

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
- ANZ NEW ZEALAND
REGISTERED BANK DISCLOSURE STATEMENT**

FOR THE SIX MONTHS ENDED 31 MARCH 2019
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REGISTERED BANK DISCLOSURE STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2019

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GLOSSARY OF TERMS

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

Bank means ANZ Bank New Zealand Limited.

Banking Group means the Bank and all its controlled entities.

Immediate Parent Company means ANZ Funds Pty Limited, which is the immediate parent company of ANZ Holdings (New Zealand) Limited.

Ultimate Parent Bank means Australia and New Zealand Banking Group Limited.

Overseas Banking Group means the worldwide operations of Australia and New Zealand Banking Group Limited including its controlled entities.

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.

NZ Branch means the New Zealand business of the Ultimate Parent Bank.

ANZ New Zealand, We or Our means the New Zealand business of the Overseas Banking Group.

OnePath means OnePath Life (NZ) Limited.

Paymark means Paymark Limited.

UDC means UDC Finance Limited.

Registered Office is Level 10, 171 Featherston Street, Wellington, New Zealand, which is also ANZ New Zealand's address for service.

RBNZ means the Reserve Bank of New Zealand.

APRA means the Australian Prudential Regulation Authority.

the Order means the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014.

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.

INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

	Note	6 months to	
		31 Mar 19 NZ\$m	31 Mar 18 NZ\$m
Interest income		3,322	3,248
Interest expense		(1,696)	(1,676)
Net interest income		1,626	1,572
Other operating income	2	373	495
Net income from insurance business	12	27	81
Share of associates' profit		4	1
Operating income		2,030	2,149
Operating expenses		(745)	(747)
Profit before credit impairment and income tax		1,285	1,402
Credit impairment charge	5	(32)	(70)
Profit before income tax		1,253	1,332
Income tax expense		(324)	(368)
Profit for the period		929	964

STATEMENT OF COMPREHENSIVE INCOME

	6 months to	
	31 Mar 19 NZ\$m	31 Mar 18 NZ\$m
Profit for the period	929	964
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	(16)	2
Items that may be reclassified subsequently to profit or loss		
Reserve movements:		
Unrealised losses recognised directly in equity	-	(6)
Realised losses transferred to the income statement	4	3
Income tax attributable to the above items	3	-
Other comprehensive income after tax	(9)	(1)
Total comprehensive income for the period	920	963

INTERIM FINANCIAL STATEMENTS

BALANCE SHEET

As at	Note	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Assets			
Cash and cash equivalents		2,697	2,407
Settlement balances receivable		630	656
Collateral paid		2,370	1,919
Trading securities		7,543	8,024
Derivative financial instruments		9,118	8,072
Investment securities		6,348	6,502
Net loans and advances	4	131,788	128,677
Assets held for sale	12	-	897
Investments in associates		-	6
Current tax assets		32	-
Goodwill and other intangible assets		3,279	3,289
Premises and equipment		340	325
Other assets		807	642
Total assets		164,952	161,416
Liabilities			
Settlement balances payable		2,542	2,066
Collateral received		519	845
Deposits and other borrowings	7	115,091	112,920
Derivative financial instruments		9,872	8,133
Current tax liabilities		-	174
Deferred tax liabilities		6	23
Liabilities held for sale	12	-	334
Payables and other liabilities		945	955
Provisions	8	310	196
Debt issuances	9	23,939	24,534
Total liabilities (excluding head office account)		153,224	150,180
Net assets (excluding head office account)		11,728	11,236
Equity			
Share capital and initial head office account		11,055	11,055
Reserves		36	33
Retained earnings		637	148
Total equity & head office account		11,728	11,236

CASH FLOW STATEMENT

For the six months ended 31 March	Note	2019 NZ\$m	2018 NZ\$m
Profit after income tax		929	964
Adjustments to reconcile to net cash flows from operating activities:			
Depreciation and amortisation		41	41
Loss on sale and impairment of premises and equipment		5	-
Net derivatives/foreign exchange adjustment		(16)	(412)
Proceeds from divestments net of intangibles disposed of, classified as investing activities		(646)	-
Other non-cash movements		(146)	(13)
<i>Net (increase)/decrease in operating assets:</i>			
Collateral paid		(451)	(219)
Trading securities		481	(753)
Net loans and advances		(3,111)	(1,359)
Other assets		625	(338)
<i>Net increase/(decrease) in operating liabilities:</i>			
Deposits and other borrowings (excluding borrowings from Immediate Parent and Ultimate Parent Bank)		2,968	4,365
Settlement balances payable		476	40
Collateral received		(326)	147
Other liabilities		(421)	(67)
Total adjustments		(521)	1,432
Net cash flows from operating activities¹		408	2,396
Cash flows from investing activities			
Investment securities:			
Purchases		(1,054)	(1,770)
Proceeds from sale or maturity		1,288	1,530
Proceeds from divestments	12	747	-
Other assets		(51)	17
Net cash flows from investing activities		930	(223)
Cash flows from financing activities			
Debt issuances ²			
Issue proceeds		3,240	2,885
Redemptions		(3,145)	(3,020)
Borrowings from Immediate Parent and Ultimate Parent Bank:			
Loans drawn down		512	497
Repayments		(1,280)	(1,352)
Dividends paid		(375)	(800)
Net cash flows from financing activities		(1,048)	(1,790)
Net change in cash and cash equivalents		290	383
Cash and cash equivalents at beginning of period		2,407	2,439
Cash and cash equivalents at end of period		2,697	2,822

¹ Net cash provided by operating activities includes income taxes paid of NZ\$519 million (2018: NZ\$387 million).

² Movement in debt issuances (Note 9 Debt Issuances) also includes a NZ\$942 million decrease (2018: NZ\$125 million increase) from the effect of foreign exchange rates, a NZ\$341 million increase (2018: NZ\$174 million decrease) from changes in fair value hedging instruments and a NZ\$89 million decrease (2018: NZ\$5 million increase) from other changes.

³ Movement in borrowings from Immediate Parent and Ultimate Parent Bank (Note 7 Deposit and Other Borrowings) also includes a NZ\$83 million decrease (2018: NZ\$62 million decrease) from the effect of foreign exchange rates and a NZ\$54 million increase (2018: NZ\$32 million decrease) from changes in fair value hedging instruments.

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital and initial head office account NZ\$m	Investment securities revaluation reserve NZ\$m	Cash flow hedging reserve NZ\$m	Retained earnings NZ\$m	Total equity NZ\$m
As at 1 October 2017		8,055	5	43	3,210	11,313
Profit or loss		-	-	-	964	964
Unrealised gains / (losses) recognised directly in equity		-	9	(15)	-	(6)
Realised losses transferred to the income statement		-	-	3	-	3
Actuarial gain on defined benefit schemes		-	-	-	2	2
Income tax credit / (expense) on items recognised directly in equity		-	(2)	3	(1)	-
Total comprehensive income for the period		-	7	(9)	965	963
Transactions with Immediate Parent Company in its capacity as owner:						
Ordinary dividends paid		-	-	-	(800)	(800)
Transactions with Immediate Parent Company in its capacity as owner		-	-	-	(800)	(800)
As at 31 March 2018		8,055	12	34	3,375	11,476

As at 1 October 2018		11,055	11	22	148	11,236
NZ IFRS 9 transition adjustment	1	-	-	-	(53)	(53)
As at 1 October 2018 (adjusted)		11,055	11	22	95	11,183
Profit or loss		-	-	-	929	929
Unrealised gains / (losses) recognised directly in equity		-	(7)	7	-	-
Realised losses transferred to the income statement		-	-	4	-	4
Actuarial loss on defined benefit schemes		-	-	-	(16)	(16)
Income tax credit / (expense) on items recognised directly in equity		-	2	(3)	4	3
Total comprehensive income for the period		-	(5)	8	917	920
Transactions with Immediate Parent Company in its capacity as owner:						
Ordinary dividends paid		-	-	-	(375)	(375)
Transactions with Immediate Parent Company in its capacity as owner		-	-	-	(375)	(375)
As at 31 March 2019		11,055	6	30	637	11,728

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim financial statements (financial statements) for ANZ New Zealand were issued on 20 May 2019 and should be read in conjunction with ANZ New Zealand's financial statements for the year ended 30 September 2018.

These financial statements comply with:

- New Zealand Generally Accepted Accounting Practice (NZ GAAP), as defined in the Financial Reporting Act 2013;
- NZ IAS 34 *Interim Financial Reporting* and other applicable Financial Reporting Standards, as appropriate for publicly accountable for-profit entities; and
- IAS 34 *Interim Financial Reporting*.

Use of estimates, assumptions and judgements

The preparation of these financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments, are provided in the previous full year financial statements. Such estimates and judgements are reviewed on an ongoing basis.

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;
- financial instruments measured at fair value through other comprehensive income;
- financial instruments held for trading; and
- financial instruments designated at fair value through profit and loss.

Changes in accounting policies

The accounting policies adopted by ANZ New Zealand are consistent with those adopted and disclosed in the previous full year financial statements, except as disclosed below.

The following new standards relevant to ANZ New Zealand have been adopted from 1 October 2018 and have been applied in the preparation of these financial statements:

NZ IFRS 9 Financial Instruments (NZ IFRS 9)

NZ IFRS 9 was effective for ANZ New Zealand from 1 October 2018. NZ IFRS 9 stipulates new requirements for the impairment of financial assets, classification and measurement of financial assets and financial liabilities and general hedge accounting. Details of the key requirements and estimated impacts on ANZ New Zealand are outlined below.

Impairment

NZ IFRS 9 replaced the incurred loss impairment model under NZ IAS 39: *Financial Instruments: Recognition and Measurement* (NZ IAS 39) with an expected credit loss (ECL) model incorporating forward looking information. The ECL model has been applied to all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, certain loan commitments and financial guarantees. Under the ECL model, the following three-stage approach is applied to measuring ECL based on credit migration between the stages since origination:

- Stage 1: At the origination of a financial asset, a provision equivalent to 12 months ECL is recognised.
- Stage 2: Where there has been a significant increase in credit risk since origination, a provision equivalent to lifetime ECL is recognised.
- Stage 3: Similar to the previous NZ IAS 39 requirements for individual impairment provisions, lifetime ECL is recognised for loans where there is objective evidence of impairment.

Expected credit losses are probability weighted and determined by evaluating a range of possible outcomes, taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Classification and measurement

There are three measurement classifications under NZ IFRS 9: Amortised cost, Fair Value through Profit or Loss and Fair Value through Other Comprehensive Income. Financial assets are classified into these measurement classifications taking into account the business model within which they are managed, and their contractual cash flow characteristics.

The classification and measurement requirements for financial liabilities under NZ IFRS 9 are largely consistent with NZ IAS 39 with the exception that for financial liabilities designated as measured at fair value, gains or losses relating to changes in the entity's own credit risk are included in other comprehensive income. This part of the standard was early adopted by ANZ New Zealand on 1 October 2013.

General hedge accounting

NZ IFRS 9 introduces new hedge accounting requirements which more closely align accounting with risk management activities undertaken when hedging financial and non-financial risks.

NZ IFRS 9 provides ANZ New Zealand with an accounting policy choice to continue to apply the NZ IAS 39 hedge accounting requirements until the International Accounting Standards Board's ongoing project on macro hedge accounting is completed. ANZ New Zealand has continued to apply the hedge accounting requirements of NZ IAS 39.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Transition to NZ IFRS 9

Other than as noted above under classification and measurement of financial liabilities, NZ IFRS 9 had a date of initial application for ANZ New Zealand of 1 October 2018. The classification and measurement, and impairment requirements, are applied retrospectively by adjusting opening retained earnings at 1 October 2018. ANZ New Zealand has not restated comparatives.

Impact

Impairment

The application of NZ IFRS 9 as at 1 October 2018 resulted in higher aggregate impairment provisions of approximately NZ\$73 million, with an associated decrease in deferred tax liabilities of approximately NZ\$20 million. The net impact on total equity is a reduction of approximately NZ\$53 million. These remain subject to change until ANZ New Zealand finalises its financial statements for the year ending 30 September 2019.

Classification and measurement of financial assets

There have been no changes in classification and measurement as a result of the application of the business model and contractual cash flow characteristics tests.

NZ IFRS 15 Revenue from Contracts with Customers (NZ IFRS 15)

NZ IFRS 15 is effective for ANZ New Zealand from 1 October 2018 and replaces existing guidance on the recognition of revenue from contracts with customers. The standard requires identification of distinct performance obligations within a contract, and allocation of the transaction price of the contract to those performance obligations. Revenue is then recognised as each performance obligation is satisfied. The standard also provides guidance on whether an entity is acting as a principal or an agent which impacts the presentation of revenue on a gross or net basis.

ANZ New Zealand has assessed all revenue streams existing at the date of transition to the new standard and determined that the impact of NZ IFRS 15 is immaterial given the majority of ANZ New Zealand revenues are outside the scope of the standard. ANZ New Zealand has adopted NZ IFRS 15 retrospectively including restatement of prior period comparatives.

Presentation currency and rounding

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

Comparatives

Certain amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation.

Principles of consolidation

The financial statements consolidate the financial statements of the NZ Branch and all of the New Zealand businesses of all the subsidiaries of the Ultimate Parent Bank.

2. OTHER OPERATING INCOME

	Note	6 months to	
		31 Mar 19 NZ\$m	31 Mar 18 NZ\$m
(i) Fee and commission revenue			
Lending fees		16	15
Non-lending fees		407	398
Commissions		23	21
Funds management income		127	122
Fee and commission income		573	556
Fee and commission expense		(241)	(230)
Net fee and commission income		332	326
(ii) Other income			
Net trading gains		73	96
Fair value gain / (loss) on hedging activities and financial liabilities designated at fair value		(140)	22
Net foreign exchange earnings and other financial instruments income		(67)	118
Gain on UDC terminated transaction		-	20
Insurance proceeds		-	20
Sale of OnePath	12	59	-
Sale of Paymark	12	39	-
Other		10	11
Other income		41	169
Other operating income		373	495

3. SEGMENT REPORTING

ANZ New Zealand is organised into three major business segments for segment reporting purposes - Retail, Commercial 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.

Comparative data has been adjusted to reflect a change in the methodology for allocating earnings on capital to each segment. While neutral at the ANZ New Zealand level, this change has impacted net interest income and profit after income tax at the segment level.

Retail

Retail provides a full range of banking and wealth management services to consumer, private banking and small business banking customers. We deliver our services via our internet and app-based digital solutions and network of branches, mortgage specialists, relationship managers and contact centres.

Commercial

Commercial provides a full range of banking services including traditional relationship banking and sophisticated financial solutions through dedicated managers focusing on privately owned medium to large enterprises and the agricultural business segment.

Institutional

The Institutional division services global institutional and corporate customers across three product sets: Transaction Banking, Loans & Specialised Finance and Markets.

- Transaction Banking provides working capital and liquidity solutions including documentary trade, supply chain financing as well as cash management solutions, deposits, payments and clearing.
- Loans & Specialised Finance provides loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance and corporate advisory.
- Markets provide risk management services on foreign exchange, interest rates, credit, commodities, debt capital markets in addition to managing ANZ New Zealand's interest rate exposure and liquidity position.

Other

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

Operating segment analysis

	Retail		Commercial		Institutional		Other		Total	
	2019 NZ\$m	2018 NZ\$m	2019 NZ\$m	2018 NZ\$m	2019 NZ\$m	2018 NZ\$m	2019 NZ\$m	2018 NZ\$m	2019 NZ\$m	2018 NZ\$m
For the six months ended 31 March										
Net interest income	940	929	517	495	169	158	-	(10)	1,626	1,572
Fee and commission revenue										
- Lending fees	8	8	-	-	8	7	-	-	16	15
- Non-lending fees	368	353	9	9	30	36	-	-	407	398
- Commissions	23	21	-	-	-	-	-	-	23	21
- Funds management fees	127	122	-	-	-	-	-	-	127	122
- Fee and commission expense	(241)	(230)	-	-	-	-	-	-	(241)	(230)
Net fee and commission income	285	274	9	9	38	43	-	-	332	326
Other income	5	4	1	-	75	104	(40)	61	41	169
Net income from insurance business	19	67	-	-	-	-	8	14	27	81
Share of associates' profits	4	1	-	-	-	-	-	-	4	1
Operating income	1,253	1,275	527	504	282	305	(32)	65	2,030	2,149
Profit / (loss) after income tax	510	525	286	279	140	120	(7)	40	929	964

Other segment

The Other segment profit after income tax comprises:

	2019 NZ\$m	2018 NZ\$m
For the six months ended 31 March		
Central functions ¹	-	14
Technology and Group Centre ^{2,3}	178	3
Economic hedges	(104)	13
Revaluation of insurance policies from changes in interest rates ³	(81)	10
Total	(7)	40

¹ Central functions' other income for the six months ended 31 March 2018 includes the NZ\$20 million insurance proceeds (Note 2 Other Operating Income) that were received from a member of the Overseas Banking Group.

² Technology and Group Centre's other income for the six months ended 31 March 2019 includes the NZ\$59 million gain on sale of OnePath and the NZ\$39 million gain on sale of Paymark (Note 2 Other Operating Income).

³ Amounts for the six months ended 31 March 2019 include the transfer of NZ\$86 million of accumulated after tax gains previously recognised in revaluation of insurance policies from changes in interest rates to Technology and Group Centre. These gains were transferred upon the sale of OnePath.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. NET LOANS AND ADVANCES

	Note	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Overdrafts		1,085	905
Credit cards		1,620	1,644
Term loans - housing		82,874	80,609
Term loans - non-housing		44,803	44,169
Finance lease and hire purchase receivables		1,830	1,791
Subtotal		132,212	129,118
Unearned income		(246)	(239)
Capitalised brokerage/mortgage origination fees		309	314
Gross loans and advances		132,275	129,193
Provision for credit impairment	5	(487)	(516)
Net loans and advances		131,788	128,677

5. PROVISION FOR CREDIT IMPAIRMENT

PROVISION FOR CREDIT IMPAIRMENT - BALANCE SHEET

	Net loans and advances		Off-balance sheet credit related commitments ¹		Total	
	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Provision for credit impairment						
Individual provision ²	112	132	-	-	112	132
Collective provision ³	375	312	82	72	457	384
Total provision for credit impairment	487	444	82	72	569	516

¹ Collective provision relating to off-balance sheet credit related commitments is included in provisions from 1 October 2018.

² Individual provision comprises Stage 3 ECL assessed individually from 1 October 2018.

³ Collective provision comprises Stage 1, 2 and 3 ECL assessed collectively from 1 October 2018.

	Net loans and advances NZ\$m	Off-balance sheet credit related commitments NZ\$m	Total NZ\$m
Collective provision reconciliation			
As at 30 September 2018		312	384
NZ IFRS 9 transition adjustment		60	73
As at 1 October 2018		372	457
Collective credit impairment charge / (release)		3	-
As at 31 March 2019		375	457

CREDIT IMPAIRMENT CHARGE - INCOME STATEMENT

	6 months to	
	31 Mar 19 NZ\$m	31 Mar 18 NZ\$m
Credit impairment charge		
New and increased provisions	64	132
Write-backs	(21)	(30)
Recoveries of amounts previously written-off	(11)	(18)
Individual credit impairment charge	32	84
Collective credit impairment release	-	(14)
Total credit impairment charge	32	70

6. IMPAIRED AND PAST DUE LOANS

	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Loans that are at least 90 days past due but not impaired	288	221
Impaired loans	292	323

7. DEPOSITS AND OTHER BORROWINGS

	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Term deposits	53,109	51,298
On demand and short term deposits	42,800	41,602
Deposits not bearing interest	10,836	10,224
UDC secured investments	783	931
Total customer deposits	107,528	104,055
Certificates of deposit	912	910
Deposits from banks and securities sold under repurchase agreements	256	517
Commercial paper	2,240	2,486
Borrowings from Ultimate Parent Bank and Immediate Parent Company	4,155	4,952
Deposits and other borrowings	115,091	112,920

8. PROVISIONS

	Note	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Employee entitlements		123	120
Collective provision on undrawn commitments	5	82	-
Other ¹		105	76
Provisions		310	196

¹ Other provisions include provisions relating to customer remediation, make-good of leased premises and restructuring (including OnePath separation).

9. DEBT ISSUANCES

	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Senior debt	17,995	18,767
Covered bonds	4,164	3,929
Total unsubordinated debt	22,159	22,696
Subordinated debt		
- ANZ Capital Notes	1,503	1,549
- Other	277	289
Total subordinated debt	1,780	1,838
Total debt issued	23,939	24,534

Covered bonds 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 Trust). The Covered Bond Trust is a member of the Banking Group, whereas the Covered Bond Guarantor is not a member of the Banking Group.

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 the Covered Bond Guarantor 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities carried at fair value on the balance sheet

ANZ New Zealand categorises financial assets and financial liabilities carried at fair value into a fair value hierarchy as required by NZ IFRS 13 *Fair Value Measurement* based on the observability of inputs used to measure fair value:

- Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2 – valuations using inputs other than quoted prices included within Level 1 that are observable for a similar financial asset or liability, either directly or indirectly; and
- Level 3 – valuations using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below summarises the attribution of financial instruments carried at fair value to the fair value hierarchy:

	Fair value measurements							
	Quoted market price (Level 1)		Using observable inputs (Level 2)		Using unobservable inputs (Level 3)		Total	
	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Assets								
Trading securities	7,204	6,795	339	1,229	-	-	7,543	8,024
Derivative financial instruments	11	7	9,102	8,062	5	3	9,118	8,072
Investment securities	6,347	6,457	-	44	1	1	6,348	6,502
Investments backing insurance contract liabilities ¹	-	-	-	127	-	-	-	127
Total	13,562	13,259	9,441	9,462	6	4	23,009	22,725
Liabilities								
Deposits and other borrowings	-	-	2,240	2,486	-	-	2,240	2,486
Derivative financial instruments	15	10	9,854	8,122	3	1	9,872	8,133
Other financial liabilities	159	110	-	-	-	-	159	110
Total	174	120	12,094	10,608	3	1	12,271	10,729

¹ Including items reclassified as held for sale.

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 values of financial asset and financial 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.

	Carrying amount		Fair value	
	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Financial assets				
Net loans and advances ¹	131,788	128,677	132,235	128,959
Total	131,788	128,677	132,235	128,959
Financial liabilities				
Deposits and other borrowings ²	112,851	110,434	113,052	110,643
Debt issuances ¹	23,939	24,534	24,087	24,724
Total	136,790	134,968	137,139	135,367

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 Excludes commercial paper (Note 7 Deposits and Other Borrowings) designated at fair value through profit or loss.

11. COMMITMENTS AND CONTINGENT LIABILITIES

	31 Mar 19 NZ\$m	30 Sep 18 NZ\$m
Credit related commitments and contingencies		
Contract amount of:		
Undrawn facilities	26,653	26,995
Guarantees and letters of credit	1,351	1,531
Performance related contingencies	1,460	1,329
Total	29,464	29,855

ANZ New Zealand guarantees the performance of customers by issuing standby letters of credit and guarantees to third parties, including its Ultimate Parent Bank. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers, therefore these transactions are subjected to the same credit origination, portfolio management and collateral requirements for customers applying for loans. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Other contingent liabilities

There are outstanding court proceedings, claims and possible claims for and against ANZ New Zealand. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions and/or disclosures as deemed appropriate have been made. In some instances we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice the interests of ANZ New Zealand.

In recent years there has been an increase in the number of matters on which ANZ New Zealand engages with its regulators. There have been significant increases in the nature and scale of regulatory investigations and reviews, civil and criminal enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions globally. The nature of these investigations and reviews can be wide ranging and, for example, may include a range of matters including responsible lending practices, product suitability and distribution, interest and fees and the entitlement to charge them, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and capital market transactions, reporting and disclosure obligations and product disclosure documentation. ANZ New Zealand has received various notices and requests for information from its regulators as part of both industry-wide and ANZ New Zealand-specific reviews and has also made disclosures to its regulators at its own instigation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

Warranties and indemnities

ANZ New Zealand has provided warranties, indemnities and other commitments in favour of the purchaser in connection with various disposals of businesses and assets and other transactions, covering a range of matters and risks. It is exposed to potential claims under those warranties, indemnities and commitments.

12. DIVESTMENTS

OnePath and Paymark

On 30 November 2018, ANZ New Zealand sold OnePath to Cigna Corporation and on 11 January 2019, ANZ New Zealand sold its 25% shareholding in Paymark to Ingenico Group. ANZ New Zealand recognised net gains on sale of NZ\$59 million and NZ\$39 million respectively, which are included in other operating income.

Assets and liabilities sold

	NZ\$m
Investments backing insurance contract liabilities	101
Other assets, net of amounts payable to the Bank	6
Life insurance contract assets	675
Investments in associates - Paymark	7
Goodwill and other intangible assets	101
Total assets	890
Deposits and other borrowings (deposits with the Bank)	(50)
Current tax liabilities	18
Deferred tax liabilities	178
Payables and other liabilities	146
Provisions	2
Total liabilities	294
Net assets sold	596

REGISTERED BANK DISCLOSURES

B1. GENERAL DISCLOSURES

Guarantees

No material obligations of the NZ Branch are guaranteed as at 20 May 2019.

Covered bonds issued by ANZ New Zealand (Int'l) Limited, a subsidiary of the Bank, are guaranteed. Refer to page 11 for further details.

Changes in the Ultimate Parent Bank's Board of Directors

Lee Hsien Yang retired as a Non-Executive Director on 19 December 2018. There have been no other changes to the Directors of the Ultimate Parent Bank since 30 September 2018, the balance date of the last full year disclosure statement.

Auditors

KPMG, 18 Viaduct Harbour Avenue, Auckland, New Zealand.

Credit rating

As at 20 May 2019 the Ultimate Parent Bank has three credit ratings, which are applicable to its long-term senior unsecured obligations which are payable in New Zealand in New Zealand dollars.

The Ultimate Parent Bank's credit ratings are:

Rating Agency	Credit Rating	Qualification
S&P Global Ratings	AA-	Outlook Negative
Fitch Ratings	AA-	Outlook Stable
Moody's Investors Service	Aa3	Outlook Stable

Directors' and New Zealand Chief Executive Officer's statements

The Directors' and New Zealand Chief Executive Officer's statement is included on page 23.

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 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 website shareholder.anz.com.

Auditor's review report

The auditor's review report is included on page 24.

B2. ADDITIONAL FINANCIAL DISCLOSURES

Additional information on the balance sheet

As at 31 March 2019	NZ\$m
Total interest earning and discount bearing assets	150,770
Total interest and discount bearing liabilities	129,656
Total amounts due from related entities	4,202
Total amounts due to related entities	8,738
Total liabilities of the NZ Branch less amounts due to related entities	1,058

Assets charged as security for liabilities

These amounts exclude the amounts disclosed as collateral paid on the balance sheet that relate to derivative liabilities. The terms and conditions of the collateral agreements are included in the standard Credit Support Annex that forms part of the International Swaps and Derivatives Association Master Agreement.

Assets charged as security for liabilities include the following types of instruments:

- Securities provided as collateral for repurchase transactions. These transactions are governed by standard industry agreements.
- UDC secured investments are secured by a security interest granted under the trust deed over all of UDC's present and future assets and undertakings, to Trustees Executors Limited, as supervisor. The assets subject to the security interest comprise mainly loans to UDC's customers and certain plant and equipment. The security interest secures all amounts payable by UDC on the UDC secured investments and all other moneys payable by UDC under the trust deed.
- Specified residential mortgages provided as security for notes and bonds issued to investors as part of the Bank's covered bond programme.

The carrying amounts of assets pledged as security are as follows:

As at 31 March 2019	NZ\$m
Securities sold under agreements to repurchase	151
Assets pledged as collateral for UDC secured investments	3,374
Residential mortgages pledged as security for covered bonds	10,330

Additional information on the income statement

The amounts of net trading gains or losses and other fair value adjustments are included in Note 2 Other Operating Income. ANZ New Zealand does not have any loans and advances designated at fair value through profit or loss. Other operating income for the purposes of the Order comprises net fee and commission income, all other items of other income (all in Note 2 Other Operating Income), net income from insurance business and share of associates' profit (both shown on the income statement).

REGISTERED BANK DISCLOSURES

Additional information on concentrations of credit risk

Analysis of financial assets by industry is based on Australian and New Zealand Standard Industrial Classification (ANZSIC) codes. The significant categories shown are the level one New Zealand Standard Industry Output Categories (NZSIOC), except that Agriculture is shown separately as required by the Order.

Composition of financial instruments that give rise to credit risk by industry group are presented below:

As at 31 March 2019	Loans and advances ³ NZ\$m	Other financial assets NZ\$m	Off-balance sheet credit related commitments ⁴ NZ\$m	Total NZ\$m
New Zealand residents				
Agriculture	17,907	85	1,502	19,494
Forestry and fishing, agriculture services	1,392	7	261	1,660
Manufacturing	2,936	197	1,709	4,842
Electricity, gas, water and waste services	1,306	437	1,600	3,343
Construction	1,866	28	977	2,871
Wholesale trade	1,496	59	1,736	3,291
Retail trade and accommodation	2,971	31	1,034	4,036
Transport, postal and warehousing	1,336	94	755	2,185
Finance and insurance services	827	5,344	1,396	7,567
Public administration and safety ¹	248	8,606	1,070	9,924
Rental, hiring & real estate services	33,157	737	3,466	37,360
Professional, scientific, technical, administrative and support services	1,229	9	582	1,820
Households	60,394	199	11,317	71,910
All other New Zealand residents ²	2,423	195	1,942	4,560
Subtotal	129,488	16,028	29,347	174,863
Overseas				
Finance and insurance services	283	13,017	117	13,417
Households	1,595	5	-	1,600
All other non-NZ residents	846	91	-	937
Subtotal	2,724	13,113	117	15,954
Gross subtotal	132,212	29,141	29,464	190,817
Provision for credit impairment	(487)	-	(82)	(569)
Subtotal	131,725	29,141	29,382	190,248
Unearned income	(246)	-	-	(246)
Capitalised brokerage / mortgage origination fees	309	-	-	309
Maximum exposure to credit risk	131,788	29,141	29,382	190,311

¹ Public administration and safety includes exposures to local government administration and central government administration, defence and public safety.

² Other includes exposures to mining, information media and telecommunications, education and training, health care and social assistance and arts, recreation and other services.

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

⁴ Off-balance sheet credit related commitments comprise undrawn facilities, customer contingent liabilities and letters of offer.

Additional information on concentrations of funding

Analysis of funding liabilities by industry is based on ANZSIC codes. The significant categories shown are the level one NZSIOC.

As at 31 March 2019	Note	NZ\$m
Funding composition		
Customer deposits	7	107,528
<i>Wholesale funding</i>		
Debt issuances		23,939
Certificates of deposit and commercial paper		3,152
Other borrowings		4,411
Total wholesale funding		31,502
Total funding		139,030
Customer deposits by industry - New Zealand residents		
Agriculture, forestry and fishing		3,935
Manufacturing		2,128
Construction		2,128
Wholesale trade		1,573
Retail trade and accommodation		1,618
Financial and insurance services		12,136
Rental, hiring and real estate services		3,058
Professional, scientific, technical, administrative and support services		5,377
Public administration and safety		1,286
Arts, recreation and other services		1,966
Households		57,902
All other New Zealand residents ¹		4,043
		97,150
Customer deposits by industry - overseas		
Households		9,821
All other		557
		10,378
Total customer deposits		107,528
Wholesale funding (financial and insurance services industry)		
New Zealand		5,514
Overseas		25,988
Total wholesale funding		31,502
Total funding		139,030
Concentrations of funding by geography		
New Zealand		102,664
Australia		5,355
United States		13,360
Europe		10,360
Other countries		7,291
Total funding		139,030

¹ Other includes mining; electricity, gas, water and waste services; transport, postal and warehousing; information media and telecommunications; education and training; health care and social assistance.

REGISTERED BANK DISCLOSURES

Additional information on interest rate sensitivity

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.

As at 31 March 2019	Total NZ\$m	Up to 3 months NZ\$m	Over 3 to 6 months NZ\$m	Over 6 to 12 months NZ\$m	Over 1 to 2 years NZ\$m	Over 2 years NZ\$m	Not bearing interest NZ\$m
Assets							
Cash and cash equivalents	2,697	2,355	-	-	-	-	342
Settlement balances receivable	630	-	-	-	-	-	630
Collateral paid	2,370	2,370	-	-	-	-	-
Trading securities	7,543	503	107	388	928	5,617	-
Derivative financial instruments	9,118	-	-	-	-	-	9,118
Investment securities	6,348	253	15	149	1,210	4,720	1
Net loans and advances	131,788	64,605	11,602	25,373	22,724	7,851	(367)
Other financial assets	728	-	-	-	-	-	728
Total financial assets	161,222	70,086	11,724	25,910	24,862	18,188	10,452
Liabilities							
Settlement balances payable	2,542	784	-	-	-	-	1,758
Collateral received	519	519	-	-	-	-	-
Deposits and other borrowings	115,091	74,763	14,102	10,602	2,469	2,319	10,836
Derivative financial instruments	9,872	-	-	-	-	-	9,872
Debt issuances	23,939	2,325	2,018	443	4,969	14,184	-
Other financial liabilities	700	159	-	-	-	-	541
Total financial liabilities	152,663	78,550	16,120	11,045	7,438	16,503	23,007
Hedging instruments	-	21,534	(8,670)	(7,689)	(12,226)	7,051	-
Interest sensitivity gap	8,559	13,070	(13,066)	7,176	5,198	8,736	(12,555)

Additional information on liquidity risk

Maturity analysis of financial liabilities

The table below provides residual contractual maturity analysis of financial liabilities at 31 March 2019 within relevant maturity groupings. All outstanding debt issuances are profiled on the earliest date on which ANZ New Zealand may be required to pay. The amounts represent principal and interest cash flows – so they may differ from equivalent amounts reported on the balance sheet.

As at 31 March 2019	On demand NZ\$m	Less than 3 months NZ\$m	3 to 12 months NZ\$m	1 to 5 years NZ\$m	After 5 years NZ\$m	Total NZ\$m
Settlement balances payable	1,470	1,087	-	-	-	2,557
Collateral received	-	519	-	-	-	519
Deposits and other borrowings	53,845	28,976	28,623	4,652	1,120	117,216
Derivative financial liabilities (trading)	-	7,623	-	-	-	7,623
Debt issuances ¹	-	58	2,318	19,948	3,227	25,551
Other financial liabilities	-	95	6	138	22	261
Derivative financial instruments (balance sheet management)						
- gross inflows	-	1,453	3,134	9,145	937	14,669
- gross outflows	-	(1,572)	(3,540)	(9,870)	(994)	(15,976)

¹ Any callable wholesale debt instruments have been included at their next call date.

At 31 March 2019, NZ\$67 million of ANZ New Zealand's NZ\$409 million of non-credit related commitments and all NZ\$29,464 million of its credit related commitments and contingent liabilities mature in less than 1 year, based on the earliest date on which ANZ New Zealand may be required to pay.

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 internal and regulatory liquidity scenario metrics.

As at 31 March 2019	NZ\$m
Cash and balances with central banks	2,273
Certificates of deposit	144
Government, local body stock and bonds	7,645
Reserve Bank bills	55
Other bonds	5,663
Total liquidity portfolio	15,780

The Bank also held unencumbered internal residential mortgage backed securities which would entitle ANZ New Zealand to enter into repurchase transactions with a value of NZ\$7,434 million at 31 March 2019.

Reconciliation of mortgage related amounts

As at 31 March 2019	Note	NZ\$m
Term loans - housing ¹	4	82,874
Less: fair value hedging adjustment		(8)
Less: housing loans made to corporate customers		(2,179)
On-balance sheet residential mortgage exposures	B4	80,687
Add: off-balance sheet residential mortgage exposures	B4	8,242
Total residential mortgage exposures as per LVR analysis	B4	88,929

¹ Term loans – housing includes loans secured over residential property for owner-occupier, residential property investment and business purposes.

Overseas Banking Group Profitability and Size

	31 Mar 19
Net Profit for the six months ended 31 March 2019 (AUDm) ¹	3,182
Net profit after tax for the year ended 31 March 2019 as a percentage of average total assets	0.65%
Total assets (AUDm)	980,244
Percentage change in total assets in the 12 months to 31 March 2019	4.76%

¹ Net profit after tax for the period includes AUD 9 million of profit attributable to non-controlling interests.

REGISTERED BANK DISCLOSURES

B3. ASSET QUALITY

Movements in components of loss allowance - total

	Stage 1 NZ\$m	Stage 2 NZ\$m	Stage 3		Total NZ\$m
			Collectively assessed NZ\$m	Individually assessed NZ\$m	
Net loans and advances - total					
As at 1 October 2018	160	171	41	132	504
Transfer between stages	19	(20)	2	(1)	-
New and increased provisions (net of collective provision releases)	(22)	22	2	65	67
Write-backs	-	-	-	(21)	(21)
Recoveries of amounts previously written off	-	-	-	(11)	(11)
Credit impairment charge / (release)	(3)	2	4	32	35
Bad debts written-off (excluding recoveries)	-	-	-	(58)	(58)
Add back recoveries of amounts previously written off	-	-	-	11	11
Discount unwind	-	-	-	(5)	(5)
As at 31 March 2019	157	173	45	112	487

Off-balance sheet credit related commitments - total

As at 1 October 2018	60	23	2	-	85
Transfer between stages	3	(3)	-	-	-
New and increased provisions (net of collective provision releases)	(8)	5	-	-	(3)
Write-backs	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-
Credit impairment charge / (release)	(5)	2	-	-	(3)
Bad debts written-off (excluding recoveries)	-	-	-	-	-
Add back recoveries of amounts previously written off	-	-	-	-	-
Discount unwind	-	-	-	-	-
As at 31 March 2019	55	25	2	-	82

Impacts of changes in gross financial assets on loss allowances - total

	Stage 1 NZ\$m	Stage 2 NZ\$m	Stage 3		Total NZ\$m
			Collectively assessed NZ\$m	Individually assessed NZ\$m	
Gross loans and advances - total					
As at 1 October 2018	120,971	7,550	349	323	129,193
Additions	11,485	1,298	202	129	13,114
Deletions	(9,252)	(551)	(69)	(102)	(9,974)
Amounts written off	-	-	-	(58)	(58)
As at 31 March 2019	123,204	8,297	482	292	132,275
Loss allowance as at 31 March 2019	157	173	45	112	487

Off-balance sheet credit related commitments - total

As at 1 October 2018	28,632	1,198	11	14	29,855
Additions	282	1,284	60	7	1,633
Deletions	(1,933)	(80)	(3)	(8)	(2,024)
Amounts written off	-	-	-	-	-
As at 31 March 2019	26,981	2,402	68	13	29,464
Loss allowance as at 31 March 2019	55	25	2	-	82

Explanation of how changes in the gross carrying amounts of gross loans and advances contributed to changes in loss allowance

Overall, loss allowances on gross loans and advances have remained stable at approximately 0.4% of gross loans and advances. Loss allowances have decreased by NZ\$17 million (3%) driven by NZ\$58 million of amounts written off. The remaining NZ\$41 million increase in loss allowances is driven by an increase in past due but not impaired assets, which have increased from 1.5% to 1.8% of gross exposures.

Past due assets and other asset quality information

As at 31 March 2019	Total NZ\$m
Past due assets	
Less than 30 days past due	1,647
At least 30 days but less than 60 days past due	340
At least 60 days but less than 90 days past due	165
At least 90 days past due	288
Total past due but not impaired	2,440
Other asset quality information	
Undrawn facilities with impaired customers	13
Other assets under administration	11

ANZ New Zealand does not have any loans and advances designated at fair value.

Overseas Banking Group asset quality

As at 31 March 2019	
Gross impaired assets (AUDm)	2,022
Gross impaired assets as a percentage of total assets	0.2%
Individual provision (AUDm)	891
Individual provision as a percentage of gross impaired assets	44.1%
Collective provision (AUDm)	3,378

REGISTERED BANK DISCLOSURES

B4. CREDIT AND MARKET RISK EXPOSURES AND CAPITAL ADEQUACY

APRA Basel III capital ratios

As at 31 March	Overseas Banking Group		Ultimate Parent Bank (Extended Licensed Entity)	
	2019	2018	2019	2018
Common equity tier 1 capital	11.5%	11.0%	11.2%	10.9%
Tier 1 capital	13.4%	12.9%	13.2%	12.9%
Total capital	15.3%	14.9%	15.3%	15.1%

The Ultimate Parent Bank and the Overseas Banking Group are required to hold minimum capital as determined by APRA, which is at least equal to that specified under the Basel III capital framework.

APRA has authorised the Ultimate Parent Bank and the Overseas Banking Group to use:

- the Advanced Internal Ratings Based (AIRB) methodology for calculation of credit risk weighted assets. There are however small portfolios (mainly retail and local corporates in Asia Pacific) where the Overseas Banking Group applies the standardised approach.
- the Advanced Measurement Approach (AMA) for the operational risk weighted asset equivalent.

The Overseas Banking Group exceeded the minimum capital requirements set by APRA as at 31 March 2019 and for the comparative prior periods.

The Overseas Banking Group is required to publicly disclose Pillar 3 financial information as at 31 March 2019. The Overseas Banking Group's Pillar 3 disclosure document for the quarter ended 31 March 2019, 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

The aggregate market risk exposures below have been calculated in accordance with the RBNZ Banking Supervision Handbook document *Capital Adequacy Framework (Standardised Approach)* BS2A. The peak end-of-day market risk exposures are for the six months ended 31 March 2019.

As at 31 March 2019	Implied risk weighted exposure		Notional capital charge	
	Period end	Peak	Period end	Peak
	NZ\$m	NZ\$m	NZ\$m	NZ\$m
Interest rate risk	4,586	6,605	367	528
Foreign currency risk	111	157	9	13
Equity risk	1	1	-	-

Additional mortgage information

As required by RBNZ, loan-to-valuation-ratios (LVR) 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.

As at 31 March 2019	On-balance sheet	Off-balance sheet	Total
	NZ\$m	NZ\$m	NZ\$m
LVR range			
Does not exceed 60%	40,201	5,623	45,824
Exceeds 60% and not 70%	18,309	1,339	19,648
Exceeds 70% and not 80%	17,933	969	18,902
Does not exceed 80%	76,443	7,931	84,374
Exceeds 80% and not 90%	2,993	139	3,132
Exceeds 90%	1,251	172	1,423
Total	80,687	8,242	88,929

B5. INSURANCE BUSINESS

ANZ New Zealand previously conducted insurance business through its subsidiary OnePath. OnePath was sold to Cigna Corporation on 30 November 2018, and as at 31 March 2019, ANZ New Zealand does not conduct any insurance business. ANZ New Zealand continues to market and distribute life insurance products provided by OnePath.

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:

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

Over the six months ended 31 March 2019, after due enquiry, each Director of the Ultimate Parent Bank and the Chief Executive Officer – NZ Branch believes that:

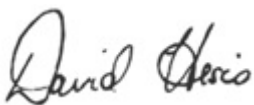
- The Ultimate Parent Bank has complied with all Conditions of Registration that applied during that period; and
- The NZ Branch and the Bank had systems in place to monitor and control adequately the material risks of Relevant Members of ANZ New Zealand including credit risk, concentration of credit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

Signed by the Chief Executive Officer – NZ Branch



Penny Dell
Chief Executive Officer – NZ Branch
20 May 2019

Signed on behalf of all the Directors of the Ultimate Parent Bank



David Hisco
Responsible Person
20 May 2019

on behalf of the Directors of the Ultimate Parent Bank:

Ilana Atlas
Paula Dwyer
Shayne Elliott
David Gonski, AC
Jane Halton, AO, PSM
Rt Hon Sir John Key, GNZM AC
Graeme Liebelt
John Macfarlane

INDEPENDENT AUDITOR'S REVIEW REPORT



TO THE DIRECTORS OF AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

REPORT ON THE HALF YEAR DISCLOSURE STATEMENT

CONCLUSION

Based on our review of the interim financial statements and registered bank disclosures (together referred to as 'the disclosure statement') of the New Zealand business of Australia and New Zealand Banking Group Limited and its subsidiaries (ANZ New Zealand) on pages 3 to 22, nothing has come to our attention that causes us to believe that:

- the interim financial statements on pages 3 to 13 do not present fairly in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*, in all material respects, ANZ New Zealand's financial position as at 31 March 2019 and its financial performance and cash flows for the 6 month period ended on that date;
- the registered bank disclosures in sections B2, B3 and B5 disclosed in accordance with schedules 5, 7, 12 and 14 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the Order) respectively, do not fairly state, in all material respects, the matters to which they relate in accordance with those schedules; and
- the registered bank disclosures relating to credit and market risk exposures and capital adequacy in section B4 are not, in all material respects, disclosed in accordance with schedule 9 of the Order.

We have completed a review of the accompanying half year disclosure statement which comprises:

- the interim financial statements formed of:
 - the consolidated balance sheet as at 31 March 2019;
 - the consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then 6 month period then ended; and
 - notes, including a summary of significant accounting policies and other explanatory information.
- the registered bank disclosures prescribed in Schedules 5, 7, 9, 12 and 14 of the Order.

BASIS FOR CONCLUSION

A review of the half year disclosure statement 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, 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 ANZ New Zealand in relation to review and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with ANZ New Zealand on normal terms within the ordinary course of trading activities of the business of ANZ New Zealand. These matters have not impaired our independence as reviewer of ANZ New Zealand. The firm has no other relationship with, or interest in, ANZ New Zealand.

USE OF THE INDEPENDENT REVIEW REPORT

This independent review report is made solely to the directors as a body of ANZ New Zealand. Our review work has been undertaken so that we might state to the directors 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 directors as a body for our work, this independent review report, or any of the opinions we have formed.

INDEPENDENT AUDITOR'S REVIEW REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE HALF YEAR DISCLOSURE STATEMENT

The Directors, on behalf of ANZ New Zealand, are responsible for:

- the preparation and fair presentation of the half year disclosure statement in accordance with IAS 34, NZ IAS 34 and Schedules 3, 5, 7, 12 and 14 of the Order;
- the preparation and fair presentation of ANZ New Zealand's disclosures in regards to credit and market risk exposures and capital adequacy in accordance with Schedule 9 of the Order;
- implementing necessary internal controls to enable the preparation of a half year disclosure statement 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 HALF YEAR DISCLOSURE STATEMENT

Our responsibility is to express a conclusion on the half year disclosure statement 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 attention that causes us to believe that:

- the interim financial statements do not present fairly in all material respects ANZ New Zealand's financial position as at 31 March 2019 and its financial performance and cash flows for the 6 month period ended on that date;
- the interim financial statements do not, in all material respects, comply with IAS 34 and NZ IAS 34;
- the registered bank disclosures in sections B2, B3, and B5 do not, fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 12 and 14 of the Order; and
- the registered bank disclosures relating to credit and market risk exposures and capital adequacy in section B4 is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

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 the half year disclosure statement. This description forms part of our independent review report.



KPMG
Auckland

20 May 2019

BANK FINANCIAL STRENGTH DASHBOARD

Background

This section does not form part of the Disclosure Statement. It contains information in respect of ANZ New Zealand included on the Bank Financial Strength Dashboard (Dashboard) published on RBNZ's website. There is no requirement for the Directors to review or approve this information.

Amounts below may differ slightly from those published by RBNZ due to rounding differences. The tables include reconciliations to amounts included in the Disclosure Statement where there are classification differences between the financial statements and the Dashboard.

D1. ASSET QUALITY

As at 31 March 2019	Housing NZ\$m	Consumer NZ\$m	Business NZ\$m	Agriculture NZ\$m	All other NZ\$m	Total NZ\$m
Total loans	80,432	3,524	29,533	17,483	1,306	132,278
Impaired loans	36	12	44	156	44	292
Loans 90 days past due but not impaired	200	25	50	13	-	288
Total non-performing loans	236	37	94	169	44	580
Non-performing loans ratio (%)	0.29%	1.05%	0.32%	0.97%	3.37%	0.44%
Individual provisions	11	6	29	31	35	112
Collective provisions	54	68	188	61	4	375
<i>On-balance sheet residential mortgage exposures with LVRs that:</i>						
Exceeds 80% and not 90%						3.7%
Exceeds 90%						1.6%

A reconciliation of the amounts in this table to the financial statements is included in the Other Information on page 27.

D2. PROFITABILITY / PERFORMANCE

	Financial statements	Dashboard	
	For the 6 months ended 31 March 2019 NZ\$m	Less: for the 3 months ended 31 December 2018 NZ\$m	For the 3 months ended 31 March 2019 NZ\$m
Interest income	3,322	(1,675)	1,647
Interest expense	1,696	(854)	842
Net interest income	1,626	(821)	805
Gains/losses on trading and hedging	(67)	62	(5)
Fee and commission income	332	(162)	170
All other income	139	(89)	50
Operating expenses	745	(385)	360
Impaired asset expense	32	(13)	19
Profit before tax	1,253	(612)	641
Tax expense	324	(156)	168
Profit after tax	929	(456)	473
Return on assets (%)			1.2%
Return on equity (%)			16.3%
Net interest margin (%)			2.2%

BANK FINANCIAL STRENGTH DASHBOARD

D3. FINANCIAL POSITION

	Financial statements NZ\$m	Classification differences			Dashboard NZ\$m
		Other bank deposits and other assets NZ\$m	Securities purchased under agreements to re-sell NZ\$m	Subordinated loan from related party NZ\$m	
As at 31 March 2019					
Cash and bank deposits ¹	5,067	(83)	(336)	-	4,648
Debt securities held ²	13,891	-	-	-	13,891
Net loans and advances	131,788	-	-	-	131,788
Derivatives in an asset position	9,118	-	-	-	9,118
All other assets	5,088	83	336	-	5,507
Total assets	164,952	-	-	-	164,952
Deposits	107,528	-	-	-	107,528
Debt securities issued ³	27,091	-	-	(277)	26,814
Other borrowings ⁴	4,930	1,469	-	277	6,676
Derivatives in a liability position	9,872	-	-	-	9,872
All other liabilities	3,803	(1,469)	-	-	2,334
Total liabilities (excluding head office account)	153,224	-	-	-	153,224
Equity	11,728	-	-	-	11,728

¹ Comprises cash and cash equivalents and collateral paid

² Comprises trading securities and investment securities

³ Comprises debt issuances plus certificates of deposit and commercial paper from deposits and other borrowings

⁴ Comprises collateral received and the remaining items of deposits and other borrowings

OTHER INFORMATION

Reconciliation of total loans by industry and sector

The financial statements and Dashboard include amounts for total loans which are based on different definitions. The table below reconciles the various amounts. This information does not form part of the Disclosure Statement.

Housing loans and residential mortgage definitions

Housing loans comprise loans for owner occupier property use and residential investor property use. Owner occupiers are borrowers who own or are in the process of buying or building the house or flat they will live in as their principal place of residence. An owner can occupy more than one property e.g. a family home and a holiday home. Only households can have owner occupier property use loans. Investors are entities or persons borrowing for the purpose of building or purchasing residential property to rent. This includes 'Mum and dad' investor loans and any person(s) that have a separate residential investor property use loan which is not for their normal business purpose.

Residential mortgage exposures used in the loan-to-valuation ratio analysis are based on the definition of residential mortgage loans as defined in the Banking Supervision Handbook document *Capital Adequacy Framework (internal models based approach)* (BS2B). This metric is based on a collateral definition and may include some other lending that is not defined as Housing lending in the asset quality section of the Dashboard. See the Banking Supervision Handbook for a more detailed definition.

As at 31 March 2019	Note	Housing NZ\$m	Consumer NZ\$m	Business NZ\$m	Agriculture NZ\$m	All other ¹ NZ\$m	Total NZ\$m
Total loans per Balance Sheet	4	82,874	n/a	n/a	n/a	49,338	132,212
Fair value hedge adjustment		(8)	-	-	-	8	-
Business loans secured by residential property		(2,434)	-	-	326	2,108	-
Residential investor property		(21,967)	-	-	53	21,914	-
Other household and agriculture industry loans		-	3,524	-	17,528	(21,052)	-
Concentration of loans by industry ²	B2	58,465	3,524	-	17,907	52,316	132,212
Fair value hedge adjustments		-	-	-	-	(8)	(8)
Unearned income on finance leases		-	-	-	-	(203)	(203)
Deposit components of overdraft product		-	-	-	-	277	277
Residential investor property		21,967	-	-	(53)	(21,914)	-
Business lending		-	-	29,166	(45)	(29,121)	-
Loans by purpose (RBNZ series S31)		80,432	3,524	29,166	17,809	1,347	132,278
Other business loans secured by residential property		-	-	367	(326)	(41)	-
Total loans per Dashboard	D1	80,432	3,524	29,533	17,483	1,306	132,278

¹ All other in RBNZ series S31 and the Dashboard comprises: Depository and other financial institutions, Central and Local Government, Non-profit institutions serving households.

² Household exposures (resident and non-resident) in Note B2 comprise Housing and Consumer.

The Supplementary Information does not form part of the Disclosure Statement

