

ANZ New Zealand (Int'l) Limited Interim Financial Statements

FOR THE SIX MONTHS ENDED 31 MARCH 2013

Interim Management Report

For the six months ended 31 March 2013

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 at Level 10, 170-186 Featherston Street, Wellington, 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 decrease in the Company's total assets from \$20,318 million as at 30 September 2012 to \$18,324 million as at 31 March 2013 has been driven primarily by maturities of U.S. Commercial Paper and U.S. Medium-Term Notes, which have not been fully replaced by new issuances.

Net interest income of \$3 million for the six months to 31 March 2013 is down from the six months to 31 March 2012 (\$4 million) mainly due to changes in the funding mix of commercial paper and medium-term notes.

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, and risk exposures are independently monitored and controlled within predefined limits, with an internal reporting framework in place.

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

Other Information

- No 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

Nick Freeman and Jennifer Evans have taken up positions with the Ultimate Parent in Australia and resigned as directors of the Company on 7 December 2012 and 10 December 2012 respectively. Anthony Bradshaw and Antonia Watson were appointed directors of the Company on 10 December 2012.

There have been no other changes to the Directors of the Company since 30 September 2012.

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

- (a) the interim financial statements have been prepared in accordance with NZ IAS 34 and IAS 34 *Interim Financial Reporting*; and
- (b) 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:



Antonia Watson
Director
13 May 2013



Anthony Bradshaw
Director
13 May 2013

Statement of Comprehensive Income

\$ millions	Unaudited 6 months to 31/03/2013	Unaudited 6 months to 31/03/2012	Audited Year to 30/09/2012
Interest income	196	222	425
Interest expense	193	218	417
Net interest income	3	4	8
Operating expenses	-	-	1
Profit before income tax	3	4	7
Income tax expense	1	1	2
Profit after income tax	2	3	5

There are no items of other comprehensive income.

Statement of Changes in Equity

\$ millions	Foreign Currency Translation Reserve	Retained Profits	Total Equity
As at 1 October 2011 (audited)	3	5	8
Transfer on change in functional currency	(3)	3	-
Profit after tax	-	3	3
Total comprehensive income	(3)	6	3
As at 31 March 2012 (unaudited)	-	11	11
As at 1 October 2011 (audited)	3	5	8
Transfer on change in functional currency	(3)	3	-
Profit after tax	-	5	5
Total comprehensive income	(3)	8	5
Ordinary dividend paid	-	(8)	(8)
As at 30 September 2012 (audited)	-	5	5
Profit after income tax	-	2	2
As at 31 March 2013 (unaudited)	-	7	7

Balance Sheet

\$ millions	Unaudited 31/03/2013	Unaudited 31/03/2012	Audited 30/09/2012
Assets			
Cash and cash equivalents	6	9	3
Due from the Parent Company	18,318	19,639	20,315
Total assets	18,324	19,648	20,318
Liabilities			
Accrued interest payable	74	109	98
Commercial paper	4,336	4,457	5,444
Current tax liabilities	1	1	1
Due to other related parties	2	185	206
Bonds and notes	13,904	14,885	14,564
Total liabilities	18,317	19,637	20,313
Net assets	7	11	5
Equity			
Retained profits	7	11	5
Total Equity	7	11	5

Cash Flow Statement

\$ millions	6 months to 31/03/2013	6 months to 31/03/2012	Year to 30/09/2012
Cash flows from operating activities			
Interest received	217	215	431
Interest paid	(214)	(211)	(423)
Operating expenses	-	-	(1)
Tax paid	(1)	(1)	(2)
Net cash flows provided by operating activities	2	3	5
Cash flows from investing activities			
Decrease / (increase) in due from the Parent Company	1,763	(176)	(2,584)
Net cash flows provided by / (used in) investing activities	1,763	(176)	(2,584)
Cash flows from financing activities			
Proceeds from issue of bonds and notes	1,093	2,016	4,877
Increase / (decrease) in due to other related parties	(204)	183	204
Increase / (decrease) in commercial paper	(1,087)	(398)	1,595
Redemption of bonds and notes	(1,564)	(1,626)	(4,093)
Dividends paid	-	-	(8)
Net cash flows provided by / (used in) financing activities	(1,762)	175	2,575
Net increase / (decrease) in cash and cash equivalents	3	2	(4)
Opening cash and cash equivalents	3	7	7
Closing cash and cash equivalents	6	9	3

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 NZ IAS 34 and IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the financial statements for the year ended 30 September 2012.

(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 adopted by the Company are consistent with those adopted 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.

(v) Comparatives

Related party payables with a carrying value of \$2,164 million as at 31 March 2012 have been reclassified to bonds and notes (\$2,159 million) and accrued interest (\$5 million) to be consistent with disclosures in the previous full year financial statements.

These reclassifications did not change the amounts for total assets, total liabilities, or net interest income that had been reported previously. Amounts in the cash flow statement and the notes to the financial statements have been reclassified accordingly.

2. Related parties

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

Bonds and notes includes \$1,254 million (31/03/2012 \$2,159 million; 30/09/2012 \$1,257 million) of notes that have been issued to subsidiaries of the Ultimate Parent.

Commercial paper, amounts due to other related parties and bonds and notes are guaranteed by the Parent Company. \$204 million (31/03/2012 \$2,161 million; 30/09/2012 \$205 million) of notes also benefit from a supporting guarantee from the New Zealand Crown.

Covered Bonds

As at 31 March 2013, covered bonds of \$2,926 million (31/03/2012 \$1,898 million; 30/09/2012 \$2,962 million) included in bonds and notes 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. Subsequent Events

On 9 April 2013 the Company's Board resolved to pay an ordinary dividend of \$4.8 million, which was paid on 1 May 2013.



Independent Auditor's Review Report

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

Report on the Financial Statements

We have reviewed the interim financial statements on pages 2 to 4 in accordance with the Review Engagement Standards issued by the External Reporting Board. The financial statements provide information about the past financial performance of ANZ New Zealand (Int'l) Limited and its financial position as at 31 March 2013.

Directors' responsibility

The Directors of ANZ New Zealand (Int'l) Limited are responsible for the preparation of interim financial statements which give a true and fair view of the financial position of the company as at 31 March 2013 and the results of its operations and cashflows for the six months ended on that date.

Reviewer's responsibility

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

Basis of opinion

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

Other than in our capacity as auditors we have no relationship with or interest in the company.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 2 to 4 do not give a true and fair view of the financial position of ANZ New Zealand (Int'l) Limited as at 31 March 2013, the results of its operations and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting*.

Our review was completed on 13 May 2013 and our opinion is expressed as at that date.

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

Wellington

