

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

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FOR THE SIX MONTHS ENDED 31 MARCH 2016



# INTERIM MANAGEMENT REPORT

## FOR THE SIX MONTHS ENDED 31 MARCH 2016

### 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 decrease in the Company's total liabilities from \$20,819 million as at 30 September 2015 to \$18,915 million as at 31 March 2016 has been driven primarily by foreign exchange movements on the Covered Bonds, Medium-Term Notes and Commercial Paper, due to the appreciation of the New Zealand dollar against the US dollar and euro.

Net interest income of \$3 million for the six months to 31 March 2016 is consistent with interest income for the six months to 31 March 2015.

### 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 2015.

### 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:

Anthony Bradshaw  
Director  
12 May 2016

Antonia Watson  
Director  
12 May 2016

## STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31/03/2016	Unaudited 6 months to 31/03/2015	Audited Year to 30/09/2015
	NZ\$m	NZ\$m	NZ\$m
Interest income	130	124	260
Interest expense	127	121	253
Net interest income	3	3	7
<b>Profit before income tax</b>	<b>3</b>	<b>3</b>	<b>7</b>
Income tax expense	1	1	2
<b>Profit after income tax</b>	<b>2</b>	<b>2</b>	<b>5</b>

There are no items of other comprehensive income.

## STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months to 31/03/2016	Unaudited 6 months to 31/03/2015	Audited Year to 30/09/2015
	NZ\$m	NZ\$m	NZ\$m
<b>Total equity (retained earnings)</b>			
Opening balance	5	5	5
Profit after tax	2	2	5
Ordinary dividend paid	-	(5)	(5)
<b>Closing balance</b>	<b>7</b>	<b>2</b>	<b>5</b>

## BALANCE SHEET

	Note	Unaudited 31/03/2016	Unaudited 31/03/2015	Audited 30/09/2015
		NZ\$m	NZ\$m	NZ\$m
<b>Assets</b>				
Due from the Parent Company		18,922	20,546	20,824
<b>Total assets</b>		<b>18,922</b>	<b>20,546</b>	<b>20,824</b>
<b>Liabilities</b>				
Due to other related parties		-	5	-
Accrued interest payable		28	34	91
Commercial paper		5,446	6,273	4,963
Current tax liabilities		1	1	1
Debt issuances	3	13,440	14,231	15,764
<b>Total liabilities</b>		<b>18,915</b>	<b>20,544</b>	<b>20,819</b>
<b>Net assets</b>		<b>7</b>	<b>2</b>	<b>5</b>
<b>Equity</b>				
Retained earnings		7	2	5
<b>Total Equity</b>		<b>7</b>	<b>2</b>	<b>5</b>

## CASH FLOW STATEMENT

	Unaudited 6 months to 31/03/2016	Unaudited 6 months to 31/03/2015	Audited Year to 30/09/2015
	NZ\$m	NZ\$m	NZ\$m
<b>Cash flows from operating activities</b>			
Interest received	192	189	267
Interest paid	(190)	(185)	(260)
Income taxes paid	(1)	(1)	(2)
<b>Net cash flows provided by operating activities</b>	<b>1</b>	<b>3</b>	<b>5</b>
<b>Cash flows from investing activities</b>			
Decrease / (increase) in due from the Parent Company	192	(890)	668
<b>Net cash flows provided by investing activities</b>	<b>192</b>	<b>(890)</b>	<b>668</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of debt issuances	2,258	2,149	3,337
Increase / (decrease) in due to other related parties	-	(174)	(179)
Increase / (decrease) in commercial paper	927	(80)	(494)
Redemption of debt issuances	(3,378)	(1,187)	(3,511)
Dividends paid	-	-	(5)
<b>Net cash flows used in financing activities</b>	<b>(193)</b>	<b>708</b>	<b>(852)</b>
Net increase / (decrease) in cash and cash equivalents	-	(179)	(179)
Cash and cash equivalents at beginning of the period	-	179	179
<b>Cash and cash equivalents at end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>

# 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 2015.

### (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 comprises short term deposits with the Parent Company.

Commercial paper, amounts due to other related parties and debt issuances are guaranteed by the Parent Company.

### Covered Bonds

As at 31 March 2016, covered bonds of \$4,961 million (31/03/2015 \$4,382 million; 30/09/2015 \$5,335 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

	Unaudited 31/03/2016 NZ\$m	Unaudited 31/03/2015 NZ\$m	Audited 30/09/2015 NZ\$m
U.S. medium-term notes	5,944	6,138	6,831
Euro medium-term notes	2,535	3,711	3,598
Covered bonds	4,961	4,382	5,335
Total debt issuances	13,440	14,231	15,764

## 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:

	Unaudited 31/03/2016		Unaudited 31/03/2015		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
<b>Assets</b>						
Due from the Parent Company	18,922	19,147	20,546	20,789	20,824	21,013
<b>Liabilities</b>						
Commercial paper	5,446	5,451	6,273	6,273	4,963	4,964
Debt issuances	13,440	13,660	14,231	14,474	15,764	15,953



## INDEPENDENT AUDITOR'S REVIEW REPORT

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

We have completed a review of the interim financial statements of ANZ New Zealand (Int'l) Limited on pages 3 to 5 which comprise the balance sheet as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and the cash flow statement for the 6 months ended on that date, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholder as a body. Our review work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in the 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 company's shareholder as a body, for our review work, this report or any of the opinions we have formed.

#### Directors' responsibility

The Directors are responsible on behalf of ANZ New Zealand (Int'l) Limited for the preparation and fair presentation of interim financial statements in accordance with NZ IAS 34: *Interim Financial Reporting* which give a true and fair view of the financial position of ANZ New Zealand (Int'l) Limited as at 31 March 2016 and its financial performance and cash flows for the six months ended on that date. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

#### Reviewer's responsibility

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: *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with NZ IAS 34: *Interim Financial Reporting*. 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.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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 those financial statements.

Our firm has also provided other services to the company in relation to prospectus reviews and assurance services. These matters have not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company. Other than in our capacity as auditors we have no relationship with or interests in the company.

#### Review opinion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements do not present fairly, in all material respects, the financial position of ANZ New Zealand (Int'l) Limited as at 31 March 2016, and of its financial performance and its cash flows for the 6 months ended on that date in accordance with NZ IAS 34: *Interim Financial Reporting*.

Our review was completed on 12 May 2016 and our review opinion is expressed as at that date.

A handwritten signature of the letters 'KPMG' in blue ink. The 'K' is written with a vertical stroke and a horizontal bar extending to the right. The 'P' is a simple vertical line. The 'M' and 'G' are written in a cursive style.

Wellington



