

ANZ NATIONAL (INT'L) LIMITED

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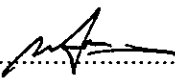
ANNUAL REPORT
FOR THE YEAR ENDED
30 SEPTEMBER 2010

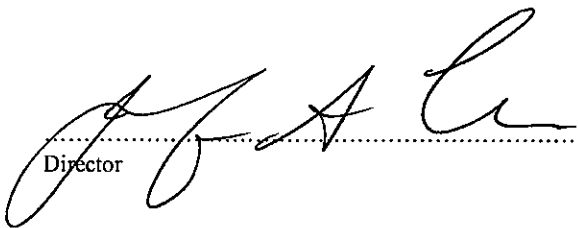
ANZ NATIONAL (INT'L) LIMITED

Annual Report

Pursuant to section 211(3) of the Companies Act 1993, the shareholder of ANZ National (Int'l) Limited ("the Company") has agreed that the annual report of the Company need not comply with any of the paragraphs (a), and (e) to (j) of subsection (1) and subsection (2) of section 211.

Accordingly, there is no information to be provided in this Annual Report other than the financial statements for the year to 30 September 2010 and the Audit Report thereon, which are enclosed.


.....
Director


.....
Director

Date 3 December 2010

ANZ NATIONAL (INT'L) LIMITED

Directors Statement

The Financial Reporting Act 1993 requires financial statements to be prepared for each financial year which give a true and fair view of the financial position of the Company and of the financial performance for that period. The Directors believe that in preparing these financial statements, the officers of the Company have:

- selected suitable accounting policies that comply with New Zealand Generally Accepted Accounting Practice and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- followed all applicable accounting standards, with no material departures.

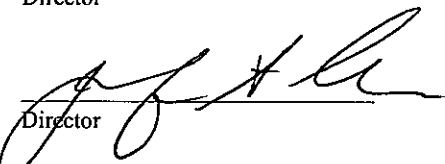
The Directors confirm that accounting records have been kept that will at any time enable the financial position of the Company to be determined with reasonable accuracy and will enable the Directors to ensure that the financial statements comply with the Financial Reporting Act 1993.

Based on the above, the Board of Directors of the Company approve these financial statements for the year ended 30 September 2010.

For and on behalf of the Board of Directors



Director



Director

3 December 2010

Date of issue

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	Year to 30/09/2010 \$000	Year to 30/09/2009 \$000
Interest income	4	368,152	609,991
Interest expense	4	360,275	601,050
Net interest income		<u>7,877</u>	<u>8,941</u>
Net foreign exchange gains		14	63
Total income		<u>7,891</u>	<u>9,004</u>
Operating expenses	5	553	773
Profit before income tax		<u>7,338</u>	<u>8,231</u>
Income tax expense	6	2,201	2,469
Profit after income tax		<u>5,137</u>	<u>5,762</u>
Other comprehensive income			
Currency translation adjustments		-	-
Total comprehensive income		<u><u>5,137</u></u>	<u><u>5,762</u></u>

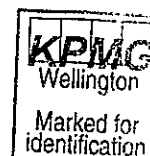
The notes on pages 5 to 18 form part of and should be read in conjunction with these financial statements.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	Share capital \$000	Foreign currency translation reserve \$000	Retained profits \$000	Total Equity \$000
As at 1 October 2008		500	1,351	7,692	9,543
Profit after income tax		-	-	5,762	5,762
Currency translation adjustments		-	(201)	201	-
Total comprehensive income		-	(201)	5,963	5,762
Ordinary dividend paid	14	-	-	(7,692)	(7,692)
As at 30 September 2009		500	1,150	5,963	7,613
Profit after income tax		-	-	5,137	5,137
Currency translation adjustments		-	2,133	(2,133)	-
Total comprehensive income		-	2,133	3,004	5,137
Ordinary dividend paid	14	-	-	(5,963)	(5,963)
As at 30 September 2010		500	3,283	3,004	6,787

The notes on pages 5 to 18 form part of and should be read in conjunction with these financial statements.

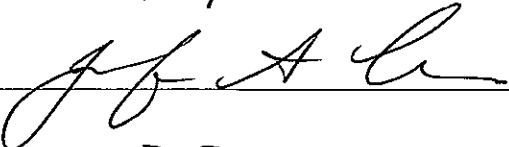


BALANCE SHEET AS AT 30 SEPTEMBER 2010

	Note	30/09/2010 \$000	30/09/2009 \$000
Assets			
Liquid assets	7	71	124
Amounts due from related parties	8	24,025,695	22,381,573
Deferred tax asset	9	-	19
Total assets		24,025,766	22,381,716
Liabilities			
Payables and other liabilities	12	103,026	90,255
Deposits and other borrowings	10	7,304,998	7,388,414
Amounts due to related parties	11	3,609,639	2,725,893
Bonds and notes	13	13,000,201	12,168,208
Current tax liabilities		1,115	1,333
Total liabilities		24,018,979	22,374,103
Net assets		6,787	7,613
Equity			
Ordinary share capital	14	500	500
Foreign currency translation reserve		3,283	1,150
Retained profits		3,004	5,963
Total equity		6,787	7,613

For and on behalf of the Board of Directors:


 _____ Director


 _____ Director

3 December 2010
 _____ Date of issue

The notes on pages 5 to 18 form part of and should be read in conjunction with these financial statements.



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	Year to 30/09/2010 \$000	Year to 30/09/2009 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Interest received		355,347	736,544
<i>Cash was applied to:</i>			
Interest paid		(347,256)	(727,232)
Operating expenses		(500)	(940)
Payment of tax		(2,401)	(2,983)
		<u>(350,157)</u>	<u>(731,155)</u>
Net cash flows provided by operating activities	23	<u>5,190</u>	<u>5,389</u>
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Decrease in due from parent company		-	6,866,367
		<u>-</u>	<u>6,866,367</u>
<i>Cash was applied to:</i>			
Increase in due from parent company		(161,505)	-
		<u>(161,505)</u>	<u>-</u>
Net cash flows (used in)/provided by investing activities		<u>(161,505)</u>	<u>6,866,367</u>
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Proceeds from bonds and notes		4,735,808	4,511,650
		<u>4,735,808</u>	<u>4,511,650</u>
<i>Cash was applied to:</i>			
Redemptions of bonds and notes		(3,585,294)	(7,476,354)
Decrease in deposits and other borrowings		(418,185)	(3,487,115)
Decrease in due to related parties		(570,104)	(414,069)
Dividends paid		(5,963)	(7,692)
		<u>(4,579,546)</u>	<u>(11,385,230)</u>
Net cash flows provided by/(used in) financing activities		<u>156,262</u>	<u>(6,873,580)</u>
Net cash flows provided by operating activities		5,190	5,389
Net cash flows (used in)/provided by investing activities		(161,505)	6,866,367
Net cash flows provided by/(used in) financing activities		156,262	(6,873,580)
Net decrease in cash and cash equivalents		(53)	(1,824)
Opening cash and cash equivalents		124	1,948
Closing cash and cash equivalents		<u>71</u>	<u>124</u>
Reconciliation of closing cash and cash equivalents to balance sheet:			
Liquid assets	7	<u>71</u>	<u>124</u>

The notes on pages 5 to 18 form part of and should be read in conjunction with these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES**(i) Basis of preparation**

These financial statements for ANZ National (Int'l) Limited ('the Company') have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles, applying the Framework for Differential Reporting for Entities Applying the New Zealand Equivalents to International Financial Reporting Standards Reporting Regime ('Framework for Differential Reporting'). They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate to profit-orientated entities that qualify for and apply Differential Reporting exemptions. The Company has taken advantage of all the Differential Reporting exemptions except those available under NZ IAS 7: *Cash Flow Statements* and NZ IAS 12: *Income Taxes*.

The Company qualifies for Differential Reporting exemptions as it has no public accountability and at balance date every owner of the Company was also a member of the Company's governing body.

(ii) Presentation currency and rounding

The amounts contained in the financial statements are presented in thousands of New Zealand dollars, unless otherwise stated.

The Company has chosen to use New Zealand dollars as its presentation currency as it is a New Zealand incorporated company, with its immediate parent company reporting in New Zealand dollars.

The results and financial position of the Company are translated into New Zealand dollars from its functional currency (refer Note 1 (vi)) as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised as a separate component of equity.

(iii) Changes in accounting policies

There have been no changes in accounting policies or early adoption of accounting standards in the preparation and presentation of the financial statements.

NZ IAS 1 Presentation of Financial Statements (revised) ("NZ IAS 1") and NZ IFRS 7 Financial Instruments: Disclosures (revised) ("NZ IFRS 7") became effective for the Company for the year ended 30 September 2010.

In accordance with NZ IAS 1 a "statement of comprehensive income" has been disclosed showing net profit or loss and revenues and expenses recognised directly in equity. In addition the revised "statement of changes in equity" shows all changes in equity.

The amendments to NZ IFRS 7 required expanded fair value measurement disclosures and enhanced disclosures about the nature and extent of liquidity risk arising from financial instruments.

NZ IAS 1 and NZ IFRS 7 are concerned with disclosure only and have not had any impact on the financial results or position of the Company.

(iv) Measurement base

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

(v) Accounting estimates

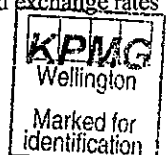
The preparation of the financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates.

(vi) Foreign currency**Functional currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Company's functional currency is United States dollars, whereas the presentation currency is New Zealand dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses resulting from (i) the settlement of such transactions, and (ii) the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.



NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)**(vii) Interest income and interest expense**

Interest income and interest expense are recognised in the income statement as they accrue, using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability. The application of the method has the effect of recognising income and expense on the financial asset or liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

(viii) Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by an accounting standard. This generally arises in the following circumstances:

- where gains and losses from a group of similar transactions are reported on a net basis such as foreign exchange gains and losses;
- where amounts are collected on behalf of third parties, where the Company is, in substance, acting as an agent only; or
- where costs are incurred on behalf of customers from whom the Company is reimbursed.

(ix) Derecognition of financial assets and financial liabilities

The Company derecognises a financial asset from its balance sheet when, and only when, (i) the contractual rights to the cash flows from the financial asset expire, or (ii) the Company has transferred all or substantially all of the risks and rewards of ownership of the financial asset and no longer controls the financial asset. The Company derecognises a financial liability from its balance sheet, when and only when, it is extinguished.

(x) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and not classified as available-for-sale. Loans and advances are initially recognised at fair value including transaction costs that are directly attributable to the issue of the loan or advance. They are subsequently measured at amortised cost using the effective interest method, less any impairment loss.

Loans and advances are regularly reviewed for any impairment loss. Credit loss provisions are raised for loans that are known to be impaired. Loans are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and prior to the reporting date, and that the loss event (or events) has had an impact on the estimated future cash flows (recoverable amount) of the loan.

(xi) Deposits and other borrowings

Deposits and other borrowings includes commercial paper issuances. Deposits and other borrowings are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. The interest expense is recognised using the effective interest method as explained in Accounting Policy (vii).

(xii) Bonds and notes

Bonds and notes are initially recognised at fair value plus transaction costs and subsequently stated at amortised cost. Interest expense is recognised in the income statement using the effective interest method.

(xiii) Income tax

Income tax on profits for the period comprises current and deferred tax. It is recognised in the income statement as tax expense, except when it relates to items credited directly to equity, in which case it is recorded in equity.

Current tax is the expected tax payable on taxable income for the period, based on tax rates (and tax laws) which are enacted or substantively enacted by the reporting date and including any adjustment for tax payable in previous periods. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)**(xiii) Income tax (continued)**

Deferred tax is accounted for using the tax balance sheet liability method. Deferred tax arises by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the Company, at the reporting date, recovers or settles the carrying amount of its assets or liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilised.

Current and deferred tax assets are offset only to the extent that they relate to income taxes imposed by the same taxation authority and there is a legal right and intention to settle on a net basis and it is allowed under the tax law.

(xiv) Offsetting of assets and liabilities

Assets and liabilities are offset and the net amount reported in the balance sheet only where:

- There is a current enforceable legal right to offset the asset and liability; and
- There is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(xv) Contingent liabilities

Liabilities are no longer contingent, and are recognised on the balance sheet, when the transaction is probable in that the contingency is likely to occur and the contingency can be reasonably measured. Further disclosure is made within Note 22 Contingent Liabilities and Other Commitments, where the above requirements are not met, but there is a possible obligation that is higher than remote. Specific details are provided together with an estimate of the range or a statement that such an estimate is not possible.

(xvi) Comparatives

To ensure consistency with the current year, comparative figures have been reclassified where appropriate.

(xvii) Segment reporting

An operating segment is a component of the Company that engages in activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete information is available. The company operates in only one segment, as a provider of wholesale funding to its parent company.

(xviii) Cash flow statement**Basis of preparation**

The cash flow statement has been prepared using the direct approach.

Cash and cash equivalents

Cash and cash equivalents include liquid assets with an original term to maturity of less than three months.

Netting of cash flows

Certain cash flows have been netted in order to provide more meaningful disclosure, as many of the cash flows are received and immediately lent to the parent company. These cash flows are high volume and short term in nature and include deposits and other borrowings and related party balances.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. NATURE OF COMPANY AND ITS BUSINESS

The Company is incorporated in New Zealand under the Companies Act 1993, and is based in New Zealand. Its registered office is at Level 6, 1 Victoria Street, Wellington, New Zealand.

The Company provides funding facilities and wholesale funding to its parent company, ANZ National Bank Limited via issuance of U.S. Commercial Paper, Euro-Commercial Paper, U.S. Medium-Term Notes, Euro Medium-Term Notes and short term borrowing from related parties. The Company's overseas activities are conducted through its London branch.

3. RELATED PARTIES

The parent company is ANZ National Bank Limited which is incorporated in New Zealand. The ultimate parent company is Australia and New Zealand Banking Group Limited which is incorporated in Australia.

The Company is a wholly owned subsidiary of the Australia and New Zealand Banking Group Limited group of companies ('ANZ Group'). All members of the ANZ Group are considered to be related parties of the Company.

Details of transactions with related parties during the ordinary course of business are set out in the relevant notes to these financial statements.

4. INTEREST INCOME AND EXPENSE

	Year to 30/09/2010 \$000	Year to 30/09/2009 \$000
Interest income		
Liquid assets	-	15
Parent company	368,152	609,976
Total interest income	368,152	609,991
Interest expense		
Deposits and other borrowings	33,686	133,975
Related parties	29,558	117,496
Bonds and notes	296,859	349,316
Other	172	263
Total interest expense	360,275	601,050

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OPERATING EXPENSES

	Year to 30/09/2010 \$000	Year to 30/09/2009 \$000
Personnel costs	294	648
Communication	108	111
Other	151	14
Total operating expenses	<u>553</u>	<u>773</u>

Audit fees of \$31,837 (2009: \$31,213) have been paid by ANZ National Bank Limited for nil consideration (2009: nil).

6. INCOME TAX EXPENSE

	Year to 30/09/2010 \$000	Year to 30/09/2009 \$000
Reconciliation of the prima facie income tax payable on profit with the income tax expense charged in the income statement		
Profit before income tax	7,338	8,231
Prima facie income tax at 30%	<u>2,201</u>	<u>2,469</u>
Total income tax expense	<u>2,201</u>	<u>2,469</u>
Effective tax rate	30.0%	30.0%
The major components of the income tax expense comprise:		
Amounts recognised in the income statement		
<i>Current income tax</i>		
Current income tax charge	2,182	2,470
Adjustments recognised in the current year in relation to current tax of prior years	-	-
<i>Deferred income tax</i>		
Deferred tax credit relating to the origination and reversal of temporary differences	<u>19</u>	<u>(1)</u>
Total income tax expense recognised in income statement	<u>2,201</u>	<u>2,469</u>

In the 2010 tax year the New Zealand government announced that the corporate tax rate will reduce from 30% to 28% effective for the 2011/2012 income tax year. There is no deferred tax asset or liability held by the Company.

The Company is part of a wholly owned group of companies and may receive the benefit of tax losses by way of a tax loss offset for which compensation will be paid to another member of the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. LIQUID ASSETS

	30/09/2010 \$000	30/09/2009 \$000
Cash at bank	71	124
Total liquid assets	<u>71</u>	<u>124</u>

8. AMOUNTS DUE FROM RELATED PARTIES

	30/09/2010 \$000	30/09/2009 \$000
ANZ National Bank Limited	22,599,117	22,381,573
Settlement balances due from other related parties	1,426,578	-
Total amounts due from related parties	<u>24,025,695</u>	<u>22,381,573</u>

Amounts due from related parties are classified as loans and advances and include interest receivable.

Balances owing by ANZ National Bank Limited are lent on similar terms as the underlying funding raised.

9. DEFERRED TAX ASSETS

	30/09/2010 \$000	30/09/2009 \$000
Balance at beginning of the year	19	18
Credit to income	(19)	1
Balance at end of the year	<u>-</u>	<u>19</u>
Deferred tax assets comprise the following temporary differences:		
Provisions and accruals	-	19
Total deferred tax asset	<u>-</u>	<u>19</u>
The deferred tax credit in income comprises the following temporary differences:		
Provisions and accruals	(19)	1
Total deferred tax credited to income	<u>(19)</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DEPOSITS AND OTHER BORROWINGS

	30/09/2010	30/09/2009
	\$000	\$000
Commercial paper by currency		
Canadian dollars	-	25,738
United States dollars	7,304,998	7,362,676
Total deposits and other borrowings	<u>7,304,998</u>	<u>7,388,414</u>
Commercial paper issued is guaranteed by the parent company.		

11. AMOUNTS DUE TO RELATED PARTIES

	30/09/2010	30/09/2009
	\$000	\$000
Australia and New Zealand Banking Group Limited - current	-	485,494
Australia and New Zealand Banking Group Limited and subsidiaries - term	3,607,792	2,238,595
South Pacific Merchant Finance Limited	1,590	1,549
Southpac Corporation Limited	257	255
Total amounts due to related parties	<u>3,609,639</u>	<u>2,725,893</u>

Balances owing to the Australia and New Zealand Banking Group Limited and subsidiaries are made at normal commercial bank rates. These balances are guaranteed by the parent company.

Balances owing to other related parties are made at variable bank rates.

12. PAYABLES AND OTHER LIABILITIES

	30/09/2010	30/09/2009
	\$000	\$000
Accrued interest payable	102,967	90,248
Other	59	7
Total payables and other liabilities	<u>103,026</u>	<u>90,255</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. BONDS AND NOTES

	30/09/2010 \$000	30/09/2009 \$000
Bonds and notes by currency		
Australian dollars	-	60,943
Great British pounds	1,161,813	1,199,560
Hong Kong dollars	133,065	45,604
Japanese yen	373,792	92,627
New Zealand dollars	-	250,000
Singapore dollars	206,309	196,066
Swiss franc	764,193	368,657
United States dollars	10,361,029	9,954,751
Total bonds and notes	<u>13,000,201</u>	<u>12,168,208</u>

Bonds and notes issued are guaranteed by the parent company.

14. ORDINARY SHARE CAPITAL

	30/09/2010 No. of Shares	30/09/2009 No. of Shares
Ordinary shares at beginning and end of the year	<u>500,000</u>	<u>500,000</u>
	30/09/2010 \$000	30/09/2009 \$000
Ordinary share capital at beginning and end of the year	<u>500</u>	<u>500</u>

The dividend on ordinary shares was \$11.92 per share (2009: \$15.38).

The ordinary shares have the rights and powers prescribed by Section 36 of the Companies Act 1993, whereby they have equal rights regarding voting, dividends and the residual assets upon winding up of the Company.

15. CONCENTRATION OF CREDIT RISK AND FUNDING

Concentrations of credit risk arise when the Company is exposed to risk in activities or industries of a similar nature. Concentrations of funding arise where the Company is funded by industries of a similar nature. The Company's principal activities are within the finance industry in the United Kingdom and United States of America, with credit exposure principally based in the finance industry in New Zealand.

The Company's material assets are due from ANZ National Bank Limited and as a result the Company has a significant credit exposure to ANZ National Bank Limited as disclosed in Note 8 Amounts Due From Related Parties.



NOTES TO THE FINANCIAL STATEMENTS (continued)

16. FINANCIAL INSTRUMENTS - INTEREST RATE SENSITIVITY ANALYSIS

Financial instruments are entered into by the Company in its operations as a financial intermediary. There are no material off balance sheet instruments.

The Company's operations are match funded in nature to minimise interest rate sensitivity. Consequently the extent of matching between repricing characteristics and timing of interest bearing assets and liabilities has minimal implications for future net income.

The impact of a 1% rate movement on the Company's net interest income would not have a material impact.

The interest rate sensitivity of financial instruments at balance date was:

30/09/2010	At call or less					
	Carrying value \$000	than 3 months \$000	3-6 months \$000	6-12 months \$000	1-5 years \$000	Non interest bearing \$000
Assets						
Liquid assets	71	71	-	-	-	-
Amounts due from related parties	24,025,695	11,342,778	1,654,424	514,299	9,087,616	1,426,578
Total financial assets	24,025,766	11,342,849	1,654,424	514,299	9,087,616	1,426,578
Non-financial assets	-	-	-	-	-	-
Total assets	24,025,766	11,342,849	1,654,424	514,299	9,087,616	1,426,578
Liabilities and equity						
Payables and other liabilities	103,026	103,026	-	-	-	-
Deposits and other borrowings	7,304,998	5,539,709	1,658,059	107,230	-	-
Amounts due to related parties	3,609,639	3,609,639	-	-	-	-
Bonds and notes	13,000,201	3,504,866	-	407,719	9,087,616	-
Total financial liabilities	24,017,864	12,757,240	1,658,059	514,949	9,087,616	-
Non-financial liabilities	1,115	-	-	-	-	1,115
Equity	6,787	-	-	-	-	6,787
Total liabilities and equity	24,025,766	12,757,240	1,658,059	514,949	9,087,616	7,902
Net repricing profile	-	(1,414,391)	(3,635)	(650)	-	1,418,676

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. FINANCIAL INSTRUMENTS - INTEREST RATE SENSITIVITY ANALYSIS (continued)

30/09/2009	Notional or Carrying value \$000	At call or less than 3 months \$000	3-6 months \$000	6-12 months \$000	1-5 years \$000	Non interest bearing \$000
Assets						
Liquid assets	124	124	-	-	-	-
Amounts due from related parties	22,381,573	11,941,869	4,176,695	977,221	5,285,788	-
Total financial assets	22,381,697	11,941,993	4,176,695	977,221	5,285,788	-
Non-financial assets	19	-	-	-	-	19
Total assets	22,381,716	11,941,993	4,176,695	977,221	5,285,788	19
Liabilities and equity						
Payables and other liabilities	90,255	90,191	-	-	-	64
Deposits and other borrowings	7,388,414	2,904,498	3,976,922	506,994	-	-
Amounts due to related parties	2,725,893	2,240,692	207,943	277,258	-	-
Bonds and notes	12,168,208	6,672,469	13,864	196,087	5,285,788	-
Total financial liabilities	22,372,770	11,907,850	4,198,729	980,339	5,285,788	64
Non-financial liabilities	1,333	-	-	-	-	1,333
Equity	7,613	-	-	-	-	7,613
Total liabilities and equity	22,381,716	11,907,850	4,198,729	980,339	5,285,788	9,010
Net repricing profile	-	34,143	(22,034)	(3,118)	-	(8,991)

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Liquidity risk is the risk that the Company will encounter difficulty in meeting commitments associated with its financial liabilities and future commitments. The Company manages its exposure to liquidity risk by maintaining sufficient liquid funds to meet its commitments based on historical and forecasted cash flow requirements. As the Company is a financial intermediary, it principally matches the maturity of assets held with its liabilities. Liquidity risk is therefore minimal.

The following maturity analysis of assets and liabilities has been prepared on the basis of the remaining period to contractual maturity as at balance date. The amounts represent principal and interest cash flows and may differ compared to the amounts reported on the balance sheet.

30/09/2010	Total \$000	Less than 3 months \$000	3-12 months \$000	1-5 years \$000	Beyond 5 years \$000	No specified maturity \$000
Assets						
Liquid assets	71	71	-	-	-	-
Amounts due from related parties	25,246,348	7,210,932	4,859,843	13,175,573	-	-
Total financial assets	25,246,419	7,211,003	4,859,843	13,175,573	-	-
Liabilities						
Payables and other liabilities	103,026	103,026	-	-	-	-
Deposits and other borrowings	7,308,537	4,366,012	2,942,525	-	-	-
Amounts due to related parties	3,701,034	1,220,534	19,727	2,460,773	-	-
Bonds and notes	14,155,660	65,417	1,908,558	12,181,685	-	-
Total financial liabilities	25,268,257	5,754,989	4,870,810	14,642,458	-	-
Net liquidity gap	(21,838)	1,456,014	(10,967)	(1,466,885)	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

	Total \$000	Less than 3 months \$000	3-12 months \$000	1-5 years \$000	Beyond 5 years \$000	No specified maturity \$000
30/09/2009						
Assets						
Liquid assets	124	124	-	-	-	-
Amounts due from related parties	23,429,992	4,885,489	7,144,202	11,050,711	349,590	-
Total financial assets	23,430,116	4,885,613	7,144,202	11,050,711	349,590	-
Liabilities						
Payables and other liabilities	90,255	90,255	-	-	-	-
Deposits and other borrowings	7,400,489	2,911,546	4,488,943	-	-	-
Amounts due to related parties	2,725,893	7,144	485,204	2,233,545	-	-
Bonds and notes	13,191,827	1,866,055	2,166,315	8,809,960	349,498	-
Total financial liabilities	23,408,464	4,875,000	7,140,461	11,043,505	349,498	-
Net liquidity gap	21,651	10,613	3,741	7,206	92	-

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methodologies and assumptions used when determining fair value depend on the terms and risk characteristics of the various instruments and include the following:

For cash and short term financial instruments, the carrying amount is equivalent to the fair value.

For amounts due from and to related parties, deposits due to other financial institutions, and debt securities issued, the estimated fair values are based on market rates.

All financial instruments are held at amortised cost.

	30/09/2010 \$000	30/09/2010 \$000	30/09/2009 \$000	30/09/2009 \$000
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Assets				
Liquid assets	71	71	124	124
Amounts due from related parties	24,025,695	24,478,907	22,381,573	22,706,270
Total financial assets	24,025,766	24,478,978	22,381,697	22,706,394
Liabilities				
Deposits and other borrowings	7,304,998	7,306,922	7,388,414	7,391,645
Amounts due to related parties	3,609,639	3,599,599	2,725,893	2,700,760
Payables and other liabilities	103,026	103,026	90,255	90,255
Bonds and notes	13,000,201	13,461,529	12,168,208	12,514,807
Total financial liabilities	24,017,864	24,471,076	22,372,770	22,697,467

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FOREIGN CURRENCY EXPOSURE

Foreign currency exposure is analysed by displaying the net open position in each currency for recognised and unrecognised financial instruments in New Zealand dollar equivalents.

	30/09/2010	30/09/2009
	\$000	\$000
Australian dollar	-	2
Canadian dollar	-	(3)
Euro	-	-
Great British pound	(38)	(561)
Hong Kong dollar	-	-
Japanese yen	-	8
Singapore dollar	-	18
Swiss franc	-	26
United States dollar	(12)	1,024
	<hr/>	<hr/>
Total foreign currency exposure	(50)	514
	<hr/> <hr/>	<hr/> <hr/>

20. RISK MANAGEMENT

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.

Interest rate risk

The provision of loans and accepting of deposits at both fixed and variable rates gives rise to the risk that the Company could have unmatched positions leading to material exposures in a shifting interest rate environment.

The Company, being a financial intermediary, principally matches the interest rate risk of each asset held with the corresponding liability.

Liquidity risk

Liquidity risk is the risk that under certain conditions, cash outflows can exceed cash inflows in a given period. Liquidity risk arises from mismatch in the final maturity of on-balance sheet assets and liabilities plus settlement of off-balance sheet activities.

The Company, being a financial intermediary, principally matches the maturities of assets held with its liabilities. Liquidity risk is therefore minimal.

Currency risk

Currency risk arises from changes in foreign exchange rates impacting on residual currency positions that may result from the Company's business as a financial intermediary.

Currency risk is monitored in terms of open positions to each currency, based on nominal value and the duration of each exposure. The total amount of foreign currency exposures, whether recognised or unrecognised, within each currency is not material.

Credit risk

Credit risk is the potential that the counterparty to a financial transaction will fail to perform according to the terms and conditions of the contract, thus causing loss.

The Company's principal exposure is to its parent company.

Operational risk

Operational risk is the risk of losses as a result of inadequate or failed internal processes, people and systems or from external events. It includes the threat of natural disasters, systems failures, human error, process control failure, fraud, financial crime and non-compliance with legislation and regulations.

A comprehensive infrastructure of effective policies, procedures, business practices and compliance exists to manage operational risks, which is subject to full review at least annually.



NOTES TO THE FINANCIAL STATEMENTS (continued)

20. RISK MANAGEMENT (continued)**General: Internal audit**

The parent company has an independent internal audit function. Working closely with other independent risk functions, internal audit provides independent challenge by way of a risk-based programme of analysis and review. This involves an ongoing high level review of risks facing the business and development and scoping of a formal risk-focused audit programme. Internal audit also consult internally on the risk aspects of change and new business developments, formally reporting quarterly on the prevailing risk environment.

21. CAPITAL COMMITMENTS

There were no capital commitments outstanding as at 30 September 2010 (2009: nil).

22. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30/09/2010	30/09/2009
	\$000	\$000

There were no contingent liabilities as at 30 September 2010 (2009: nil).

Unsecured liquidity facilities	1,222,781	1,445,335
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As at 30 September 2010, no facilities were utilised (2009: nil).

23. NOTES TO THE CASH FLOW STATEMENT

	Year to 30/09/2010	Year to 30/09/2009
	\$000	\$000

Reconciliation of net profit after tax to net cash flow from operating activities

Net profit after tax	5,137	5,762
Adjustments to net profit after tax:		
Unrealised foreign exchange gains	(14)	(63)
(Increase)/decrease in accrued interest income	(12,805)	126,552
Increase/(decrease) in accrued interest expense	13,018	(126,182)
Decrease/(increase) in deferred tax asset	19	(1)
Increase/(decrease) in accrued charges	53	(166)
Decrease in income tax liabilities	(218)	(513)
Net cash flows provided by operating activities	5,190	5,389

ANZ NATIONAL (INT'L) LIMITED

MANAGEMENT REPORT

Company Overview

The principal activities of the Company include the provision of funding facilities and wholesale funding to its parent company, ANZ National Bank Limited, including the issuance of U.S. Commercial Paper, Euro-Commercial Paper, U.S. Medium-Term Notes and Euro Medium-Term Notes. The Company's overseas activities are currently conducted through its London branch. The Company has no subsidiary companies.

Business Review & Important Events

The increase in the Company's total assets from \$22,382 million as at 30 September 2009 to \$24,026 million as at 30 September 2010 is mainly due to the inclusion of a USD1,050 million trade-dated asset, being funding that commenced 1 October 2010 due to a related party. This replaced a USD890m deal which matured the same day. The Company has held the level of deposits and other borrowings at similar levels to the prior period.

Net interest income decreased from \$8.9 million as at 31 March 2009 to \$7.9 million as at 31 March 2010. This was due to a reduction in the level of bonds and notes and appreciation of the NZD against the USD, EUR and GBP currencies; partially offset by an increase in average volumes of commercial paper issued as these markets returned to more normal levels of issuance.

Principal Risks and Uncertainties

The Company expects minimal change to 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, business systems and compliance.

Other Information

No significant 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.

ANZ NATIONAL (INT'L) LIMITED

RESPONSIBILITY STATEMENT

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

- a) the management report of the Company includes a fair review of the development and performance of the business and the position of the Company and the principal risks and uncertainties which it faces.
- b) the financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Principles and comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate to profit-orientated entities that qualify for and apply Differential Reporting exemptions. The financial statements also give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

For and on behalf of the Board of Directors:

Jennifer Evans
Nick Freeman
Steven Fyfe
David Hisco

3 December 2010



Independent Auditor's Report

To the Shareholder of ANZ National (Int'l) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of ANZ National (Int'l) Limited ("the company") on pages 1 to 18. The financial statements comprise the statement of financial position as at 30 September 2010 and the statements of comprehensive income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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



Opinion

In our opinion the financial statements of ANZ National (Int'l) Limited on pages 1 to 18:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company as at 30 September 2010 and of its financial performance for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 16(1)(d) and section 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by ANZ National (Int'l) Limited as far as appears from our examination of those records.

KPMG

3 December 2010

KPMG Wellington