



## **Supplementary Prospectus Dated 29 August 2014**

### **ANZ New Zealand (Int'l) Limited**

(incorporated with limited liability in New Zealand under company number 328154 and registered as a branch in England & Wales under company number FC023994 and branch number BR006645)  
as Issuer

### **ANZ Bank New Zealand Limited**

(incorporated with limited liability in New Zealand under company number 35976)  
as Issuer and Guarantor of Covered Bonds issued by ANZ National (Int'l) Limited

### **€5,000,000,000 ANZNZ Covered Bond Programme**

unconditionally and irrevocably guaranteed as to payments of interest and principal by

### **ANZNZ Covered Bond Trust Limited**

(incorporated in New Zealand with limited liability under company number 3220967)  
as trustee of the ANZNZ Covered Bond Trust

This supplement (the "**Supplement**") to the base prospectus of ANZ Bank New Zealand Limited ("**ANZ New Zealand**") and ANZ New Zealand (Int'l) Limited ("**ANZNIL**") dated 17 June 2014 (the "**Base Prospectus**"), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**") and is prepared in connection with the €5,000,000,000 ANZNZ Covered Bond Programme (the "**Programme**") established by ANZ New Zealand (as Issuer and Guarantor of Notes issued by ANZNIL) and ANZNIL (as Issuer).

The purpose of this Supplement is to:

- (i) incorporate by reference into the Base Prospectus ANZ New Zealand's financial statements in respect of the nine months ended 30 June 2014 (the "**ANZ New Zealand June Financial Statements**") which are set out in ANZ New Zealand's disclosure statement for the nine months ended 30 June 2014 (the "**Disclosure Statement**");
- (ii) update the contingent liabilities disclosure in the Base Prospectus;
- (iii) disclose the current Conditions of Registration that are imposed on ANZ New Zealand by the Reserve Bank of New Zealand (the "**RBNZ**"); and
- (iv) disclose that the Programme is now registered under the Reserve Bank of New Zealand Act 1989 ("**RBNZ Act**").

### **1. ANZ New Zealand June Financial Statements**

On 15 August 2014, ANZ New Zealand released the ANZ New Zealand June Financial Statements (including notes to the ANZ New Zealand June Financial Statements) as set out on pages 3 to 15 of the Disclosure Statement.

A copy of the Disclosure Statement has been filed with the National Storage Mechanism and, by virtue of this Supplement, the ANZ New Zealand June Financial Statements (as set out on pages 3 to 15 of the Disclosure Statement) shall be deemed to be incorporated into, and form part of, the Base Prospectus.

A copy of the Disclosure Statement containing the ANZ New Zealand June Financial Statements which are incorporated by reference into, and form part of, this Supplement is available at <http://www.anz.co.nz/about-us/media-centre/investor-information/>.

Any parts of the Disclosure Statement which are not incorporated by reference into this Supplement are either not relevant for the investor or are covered elsewhere in the Base Prospectus.

## **2. Update to Contingent Liabilities**

By virtue of this Supplement, the disclosure in relation to an investigation by the Commerce Commission under the Fair Trading Act 1986 is updated as follows:

"In December 2013, the Commerce Commission announced that it intended to file proceedings against ANZ New Zealand (and two other banks) under the Fair Trading Act 1986 in relation to the sale of interest rate swaps to rural customers. On 2 April 2014, the Commission stated that it anticipates making a further announcement after it has progressed discussions with each bank. The Financial Markets Authority has also commenced an investigation into this matter. The potential outcome of the investigations or any proceedings which may be issued cannot be determined with any certainty at this stage."

## **3. Conditions of Registration: ANZ New Zealand**

Conditions of Registration that are applicable to ANZ New Zealand, as a registered bank on and after 1 July 2014, are attached to this Supplement as Annex A.

## **4. Registration of the Programme**

The Reserve Bank of New Zealand (Covered Bonds) Amendment Act 2013 came into force on 10 December 2013 and provides that, on and from 10 September 2014, covered bonds may only be issued under covered bond programmes that are registered under the RBNZ Act. ANZ New Zealand received notice from the RBNZ on 8 August 2014 that its application for registration of the Programme had been approved.

Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

Each of ANZ New Zealand and ANZNIL accepts responsibility for the information contained in this Supplement and to the best of the knowledge of each of ANZ New Zealand and ANZNIL (which have taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement is supplemental to, and should be read and construed together with, the Base Prospectus.

To the extent that there is any inconsistency between any statement contained in this Supplement or in any information or in any document incorporated by reference into, and forming part of, this Supplement and any other statement contained in the Base Prospectus or any information or any of the documents incorporated by reference into, and forming part of, the Base Prospectus, the statements contained in this Supplement or in any information or in any document incorporated by reference into, and forming part of, this Supplement will prevail.

If documents which are incorporated by reference into this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purpose of the Prospectus Directive (2003/71/EC) except where such information or other documents are specifically incorporated by reference into this Supplement.

Save as disclosed in this Supplement, or in any document incorporated by reference into, and forming part of, this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

## **Annex A**

### **Conditions of registration for ANZ Bank New Zealand Limited**

## Conditions of registration for ANZ Bank New Zealand Limited

### These conditions apply on and after 1 July 2014.

The registration of ANZ Bank New Zealand Limited (“the bank”) as a registered bank is subject to the following conditions:

1. That—
  - (a) the Total capital ratio of the banking group is not less than 8%;
  - (b) the Tier 1 capital ratio of the banking group is not less than 6%;
  - (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%;
  - (d) the Total capital of the banking group is not less than \$30 million; and
  - (e) the process in Subpart 2H of the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Internal Models Based Approach)” (BS2B) dated July 2014 is followed for the recognition and repayment of capital.

For the purposes of this condition of registration,—

the scalar referred to in the Reserve Bank of New Zealand document “Capital adequacy framework (Internal Models Based Approach)” (BS2B) dated July 2014 is 1.06.

“Total capital ratio”, “Tier 1 capital ratio”, “Common Equity Tier 1 capital ratio”, and “Total capital” must be calculated in accordance with the Reserve Bank of New Zealand document “Capital adequacy framework (Internal Models Based Approach)” (BS2B) dated July 2014.

- 1A. That—
  - (a) the bank has an internal capital adequacy assessment process (“ICAAP”) that accords with the requirements set out in the document “Guidelines on a bank’s internal capital adequacy assessment process (‘ICAAP’)” (BS12) dated December 2007;
  - (b) under its ICAAP the bank identifies and measures its “other material risks” defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document “Capital Adequacy Framework (Internal Models Based Approach)” (BS2B) dated July 2014; and
  - (c) the bank determines an internal capital allocation for each identified and measured “other material risk”.
- 1B. That the banking group complies with all requirements set out in the Reserve Bank of New Zealand document “Capital adequacy framework (Internal Models Based Approach)” (BS2B) dated July 2014.
- 1C. That, if the buffer ratio of the banking group is 2.5% or less, the bank must:
  - (a) according to the following table, limit the aggregate distributions of the bank’s earnings to the percentage limit to distributions that corresponds to the banking group’s buffer ratio:

<b>Banking group's buffer ratio</b>	<b>Percentage limit to distributions of the bank's earnings</b>
0% – 0.625%	0%
>0.625 – 1.25%	20%
>1.25 – 1.875%	40%
>1.875 – 2.5%	60%

- (b) prepare a capital plan to restore the banking group's buffer ratio to above 2.5% within any timeframe determined by the Reserve Bank for restoring the buffer ratio; and
- (c) have the capital plan approved by the Reserve Bank.

For the purposes of this condition of registration,—

“buffer ratio”, “distributions”, and “earnings” have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Internal Models Based Approach)” (BS2B) dated July 2014.

the scalar referred to in the Reserve Bank of New Zealand document “Capital adequacy framework (Internal Models Based Approach)” (BS2B) dated July 2014 is 1.06.

2. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

In this condition of registration, the meaning of “material” is based on generally accepted accounting practice.

3. That the banking group's insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group's insurance business is the sum of the following amounts for entities in the banking group:

- (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and
- (b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group's insurance business—

- (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

“insurance business” means the undertaking or assumption of liability as an insurer under a contract of insurance:

“insurer” and “contract of insurance” have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

<b>Credit rating of the bank<sup>1</sup></b>	<b>Connected exposure limit (% of the banking group's Tier 1 capital)</b>
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons shall not exceed 15% of the banking group's Tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled “Connected Exposures Policy” (BS8) dated July 2014.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the bank complies with the following corporate governance requirements:
  - (a) the board of the bank must have at least five directors;
  - (b) the majority of the board members must be non-executive directors;
  - (c) at least half of the board members must be independent directors;
  - (d) an alternate director,—
    - (i) for a non-executive director must be non-executive; and
    - (ii) for an independent director must be independent;
  - (e) at least half of the independent directors of the bank must be ordinarily resident in New Zealand;

<sup>1</sup> This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

- (f) the chairperson of the board of the bank must be independent; and
- (g) the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:
  - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
8. That a person must not be appointed as chairperson of the board of the bank unless:
  - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:
  - (a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
  - (b) the committee must have at least three members;
  - (c) every member of the committee must be a non-executive director of the bank;
  - (d) the majority of the members of the committee must be independent; and
  - (e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

10. That a substantial proportion of the bank's business is conducted in and from New Zealand.
11. That the bank has legal and practical ability to control and execute any business, and any functions relating to any business, of the bank that are carried on by a person other than the bank, sufficient to achieve, under normal business conditions and in the event of stress or failure of the bank or of a service provider to the bank, the following outcomes:
  - (a) that the bank's clearing and settlement obligations due on a day can be met on that day;
  - (b) that the bank's financial risk positions on a day can be identified on that day;
  - (c) that the bank's financial risk positions can be monitored and managed on the day following any failure and on subsequent days; and

- (d) that the bank's existing customers can be given access to payments facilities on the day following any failure and on subsequent days.

For the purposes of this condition of registration, the term "legal and practical ability to control and execute" is explained in the Reserve Bank of New Zealand document entitled "Outsourcing Policy" (BS11) dated January 2006.

12. That:

- (a) the business and affairs of the bank are managed by, or under the direction or supervision of, the board of the bank;
- (b) the employment contract of the chief executive officer of the bank or person in an equivalent position (together "CEO") is with the bank, and the terms and conditions of the CEO's employment agreement are determined by, and any decisions relating to the employment or termination of employment of the CEO are made by, the board of the bank; and
- (c) all staff employed by the bank shall have their remuneration determined by (or under the delegated authority of) the board or the CEO of the bank and be accountable (directly or indirectly) to the CEO of the bank.

13. That the banking group complies with the following quantitative requirements for liquidity-risk management:

- (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
- (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
- (c) the one-year core funding ratio of the banking group is not less than 75 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated July 2014 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated December 2011.

14. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:

- (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
- (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
- (c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
- (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

15. That no more than 10% of total assets may be beneficially owned by a SPV.

For the purposes of this condition,—

"total assets" means all assets of the banking group plus any assets held by any SPV that are not included in the banking group's assets:



“SPV” means a person—

- (a) to whom any member of the banking group has sold, assigned, or otherwise transferred any asset;
- (b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and
- (c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

“covered bond” means a debt security issued by any member of the banking group, for which repayment to holders is guaranteed by a SPV, and investors retain an unsecured claim on the issuer.

16. That—

- (a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:
  - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
  - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and
- (b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:
  - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
  - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and
  - (iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

For the purposes of this condition of registration, “qualifying acquisition or business combination”, “notification threshold” and “non-objection threshold” have the same meaning as in the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011.

17. That the bank is pre-positioned for Open Bank Resolution and in accordance with a direction from the Reserve Bank, the bank can—

- (a) close promptly at any time of the day and on any day of the week and that effective upon the appointment of the statutory manager—
  - (i) all liabilities are frozen in full; and

- (ii) no further access by customers and counterparties to their accounts (deposits, liabilities or other obligations) is possible;
- (b) apply a *de minimis* to relevant customer liability accounts;
- (c) apply a partial freeze to the customer liability account balances;
- (d) reopen by no later than 9am the next business day following the appointment of a statutory manager and provide customers access to their unfrozen funds;
- (e) maintain a full freeze on liabilities not pre-positioned for open bank resolution; and
- (f) reinstate customers' access to some or all of their residual frozen funds.

For the purposes of this condition of registration, "*de minimis*", "partial freeze", "customer liability account", and "frozen and unfrozen funds" have the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated September 2013.

18. That the bank has an Implementation Plan that—

- (a) is up-to-date; and
- (b) demonstrates that the bank's prepositioning for Open Bank Resolution meets the requirements set out in the Reserve Bank document: "Open Bank Resolution Pre-positioning Requirements Policy" (BS 17).

For the purposes of this condition of registration, "Implementation Plan" has the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated September 2013.

19. That the bank has a compendium of liabilities that—

- (a) at the product-class level lists all liabilities, indicating which are—
  - (i) pre-positioned for Open Bank Resolution; and
  - (ii) not pre-positioned for Open Bank Resolution;
- (b) is agreed to by the Reserve Bank; and
- (c) if the Reserve Bank's agreement is conditional, meets the Reserve Bank's conditions.

For the purposes of this condition of registration, "compendium of liabilities", and "pre-positioned and non pre-positioned liabilities" have the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated September 2013.

20. That on an annual basis the bank tests all the component parts of its Open Bank Resolution solution that demonstrates the bank's prepositioning for Open Bank Resolution as specified in the bank's Implementation Plan.

For the purposes of this condition of registration, "Implementation Plan" has the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-positioning Requirements Policy" (BS17) dated September 2013.

21. That, for a loan-to-valuation measurement period, the total of the bank's qualifying new mortgage lending amounts must not for residential properties with a loan-to-valuation ratio of more than 80%, exceed 10% of the total of the qualifying new mortgage lending amounts arising in the loan-to-valuation measurement period.

22. That the bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.
23. That the bank must not permit a borrower to grant a charge in favour of another person over a residential property used as security for a residential mortgage loan unless the sum of the lending secured by the charge and the loan value for the residential mortgage loan would not exceed 80% of the property value of the residential property when the lending secured by the charge is drawn down.
24. That the bank must not provide a residential mortgage loan if the residential property to be mortgaged to the bank as security for the residential mortgage loan is subject to a charge in favour of another person unless the total amount of credit secured by the residential property would not exceed 80% of the property value when the residential mortgage loan is drawn down.
25. That the bank must not act as broker or arrange for a member of its banking group to provide a residential mortgage loan.

In these conditions of registration,—

“banking group”—

(a) means ANZ Bank New Zealand Limited (as reporting entity) and all other entities included in the group as defined in section 6(1) of the Financial Markets Conduct Act 2013 for the purposes of Part 7 of that Act (unless paragraph (b) applies); or

(b) means ANZ Bank New Zealand Limited's financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993) if the Financial Reporting Act 1993 applies to the bank:

“generally accepted accounting practice”—

(a) has the same meaning as in section 8 of the Financial Reporting Act 2013 (unless paragraph (b) applies); or

(b) means generally accepted accounting practice within the meaning of section 3 of the Financial Reporting Act 1993 if the bank is required to prepare financial statements in accordance with that practice.

In conditions of registration 21 to 25,—

“loan-to-valuation ratio”, “loan value”, “property value”, “qualifying new mortgage lending amount” and “residential mortgage loan” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS19) dated July 2014:

“loan-to-valuation measurement period” means—

- (a) the six calendar month period ending on the last day of March 2014; and
- (b) thereafter a period of three calendar months ending on the last day of the third calendar month, the first of which ends on the last day of April 2014.