		6,541	6,877	4,964
Deposits from banks		861	1,002	47
Borrowings from Ultimate Parent Bank and Immediate Parent Company		8,489	8,853	9,110
Total deposits and other borrowings		108,413	100,736	99,736

NOTES TO THE FINANCIAL STATEMENTS

9. DEBT ISSUANCES

	Unaudited 30/06/2016	Unaudited 30/06/2015	Audited 30/09/2015
	NZ\$m	NZ\$m	NZ\$m
Domestic bonds	3,575	3,650	3,525
U.S. medium term notes ¹	5,646	6,748	6,831
Euro medium term notes ¹	2,898	3,835	3,598
Covered bonds ¹	4,739	4,983	5,335
Index linked notes	36	36	35
Total debt issuances	16,894	19,252	19,324
Fair value hedge adjustment	233	119	175
Less debt issuances held by the Bank	(19)	(58)	(96)
Total debt issuances	17,108	19,313	19,403

¹ These debt issuances are issued by ANZ New Zealand (Int'l) Limited and are guaranteed by the Bank.

Debt issuances, other than covered bonds, are unsecured and rank equally with other unsecured liabilities of ANZ New Zealand.

10. SUBORDINATED DEBT

	Unaudited 30/06/2016	Unaudited 30/06/2015	Audited 30/09/2015
	NZ\$m	NZ\$m	NZ\$m
ANZ Capital Notes¹			
AUD 970m ANZ Capital Notes 3 (ANZ CN3) ²	1,004	1,080	1,052
NZD 500m ANZ New Zealand Capital Notes (ANZ NZ CN) ³	495	494	494
Perpetual subordinated debt			
NZD 835m perpetual subordinated bond ³	835	835	835
AUD 10m perpetual subordinated floating rate loan	11	11	11
Dated subordinated debt			
AUD 265m subordinated floating rate loan	278	299	291
Total subordinated debt	2,623	2,719	2,683

¹ These instruments qualify as additional tier 1 capital of the Overseas Banking Group.

² These instruments are listed on the Australian Stock Exchange.

³ These instruments are listed on the New Zealand Debt Market (NZDX). The Market Surveillance Panel of the NZX granted the Bank a waiver from the requirements of Listing Rules 10.3 (relating to the provision of preliminary announcements of half yearly and annual results to the NZX) and 10.4 (relating to preparing and providing a copy of half yearly and annual reports to the NZX).

NOTES TO THE FINANCIAL STATEMENTS

11. RELATED PARTY BALANCES

	Unaudited 30/06/2016	Unaudited 30/06/2015	Audited 30/09/2015
	NZ\$m	NZ\$m	NZ\$m
Total due from related parties	5,187	4,348	4,179
Total due to related parties	14,404	14,567	14,093

12. CAPITAL ADEQUACY

Basel III capital ratios

Unaudited	Overseas Banking Group			Ultimate Parent Bank (Extended Licensed Entity)		
	30/06/2016	30/06/2015	30/09/2015	31/03/2016	31/03/2015	30/09/2015
Common equity tier 1 capital	9.7%	8.6%	9.6%	10.2%	8.8%	9.6%
Tier 1 capital	11.8%	10.5%	11.3%	12.2%	10.9%	11.6%
Total capital	14.4%	12.5%	13.3%	14.4%	13.1%	13.7%

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 30 June 2016 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 30 June 2016. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 30 June 2016, 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.

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
Unaudited 30/06/2016		
Interest rate risk	6,892	551
Foreign currency risk	37	3
Equity risk	2	-
	6,931	554

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.

Unaudited	30/06/2016		Total NZ\$m
	On-balance sheet NZ\$m	Off-balance sheet NZ\$m	
LVR range			
Does not exceed 60%	27,530	4,603	32,133
Exceeds 60% and not 70%	14,738	1,531	16,269
Exceeds 70% and not 80%	19,959	1,792	21,751
Does not exceed 80%	62,227	7,926	70,153
Exceeds 80% and not 90%	5,099	231	5,330
Exceeds 90%	2,268	231	2,499
Total	69,594	8,388	77,982

NOTES TO THE FINANCIAL STATEMENTS

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.

	Unaudited 30/06/2016 NZ\$m
Cash and balances with central banks	1,330
Certificates of deposit	1,126
Government, local body stock and bonds	5,486
Government treasury bills	938
Reserve Bank bills	277
Other bonds	6,610
Total liquidity portfolio	15,767

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\$6,990 million at 30 June 2016.

13. 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 values 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.

	Unaudited 30/06/2016		Unaudited 30/06/2015		Audited 30/09/2015	
	Carrying amount NZ\$m	Fair value NZ\$m	Carrying amount NZ\$m	Fair value NZ\$m	Carrying amount NZ\$m	Fair value NZ\$m
Assets						
Net loans and advances ¹	119,744	120,094	112,991	113,504	114,376	114,899
Liabilities						
Deposits and other borrowings ²	108,413	108,574	100,736	100,958	99,736	99,947
Debt issuances ¹	17,108	17,233	19,313	19,458	19,403	19,516
Subordinated debt	2,623	2,563	2,719	2,730	2,683	2,640

¹ 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.

² 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 30/06/2016				Unaudited 30/06/2015				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
Financial assets												
Trading securities	12,592	154	-	12,746	12,168	89	-	12,257	11,880	259	-	12,139
Derivative financial instruments	3	21,366	7	21,376	6	16,476	4	16,486	12	17,569	6	17,587
Available-for-sale assets	1,636	1,193	2	2,831	324	456	2	782	900	526	2	1,428
Investments backing insurance contract liabilities	5	115	-	120	2	139	-	141	2	149	-	151
Total financial assets held at fair value	14,236	22,828	9	37,073	12,500	17,160	6	29,666	12,794	18,503	8	31,305
Financial liabilities												
Deposits and other borrowings	-	6,541	-	6,541	-	6,877	-	6,877	-	4,964	-	4,964
Derivative financial instruments	41	23,246	3	23,290	4	16,354	2	16,360	18	17,749	2	17,769
Payables and other liabilities	386	-	-	386	526	-	-	526	309	-	-	309
Total financial liabilities held at fair value	427	29,787	3	30,217	530	23,231	2	23,763	327	22,713	2	23,042

14. CONCENTRATIONS OF CREDIT RISK TO INDIVIDUAL COUNTERPARTIES

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

For the nine months ended 30 June 2016 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.

15. 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\$921 million (30/06/2015: NZ\$862 million; 30/09/2015 NZ\$884 million), which is 0.6% (30/06/2015: 0.6%; 30/09/2015 0.6%) of the total consolidated assets of ANZ New Zealand.

NOTES TO THE FINANCIAL STATEMENTS

16. CREDIT RELATED COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

	Face or contract value		
	Unaudited	Unaudited	Audited
	30/06/2016	30/06/2015	30/09/2015
	NZ\$m	NZ\$m	NZ\$m
Credit related commitments			
Commitments with certain drawdown due within one year	1,242	1,217	1,130
Commitments to provide financial services	31,942	29,998	31,063
Total credit related commitments	33,184	31,215	32,193
Guarantees and contingent liabilities			
Financial guarantees	825	971	920
Standby letters of credit	104	60	82
Transaction related contingent items	1,436	1,350	1,385
Trade related contingent liabilities	98	90	67
Total guarantees and contingent liabilities	2,463	2,471	2,454

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.

17. ADDITIONAL DISCLOSURES

NZ Branch Funding

	Unaudited
	30/06/2016
	NZ\$m
Total liabilities of the NZ Branch less amounts due to related parties	1,118

Overseas Banking Group Profitability and Size

	Unaudited
	31/03/2016
	AUDm
Profit for the six months ended 31/03/2016 ¹	2,742
Net profit after tax for the 12 months to 31/03/2016 as a percentage of average total assets	0.76%
Total assets	895,278
Percentage change in total assets in the 12 months to 31/03/2016	4.09%

¹ Net profit after tax for the period includes AUD 4 million of profit attributable to non-controlling interests.

Overseas Banking Group asset quality

	Unaudited
	31/03/2016
	AUDm
Gross impaired assets	2,883
Gross impaired assets as a percentage of total assets	0.3%
Individual provision	1,238
Individual provision as a percentage of gross impaired assets	42.9%
Collective provision	2,862

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 nine months ended 30 June 2016, 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 15 August 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
David Gonski, AC
Lee Hsien Yang
Graeme Liebelt
Ian Macfarlane, AC
John Macfarlane

