

**ANZ NEW ZEALAND (INT'L) LIMITED
INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 31 MARCH 2018



INTERIM MANAGEMENT REPORT

FOR THE SIX MONTHS ENDED 31 MARCH 2018

Nature of Business

ANZ New Zealand (Int'l) Limited (the Company) is incorporated in New Zealand under the Companies Act 1993. Its registered office is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland, 1010, New Zealand. The ultimate parent company is Australia and New Zealand Banking Group Limited (the Ultimate Parent).

The Company provides funding facilities and wholesale funding to its parent company, ANZ Bank New Zealand Limited (the Parent Company) including the issuance of U.S. Commercial Paper, Euro-Commercial Paper, U.S. Medium-Term Notes, Euro Medium-Term Notes and Covered Bonds. The Company's overseas activities are currently conducted through its London Branch. The Company has no subsidiaries.

There have not been any changes in the nature of the Company's business during the period.

Business Review

The movement in the Company's total assets from \$21,263 million as at 30 September 2017 to \$20,147 million as at 31 March 2018 has been driven primarily by a decreased funding requirement from its parent entity.

The movement in funding includes:

NZ\$m	Debt Issuances	Commercial Paper	Total
Issuances	2,510	1,164	3,674
Maturities	(2,720)	(2,358)	(5,078)
Net issuances	(210)	(1,194)	(1,404)
Foreign exchange revaluation	279	30	309
Movement	69	(1,164)	(1,095)

Net interest income of \$3 million for the six months to 31 March 2018 is consistent with interest income for the six months to 31 March 2017.

Principal Risks and Uncertainties

The Company expects minimal change to its principal risks and uncertainties over the next six months.

The Company's exposure to risk arises from the Company's operations as a financial intermediary and participant in the financial markets. All aspects of risk are managed within a framework of policies, limits, control procedures, systems and reporting. Risk exposures are independently monitored and controlled within predefined limits, with an internal reporting framework in place.

The Company carries minimal interest rate, liquidity and currency risk reflecting the Company's role as a financial intermediary. The Company's principal credit risk exposure continues to be to the Parent Company. Operational risk is managed through a comprehensive infrastructure of effective policies, procedures, businesses systems and compliance.

Other Information

- No important events have occurred since the end of the financial year.
- No significant changes are planned to the future operations of the Company.
- The Company is not involved in research and development.
- The Company has not acquired any of its own shares.
- The Company only operates through its London branch.

Directors

Anthony Bradshaw resigned as a Director of the Company and Penny Dell was appointed as a Director of the Company on 21 March 2018. There have been no other changes to the Directors of the Company since 30 September 2017.

Responsibility Statement

As at the date on which this Responsibility Statement is signed, after due enquiry and to the best of their knowledge, the Directors confirm that:

- the interim financial statements have been prepared in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*
- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, their impact on the interim financial statements and the principal risks and uncertainties for the remaining six months of the financial year.

For and on behalf of the Board of Directors:



Penny Dell
Director
4 May 2018



Stewart Taylor
Director
4 May 2018

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m
Interest income	183	155
Interest expense	180	152
Profit before income tax	3	3
Income tax expense	1	1
Profit after income tax	2	2

There are no items of other comprehensive income.

STATEMENT OF CHANGES IN EQUITY

For the six months ended	31 Mar 18 NZ\$m	31 Mar 17 NZ\$m
Total equity (retained earnings)		
Opening balance	5	5
Profit after income tax	2	2
Closing balance	7	7

BALANCE SHEET

As at	Note	31 Mar 18 NZ\$m	30 Sep 17 NZ\$m
Assets			
Due from the Parent Company		20,147	21,263
Total assets		20,147	21,263
Liabilities			
Accrued interest payable		12	36
Commercial paper		2,555	3,719
Current tax liabilities		2	1
Debt issuances	3	17,571	17,502
Total liabilities		20,140	21,258
Net assets		7	5
Equity			
Retained earnings		7	5
Total Equity		7	5

CASH FLOW STATEMENT

For the six months ended	31 Mar 18	31 Mar 17
	NZ\$m	NZ\$m
Cash flows from operating activities		
Interest received	207	205
Interest paid	(204)	(202)
Income taxes paid	-	(1)
Net cash flows provided by operating activities	3	2
Cash flows from investing activities		
Decrease in due from the Parent Company	1,401	2,063
Net cash flows provided by investing activities	1,401	2,063
Cash flows from financing activities		
Proceeds from issue of debt issuances	2,510	2,393
Decrease in commercial paper	(1,194)	(2,578)
Redemption of debt issuances	(2,720)	(1,880)
Net cash flows used in financing activities	(1,404)	(2,065)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period	-	-
Cash and cash equivalents at end of the period	-	-

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of compliance

These interim financial statements have been prepared in accordance with the requirements of the Disclosure and Transparency Rules issued by the United Kingdom Financial Conduct Authority and New Zealand Generally Accepted Accounting Practice (NZ GAAP) as applicable to interim financial statements. The Company is a publicly accountable for-profit entity for the purposes of complying with NZ GAAP.

These financial statements comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the financial statements for the year ended 30 September 2017.

(ii) Basis of measurement

These interim financial statements have been prepared on a going concern basis in accordance with historical cost concepts.

(iii) Changes in accounting policies

The accounting policies applied by the Company are consistent with those applied and disclosed in the previous full year financial statements.

(iv) Presentation currency and rounding

The amounts contained in the financial statements are presented in millions of New Zealand dollars.

2. RELATED PARTIES

Cash and cash equivalents comprise short term deposits with the Parent Company.

Commercial paper and debt issuances are guaranteed by the Parent Company.

Covered Bonds

As at 31 March 2018, covered bonds of \$3,830 million (30 September 2017: \$5,325 million) included in debt issuances were guaranteed by ANZNZ Covered Bond Trust Limited as trustee of ANZNZ Covered Bond Trust (the Trust) under the terms of the Parent Company's covered bond programme.

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

3. DEBT ISSUANCES

	31 Mar 18 NZ\$m	30 Sep 17 NZ\$m
U.S. medium-term notes	9,336	9,004
Euro medium-term notes	4,405	3,173
Covered bonds	3,830	5,325
Total debt issued	17,571	17,502

4. FAIR VALUE MEASUREMENTS

Financial assets and financial liabilities not measured at fair value

No assets or liabilities are carried at fair value. Below is a comparison of the carrying amounts as reported on the balance sheet and fair value of financial asset and liability categories other than those categories where the carrying amount is considered a reasonable approximation of fair value:

	31 Mar 18		30 Sep 17	
	Carrying amount NZ\$m	Fair value NZ\$m	Carrying amount NZ\$m	Fair value NZ\$m
Financial assets				
Due from the Parent Company	20,147	20,029	21,263	21,345
Financial liabilities				
Commercial paper	2,555	2,554	3,719	3,721
Debt issuances	17,571	17,454	17,502	17,582

5. SUBSEQUENT EVENTS

On 4 May 2018, the Company's Board resolved to pay an ordinary dividend of NZ\$4.9 million no later than 31 May 2018.

Independent Review Report

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

Report on the interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 2 to 5 do not:

- i. present fairly in all material respects the company's financial position as at 31 March 2018 and its financial performance and cash flows for the 6 month period ended on that date; and
- ii. comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

We have completed a review of the accompanying interim financial statements which comprise:

- the balance sheet as at 31 March 2018;
- the statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for conclusion

A review of interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of ANZ New Zealand (Int'l) Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

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



Use of this Independent Review Report

This report is made solely to the shareholder as a body. Our review work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the interim financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*;



- implementing necessary internal control to enable the preparation of interim financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these interim financial statements.

This description forms part of our Independent Review Report.

KPMG
Auckland
4 May 2018

