

**Australia and New Zealand Banking Group Limited
- New Zealand Branch
Registered Bank Disclosure Statement**

FOR THE SIX MONTHS ENDED 31 MARCH 2014 | NUMBER 22 ISSUED MAY 2014

Registered Bank Disclosure Statement

For the six months ended 31 March 2014

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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 8, 1 Victoria 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 22 May 2014.

ANZ NZ 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 ANZ NZ Covered Bond Trust Limited (the Covered Bond Guarantor), solely in its capacity as trustee of ANZ NZ 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 March 2014 of \$3,828 million, pursuant to a guarantee which is secured over a pool of assets. The Covered Bond Guarantor's address for service is Level 35, 48 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.

Changes to Conditions of Registration

The conditions of registration applying to the Ultimate Parent Bank were amended on 30 March 2014 to reflect the Financial Reporting Act 2013 coming into force on 1 April 2014.

Directorate

Dr Gregory Clark and David Meiklejohn retired on 18 December 2013.

David Gonski became a Director on 27 February 2014 and Chairman on 1 May 2014.

Peter Hay, John Morschel and Alison Watkins retired on 30 April 2014.

John Macfarlane became a Director on 22 May 2014.

Auditor

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

Income Statement

\$ millions	Note	Unaudited 6 months to 31/03/2014	Unaudited 6 months to 31/03/2013 ¹	Audited Year to 30/09/2013 ¹
Interest income		3,254	3,239	6,461
Interest expense		1,884	1,936	3,820
Net interest income		<u>1,370</u>	<u>1,303</u>	<u>2,641</u>
Net trading gains		94	112	163
Net funds management and insurance income		149	134	234
Other operating income	2	246	153	391
Share of associates' profit		1	4	7
Operating income		<u>1,860</u>	<u>1,706</u>	<u>3,436</u>
Operating expenses		<u>727</u>	<u>773</u>	<u>1,513</u>
Profit before credit impairment and income tax		1,133	933	1,923
Credit impairment charge / (release)	5	(39)	44	66
Profit before income tax		<u>1,172</u>	<u>889</u>	<u>1,857</u>
Income tax expense		319	236	488
Profit after income tax		<u>853</u>	<u>653</u>	<u>1,369</u>

Statement of Comprehensive Income

\$ millions	Unaudited 6 months to 31/03/2014	Unaudited 6 months to 31/03/2013 ¹	Audited Year to 30/09/2013 ¹
Profit after income tax	853	653	1,369
Items that will not be reclassified to profit or loss			
Actuarial gain on defined benefit schemes	24	20	71
Income tax expense relating to items that will not be reclassified	(7)	(6)	(20)
Total items that will not be reclassified to profit or loss	<u>17</u>	<u>14</u>	<u>51</u>
Items that may be reclassified subsequently to profit or loss			
Unrealised losses recognised directly in equity	(16)	(39)	(138)
Realised gains transferred to income statement	(22)	(14)	(21)
Income tax credit relating to items that may be reclassified	10	15	45
Total items that may be reclassified subsequently to profit or loss	<u>(28)</u>	<u>(38)</u>	<u>(114)</u>
Total comprehensive income for the period	<u>842</u>	<u>629</u>	<u>1,306</u>

¹ Comparative amounts have changed. Refer to notes 1 and 16 for details.

Statement of Changes in Equity

\$ millions	Share capital and head office account	Available-for-sale revaluation reserve	Cash flow hedging reserve	Retained earnings	Total equity
As at 1 October 2012 (Audited)	6,424	(3)	141	2,615	9,177
Restatement (Note 1)	-	-	-	(21)	(21)
As at 1 October 2012 (Restated, audited)	6,424	(3)	141	2,594	9,156
Profit after income tax	-	-	-	653	653
Unrealised gains / (losses) recognised directly in equity	-	1	(40)	-	(39)
Realised gains transferred to the income statement	-	-	(14)	-	(14)
Actuarial gain on defined benefit schemes	-	-	-	20	20
Income tax credit / (expense) on items recognised directly in equity	-	-	15	(6)	9
Total comprehensive income for the period	-	1	(39)	667	629
Ordinary dividend paid	-	-	-	(360)	(360)
As at 31 March 2013 (Restated, unaudited)	6,424	(2)	102	2,901	9,425
As at 1 October 2012 (Audited)	6,424	(3)	141	2,615	9,177
Restatement (Note 1)	-	-	-	(21)	(21)
As at 1 October 2012 (Restated, audited)	6,424	(3)	141	2,594	9,156
Profit after income tax	-	-	-	1,369	1,369
Unrealised gains / (losses) recognised directly in equity	-	1	(139)	-	(138)
Realised gains transferred to the income statement	-	-	(21)	-	(21)
Actuarial gain on defined benefit schemes	-	-	-	71	71
Income tax credit / (expense) on items recognised directly in equity	-	-	45	(20)	25
Total comprehensive income for the period	-	1	(115)	1,420	1,306
Ordinary dividend paid	-	-	-	(720)	(720)
As at 30 September 2013 (Restated, audited)	6,424	(2)	26	3,294	9,742
Profit after income tax	-	-	-	853	853
Unrealised gains / (losses) recognised directly in equity	-	3	(19)	-	(16)
Realised gains transferred to the income statement	-	-	(22)	-	(22)
Actuarial gain on defined benefit schemes	-	-	-	24	24
Income tax credit / (expense) on items recognised directly in equity	-	(1)	11	(7)	3
Total comprehensive income for the period	-	2	(30)	870	842
Ordinary dividend paid	-	-	-	(535)	(535)
As at 31 March 2014 (Unaudited)	6,424	-	(4)	3,629	10,049

Balance Sheet

\$ millions	Note	Unaudited 31/03/2014	Unaudited 31/03/2013 ¹	Audited 30/09/2013 ¹
Assets				
Cash		1,717	3,459	2,347
Settlement balances receivable		705	701	515
Collateral paid		1,367	1,142	1,002
Trading securities		12,090	10,419	10,320
Investments backing insurance contract liabilities		165	161	172
Derivative financial instruments		8,709	9,054	9,508
Current tax assets		38	67	1
Available-for-sale assets		667	1,032	942
Net loans and advances	4	102,571	97,697	100,113
Other assets		607	596	570
Insurance contract assets		431	422	399
Investment in associates		89	98	98
Deferred tax assets		-	79	42
Premises and equipment		373	339	376
Goodwill and other intangible assets		3,449	3,499	3,448
Total assets		132,978	128,765	129,853
Interest earning and discount bearing assets		118,950	113,654	115,297
Liabilities				
Settlement balances payable		1,153	1,410	1,114
Collateral received		452	267	438
Deposits and other borrowings	8	91,181	86,825	88,013
Derivative financial instruments		10,837	10,349	11,208
Deferred tax liabilities		13	-	-
Payables and other liabilities		1,265	1,504	1,260
Provisions		211	272	229
Bonds and notes		16,405	17,535	16,407
Subordinated debt		1,412	1,178	1,442
Total liabilities (excluding head office account)		122,929	119,340	120,111
Net assets (excluding head office account)		10,049	9,425	9,742
Equity				
Share capital and head office account		6,424	6,424	6,424
Reserves		(4)	100	24
Retained earnings		3,629	2,901	3,294
Total equity and head office account		10,049	9,425	9,742
Interest and discount bearing liabilities		104,195	100,960	101,470

¹ Comparative amounts have changed. Refer to notes 1 and 16 for details.

Condensed Cash Flow Statement

\$ millions	Unaudited 6 months to 31/03/2014	Unaudited 6 months to 31/03/2013	Audited Year to 30/09/2013
Cash flows from operating activities			
Interest received	3,215	3,212	6,432
Interest paid	(1,906)	(1,963)	(3,859)
Other cash inflows provided by operating activities	509	425	852
Other cash outflows used in operating activities	(1,016)	(1,123)	(1,932)
Cash flows from operating profits before changes in operating assets and liabilities	<u>802</u>	<u>551</u>	<u>1,493</u>
Net changes in operating assets and liabilities	(785)	1,291	1,141
Net cash flows provided by operating activities	<u>17</u>	<u>1,842</u>	<u>2,634</u>
Cash flows from investing activities			
Cash inflows provided by investing activities	10	1	69
Cash outflows used in investing activities	(44)	(56)	(142)
Net cash flows used in investing activities	<u>(34)</u>	<u>(55)</u>	<u>(73)</u>
Cash flows from financing activities			
Cash inflows provided by financing activities	2,918	1,105	2,479
Cash outflows used in financing activities	(3,168)	(2,207)	(5,331)
Net cash flows used in financing activities	<u>(250)</u>	<u>(1,102)</u>	<u>(2,852)</u>
Net increase / (decrease) in cash and cash equivalents	(267)	685	(291)
Cash and cash equivalents at beginning of the period	<u>3,002</u>	<u>3,293</u>	<u>3,293</u>
Cash and cash equivalents at end of the period	<u>2,735</u>	<u>3,978</u>	<u>3,002</u>

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 six months ended 31 March 2014. 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 2013.

(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

ANZ New Zealand has applied the following new accounting standards and amendments in the preparation of these financial statements:

- NZ IFRS 10 *Consolidated Financial Statements*;
- NZ IFRS 13 *Fair Value Measurement*;
- NZ IAS 19 *Employee Benefits* (amended 2011);
- NZ IAS 28 *Investments in Associates and Joint Ventures* (amended 2011); and
- NZ IAS 34 *Interim Financial Reporting* (consequential amendments).

Adoption of these standards has not resulted in any material change to ANZ New Zealand's reported result or financial position.

NZ IAS 19 has been applied retrospectively, in accordance with transitional provisions, with the net impact of initial application recognised in retained earnings as at 30 September 2012 and shown in the statement of changes in equity. The balances of payables and other liabilities and the associated deferred tax asset have been restated for subsequent periods.

Amendments to NZ IAS 34 require certain fair value disclosures which have been included in Note 12, however comparative information is not required in the first year of application.

(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

In addition to restatements resulting from the initial application of NZ IAS 19, certain amounts in the comparative information have been reclassified to ensure consistency with the current year's presentation. Further information on changes to comparative information is included in note 16.

(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 6 months to 31/03/2014	Unaudited 6 months to 31/03/2013	Audited Year to 30/09/2013
\$millions			
Net fee income	194	199	398
Fair value loss on hedging activities and financial liabilities designated at fair value	(48)	(61)	(55)
Insurance settlement relating to ING Diversified Yield Fund and ING Regular Income Fund	91	-	-
Gain / (loss) on sale of subsidiary and associate	-	(1)	16
Other income	9	16	32
Total other operating income	<u>246</u>	<u>153</u>	<u>391</u>

Notes to the Financial Statements

3. Segmental 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 personal 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). Core products include current and savings accounts, unsecured lending (credit cards, personal loans and overdrafts) and home loans secured by mortgages over property. Retail distributes insurance and investment products on behalf of the Wealth segment.

Commercial

Commercial provides services to Business Banking, Commercial & Agri, and UDC customers. Business Banking

services are offered to small enterprises (typically with annual revenues of less than \$5 million). Commercial & Agri customers consist of primarily privately owned medium to large enterprises. ANZ New Zealand'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 analysis¹

\$ millions	Retail	Commercial	Wealth ²	Institutional	Other ³	Total
Unaudited 6 months to 31/03/2014						
External revenues	713	1,406	151	389	(799)	1,860
Intersegment revenues	(77)	(687)	76	(72)	760	-
Total revenues	636	719	227	317	(39)	1,860
Profit / (loss) after income tax	222	377	121	163	(30)	853
Unaudited 6 months to 31/03/2013						
External revenues	695	1,359	41	451	(840)	1,706
Intersegment revenues	(99)	(646)	73	(117)	789	-
Total revenues	596	713	114	334	(51)	1,706
Profit / (loss) after income tax	177	332	38	167	(61)	653
Audited year to 30/09/2013						
External revenues	1,398	2,757	80	800	(1,599)	3,436
Intersegment revenues	(175)	(1,315)	149	(194)	1,535	-
Total revenues	1,223	1,442	229	606	(64)	3,436
Profit / (loss) after income tax	379	701	81	284	(76)	1,369

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

² Wealth external revenues for the six months to 31 March 2014 includes the \$91 million insurance settlement relating to the Bank's former involvement in the ING Diversified Yield fund and the ING Regular Income Fund.

³ 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

\$ millions	Note	Unaudited 31/03/2014	Unaudited 31/03/2013	Audited 30/09/2013
Overdrafts		1,789	1,718	1,841
Credit card outstandings		1,525	1,415	1,458
Term loans - housing		60,592	56,969	58,814
Term loans - non-housing		38,521	37,782	38,024
Lease receivables		112	149	128
Hire purchase		768	668	721
Other		125	135	125
Total gross loans and advances		<u>103,432</u>	<u>98,836</u>	<u>101,111</u>
Less: Provision for credit impairment	5	(744)	(978)	(849)
Less: Unearned income		(352)	(327)	(342)
Add: Capitalised brokerage/mortgage origination fees		183	135	162
Add: Customer liability for acceptances		52	31	31
Total net loans and advances		<u>102,571</u>	<u>97,697</u>	<u>100,113</u>

5. Provision for Credit Impairment

Credit impairment charge / (release)

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2014				
New and increased provisions	30	62	45	137
Write-backs	(30)	(10)	(60)	(100)
Recoveries of amounts written off previously	(1)	(9)	(5)	(15)
Individual credit impairment charge / (release)	(1)	43	(20)	22
Collective credit impairment release	(12)	(3)	(46)	(61)
Credit impairment charge / (release)	<u>(13)</u>	<u>40</u>	<u>(66)</u>	<u>(39)</u>
Unaudited 31/03/2013				
New and increased provisions	52	46	93	191
Write-backs	(35)	(11)	(58)	(104)
Recoveries of amounts written off previously	-	(8)	(2)	(10)
Individual credit impairment charge	17	27	33	77
Collective credit impairment release	-	(13)	(20)	(33)
Credit impairment charge	<u>17</u>	<u>14</u>	<u>13</u>	<u>44</u>
Audited 30/09/2013				
New and increased provisions	105	113	157	375
Write-backs	(88)	(30)	(104)	(222)
Recoveries of amounts written off previously	(2)	(16)	(5)	(23)
Individual credit impairment charge	15	67	48	130
Collective credit impairment release	(5)	(8)	(51)	(64)
Credit impairment charge / (release)	<u>10</u>	<u>59</u>	<u>(3)</u>	<u>66</u>

Notes to the Financial Statements

Movement in provision for credit impairment

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2014				
Collective provision				
Balance at beginning of the period	115	117	324	556
Release to income statement	(12)	(3)	(46)	(61)
Balance at end of the period	<u>103</u>	<u>114</u>	<u>278</u>	<u>495</u>
Individual provision				
Balance at beginning of the period	83	22	188	293
New and increased provisions net of write-backs	-	52	(15)	37
Bad debts written off	(3)	(55)	(25)	(83)
Discount unwind reversal / (discount unwind)	(3)	-	5	2
Balance at end of the period	<u>77</u>	<u>19</u>	<u>153</u>	<u>249</u>
Total provision for credit impairment	<u>180</u>	<u>133</u>	<u>431</u>	<u>744</u>
Unaudited 31/03/2013				
Collective provision				
Balance at beginning of the period	120	125	375	620
Release to income statement	-	(13)	(20)	(33)
Balance at end of the period	<u>120</u>	<u>112</u>	<u>355</u>	<u>587</u>
Individual provision				
Balance at beginning of the period	130	26	305	461
New and increased provisions net of write-backs	17	35	35	87
Bad debts written off	(15)	(40)	(85)	(140)
Discount unwind	(5)	-	(12)	(17)
Balance at end of the period	<u>127</u>	<u>21</u>	<u>243</u>	<u>391</u>
Total provision for credit impairment	<u>247</u>	<u>133</u>	<u>598</u>	<u>978</u>
Audited 30/09/2013				
Collective provision				
Balance at beginning of the year	120	125	375	620
Release to income statement	(5)	(8)	(51)	(64)
Balance at end of the year	<u>115</u>	<u>117</u>	<u>324</u>	<u>556</u>
Individual provision				
Balance at beginning of the year	130	26	305	461
New and increased provisions net of write-backs	17	83	53	153
Bad debts written off	(55)	(87)	(150)	(292)
Discount unwind	(9)	-	(20)	(29)
Balance at end of the year	<u>83</u>	<u>22</u>	<u>188</u>	<u>293</u>
Total provision for credit impairment	<u>198</u>	<u>139</u>	<u>512</u>	<u>849</u>

Notes to the Financial Statements

6. Impaired Assets and Past Due Assets

\$ millions	Retail mortgages	Other retail exposures	Non-retail exposures	Total
Unaudited 31/03/2014				
Balance at the beginning of the period	214	49	666	929
Transfers from productive	110	78	129	317
Transfers to productive	(24)	(1)	(60)	(85)
Assets realised or loans repaid	(81)	(19)	(171)	(271)
Write offs	(3)	(55)	(25)	(83)
Total impaired assets	216	52	539	807
Undrawn facilities with impaired customers	-	1	34	35
Unaudited 31/03/2013				
Balance at the beginning of the period	352	44	1,009	1,405
Transfers from productive	190	58	151	399
Transfers to productive	(2)	(1)	(30)	(33)
Assets realised or loans repaid	(173)	(15)	(207)	(395)
Write offs	(15)	(40)	(85)	(140)
Total impaired assets	352	46	838	1,236
Undrawn facilities with impaired customers	-	-	17	17
Audited 30/09/2013				
Balance at the beginning of the period	352	44	1,009	1,405
Transfers from productive	315	134	401	850
Transfers to productive	(93)	(5)	(194)	(292)
Assets realised or loans repaid	(305)	(37)	(400)	(742)
Write offs	(55)	(87)	(150)	(292)
Total impaired assets	214	49	666	929
Undrawn facilities with impaired customers	-	1	24	25

Credit quality of financial assets that are past due but not impaired

A large portion of retail credit exposures, such as residential mortgages, are generally well secured. That is, the fair value of associated security should be sufficient to ensure that ANZ New Zealand will recover the entire amount owing over the life of the facility and there is reasonable assurance that collection efforts will result in payment of the amounts due in a timely manner.

Ageing analysis of loans that are past due but not impaired

\$ millions	Retail mortgages	Other retail exposures	Non retail exposures	Total
Unaudited 31/03/2014				
1 to 5 days	389	135	559	1,083
6 to 29 days	300	102	84	486
1 to 29 days	689	237	643	1,569
30 to 59 days	203	38	240	481
60 to 89 days	71	19	18	108
90 days or over	131	39	66	236
	1,094	333	967	2,394

Notes to the Financial Statements

7. Financial Assets Pledged as Collateral

\$ millions	Unaudited 31/03/2014	Unaudited 31/03/2013	Audited 30/09/2013
Cash collateral given on derivative financial instruments	1,367	1,142	1,002
Trading securities encumbered through repurchase agreements	32	343	108
Residential mortgages pledged as security for covered bonds	6,780	5,548	5,857
Total assets of UDC Finance Limited pledged as collateral for UDC secured investments	2,272	2,125	2,162
Total financial assets pledged as collateral	<u>10,451</u>	<u>9,158</u>	<u>9,129</u>

ANZNZ 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 ANZNZ 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

\$ millions	Note	Unaudited 31/03/2014	Unaudited 31/03/2013	Audited 30/09/2013
Certificates of deposit		1,604	1,624	2,364
Term deposits		34,869	33,732	33,862
Other deposits bearing interest and other borrowings		31,833	28,347	29,687
Deposits not bearing interest		5,833	5,717	5,526
Deposits from banks		361	491	180
Commercial paper		5,401	4,336	4,765
UDC secured investments	7	1,534	1,467	1,492
Borrowings from Ultimate Parent Bank and Immediate Parent Company		9,746	11,111	10,137
Total deposits and other borrowings		<u>91,181</u>	<u>86,825</u>	<u>88,013</u>

9. Related Party Transactions

\$ millions	Unaudited 31/03/2014	Unaudited 31/03/2013	Audited 30/09/2013
Total due from related parties	2,886	2,034	2,325
Total due to related parties	15,861	16,352	16,247

Notes to the Financial Statements

10. Capital Adequacy

Basel III capital ratios

	Overseas Banking Group			Ultimate Parent Bank (Extended Licensed Entity)		
	31/03/2014	31/03/2013	30/09/2013	31/03/2014	31/03/2013	30/09/2013
Unaudited						
Common equity tier 1 capital	8.3%	8.2%	8.5%	8.3%	8.4%	8.5%
Tier 1 capital	10.3%	9.8%	10.4%	10.6%	10.3%	10.6%
Total capital	12.1%	11.7%	12.2%	12.5%	12.2%	12.5%

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 March 2014 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 31 March 2014. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 31 March 2014, 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. The peak end-of-day market risk exposures are for the half-year ended 31 March 2014.

\$ millions	Implied risk weighted exposure		Notional capital charge		Peak occurred on
	Period end	Peak	Period end	Peak	
Unaudited 31/03/2014					
Interest rate risk	4,281	5,405	342	432	30/12/2013
Foreign currency risk	135	168	11	13	20/03/2014
Equity risk	2	2	-	-	1/10/2013
	<u>4,418</u>		<u>353</u>		

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. For this financial period, ANZ New Zealand has altered the banding of exposures in the LVR table below to align presentation with the new RBNZ LVR commitment reporting. Updated corresponding amounts as at 30 September 2013 have been provided for comparative purposes.

Unaudited \$ millions	31/03/2014			30/09/2013		
	On-balance sheet	Off-balance sheet	Total	On-balance sheet	Off-balance sheet	Total
LVR range						
Does not exceed 60%	20,636	3,278	23,914	19,778	3,117	22,895
Exceeds 60% and not 70%	10,196	905	11,101	9,354	788	10,142
Exceeds 70% and not 80%	16,315	1,436	17,751	14,566	1,179	15,745
Does not exceed 80%	47,147	5,619	52,766	43,698	5,084	48,782
Exceeds 80% and not 90%	7,079	182	7,261	8,110	277	8,387
Exceeds 90%	4,282	282	4,564	4,773	342	5,115
Total	<u>58,508</u>	<u>6,083</u>	<u>64,591</u>	<u>56,581</u>	<u>5,703</u>	<u>62,284</u>

Notes to the Financial Statements

Reconciliation of mortgage related amounts

Unaudited \$ millions	Note	31/03/2014	30/09/2013
Term loans - housing	4	60,592	58,814
Add: fair value hedging adjustment		78	35
Add: short-term housing loans classified as overdrafts		486	499
Less: housing loans made to corporate customers		(2,648)	(2,767)
On-balance sheet retail mortgage exposures	10	58,508	56,581
Add: off-balance sheet retail mortgage exposures		6,083	5,703
Total retail mortgage exposures as per LVR analysis	10	64,591	62,284

11. Financial risk management

Concentrations of credit risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Analysis of financial assets by industry sector is based on Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

Unaudited 31/03/2014 \$ millions	Cash, settlements receivable and collateral paid	Trading securities and available-for- sale assets	Derivative financial instruments	Net loans and advances ³	Other financial assets	Credit related commitments ⁴	Total
Industry							
Agriculture	-	-	22	17,072	72	2,124	19,290
Forestry, fishing and mining	-	-	13	983	4	1,133	2,133
Business and property services	-	-	18	9,170	38	2,617	11,843
Construction	-	-	-	1,125	5	849	1,979
Entertainment, leisure and tourism	-	-	22	1,049	4	351	1,426
Finance and insurance	2,494	5,015	7,663	910	288	1,082	17,452
Government and local authority ¹	1,295	7,595	244	1,185	5	1,320	11,644
Manufacturing	-	35	70	3,039	13	2,273	5,430
Personal lending	-	-	-	62,744	224	12,310	75,278
Retail trade	-	-	38	1,928	8	948	2,922
Transport and storage	-	7	48	1,473	6	875	2,409
Wholesale trade	-	-	11	1,227	5	1,275	2,518
Other ²	-	105	560	1,579	7	1,855	4,106
	3,789	12,757	8,709	103,484	679	29,012	158,430
Less: Provision for credit impairment	-	-	-	(652)	-	(92)	(744)
Less: Unearned income	-	-	-	(352)	-	-	(352)
Add: Capitalised brokerage / mortgage origination fees	-	-	-	183	-	-	183
Total financial assets	3,789	12,757	8,709	102,663	679	28,920	157,517
Geography							
New Zealand	2,756	9,240	2,001	100,178	670	28,757	143,602
Overseas	1,033	3,517	6,708	2,485	9	163	13,915
Total financial assets	3,789	12,757	8,709	102,663	679	28,920	157,517

¹ Government and local authority includes exposures to government administration and defence, education and health and community services.

² Other includes exposures to electricity, gas and water, communications and personal services.

³ Excludes individual and collective provisions for credit impairment held in respect of credit related commitments.

⁴ Credit related commitments comprise undrawn facilities, customer contingent liabilities and letters of offer.

Notes to the Financial Statements

Interest rate sensitivity gap

The following tables represent the interest rate sensitivity of ANZ New Zealand's assets, liabilities and off balance sheet instruments by showing the periods in which these instruments may reprice, that is, when interest rates applicable to each asset or liability can be changed.

Unaudited 31/03/2014 \$ millions	Total	Up to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 years	Not bearing interest
Assets							
Cash	1,717	1,511	-	-	-	-	206
Settlement balances receivable	705	86	-	-	-	-	619
Collateral paid	1,367	1,367	-	-	-	-	-
Trading securities	12,090	1,007	556	512	3,271	6,744	-
Derivative financial instruments	8,709	-	-	-	-	-	8,709
Available-for-sale assets	667	129	-	30	258	248	2
Net loans and advances	102,571	62,426	6,994	12,140	13,325	8,181	(495)
Other financial assets	679	134	14	14	3	-	514
Total financial assets	128,505	66,660	7,564	12,696	16,857	15,173	9,555
Liabilities							
Settlement balances payable	1,153	305	-	-	-	-	848
Collateral received	452	452	-	-	-	-	-
Deposits and other borrowings	91,181	64,287	10,619	7,583	1,667	1,192	5,833
Derivative financial instruments	10,837	-	-	-	-	-	10,837
Bonds and notes	16,405	4,964	15	1,019	4,394	6,013	-
Subordinated debt	1,412	-	577	-	-	835	-
Payables and other liabilities	829	98	-	-	5	170	556
Total financial liabilities	122,269	70,106	11,211	8,602	6,066	8,210	18,074
Hedging instruments	-	10,971	11,122	(13,784)	(7,020)	(1,289)	-
Interest sensitivity gap	6,236	7,525	7,475	(9,690)	3,771	5,674	(8,519)

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 31/03/2014 \$ millions	Cash	Trading Securities	Available-for- sale securities	Total
Balances with central banks	1,295	-	-	1,295
Securities purchased under agreement to resell	14	-	-	14
Certificates of deposit	-	-	100	100
Government, local body stock and bonds	-	6,948	526	7,474
Government treasury bills	-	-	1	1
Other bonds	-	4,891	-	4,891
Total liquidity portfolio	1,309	11,839	627	13,775

Notes to the Financial Statements

Funding Composition

ANZ New Zealand actively uses balance sheet disciplines to prudently manage the funding mix. ANZ New Zealand employs funding metrics to ensure that an appropriate proportion of its assets are funded from stable sources, including customer liabilities, longer-dated wholesale debt (with remaining term exceeding one year) and equity.

Analysis of funding liabilities by industry sector is based on ANZSIC codes.

	Unaudited 31/03/2014
\$ millions	
Funding composition	
Customer deposits¹	
New Zealand	65,442
Overseas	8,627
Total customer deposits	<u>74,069</u>
Wholesale funding	
Bonds and notes	16,405
Subordinated debt	1,412
Certificates of deposit	1,604
Commercial paper	5,401
Settlement balances payable	1,153
Collateral received	452
Other borrowings	10,107
Total wholesale funding	<u>36,534</u>
Total funding	<u>110,603</u>
Concentrations of funding by industry	
Households	45,160
Agriculture	2,729
Forestry, fishing and mining	644
Manufacturing	1,550
Entertainment, leisure and tourism	909
Finance and insurance	46,062
Retail trade	906
Wholesale trade	1,048
Business and property services	5,660
Transport and storage	668
Construction	933
Government and local authority	2,547
Other ²	1,787
Total funding	<u>110,603</u>
Concentrations of funding by geography³	
New Zealand	71,456
Australia	11,333
United States	9,216
Europe	12,357
Other countries	6,241
Total funding	<u>110,603</u>

¹ Comprises term deposits, other deposits bearing interest and other borrowings, deposits not bearing interest and UDC secured investments

² Other includes exposures to electricity, gas and water, communications and personal services.

³ Funding via ANZ New Zealand (Int'l) Limited is classified as either from the United States or Europe, as the company conducts overseas funding activities through its London branch which is passed through to the Bank.

Notes to the Financial Statements

Contractual maturity analysis of financial assets and liabilities

The following tables present ANZ New Zealand's financial assets and liabilities within relevant contractual maturity groupings, based on the earliest date on which ANZ New Zealand may be required to realise an asset or settle a liability. The amounts disclosed in the tables represent undiscounted future principal and interest cash flows and may differ to the amounts reported on the balance sheet.

The contractual maturity analysis for off-balance sheet commitments and contingent liabilities has been prepared using the earliest date at which ANZ New Zealand can be called upon to pay. The liquidity risk of credit related commitments and contingent liabilities may be less than the contract amount, and does not necessarily represent future cash requirements as many of these facilities are expected to be only partially used or to expire unused.

ANZ New Zealand does not manage its liquidity risk on this basis.

Unaudited 31/03/2014 \$ millions	Total	At call	Up to 3 months	Over 3 to 12 months	Over 1 to 5 years	Over 5 years	No maturity specified
Financial assets							
Cash	1,717	1,501	216	-	-	-	-
Settlement balances receivable	705	84	621	-	-	-	-
Collateral paid	1,367	-	1,367	-	-	-	-
Trading securities	13,614	-	378	1,680	10,100	1,456	-
Derivative financial assets (trading)	7,789	-	7,789	-	-	-	-
Available-for-sale assets	729	-	117	18	592	-	2
Net loans and advances	144,765	-	16,624	17,719	44,304	66,118	-
Other financial assets	284	-	253	28	3	-	-
Total financial assets	170,970	1,585	27,365	19,445	54,999	67,574	2
Financial liabilities							
Settlement balances payable	1,153	584	569	-	-	-	-
Collateral received	452	-	452	-	-	-	-
Deposits and other borrowings	93,222	27,196	33,704	23,126	9,193	3	-
Derivative financial liabilities (trading)	9,142	-	9,142	-	-	-	-
Bonds and notes	17,325	-	1,482	1,898	13,334	611	-
Subordinated debt	1,689	-	14	41	178	44	1,412
Other financial liabilities	489	-	181	10	139	159	-
Total financial liabilities	123,472	27,780	45,544	25,075	22,844	817	1,412
Derivative financial instruments used for balance sheet management							
- gross inflows	22,804	-	1,226	6,263	14,569	746	-
- gross outflows	(23,515)	-	(1,214)	(6,401)	(15,163)	(737)	-
Net financial assets / (liabilities) after balance sheet management	46,787	(26,195)	(18,167)	(5,768)	31,561	66,766	(1,410)

Contractual maturity of off-balance sheet commitments and contingent liabilities

Unaudited 31/03/2014 \$ millions	Total	Less than 1 year	Beyond 1 year
Non-credit related commitments	472	122	350
Credit related commitments	26,679	26,679	-
Contingent liabilities	2,333	2,333	-
Total	29,484	29,134	350

Notes to the Financial Statements

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:

Unaudited \$ millions	31/03/2014	
	Carrying amount	Fair value
Assets		
Net loans and advances ¹	102,571	102,582
Liabilities		
Deposits and other borrowings ²	91,181	91,301
Bonds and notes ¹	16,405	16,583
Subordinated debt	1,412	1,389

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 designated at fair value through profit or loss of \$5,401 million.

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 - Quoted market price

Where an active market exists fair value is based on quoted market prices for identical financial instruments. The quoted market price is not adjusted for any potential impact that may be attributed to a large holding of the financial instrument.

Level 2 - Valuation technique using observable inputs

In the event that there is no quoted market price for the instruments, fair values are based on present value estimates or other market accepted valuation techniques which include data, including interest and exchange rates, from observable markets wherever possible.

Level 3 - Valuation technique with significant non observable inputs

ANZ New Zealand holds units in an unlisted fund which does not trade in an active market. The fair value of these units is based on the estimated cashflows from the realisation of the underlying assets.

ANZ New Zealand recognises transfers between Level 1, Level 2 and Level 3 as of the beginning of the reporting period during which the transfer has occurred. There have been no transfers between levels during the period.

Valuation hierarchy

Unaudited 31/03/2014 \$ millions	Level 1	Level 2	Level 3	Total
Financial assets				
Trading securities	12,062	28	-	12,090
Derivative financial instruments	7	8,702	-	8,709
Available-for-sale assets	665	-	2	667
Investments backing insurance policy liabilities	114	51	-	165
Total financial assets held at fair value	12,848	8,781	2	21,631
Financial liabilities				
Deposits and other borrowings	-	5,401	-	5,401
Derivative financial instruments	4	10,833	-	10,837
Payables and other liabilities	222	-	-	222
Total financial liabilities held at fair value	226	16,234	-	16,460

Notes to the Financial Statements

13. Concentrations of Credit Risk to Individual Counterparties

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

For the six months ended 31 March 2014 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 subsidiaries OnePath Life (NZ) Limited and OnePath Insurance Services (NZ) Limited. The aggregate amount of insurance business in this group comprises assets totalling \$787 million (31/03/2013 \$793 million; 30/09/2013 \$779 million), which is 0.6% (31/03/2013 0.6%; 30/09/2013 0.6%) of the total consolidated assets of ANZ New Zealand.

15. Credit Related Commitments, Guarantees and Contingent Liabilities

\$ millions	Face or contract value		
	Unaudited 31/03/2014	Unaudited 31/03/2013	Audited 30/09/2013
Credit related commitments			
Commitments with certain drawdown due within one year	1,073	859	817
Commitments to provide financial services	25,606	24,823	24,250
Total credit related commitments	26,679	25,682	25,067
Guarantees and contingent liabilities			
Financial guarantees	985	650	997
Standby letters of credit	60	53	32
Transaction related contingent items	1,222	976	1,059
Trade related contingent liabilities	66	78	113
Total guarantees and contingent liabilities	2,333	1,757	2,201

ANZ New Zealand guarantees the performance of customers by issuing standby letters of credit and guarantees to third parties, including its Ultimate Parent Bank. To reflect the risk associated with these transactions, they are subjected to the same credit origination, portfolio management and collateral requirements as for customers that apply for loans. The contract amount represents the maximum potential amount that could be lost if the counterparty fails to meet its financial obligations. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Other contingent liabilities

In December 2013, the Commerce Commission announced that it intended to file proceedings against the Bank (and two other banks) under the Fair Trading Act 1986 in relation to the sale of interest rate swaps to rural customers. On 2 April 2014, the Commission stated that it anticipates making a further announcement in mid-2014 after it has progressed discussions with each bank. The potential outcome of any proceedings which may be issued cannot be determined with any certainty at this stage.

In June 2013, litigation funder Litigation Lending Services (NZ) Limited filed a representative action against the Bank regarding certain fees charged to New Zealand customers. The potential outcome of this litigation cannot be determined with any certainty at this stage.

The Banking Group has other contingent liabilities in respect of actual and possible claims and court proceedings. An assessment of the Banking Group'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. Changes to comparatives

Certain amounts in the comparative information have been reclassified to conform with current period financial statement presentations.

During the period, the classification of the balance sheet has been changed to reflect the nature of the financial assets and liabilities reported. Prior to the reclassification, the balance sheet was classified according to counterparty. This has resulted in the following changes to previously reported balance sheet classifications. Minor changes in the overall total assets and total liabilities have also occurred due to the adoption of IAS19 *Employee Benefits* and to gross up net insurance assets for the present value of reinsurance premiums payable.

Associated amounts in the income statement, statement of comprehensive income and cash flow statement have been restated accordingly, and the impact of the changes to these statements is not material.

Unaudited \$ millions	31/03/2013			30/09/2013		
	Previously reported	Change	Currently reported	Previously reported	Change	Currently reported
Assets						
Liquid assets	3,371	(3,371)	-	2,496	(2,496)	-
Due from other financial institutions	2,045	(2,045)	-	1,711	(1,711)	-
Cash	-	3,459	3,459	-	2,347	2,347
Settlement balances receivable	-	701	701	-	515	515
Collateral paid	-	1,142	1,142	-	1,002	1,002
Available-for-sale assets	873	159	1,032	782	160	942
Net loans and advances	97,398	299	97,697	99,765	348	100,113
Insurance policy assets	313	109	422	399	-	399
Other assets	940	(344)	596	735	(165)	570
Deferred tax assets	71	8	79	36	6	42
All other assets	23,637	-	23,637	23,923	-	23,923
Total assets	128,648	117	128,765	129,847	6	129,853
Liabilities						
Due to other financial institutions	11,129	(11,129)	-	9,871	(9,871)	-
Settlement balances payable	-	1,410	1,410	-	1,114	1,114
Collateral received	-	267	267	-	438	438
Deposits and other borrowings	75,224	11,601	86,825	77,696	10,317	88,013
Due to immediate parent company	-	-	-	1,766	(1,766)	-
Payables and other liabilities	1,750	(246)	1,504	1,473	(213)	1,260
Term funding	1,766	(1,766)	-	-	-	-
All other liabilities	29,334	-	29,334	29,286	-	29,286
Total liabilities	119,203	137	119,340	120,092	19	120,111
Equity	9,445	(20)	9,425	9,755	(13)	9,742

Notes to the Financial Statements

17. Additional Disclosures

NZ Branch Funding Unaudited
\$ millions 31/03/2014

Total liabilities of the NZ Branch less amounts due to related parties 28

Overseas Banking Group Profitability and Size Unaudited
AUD millions 31/03/2014

Profit for the six months ended 31/03/2014¹ 3,387

Net profit after tax for the 12 months to 31/03/2014 as a percentage of average total assets 0.94%

Total assets 737,815

Percentage change in total assets in the 12 months to 31/03/2014 9.69%

¹ Net profit after tax for the period includes \$6 million of profit attributable to non-controlling interests.

Overseas Banking Group asset quality Unaudited
AUD millions 31/03/2013

Gross impaired assets 3,620

Gross impaired assets as a percentage of total assets 0.5%

Individual provision 1,470

Individual provision as a percentage of gross impaired assets 40.6%

Collective provision 2,843

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 six months ended 31 March 2014, 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 22 May 2014, 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

Paula Dwyer
Lee Hsien Yang
Graeme Liebelt
Ian Macfarlane, AC
John Macfarlane
Michael Smith, OBE



Independent Auditor's Review Report

To the Directors of Australia and New Zealand Banking Group Limited – New Zealand Branch

We have reviewed pages 3 to 21 of the interim financial statements of Australia and New Zealand Banking Group Limited – New Zealand Branch and its related entities (ANZ New Zealand) prepared and disclosed in accordance with the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (the Order) and the supplementary information prescribed in Schedules 3, 5, 7, 9, 10, 12 and 14 of the Order. The interim financial statements, and supplementary information, provide information about the past financial performance and cash flows of ANZ New Zealand and its financial position as at 31 March 2014.

Directors' responsibility for the disclosure statement

The Directors of Australia and New Zealand Banking Group Limited - New Zealand Branch are responsible for the preparation and presentation of the Disclosure Statement, which includes interim financial statements prepared in accordance with Clause 26 of the Order which give a true and fair view of the financial position of ANZ New Zealand as at 31 March 2014 and its financial performance and cash flows for the six months ended on that date. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of the Disclosure Statement that is free from material misstatement, whether due to fraud or error.

They are also responsible for the preparation of supplementary information in the Disclosure Statement which fairly states the matters to which it relates in accordance with Schedules 3, 5, 7, 9, 10, 12 and 14 of the Order.

Reviewer's responsibility

We are responsible for reviewing the interim financial statements and the supplementary information, disclosed in accordance with Clause 26, Schedules 3, 5, 7, 9, 10, 12 and 14 of the Order and presented to us by the Directors.

We are responsible for reviewing the interim financial statements (excluding the supplementary information) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34): *Interim Financial Reporting* and do not present a true and fair view of the financial position of ANZ New Zealand as at 31 March 2014 and its financial performance and cash flows for the six months ended on that date.

We are responsible for reviewing the supplementary information (excluding the supplementary information relating to capital adequacy) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 10, 12 and 14 of the Order.

We are responsible for reviewing the supplementary information relating to credit and market risk exposures and capital adequacy in order to state whether, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the information disclosed in accordance with Schedule 9 is not in all material respects prepared in accordance with the *Capital Adequacy Framework (Standardised Approach)* (BS2A); and disclosed in accordance with Schedule 9 of the Order.

We have performed our review in accordance with the review engagement standard RS-1: *Statement of Review Engagement Standards* issued by the External Reporting Board. A review is limited primarily to enquiries of ANZ New Zealand 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.

KPMG has also provided other audit related services to ANZ New Zealand. In addition, certain partners and employees of our firm may also deal with ANZ New Zealand on normal terms within the ordinary course of trading activities of ANZ New Zealand. These matters have not impaired our independence as auditors of ANZ New Zealand. We have no other relationship with, or interest in, ANZ New Zealand.

Review opinion

We have examined the interim financial statements including the supplementary information and based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- a. the interim financial statements (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34: *Interim Financial Reporting* and do not present a true and fair view of the financial position of ANZ New Zealand as at 31 March 2014 and its financial performance and cash flows for the six months ended on that date;
- b. the supplementary information prescribed by Schedules 5, 7, 10, 12 and 14 of the Order does not fairly state the matters to which it relates in accordance with those Schedules; and
- c. the supplementary information relating to credit and market risk exposures and capital adequacy prescribed by Schedule 9 of the Order, is not in all material respects prepared in accordance with *Capital Adequacy Framework (Standardised Approach)* (BS2A), and disclosed in accordance with Schedule 9 of the Order.

Our review was completed on 22 May 2014 and our review opinion is expressed as at that date.

