

**Australia and New Zealand Banking Group Limited
- New Zealand Branch
Registered Bank Disclosure Statement**

FOR THE SIX MONTHS ENDED 31 MARCH 2015 | NUMBER 26 ISSUED MAY 2015

Registered Bank Disclosure Statement

For the six months ended 31 March 2015

Contents

General Disclosures	2
Income Statement	3
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Balance Sheet	5
Condensed Cash Flow Statement	6
Notes to the Financial Statements	7
Directors' and New Zealand Chief Executive Officer's Statement	23
Independent Auditor's Review Report	24

Glossary of Terms

In this Registered Bank Disclosure Statement (Disclosure Statement) unless the context otherwise requires:

- (a) Bank means ANZ Bank New Zealand Limited;
- (b) Banking Group means the Bank and all its controlled entities;
- (c) Immediate Parent Company means ANZ Funds Pty Limited, which is the immediate parent company of ANZ Holdings (New Zealand) Limited;
- (d) Ultimate Parent Bank means Australia and New Zealand Banking Group Limited;
- (e) Overseas Banking Group means the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities;
- (f) New Zealand business means all business, operations, or undertakings conducted in or from New Zealand identified and treated as if it were conducted by a company formed and registered in New Zealand;
- (g) NZ Branch means the New Zealand business of the Ultimate Parent Bank;
- (h) ANZ New Zealand means the New Zealand business of the Overseas Banking Group;
- (i) Registered Office is Level 8, 1 Victoria Street, Wellington, New Zealand, which is also ANZ New Zealand's address for service;
- (j) RBNZ means the Reserve Bank of New Zealand;
- (k) APRA means the Australian Prudential Regulation Authority;
- (l) the Order means the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014; and
- (m) Any term or expression which is defined in, or in the manner prescribed by, the Order shall have the meaning given in or prescribed by the Order.

General Disclosures

This Disclosure Statement has been issued in accordance with the Order.

Credit Rating Information

The Ultimate Parent Bank has three credit ratings, which are applicable to its long-term senior unsecured obligations. The Ultimate Parent Bank's credit ratings are:

Rating Agency	Current Credit Rating	Qualification
Standard & Poor's	AA-	Outlook Stable
Moody's Investors Service	Aa2	Outlook Stable
Fitch Ratings	AA-	Outlook Stable

Guarantors

No obligations of the NZ Branch are guaranteed as at 28 May 2015.

ANZNZ Covered Bond Trust

Certain debt securities (Covered Bonds) issued by the Bank's wholly owned subsidiary, ANZ New Zealand (Int'l) Limited, are guaranteed by ANZNZ Covered Bond Trust Limited (the Covered Bond Guarantor), solely in its capacity as trustee of ANZNZ Covered Bond Trust. The Covered Bond Guarantor has guaranteed the payment of interest and principal of Covered Bonds with a carrying value as at 31 March 2015 of \$4,382 million, pursuant to a guarantee which is secured over a pool of assets. The Covered Bond Guarantor's address for service is Level 9, 34 Shortland Street, Auckland, New Zealand. The Covered Bond Guarantor is not a member of the Banking Group and has no credit ratings applicable to its long term senior unsecured obligations payable in New Zealand dollars. The Covered Bonds have been assigned a long term rating of Aaa and AAA by Moody's Investors Service and Fitch Ratings respectively. Details of the pool of assets that secure this guarantee are provided in Note 7.

Financial Statements of the Ultimate Parent Bank and Overseas Banking Group

Copies of the most recent publicly available financial statements of the Ultimate Parent Bank and Overseas Banking Group will be provided immediately, free of charge, to any person requesting a copy where the request is made at the Registered Office. The most recent publicly available financial statements for the Ultimate Parent Bank and Overseas Banking Group can also be accessed at the internet address anz.com.

Directorate

As at 28 May 2015 there have been no changes to the Directors of the Ultimate Parent Bank since 30 September 2014, the balance date of the last full year disclosure statement.

Auditor

ANZ New Zealand's auditor is KPMG, Chartered Accountants, Level 9, 10 Customhouse Quay, Wellington, New Zealand.

Income Statement

\$ millions	Note	Unaudited 6 months to 31/03/2015	Unaudited 6 months to 31/03/2014	Audited Year to 30/09/2014
Interest income		3,707	3,254	6,799
Interest expense		2,285	1,884	4,034
Net interest income		1,422	1,370	2,765
Net trading gains		149	94	210
Net funds management and insurance income		211	149	325
Other operating income	2	217	246	525
Share of associates' profit		1	1	3
Operating income		2,000	1,860	3,828
Operating expenses		756	727	1,490
Profit before credit impairment and income tax		1,244	1,133	2,338
Credit impairment charge / (release)	5	31	(39)	(9)
Profit before income tax		1,213	1,172	2,347
Income tax expense		336	319	636
Profit after income tax		877	853	1,711

Statement of Comprehensive Income

\$ millions	Unaudited 6 months to 31/03/2015	Unaudited 6 months to 31/03/2014	Audited Year to 30/09/2014
Profit after income tax	877	853	1,711
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on defined benefit schemes	(27)	24	35
Income tax credit / (expense) relating to items that will not be reclassified	8	(7)	(10)
Total items that will not be reclassified to profit or loss	(19)	17	25
Items that may be reclassified subsequently to profit or loss			
Unrealised gains / (losses) recognised directly in equity	7	(16)	(2)
Realised gains transferred to income statement	(13)	(22)	(41)
Income tax credit relating to items that may be reclassified	2	10	12
Total items that may be reclassified subsequently to profit or loss	(4)	(28)	(31)
Total comprehensive income for the period	854	842	1,705

Statement of Changes in Equity

\$ millions	Share capital and head office account	Available-for-sale revaluation reserve	Cash flow hedging reserve	Retained earnings	Total equity
As at 1 October 2013 (Audited)	6,424	(2)	26	3,294	9,742
Profit after income tax	-	-	-	853	853
Unrealised gains / (losses) recognised directly in equity	-	3	(19)	-	(16)
Realised gains transferred to the income statement	-	-	(22)	-	(22)
Actuarial gain on defined benefit schemes	-	-	-	24	24
Income tax credit / (expense) on items recognised directly in equity	-	(1)	11	(7)	3
Total comprehensive income for the period	-	2	(30)	870	842
Ordinary dividend paid	-	-	-	(535)	(535)
As at 31 March 2014 (Unaudited)	6,424	-	(4)	3,629	10,049
As at 1 October 2013 (Audited)	6,424	(2)	26	3,294	9,742
Profit after income tax	-	-	-	1,711	1,711
Unrealised gains / (losses) recognised directly in equity	-	3	(5)	-	(2)
Realised gains transferred to the income statement	-	-	(41)	-	(41)
Actuarial gain on defined benefit schemes	-	-	-	35	35
Income tax credit / (expense) on items recognised directly in equity	-	(1)	13	(10)	2
Total comprehensive income for the period	-	2	(33)	1,736	1,705
Ordinary dividend paid	-	-	-	(2,335)	(2,335)
Preference shares issued	969	-	-	-	969
As at 30 September 2014 (Audited)	7,393	-	(7)	2,695	10,081
Profit after income tax	-	-	-	877	877
Unrealised gains recognised directly in equity	-	1	6	-	7
Realised gains transferred to the income statement	-	-	(13)	-	(13)
Actuarial loss on defined benefit schemes	-	-	-	(27)	(27)
Income tax credit on items recognised directly in equity	-	-	2	8	10
Total comprehensive income for the period	-	1	(5)	858	854
Ordinary dividend paid	-	-	-	(955)	(955)
As at 31 March 2015 (Unaudited)	7,393	1	(12)	2,598	9,980

Balance Sheet

\$ millions	Note	Unaudited 31/03/2015	Unaudited 31/03/2014	Audited 30/09/2014
Assets				
Cash		2,605	1,717	2,248
Settlement balances receivable		601	705	855
Collateral paid		2,123	1,367	783
Trading securities		12,215	12,090	11,750
Investments backing insurance contract liabilities		210	165	190
Derivative financial instruments		10,851	8,709	11,421
Current tax assets		10	38	-
Available-for-sale assets		903	667	772
Net loans and advances	4	109,031	102,571	105,485
Other assets		689	607	632
Life insurance contract assets		554	431	470
Investments in associates		89	89	88
Premises and equipment		372	373	380
Goodwill and other intangible assets		3,462	3,449	3,454
Total assets		143,715	132,978	138,528
Interest earning and discount bearing assets		127,315	118,950	121,539
Liabilities				
Settlement balances payable		1,322	1,153	1,992
Collateral received		364	452	800
Deposits and other borrowings	8	96,959	91,181	94,527
Derivative financial instruments		13,204	10,837	10,961
Current tax liabilities		-	-	68
Deferred tax liabilities		97	13	59
Payables and other liabilities		1,333	1,265	1,352
Provisions		189	211	204
Debt issuances		17,686	16,405	17,042
Subordinated debt	9	2,581	1,412	1,442
Total liabilities (excluding head office account)		133,735	122,929	128,447
Net assets (excluding head office account)		9,980	10,049	10,081
Equity				
Share capital and head office account		7,393	6,424	7,393
Reserves		(11)	(4)	(7)
Retained earnings		2,598	3,629	2,695
Total equity and head office account		9,980	10,049	10,081
Interest and discount bearing liabilities		112,098	104,195	108,614

Condensed Cash Flow Statement

\$ millions	Unaudited 6 months to 31/03/2015	Unaudited 6 months to 31/03/2014	Audited Year to 30/09/2014
Cash flows from operating activities			
Interest received	3,652	3,215	6,724
Interest paid	(2,309)	(1,906)	(3,945)
Other cash inflows provided by operating activities	448	509	947
Other cash outflows used in operating activities	(1,140)	(1,016)	(1,895)
Cash flows from operating profits before changes in operating assets and liabilities	651	802	1,831
Net changes in operating assets and liabilities	(1,499)	(1,138)	(294)
Net cash flows provided by / (used in) operating activities	(848)	(336)	1,537
Cash flows from investing activities			
Cash inflows provided by investing activities	-	10	18
Cash outflows used in investing activities	(44)	(44)	(120)
Net cash flows used in investing activities	(44)	(34)	(102)
Cash flows from financing activities			
Cash inflows provided by financing activities	3,956	2,918	5,400
Cash outflows used in financing activities	(2,697)	(3,168)	(6,924)
Net cash flows provided by / (used in) financing activities	1,259	(250)	(1,524)
Net increase / (decrease) in cash and cash equivalents	367	(620)	(89)
Cash and cash equivalents at beginning of the period	2,256	2,345	2,345
Cash and cash equivalents at end of the period	2,623	1,725	2,256

Notes to the Financial Statements

1. Significant Accounting Policies

(i) Reporting entity and statement of compliance

These interim financial statements are for ANZ New Zealand for the six months ended 31 March 2015. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice as appropriate for profit oriented entities, the requirements of NZ IAS 34 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and the Order, and should be read in conjunction with ANZ New Zealand's financial statements for the year ended 30 September 2014.

(ii) Basis of measurement

These financial statements have been prepared on a going concern basis in accordance with historical cost concepts except that the following assets and liabilities are stated at their fair value:

- derivative financial instruments, including in the case of fair value hedging, the fair value of any applicable underlying exposure;
- financial instruments held for trading;
- financial assets treated as available-for-sale; and
- financial instruments designated at fair value through profit and loss.

(iii) Changes in accounting policies

The accounting policies adopted by ANZ New Zealand are consistent with those adopted and disclosed in the previous full year Disclosure Statement.

(iv) Presentation currency and rounding

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

(v) Comparatives

Amounts in the cash flow statement for cash and cash equivalents and net changes in operating assets and liabilities have been updated for the revised definition of cash and cash equivalents applied in the previous full year Disclosure Statement.

(vi) Principles of consolidation

The consolidated financial statements of ANZ New Zealand comprise the financial statements of the NZ Branch and all the New Zealand businesses of all the subsidiaries of the Ultimate Parent Bank (those entities where it is determined that the Ultimate Parent Bank has capacity to control).

2. Other Operating Income

\$millions	Unaudited 6 months to 31/03/2015	Unaudited 6 months to 31/03/2014	Audited Year to 30/09/2014
Net fee income	191	194	382
Fair value gain / (loss) on hedging activities and financial liabilities designated at fair value	3	(48)	15
Insurance settlement relating to ING Diversified Yield Fund and ING Regular Income Fund	-	91	91
Other income	23	9	37
Total other operating income	<u>217</u>	<u>246</u>	<u>525</u>

Notes to the Financial Statements

3. Segment Analysis

ANZ New Zealand is organised into four major business segments for segment reporting purposes - Retail, Commercial, Wealth and Institutional. Centralised back office and corporate functions support these segments. These segments are consistent with internal reporting provided to the chief operating decision maker, being the Bank's Chief Executive Officer.

Segmental reporting has been updated to reflect minor changes to ANZ New Zealand's structure. Comparative data has been adjusted to be consistent with the current period's segment definitions.

Retail

Retail provides products and services to personal customers via the branch network, mortgage specialists, the contact centre and a variety of self-service channels (internet banking, phone banking, ATMs, website and mobile phone banking). Core products include current and savings accounts, unsecured lending (credit cards, personal loans and overdrafts) and home loans secured by mortgages over property. Retail distributes insurance and investment products on behalf of the Wealth segment.

Commercial

Commercial provides services to Business Banking, Commercial & Agri, and UDC customers. Business Banking

services are offered to small enterprises (typically with annual revenues of less than \$5 million). Commercial & Agri customers consist of primarily privately owned medium to large enterprises. ANZ New Zealand's relationship with these businesses ranges from simple banking requirements with revenue from deposit and transactional facilities, and cash flow lending, to more complex funding arrangements with revenue sourced from a wider range of products. UDC is principally involved in the financing and leasing of plant, vehicles and equipment, mainly for small and medium sized businesses, as well as investment products.

Wealth

Wealth comprises the Private Wealth, Funds Management and Insurance businesses, which provide private banking, investment, superannuation and insurance products and services.

Institutional

Institutional provides financial services through a number of specialised units to large multi-banked corporations, often global, which require sophisticated product and risk management solutions. Those financial services include loan structuring, foreign exchange, wholesale money market services and transaction banking.

Other

Other includes treasury and back office support functions, none of which constitutes a separately reportable segment.

Business segment analysis¹

\$ millions	Retail	Commercial	Wealth ²	Institutional	Other ³	Total
Unaudited 6 months to 31/03/2015						
External revenues	678	1,602	72	458	(810)	2,000
Intersegment revenues	(22)	(830)	84	(123)	891	-
Total revenues	656	772	156	335	81	2,000
Profit after income tax	238	368	67	167	37	877
Unaudited 6 months to 31/03/2014						
External revenues	714	1,405	152	389	(800)	1,860
Intersegment revenues	(75)	(684)	76	(70)	753	-
Total revenues	639	721	228	319	(47)	1,860
Profit / (loss) after income tax	229	374	121	165	(36)	853
Audited year to 30/09/2014						
External revenues	1,410	2,941	211	791	(1,525)	3,828
Intersegment revenues	(134)	(1,473)	165	(163)	1,605	-
Total revenues	1,276	1,468	376	628	80	3,828
Profit after income tax	451	723	181	322	34	1,711

¹ Intersegment transfers are accounted for and determined on an arm's length or cost recovery basis.

² Wealth external revenues for the six months to 31 March 2014 and year to 30 September 2014 includes the \$91 million insurance settlement relating to the Bank's former involvement in the ING Diversified Yield fund and the ING Regular Income Fund.

³ This segment has negative external revenues as this segment incurs funding costs on behalf of ANZ New Zealand and is reimbursed internally.

Notes to the Financial Statements

4. Net Loans and Advances

\$ millions	Note	Unaudited 31/03/2015	Unaudited 31/03/2014	Audited 30/09/2014
Overdrafts		1,640	1,789	1,744
Credit card outstandings		1,639	1,525	1,580
Term loans - housing		64,031	60,592	61,918
Term loans - non-housing		41,017	38,521	39,622
Lease receivables		255	112	277
Hire purchase		878	768	837
Other		125	125	125
Total gross loans and advances		109,585	103,432	106,103
Less: Provision for credit impairment	5	(659)	(744)	(688)
Less: Unearned income		(216)	(352)	(212)
Add: Capitalised brokerage/mortgage origination fees		259	183	215
Add: Customer liability for acceptances		62	52	67
Total net loans and advances		109,031	102,571	105,485

5. Provision for Credit Impairment

Credit impairment charge / (release)

\$ millions	Retail mortgages	Other retail exposures	Non-retail exposures	Total
Unaudited 31/03/2015				
New and increased provisions	19	50	41	110
Write-backs	(21)	(9)	(31)	(61)
Recoveries of amounts written off previously	(1)	(10)	(1)	(12)
Individual credit impairment charge / (release)	(3)	31	9	37
Collective credit impairment release	(1)	(1)	(4)	(6)
Credit impairment charge / (release)	(4)	30	5	31
Unaudited 31/03/2014				
New and increased provisions	30	62	45	137
Write-backs	(30)	(10)	(60)	(100)
Recoveries of amounts written off previously	(1)	(9)	(5)	(15)
Individual credit impairment charge / (release)	(1)	43	(20)	22
Collective credit impairment release	(12)	(3)	(46)	(61)
Credit impairment charge / (release)	(13)	40	(66)	(39)
Audited 30/09/2014				
New and increased provisions	68	120	111	299
Write-backs	(54)	(21)	(112)	(187)
Recoveries of amounts written off previously	(2)	(20)	(7)	(29)
Individual credit impairment charge / (release)	12	79	(8)	83
Collective credit impairment charge / (release)	(24)	1	(69)	(92)
Credit impairment charge / (release)	(12)	80	(77)	(9)

Notes to the Financial Statements

Movement in provision for credit impairment

\$ millions	Retail mortgages	Other retail exposures	Non-retail exposures	Total
Unaudited 31/03/2015				
Collective provision				
Balance at beginning of the period	91	118	255	464
Release to income statement	(1)	(1)	(4)	(6)
Balance at end of the period	<u>90</u>	<u>117</u>	<u>251</u>	<u>458</u>
Individual provision				
Balance at beginning of the period	81	15	128	224
New and increased provisions net of write-backs	(2)	41	10	49
Bad debts written off	(2)	(44)	(21)	(67)
Discount unwind	(2)	-	(3)	(5)
Balance at end of the period	<u>75</u>	<u>12</u>	<u>114</u>	<u>201</u>
Total provision for credit impairment	<u>165</u>	<u>129</u>	<u>365</u>	<u>659</u>
Unaudited 31/03/2014				
Collective provision				
Balance at beginning of the period	115	117	324	556
Release to income statement	(12)	(3)	(46)	(61)
Balance at end of the period	<u>103</u>	<u>114</u>	<u>278</u>	<u>495</u>
Individual provision				
Balance at beginning of the period	83	22	188	293
New and increased provisions net of write-backs	-	52	(15)	37
Bad debts written off	(3)	(55)	(25)	(83)
Discount unwind reversal / (discount unwind)	(3)	-	5	2
Balance at end of the period	<u>77</u>	<u>19</u>	<u>153</u>	<u>249</u>
Total provision for credit impairment	<u>180</u>	<u>133</u>	<u>431</u>	<u>744</u>
Audited 30/09/2014				
Collective provision				
Balance at beginning of the year	115	117	324	556
Charge / (release) to income statement	(24)	1	(69)	(92)
Balance at end of the year	<u>91</u>	<u>118</u>	<u>255</u>	<u>464</u>
Individual provision				
Balance at beginning of the year	83	22	188	293
New and increased provisions net of write-backs	14	99	(1)	112
Bad debts written off	(10)	(106)	(67)	(183)
Discount unwind reversal / (discount unwind)	(6)	-	8	2
Balance at end of the year	<u>81</u>	<u>15</u>	<u>128</u>	<u>224</u>
Total provision for credit impairment	<u>172</u>	<u>133</u>	<u>383</u>	<u>688</u>

Notes to the Financial Statements

6. Impaired Assets and Past Due Assets

\$ millions	Retail mortgages	Other retail exposures	Non-retail exposures	Total
Unaudited 31/03/2015				
Balance at beginning of the period	223	35	410	668
Transfers from productive	56	61	59	176
Transfers to productive	(51)	(4)	(33)	(88)
Assets realised or loans repaid	(69)	(13)	(105)	(187)
Write offs	(2)	(44)	(21)	(67)
Total impaired assets	157	35	310	502
Undrawn facilities with impaired customers	1	-	19	20
Unaudited 31/03/2014				
Balance at beginning of the period	214	49	666	929
Transfers from productive	110	78	129	317
Transfers to productive	(24)	(1)	(60)	(85)
Assets realised or loans repaid	(81)	(19)	(171)	(271)
Write offs	(3)	(55)	(25)	(83)
Total impaired assets	216	52	539	807
Undrawn facilities with impaired customers	-	1	34	35
Audited 30/09/2014				
Balance at beginning of the year	214	49	673	936
Transfers from productive	218	138	299	655
Transfers to productive	(51)	(4)	(153)	(208)
Assets realised or loans repaid	(148)	(42)	(342)	(532)
Write offs	(10)	(106)	(67)	(183)
Total impaired assets	223	35	410	668
Undrawn facilities with impaired customers	1	-	38	39

Credit quality of financial assets that are past due but not impaired

A large portion of retail credit exposures, such as residential mortgages, are generally well secured. That is, the fair value of associated security should be sufficient to ensure that ANZ New Zealand will recover the entire amount owing over the life of the facility and there is reasonable assurance that collection efforts will result in payment of the amounts due in a timely manner.

Ageing analysis of loans that are past due but not impaired

\$ millions	Retail mortgages	Other retail exposures	Non-retail exposures	Total
Unaudited 31/03/2015				
1 to 5 days	380	116	569	1,065
6 to 29 days	301	99	80	480
1 to 29 days	681	215	649	1,545
30 to 59 days	206	37	103	346
60 to 89 days	86	17	38	141
90 days or over	145	37	50	232
	1,118	306	840	2,264

Notes to the Financial Statements

7. Financial Assets Pledged as Collateral

\$ millions	Unaudited 31/03/2015	Unaudited 31/03/2014	Audited 30/09/2014
Cash collateral given on derivative financial instruments	2,123	1,367	783
Trading securities encumbered through repurchase agreements	43	32	47
Residential mortgages pledged as security for covered bonds	7,010	6,780	7,283
Total assets of UDC Finance Limited pledged as collateral for UDC secured investments	2,423	2,272	2,354
Total financial assets pledged as collateral	11,599	10,451	10,467

ANZ NZ Covered Bond Trust (the Covered Bond Trust)

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

ANZ New Zealand continues to recognise the assets of the Covered Bond Trust on its balance sheet as, although they are pledged as security for covered bonds, the Bank retains substantially all the risks and rewards of ownership.

8. Deposits and Other Borrowings

\$ millions	Note	Unaudited 31/03/2015	Unaudited 31/03/2014	Audited 30/09/2014
Certificates of deposit		1,462	1,604	1,376
Term deposits		34,855	34,869	34,758
Other deposits bearing interest and other borrowings		37,591	31,833	34,027
Deposits not bearing interest		6,263	5,833	6,001
Deposits from banks		43	361	226
Commercial paper		6,273	5,401	6,057
UDC secured investments	7	1,629	1,534	1,569
Borrowings from Ultimate Parent Bank and Immediate Parent Company		8,843	9,746	10,513
Total deposits and other borrowings		96,959	91,181	94,527

Notes to the Financial Statements

9. Subordinated Debt

\$ millions	Unaudited 31/03/2015	Unaudited 31/03/2014	Audited 30/09/2014
ANZ Capital Notes¹			
ANZ Capital Notes 3 (ANZ CN3)	973	-	-
ANZ New Zealand Capital Notes (ANZ NZ CN) ²	494	-	-
Perpetual subordinated debt			
NZD 835,000,000 perpetual subordinated bond ²	835	835	835
AUD 265,740,000 perpetual subordinated floating rate loan ³	-	283	298
AUD 10,000,000 perpetual subordinated floating rate loan	10	11	11
Dated subordinated debt			
AUD 265,017,668 subordinated floating rate loan	270	283	298
Total subordinated debt issued	2,582	1,412	1,442
Less subordinated debt instruments held by the Bank	(1)	-	-
Total subordinated debt	2,581	1,412	1,442

¹ These instruments qualify as additional tier 1 capital of the Overseas Banking Group.

² These instruments are listed on the New Zealand Debt Market (NZDX). The Market Surveillance Panel of the NZX granted the Bank a waiver from the requirements of Listing Rules 10.3 (relating to the provision of preliminary announcements of half yearly and annual results to the NZX) and 10.4 (relating to preparing and providing a copy of half yearly and annual reports to the NZX).

³ This loan was repaid on 15 March 2015. Interest was payable half yearly in arrears at BBSW + 0.95% p.a.

Subordinated debt is subordinated in right of payment in the event of liquidation or wind up to the claims of depositors and all creditors of the issuer/drawer of the debt.

ANZ Capital Notes

- On 5 March 2015, the NZ Branch issued 9.7 million convertible notes (ANZ CN3) at A\$100 each, raising A\$970 million before issue costs.
- On 31 March 2015, the Bank issued 500 million convertible notes (ANZ NZ CN) at \$1 each, raising \$500 million before issue costs.

ANZ Capital Notes (the notes) are fully paid mandatorily convertible non-cumulative perpetual subordinated notes. ANZ CN3 are listed on the Australian Stock Exchange.

As at 31 March 2015 ANZ NZ CN carried a BBB- credit rating from Standard and Poor's.

The notes are classified as debt given there are circumstances where the principal is converted into a variable number of shares of the Ultimate Parent Bank beyond ANZ New Zealand's control.

Distributions and interest

Distributions on ANZ CN3 and interest on ANZ NZ CN are recorded as interest expense in the statement of comprehensive income. Interest on the notes is non-cumulative and payable as follows:

- ANZ CN3: payable semi-annually in arrears in March and September in each year and will be franked in line with the franking applied to ordinary shares of the Ultimate Parent Bank. The distributions are based on a floating rate equal to the aggregate of the Australian 180 day bank bill rate plus a 360 basis point margin, multiplied by one minus the Australian company tax rate. Should the distribution not be fully-franked, the terms of the notes provide for a cash gross-up for the amount of the franking benefit not provided.

- ANZ NZ CN: payable quarterly in arrears in February, May, August and November in each year. The interest rate is fixed at 7.2% per annum until 25 May 2020, and thereafter will be based on a floating rate equal to the aggregate of the New Zealand 3 month bank bill rate plus a 350 basis point margin.

Interest payments are subject to the Ultimate Parent Bank's (ANZ CN3) and the Bank's (ANZ NZ CN) absolute discretion and certain payment conditions being satisfied (including APRA, and RBNZ (ANZ NZ CN only), requirements). If distributions are not paid on the notes, the Ultimate Parent Bank (ANZ CN3) and the Bank (ANZ NZ CN) may not, except in limited circumstances, pay dividends on its ordinary shares or undertake a share buy-back or other capital reduction until interest is next paid.

Conversion features

On 24 March 2025 (ANZ CN3) or 25 May 2022 (ANZ NZ CN) or an earlier date under certain circumstances, the relevant notes will mandatorily convert into a variable number of ordinary shares of the Ultimate Parent Bank based on the average market price of the Ultimate Parent Bank's ordinary shares over a specified period prior to conversion less a 1% discount, subject to a maximum conversion number.

The mandatory conversion will be deferred for a specified period if the conversion tests are not met.

If a common equity capital trigger event, an APRA non-viability trigger event or an RBNZ non-viability trigger event (as defined in the RBNZ document Capital Adequacy Framework (Internal Models Based Approach) (BS2B)) (ANZ NZ CN only) occurs, some or all of the notes will be required to be immediately converted into ordinary shares of the Ultimate Parent Bank.

A common equity capital trigger event occurs if the:

- Overseas Banking Group's Level 2 common equity tier 1 capital ratio is equal to or less than 5.125%; or

Notes to the Financial Statements

- Banking Group's common equity tier 1 capital ratio is equal to or less than 5.125% (ANZ CN only).

An APRA non-viability trigger event occurs if APRA notifies the Ultimate Parent Bank that, without the conversion or write-off of certain securities or a public sector injection of capital (or equivalent support), it considers that the Ultimate Parent Bank would become non-viable. An RBNZ non-viability trigger event occurs if the RBNZ directs the Bank to convert or write off the notes or a statutory manager is appointed to the Bank and decides the Bank must convert or write off the notes.

On 25 May 2020 the Bank has the right to, subject to satisfying certain conditions, redeem (subject to receiving RBNZ's and APRA's prior approval), or convert into ordinary shares of the Ultimate Parent Bank, all or some of the ANZ NZ CN at its discretion on similar terms as mandatory conversion.

On 24 March 2023 the Ultimate Parent Bank has the right to, subject to satisfying certain conditions, redeem (subject to receiving APRA's prior approval), or convert into ordinary shares of the Ultimate Parent Bank, all or some of the ANZ CN3 at its discretion on similar terms as mandatory conversion.

Rights of holders in event of liquidation

In a liquidation of the Ultimate Parent Bank, ANZ CN3 rank equally with other additional tier 1 capital instruments issued by the Ultimate Parent Bank. In a liquidation of the Bank, ANZ NZ CN rank equally with the Bank's other additional tier 1 capital instruments, including preference shares, and lower than the Bank's perpetual subordinated debt. Holders of the notes do not have any right to vote in general meetings of the Ultimate Parent Bank or the Bank.

Perpetual subordinated debt

Perpetual subordinated debt instruments are classified as debt reflecting an assessment of the key terms and conditions of the instruments, and an assessment of the ability, and likelihood of interest payments being deferred. Certain of these instruments have interrelationships that have been considered in this assessment.

NZD 835,000,000 bond

This bond was issued by the Bank on 18 April 2008.

The Bank may elect to redeem the bond on 18 April 2018 (the Call Date) or any interest payment date subsequent to 18 April 2018. Interest is payable half yearly in arrears on 18 April and 18 October each year, up to and including the Call Date and then quarterly thereafter. Should the bond not be called at the Call Date, the Coupon Rate from the Call Date onwards will be set on a quarterly basis to the three month FRA rate plus 3.00%.

As at 31 March 2015, this bond carried a BBB+ rating by Standard and Poor's and an A3 rating by Moody's.

The coupon interest on the bond was 9.66% until 18 April 2013 when it reset to 5.28% for the five year period to 18 April 2018.

AUD 10,000,000 loan

This loan was drawn down by the Bank on 27 March 2013 and has no fixed maturity. Interest is payable half yearly in arrears on 15 March and 15 September each year. The Bank may repay the loan on any interest payment date after the NZD 835,000,000 bond has been repaid in full.

Coupon interest is BBSW + 2.4% p.a., increasing to BBSW + 4.4% p.a. from 15 September 2018.

Dated subordinated debt

AUD 265,017,668 loan

This loan was drawn down by ANZ Holdings (New Zealand) Limited on 25 September 2013. The loan matures on 1 March 2024, but ANZ Holdings (New Zealand) Limited may elect to repay the loan on any interest payment date from 1 March 2019. Interest is payable half yearly in arrears at BBSW + 2.60% p.a., with interest payments due on 1 March and 1 September each year.

10. Related Party Balances

	Unaudited 31/03/2015	Unaudited 31/03/2014	Audited 30/09/2014
\$ millions			
Total due from related parties	2,975	2,886	4,539
Total due to related parties	13,191	15,861	16,137

Notes to the Financial Statements

11. Capital Adequacy

Basel III capital ratios

	Overseas Banking Group			Ultimate Parent Bank (Extended Licensed Entity)		
	31/03/2015	31/03/2014	30/09/2014	31/03/2015	31/03/2014	30/09/2014
Unaudited						
Common equity tier 1 capital	8.7%	8.3%	8.8%	8.8%	8.3%	9.1%
Tier 1 capital	10.6%	10.3%	10.7%	10.9%	10.6%	11.3%
Total capital	12.6%	12.1%	12.7%	13.1%	12.5%	13.4%

For calculation of minimum capital requirements under Pillar 1 (Capital Requirements) of the Basel Accord, APRA has accredited the Overseas Banking Group to use the Advanced Internal Ratings Based (AIRB) methodology for calculation of credit risk weighted assets and the Advanced Measurement Approach (AMA) for the operational risk weighted asset equivalent.

Under prudential regulations, the Overseas Banking Group is required to maintain a Prudential Capital Ratio (PCR) as determined by APRA. The Overseas Banking Group exceeded the PCR set by APRA as at 31 March 2015 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 31 March 2015. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 31 March 2015, in accordance with APS 330: *Public Disclosure of Prudential Information*, discloses capital adequacy ratios and other prudential information. This document can be accessed at the website anz.com.

Market risk

ANZ New Zealand's aggregate market risk exposures below have been calculated in accordance with the RBNZ document BS2B. The peak end-of-day market risk exposures are for the half-year ended 31 March 2015.

\$ millions	Implied risk weighted exposure		Notional capital charge		Peak occurred on
	Period end	Peak	Period end	Peak	
Unaudited 31/03/2015					
Interest rate risk	5,393	7,601	431	608	12/11/2014
Foreign currency risk	81	132	6	11	9/12/2014
Equity risk	2	2	-	-	28/01/2015
	<u>5,476</u>		<u>437</u>		

Residential mortgages by loan-to-valuation ratio

As required by the RBNZ, LVRs are calculated as the current exposure secured by a residential mortgage divided by ANZ New Zealand's valuation of the security property at origination of the exposure. Off balance sheet exposures include undrawn and partially drawn residential mortgage loans as well as commitments to lend. Commitments to lend are formal offers for housing lending which have been accepted by the customer.

Unaudited \$ millions	31/03/2015		Total
	On-balance sheet	Off-balance sheet	
LVR range			
Does not exceed 60%	23,112	3,846	26,958
Exceeds 60% and not 70%	11,439	1,141	12,580
Exceeds 70% and not 80%	18,778	1,860	20,638
Does not exceed 80%	<u>53,329</u>	<u>6,847</u>	<u>60,176</u>
Exceeds 80% and not 90%	5,773	242	6,015
Exceeds 90%	2,861	245	3,106
Total	<u>61,963</u>	<u>7,334</u>	<u>69,297</u>

Notes to the Financial Statements

Reconciliation of mortgage related amounts

Unaudited \$ millions	Note	31/03/2015
Term loans - housing	4	64,031
Less: fair value hedging adjustment		(86)
Add: short-term housing loans classified as overdrafts		471
Less: housing loans made to corporate customers		(2,453)
On-balance sheet retail mortgage exposures	11	61,963
Add: off-balance sheet retail mortgage exposures		7,334
Total retail mortgage exposures as per LVR analysis	11	69,297

12. Financial Risk Management

Concentrations of credit risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Analysis of financial assets by industry sector is based on Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

Unaudited 31/03/2015 \$ millions	Cash, settlements receivable and collateral paid	Trading securities and available-for- sale assets	Derivative financial instruments	Net loans and advances ³	Other financial assets	Credit related commitments ⁴	Total
Industry							
Agriculture	-	-	12	17,714	79	1,556	19,361
Forestry, fishing and mining	-	-	15	1,087	5	903	2,010
Business and property services	-	1	19	9,750	43	2,815	12,628
Construction	-	-	2	1,390	6	931	2,329
Entertainment, leisure and tourism	-	-	32	1,099	5	215	1,351
Finance and insurance	3,376	5,765	9,320	1,154	333	1,164	21,112
Government and local authority ¹	1,953	7,302	605	1,204	5	1,139	12,208
Manufacturing	-	-	201	3,415	15	1,733	5,364
Personal lending	-	-	-	66,086	257	17,830	84,173
Retail trade	-	-	37	1,932	9	988	2,966
Transport and storage	-	2	64	1,434	6	653	2,159
Wholesale trade	-	-	15	1,473	7	1,232	2,727
Other ²	-	48	529	1,909	8	1,577	4,071
	5,329	13,118	10,851	109,647	778	32,736	172,459
Less: Provision for credit impairment	-	-	-	(578)	-	(81)	(659)
Less: Unearned income	-	-	-	(216)	-	-	(216)
Add: Capitalised brokerage / mortgage origination fees	-	-	-	259	-	-	259
Total financial assets	5,329	13,118	10,851	109,112	778	32,655	171,843
Geography							
New Zealand	3,309	8,681	2,300	106,808	769	32,492	154,359
Overseas	2,020	4,437	8,551	2,304	9	163	17,484
Total financial assets	5,329	13,118	10,851	109,112	778	32,655	171,843

¹ Government and local authority includes exposures to government administration and defence, education and health and community services.

² Other includes exposures to electricity, gas and water, communications and personal services.

³ Excludes individual and collective provisions for credit impairment held in respect of credit related commitments.

⁴ Credit related commitments comprise undrawn facilities, customer contingent liabilities and letters of offer.

Notes to the Financial Statements

Interest rate sensitivity gap

The following tables represent the interest rate sensitivity of ANZ New Zealand's assets, liabilities and off balance sheet instruments by showing the periods in which these instruments may reprice, that is, when interest rates applicable to each asset or liability can be changed.

Unaudited 31/03/2015 \$ millions	Total	Up to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 years	Not bearing interest
Assets							
Cash	2,605	2,334	-	-	-	-	271
Settlement balances receivable	601	43	-	-	-	-	558
Collateral paid	2,123	2,123	-	-	-	-	-
Trading securities	12,215	1,285	1,056	564	620	8,690	-
Derivative financial instruments	10,851	-	-	-	-	-	10,851
Available-for-sale assets	903	586	10	57	-	248	2
Net loans and advances	109,031	58,493	7,590	11,114	22,285	10,007	(458)
Other financial assets	778	175	23	7	-	5	568
Total financial assets	139,107	65,039	8,679	11,742	22,905	18,950	11,792
Liabilities							
Settlement balances payable	1,322	488	-	-	-	-	834
Collateral received	364	364	-	-	-	-	-
Deposits and other borrowings	96,959	69,129	9,466	7,733	2,698	1,669	6,264
Derivative financial instruments	13,204	-	-	-	-	-	13,204
Debt issuances	17,686	4,218	2,000	2,866	1,083	7,519	-
Subordinated debt	2,581	-	1,254	-	-	1,327	-
Payables and other liabilities	842	42	-	-	2	240	558
Total financial liabilities	132,958	74,241	12,720	10,599	3,783	10,755	20,860
Hedging instruments	-	33,938	(13,636)	(553)	(18,327)	(1,422)	-
Interest sensitivity gap	6,149	24,736	(17,677)	590	795	6,773	(9,068)

Liquidity portfolio

ANZ New Zealand holds a diversified portfolio of cash and high quality liquid securities to support liquidity risk management. The size of ANZ New Zealand's liquidity portfolio is based on the amount required to meet its liquidity policy and includes both items classified as cash and those classified as operating assets in the Condensed Cash Flow Statement.

Unaudited 31/03/2015 \$ millions	Cash	Trading Securities	Available-for- sale securities	Total
Cash and balances with central banks	2,235	-	-	2,235
Securities purchased under agreement to resell	186	-	-	186
Certificates of deposit	-	17	263	280
Government, local body stock and bonds	-	4,896	524	5,420
Government treasury bills	-	1,390	26	1,416
Other bonds	-	5,460	-	5,460
Total liquidity portfolio	2,421	11,763	813	14,997

The Bank also held unencumbered internal residential mortgage backed securities which would entitle the Banking Group to enter into repurchase transactions with a value of \$5,731 million at 31 March 2015.

Notes to the Financial Statements

Funding Composition

ANZ New Zealand actively uses balance sheet disciplines to prudently manage the funding mix. ANZ New Zealand employs funding metrics to ensure that an appropriate proportion of its assets are funded from stable sources, including customer liabilities, longer-dated wholesale debt (with remaining term exceeding one year) and equity.

Analysis of funding liabilities by industry sector is based on ANZSIC codes.

\$ millions	Unaudited 31/03/2015
Funding composition	
Customer deposits¹	
New Zealand	71,294
Overseas	9,044
Total customer deposits	<u>80,338</u>
Wholesale funding	
Debt issuances	17,686
Subordinated debt	2,581
Certificates of deposit	1,462
Commercial paper	6,273
Other borrowings	8,886
Total wholesale funding	<u>36,888</u>
Total funding	<u>117,226</u>
Concentrations of funding by industry	
Households	51,025
Agriculture	3,025
Forestry, fishing and mining	625
Manufacturing	1,439
Entertainment, leisure and tourism	985
Finance and insurance	45,629
Retail trade	1,025
Wholesale trade	1,423
Business and property services	5,922
Transport and storage	735
Construction	1,114
Government and local authority	2,748
Other ²	1,531
Total funding	<u>117,226</u>
Concentrations of funding by geography³	
New Zealand	77,040
Australia	11,182
United States	13,036
Europe	9,357
Other countries	6,611
Total funding	<u>117,226</u>

¹ Comprises term deposits, other deposits bearing interest and other borrowings, deposits not bearing interest and UDC secured investments

² Other includes exposures to electricity, gas and water, communications and personal services.

³ Funding via ANZ New Zealand (Int'l) Limited is classified as either from the United States or Europe, as the company conducts overseas funding activities through its London branch which is passed through to the Bank.

Notes to the Financial Statements

Contractual maturity analysis of financial assets and liabilities

The following tables present ANZ New Zealand's financial assets and liabilities within relevant contractual maturity groupings, based on the earliest date on which ANZ New Zealand may be required to realise an asset or settle a liability. The amounts disclosed in the tables represent undiscounted future principal and interest cash flows and may differ to the amounts reported on the balance sheet.

The contractual maturity analysis for off-balance sheet commitments and contingent liabilities has been prepared using the earliest date at which ANZ New Zealand can be called upon to pay. The liquidity risk of credit related commitments and contingent liabilities may be less than the contract amount, and does not necessarily represent future cash requirements as many of these facilities are expected to be only partially used or to expire unused.

ANZ New Zealand does not manage its liquidity risk on this basis.

Unaudited 31/03/2015 \$ millions	Total	At call	Up to 3 months	Over 3 to 12 months	Over 1 to 5 years	Over 5 years	No maturity specified
Financial assets							
Cash	2,606	2,224	382	-	-	-	-
Settlement balances receivable	601	43	558	-	-	-	-
Collateral paid	2,123	-	2,123	-	-	-	-
Trading securities	13,592	-	626	1,992	9,096	1,878	-
Derivative financial assets (trading)	10,223	-	10,223	-	-	-	-
Available-for-sale assets	942	-	518	49	373	-	2
Net loans and advances	153,417	223	16,641	15,317	52,502	68,734	-
Other financial assets	328	-	293	30	5	-	-
Total financial assets	183,832	2,490	31,364	17,388	61,976	70,612	2
Financial liabilities							
Settlement balances payable	1,322	729	593	-	-	-	-
Collateral received	364	-	364	-	-	-	-
Deposits and other borrowings	99,118	44,132	22,123	22,627	10,236	-	-
Derivative financial liabilities (trading)	10,062	-	10,062	-	-	-	-
Debt issuances	18,420	-	368	5,588	11,167	1,297	-
Subordinated debt	4,192	-	38	115	635	1,093	2,311
Other financial liabilities	478	-	125	14	213	126	-
Total financial liabilities	133,956	44,861	33,673	28,344	22,251	2,516	2,311
Derivative financial instruments used for balance sheet management							
- gross inflows	21,930	-	1,323	4,935	13,962	1,710	-
- gross outflows	(24,358)	-	(1,401)	(5,398)	(15,763)	(1,796)	-
Net financial assets / (liabilities) after balance sheet management	47,448	(42,371)	(2,387)	(11,419)	37,924	68,010	(2,309)

Contractual maturity of off-balance sheet commitments and contingent liabilities

Unaudited 31/03/2015 \$ millions	Total	Less than 1 year	Beyond 1 year
Non-credit related commitments	472	63	409
Credit related commitments	30,440	30,440	-
Contingent liabilities	2,296	2,296	-
Total	33,208	32,799	409

Notes to the Financial Statements

13. Fair Value Measurements

Financial assets and financial liabilities not measured 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 at fair value or considered a reasonable approximation of fair value.

The fair values below have been calculated using discounted cash flow techniques where contractual future cash flows of the instrument are discounted using discount rates incorporating wholesale market rates or market borrowing rates of debt with similar maturities or a yield curve appropriate for the remaining term to maturity.

\$ millions	Unaudited 31/03/2015		Unaudited 31/03/2014		Audited 30/09/2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Net loans and advances ¹	109,031	109,395	102,571	102,582	105,485	105,600
Liabilities						
Deposits and other borrowings ²	96,959	97,136	91,181	91,301	94,527	94,550
Debt issuances ¹	17,686	17,862	16,405	16,583	17,042	17,225
Subordinated debt	2,581	2,606	1,412	1,389	1,442	1,443

¹ Fair value hedging is applied to certain financial instruments within these categories. The resulting fair value adjustments mean that the carrying value differs from the amortised cost.

² Includes commercial paper (note 8) designated at fair value through profit or loss.

Financial assets and financial liabilities measured at fair value in the balance sheet

ANZ New Zealand uses a valuation method within the following hierarchy to determine the carrying amount of assets and liabilities held at fair value, all of which are recurring fair value measurements. There are no assets or liabilities measured at fair value on a non-recurring basis.

- Level 1 – Financial instruments that have been valued by reference to unadjusted quoted prices in active markets for identical financial instruments. This category includes financial instruments valued using quoted yields where available for specific debt securities.
- Level 2 – Financial instruments that have been valued through valuation techniques incorporating inputs other than quoted prices within Level 1 that are observable for a similar financial asset or liability, either directly or indirectly.
- Level 3 – Financial instruments that have been valued using valuation techniques which incorporate significant inputs that are not based on observable market data (unobservable inputs).

There have been no substantial changes in the valuation techniques applied to different classes of financial instruments during the period.

Valuation hierarchy

Unaudited 31/03/2015

\$ millions	Unaudited 31/03/2015				Unaudited 31/03/2014				Audited 30/09/2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Trading securities	12,153	62	-	12,215	12,062	28	-	12,090	11,659	91	-	11,750
Derivative financial instruments	12	10,839	-	10,851	7	8,702	-	8,709	2	11,419	-	11,421
Available-for-sale assets ¹	581	321	1	903	665	-	2	667	712	58	2	772
Investments backing insurance contract liabilities ¹	3	207	-	210	114	51	-	165	129	61	-	190
Total financial assets held at fair value	12,749	11,429	1	24,179	12,848	8,781	2	21,631	12,502	11,629	2	24,133
Financial liabilities												
Deposits and other borrowings	-	6,273	-	6,273	-	5,401	-	5,401	-	6,057	-	6,057
Derivative financial instruments	6	13,198	-	13,204	4	10,833	-	10,837	4	10,957	-	10,961
Payables and other liabilities	221	-	-	221	222	-	-	222	226	-	-	226
Total financial liabilities held at fair value	227	19,471	-	19,698	226	16,234	-	16,460	230	17,014	-	17,244

¹ During the period, available-for-sale assets of \$159 million and Investments backing insurance contract liabilities of \$126 million were reclassified from Level 1 to Level 2 following a reassessment of available pricing information. Transfers into and out of Level 1 and Level 2 are deemed to have occurred as of the beginning of the reporting period in which the transfer occurred.

Notes to the Financial Statements

14. Concentrations of Credit Risk to Individual Counterparties

ANZ New Zealand measures its concentration of credit risk in respect to bank counterparties on the basis of approved exposures, and in respect to non-bank counterparties on the basis of limits.

For the six months ended 31 March 2015 there were no individual counterparties, excluding connected parties, governments and banks with long term credit ratings of A- or above, where ANZ New Zealand's period end or peak end-of-day credit exposure equalled or exceeded 10% of the Overseas Banking Group's equity as at the end of the period.

This credit exposure information does not include exposures to counterparties if they are booked outside New Zealand.

15. Insurance Business

ANZ New Zealand conducts insurance business through its subsidiary OnePath Life (NZ) Limited. OnePath Insurance Services (NZ) Limited, which was a subsidiary of OnePath Life (NZ) Limited, also conducted insurance business until it amalgamated with OnePath Life (NZ) Limited on 30 November 2014.

ANZ New Zealand's aggregate amount of insurance business comprises the total consolidated assets of OnePath Life (NZ) Limited of \$958 million (31/03/2014: \$787 million; 30/09/2014 \$850 million), which is 0.7% (31/03/2014: 0.6%; 30/09/2014 0.6%) of the total consolidated assets of ANZ New Zealand.

16. Credit Related Commitments, Guarantees and Contingent Liabilities

\$ millions	Face or contract value		
	Unaudited 31/03/2015	Unaudited 31/03/2014	Audited 30/09/2014
Credit related commitments			
Commitments with certain drawdown due within one year	1,348	1,073	764
Commitments to provide financial services	29,092	25,606	27,166
Total credit related commitments	30,440	26,679	27,930
Guarantees and contingent liabilities			
Financial guarantees	906	985	925
Standby letters of credit	52	60	79
Transaction related contingent items	1,245	1,222	1,321
Trade related contingent liabilities	93	66	111
Total guarantees and contingent liabilities	2,296	2,333	2,436

ANZ New Zealand guarantees the performance of customers by issuing standby letters of credit and guarantees to third parties, including its Ultimate Parent Bank. To reflect the risk associated with these transactions, they are subjected to the same credit origination, portfolio management and collateral requirements as for customers that apply for loans. The contract amount represents the maximum potential amount that could be lost if the counterparty fails to meet its financial obligations. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Other contingent liabilities

On 11 March 2013, litigation funder Litigation Lending Services (NZ) Limited announced plans for a representative action against banks in New Zealand for certain fees charged to New Zealand customers over the past six years. Proceedings were filed against the Bank on 25 June 2013. The potential outcome of this litigation cannot be determined with any certainty at this stage.

ANZ New Zealand has other contingent liabilities in respect of actual and possible claims and court proceedings.

On 3 December 2014, the Commerce Commission and the Financial Markets Authority (FMA) announced settlements with the Bank relating to the Commission's and the FMA's investigations into the promotion, sale and offer of interest rate swaps to rural customers from 2005 to 2009; the settlement includes a payment fund of \$18.5 million and a contribution to the Commission's and the FMA's costs.

An assessment of ANZ New Zealand's likely loss in respect of these matters has been made on a case-by-case basis and provision made where deemed necessary.

Notes to the Financial Statements

17. Additional Disclosures

NZ Branch Funding **Unaudited**
\$ millions **31/03/2015**

Total liabilities of the NZ Branch less amounts due to related parties **1,039**

Overseas Banking Group Profitability and Size **Unaudited**
AUD millions **31/03/2015**

Profit for the six months ended 31/03/2015¹ **3,514**

Net profit after tax for the 12 months to 31/03/2015 as a percentage of average total assets **0.93%**

Total assets **860,087**

Percentage change in total assets in the 12 months to 31/03/2015 **16.57%**

¹ Net profit after tax for the period includes \$8 million of profit attributable to non-controlling interests.

Overseas Banking Group asset quality **Unaudited**
AUD millions **31/03/2015**

Gross impaired assets **2,708**

Gross impaired assets as a percentage of total assets **0.3%**

Individual provision **1,114**

Individual provision as a percentage of gross impaired assets **41.1%**

Collective provision **2,914**

Directors' and New Zealand Chief Executive Officer's Statement

As at the date on which this Disclosure Statement is signed, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes that:

- (i) The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014; and
- (ii) The Disclosure Statement is not false or misleading.

Over the six months ended 31 March 2015, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes that:

- (i) The Ultimate Parent Bank has complied with all Conditions of Registration that applied during that period;
- (ii) The NZ Branch and the Bank had systems in place to monitor and control adequately the material risks of Relevant Members of ANZ New Zealand including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that those systems were being properly applied.

This Disclosure Statement is dated 28 May 2015, and has been signed by the Chairman of the Ultimate Parent Bank, on behalf of all Directors, and by the Chief Executive Officer – NZ Branch.



David Gonski, AC
Chairman,
on behalf of the Directors:



Anthony Bradshaw
Chief Executive Officer – NZ Branch

Ilana Atlas
Paula Dwyer
Lee Hsien Yang
Graeme Liebelt
Ian Macfarlane, AC
John Macfarlane
Michael Smith, OBE



Independent Auditor's Review Report

To the Directors of Australia and New Zealand Banking Group Limited – New Zealand Branch

We have reviewed pages 3 to 22 of the interim financial statements of Australia and New Zealand Banking Group Limited – New Zealand Branch and its related entities (ANZ New Zealand) prepared and disclosed in accordance with the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (the Order) and the supplementary information prescribed in Schedules 3, 5, 7, 9, 10, 12 and 14 of the Order. The interim financial statements, and supplementary information, provide information about the past financial performance and cash flows of ANZ New Zealand and its financial position as at 31 March 2015.

Directors' responsibility for the disclosure statement

The Directors of Australia and New Zealand Banking Group Limited - New Zealand Branch are responsible for the preparation and presentation of the Disclosure Statement, which includes interim financial statements prepared in accordance with Clause 26 of the Order which give a true and fair view of the financial position of ANZ New Zealand as at 31 March 2015 and its financial performance and cash flows for the six months ended on that date. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of the Disclosure Statement that is free from material misstatement, whether due to fraud or error.

They are also responsible for the preparation of supplementary information in the Disclosure Statement which fairly states the matters to which it relates in accordance with Schedules 3, 5, 7, 9, 10, 12 and 14 of the Order.

Reviewer's responsibility

We are responsible for reviewing the interim financial statements and the supplementary information, disclosed in accordance with Clause 26, Schedules 5, 7, 9, 10, 12 and 14 of the Order and presented to us by the Directors.

Our responsibility is to express a conclusion on the interim financial statements (excluding the supplementary information) 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 interim 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, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

We are responsible for reviewing the supplementary information (excluding the supplementary information relating to capital adequacy) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 10, 12 and 14 of the Order.

We are responsible for reviewing the supplementary information relating to credit and market risk exposures and capital adequacy in order to state whether, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the information disclosed in accordance with Schedule 9 is not in all material respects prepared in accordance with the *Capital Adequacy Framework (Standardised Approach)* (BS2A); and disclosed in accordance with Schedule 9 of the Order.

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.

KPMG has also provided other audit related services to ANZ New Zealand. In addition, certain partners and employees of our firm may also deal with ANZ New Zealand on normal terms within the ordinary course of trading activities of ANZ New Zealand. These matters have not impaired our independence as auditors of ANZ New Zealand. We have no other relationship with, or interest in, ANZ New Zealand.

Review opinion

We have examined the interim financial statements including the supplementary information and based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- a. the interim financial statements (excluding the supplementary information) do not present fairly, in all material respects, the financial position of ANZ New Zealand as at 31 March 2015 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34: *Interim Financial Reporting*;
- b. the supplementary information prescribed by Schedules 5, 7, 10, 12 and 14 of the Order does not fairly state the matters to which it relates in accordance with those Schedules; and
- c. the supplementary information relating to credit and market risk exposures and capital adequacy prescribed by Schedule 9 of the Order, is not in all material respects prepared in accordance with *Capital Adequacy Framework (Standardised Approach)* (BS2A), and disclosed in accordance with Schedule 9 of the Order.

Our review was completed on 28 May 2015 and our review opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'KPMG'.

28 May 2015
Wellington

