

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

FOR THE SIX MONTHS ENDED 31 MARCH 2014

Interim Management Report

For the six months ended 31 March 2014

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 increase in the Company's total liabilities from \$17,586 million as at 30 September 2013 to \$18,817 million as at 31 March 2014 has been driven primarily by issuances of Euro Commercial Paper and Euro Medium-Term Notes exceeding maturities of U.S. Commercial Paper and U.S. Medium-Term Notes.

Net interest income of \$3 million for the six months to 31 March 2014 is consistent with interest income for the six months to 31 March 2013.

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

There have been no changes to the Directors of the Company since 30 September 2013.

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 *Interim Financial Reporting* 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 2014



Anthony Bradshaw
Director
13 May 2014

Statement of Comprehensive Income

\$ millions	Unaudited 6 months to 31/03/2014	Unaudited 6 months to 31/03/2013	Audited Year to 30/09/2013
Interest income	124	196	362
Interest expense	121	193	355
Net interest income	3	3	7
Operating expenses	-	-	1
Profit before income tax	3	3	6
Income tax expense	1	1	2
Profit after income tax	2	2	4

There are no items of other comprehensive income.

Statement of Changes in Equity

\$ millions	Unaudited 6 months to 31/03/2014	Unaudited 6 months to 31/03/2013	Audited Year to 30/09/2013
Total equity (retained earnings)			
Opening balance	4	5	5
Profit after tax	2	2	4
Ordinary dividend paid	(4)	-	(5)
Closing balance	2	7	4

Balance Sheet

\$ millions	Unaudited 31/03/2014	Unaudited 31/03/2013	Audited 30/09/2013
Assets			
Cash and cash equivalents	2	6	2
Due from the Parent Company	18,817	18,318	17,588
Total assets	18,819	18,324	17,590
Liabilities			
Due to other related parties	329	2	-
Accrued interest payable	41	74	83
Commercial paper	5,401	4,336	4,764
Current tax liabilities	1	1	1
Bonds and notes	13,045	13,904	12,738
Total liabilities	18,817	18,317	17,586
Net assets	2	7	4
Equity			
Retained earnings	2	7	4
Total Equity	2	7	4

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	167	217	375
Interest paid	(164)	(214)	(368)
Operating expenses paid	-	-	(1)
Income taxes paid	(1)	(1)	(2)
Net cash flows provided by operating activities	2	2	4
Cash flows from investing activities			
Decrease / (increase) in due from the Parent Company	(2,169)	1,763	3,078
Net cash flows provided by / (used in) investing activities	(2,169)	1,763	3,078
Cash flows from financing activities			
Proceeds from issue of bonds and notes	2,167	1,093	1,967
Increase / (decrease) in due to other related parties	329	(204)	(206)
Increase / (decrease) in commercial paper	1,079	(1,087)	(708)
Redemption of bonds and notes	(1,404)	(1,564)	(4,131)
Dividends paid	(4)	-	(5)
Net cash flows provided by / (used in) financing activities	2,167	(1,762)	(3,083)
Net increase / (decrease) in cash and cash equivalents	-	3	(1)
Cash and cash equivalents at beginning of the period	2	3	3
Cash and cash equivalents at end of the period	2	6	2

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 *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 2013.

(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 Company has applied the following new accounting standards and amendments in the preparation of these financial statements:

- NZ IFRS 13 *Fair Value Measurement*; and
- NZ IAS 34 *Interim Financial Reporting* (consequential amendments).

Adoption of these standards has not resulted in any change to the Company's reported result or financial position.

Amendments to NZ IAS 34 require certain fair value disclosures which have been included in Note 3, 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.

2. Related parties

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

Bonds and notes includes \$1,213 million (31/03/2013 \$1,254 million; 30/09/2013 \$1,267 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. \$198 million (31/03/2013 \$204 million; 30/09/2013 \$206 million) of notes also benefit from a supporting guarantee from the New Zealand Crown.

Covered Bonds

As at 31 March 2014, covered bonds of \$3,828 million (31/03/2013 \$2,926 million; 30/09/2013 \$3,925 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. 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:

Unaudited \$ millions	31/03/2014	
	Carrying amount	Fair value
Assets		
Due from the Parent Company	18,817	19,037
Liabilities		
Bonds and notes	13,045	13,265



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 2014.

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 2014 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 2014, 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 2014 and our opinion is expressed as at that date.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font. Below the signature is a horizontal line.

Wellington

