

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

FOR THE SIX MONTHS ENDED 31 MARCH 2020



INTERIM FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 March	Note	2020 NZ\$m	2019 NZ\$m
Interest income		219	207
Interest expense		(215)	(204)
Profit before credit impairment and income tax		4	3
Credit impairment charge	1, 2	(3)	-
Profit before income tax		1	3
Income tax expense		(1)	(1)
Profit for the period		-	2

There are no items of other comprehensive income.

BALANCE SHEET

As at	Note	31 Mar 20 NZ\$m	Restated 30 Sep 19 NZ\$m
Assets			
Due from the Parent Company	1, 2	26,979	22,179
Total assets		26,979	22,179
Liabilities			
Accrued interest payable		17	23
Commercial paper		4,454	2,460
Current tax liabilities		1	1
Debt issuances	3	22,503	19,691
Total liabilities		26,975	22,175
Net assets		4	4
Equity			
Retained earnings	1	4	4
Total Equity		4	4

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

CASH FLOW STATEMENT

For the six months ended 31 March	2020 NZ\$m	2019 NZ\$m
Cash flows from operating activities		
Interest received	225	235
Interest paid	(221)	(232)
Income taxes paid	(1)	-
Net cash flows provided by operating activities	3	3
Cash flows from investing activities		
Increase in due from the Parent Company	(3,528)	(123)
Net cash flows used in investing activities	(3,528)	(123)
Cash flows from financing activities		
Proceeds from issue of debt issuances	2,327	2,530
Increase / (decrease) in commercial paper	1,722	(190)
Redemption of debt issuances	(524)	(2,220)
Net cash flows provided by financing activities	3,525	120
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period	-	-
Cash and cash equivalents at end of the period	-	-

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March	Note	2020 NZ\$m	Restated 2019 NZ\$m
Total equity (retained earnings)			
Opening balance		4	5
NZ IFRS 9 transition adjustment	1	-	(5)
Opening balance (adjusted)		4	-
Profit or loss		-	2
Closing balance		4	2

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as applicable to interim financial statements. ANZ New Zealand (Int'l) Limited (the Company) is a publicly accountable for-profit entity for the purposes of complying with NZ GAAP.

These financial statements comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the financial statements for the year ended 30 September 2019.

These financial statements were approved by the Board of Directors on 10 May 2020.

Use of estimates and assumptions

The preparation of these interim 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.

Allowance for expected credit losses and coronavirus (COVID-19) pandemic

During the six months ended 31 March 2020 the collectively assessed allowance for expected credit losses (ECL) increased by NZ\$3 million. Approximately half of this increase was attributable to the increase in the gross amount due from ANZ Bank New Zealand Limited (the Parent Company), with the remainder attributable to changes in economic outlook as a result of COVID-19.

The uncertain evolution of the COVID-19 pandemic increases the risk to the forecast resulting in an understatement or overstatement of the ECL balance due to uncertainties around:

- The extent and duration of measures to stop or reduce the speed of the spread of COVID-19;
- The extent and duration of the economic downturn, along with the time required for economies to recover; and
- The effectiveness of government stimulus measures, in particular their impact on the magnitude of the economic downturn and the extent and duration of the recovery.

Actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact ECL.

Basis of measurement

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

Presentation currency and rounding

The amounts contained in the financial statements are presented in millions of New Zealand dollars.

Changes in accounting policies

The accounting policies applied by the Company are consistent with those applied and disclosed in the previous full year financial statements.

Changes to comparatives

The impact of the transition to NZ IFRS 9 *Financial Instruments* on 1 October 2018 has been increased by NZ\$3 million, being the impact of correcting the counterparty credit risk rating used in the calculation of the allowance for expected credit losses. This change reduced the amount due from the Parent Company, and retained earnings, by NZ\$3 million as at 31 March 2019 and NZ\$4 million as at 30 September 2019.

2. RELATED PARTY TRANSACTIONS

Commercial paper and debt issuances are guaranteed by the Parent Company. Debt issuances, other than covered bonds, are otherwise unsecured and rank equally with other unsecured liabilities.

Amounts due from the Parent Company are lent on similar terms as the underlying funding raised, and are net of an allowance for ECL of NZ\$10 million (30 September 2019: NZ\$7 million).

Covered Bonds

As at 31 March 2020, covered bonds of NZ\$4,569 million (30 September 2019: NZ\$4,370 million) included in debt issuances were guaranteed by ANZNZ Covered Bond Trust Limited as trustee of ANZNZ Covered Bond Trust (the Trust) under the terms of the Parent Company's covered bond programme.

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

3. DEBT ISSUANCES

	31 Mar 20 NZ\$m	30 Sep 19 NZ\$m
U.S. medium-term notes	12,859	9,989
Euro medium-term notes	5,075	5,332
Covered bonds	4,569	4,370
Total debt issued	22,503	19,691

4. FAIR VALUE MEASUREMENTS

Financial assets and financial liabilities not measured at fair value

No assets or liabilities are carried at fair value. Below is a comparison of the carrying amounts as reported on the balance sheet and fair value of financial asset and liability categories other than those categories where the carrying amount is considered a reasonable approximation of fair value:

	31 Mar 20		30 Sep 19	
	Carrying amount NZ\$m	Fair value NZ\$m	Carrying amount NZ\$m	Fair value NZ\$m
Financial assets				
Due from Parent Company	26,979	26,958	22,179	22,620
Financial liabilities				
Commercial paper	4,454	4,456	2,460	2,461
Debt issuances	22,503	22,480	19,691	20,131



Independent Review Report

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

Report on the interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 2 to 5 do not:

- i. present fairly in all material respects the ANZ New Zealand (Int'l) Limited's (the Company) financial position as at 31 March 2020 and its financial performance and cash flows for the six month period ended on that date; and
- ii. comply with NZ IAS 34 *Interim Financial Reporting* and NZ IAS 34 *Interim Financial Reporting*.

We have completed a review of the accompanying interim financial statements which comprise:

- the balance sheet as at 31 March 2020;
- the statements of comprehensive income, changes in equity and cash flows for the six month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for conclusion

A review of interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of ANZ New Zealand (Int'l) Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the Company in relation to prospectus reviews and assurance services. These matters have not impaired our independence as reviewer of the Company. The firm has no other relationship with, or interest in, the Company.



Use of this Independent Review Report

This report is made solely to the shareholder as a body. Our review work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the interim financial statements

The Directors, on behalf of the Company, are responsible for:

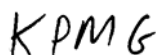
- the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*;
- implementing necessary internal control to enable the preparation of interim financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. 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* and IAS 34 *Interim Financial Reporting*.

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 these interim financial statements. This description forms part of our Independent Review Report.



KPMG
Auckland

10 May 2020

