

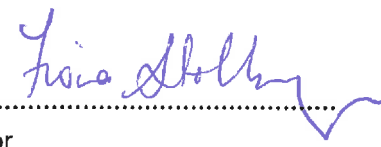
BNZ INTERNATIONAL FUNDING LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

The Directors are pleased to present the financial statements for the year ended 30 September 2014.

For and on behalf of the Board of Directors

  
.....  
Director

11 December 2014  
.....  
Date

  
.....  
Director

11 December 2014  
.....  
Date

**BNZ International Funding Limited****INCOME STATEMENT**

For the year ended 30 September 2014

	Note	30/9/14 \$000	30/9/13 \$000
Interest income	2, 10	258,053	288,557
Interest expense	2	257,856	288,364
Net interest income		197	193
Other operating income	3, 10	8,272	7,464
<b>Total operating income</b>		<b>8,469</b>	<b>7,657</b>
Operating expenses	4	3,587	2,660
<b>Operating profit before income tax</b>		<b>4,882</b>	<b>4,997</b>
Income tax expense	5	1,359	1,416
<b>Net profit attributable to shareholder of BNZ International Funding Limited</b>		<b>3,523</b>	<b>3,581</b>

*The accounting policies and notes form part of, and should be read in conjunction with, these financial statements.***STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 September 2014

	30/9/14 \$000	30/9/13 \$000
<b>Net profit attributable to shareholder of BNZ International Funding Limited</b>	<b>3,523</b>	<b>3,581</b>
Other comprehensive income, net of taxation	-	-
<b>Total comprehensive income attributable to shareholder of BNZ International Funding Limited</b>	<b>3,523</b>	<b>3,581</b>

*The accounting policies and notes form part of, and should be read in conjunction with, these financial statements.*

**BNZ International Funding Limited**

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 September 2014**

	Ordinary Capital \$000	30/9/14 Retained profits \$000	Total \$000
Balance at beginning of year	100	5,311	5,411
<b>Comprehensive income</b>			
Net profit attributable to shareholder of BNZ International Funding Limited	-	3,523	3,523
Total other comprehensive income	-	-	-
Total comprehensive income	-	3,523	3,523
Ordinary dividend		-	-
<b>Balance at end of year</b>	<b>100</b>	<b>8,834</b>	<b>8,934</b>
		30/9/13	
Balance at beginning of year	100	19,730	19,830
<b>Comprehensive income</b>			
Net profit attributable to shareholder of BNZ International Funding Limited	-	3,581	3,581
Total other comprehensive income	-	-	-
Total comprehensive income	-	3,581	3,581
Ordinary dividend	-	18,000	18,000
<b>Balance at end of year</b>	<b>100</b>	<b>5,311</b>	<b>5,411</b>

*The accounting policies and notes form part of, and should be read in conjunction with, these financial statements.*

**BNZ International Funding Limited**

**BALANCE SHEET**

As at 30 September 2014

	Note	30/9/14 \$000	30/9/13 \$000
<b>Assets</b>			
Call balances due from other financial institutions		49	46
Call balances due from related entities	10	8,525	5,400
Other amounts due from related entities	10	13,779,063	12,735,890
<b>Total assets</b>		<b>13,787,637</b>	<b>12,741,336</b>
<b>Liabilities</b>			
Short term debt securities	6	3,344,902	3,829,902
Bonds and notes	7	10,432,273	8,904,430
Amounts due to related entities	10	317	334
Current tax liabilities		827	844
Other liabilities	8	384	415
<b>Total liabilities</b>		<b>13,778,703</b>	<b>12,735,925</b>
<b>Net assets</b>		<b>8,934</b>	<b>5,411</b>
<b>Shareholder's equity</b>			
Contributed equity	11	100	100
Retained profits		8,834	5,311
<b>Total shareholder's equity</b>		<b>8,934</b>	<b>5,411</b>

*The accounting policies and notes form part of, and should be read in conjunction with, these financial statements.*

For and on behalf of the Board, who authorised the issue of these financial statements on 11 December 2014.

Director

Director

BNZ International Funding Limited

CASH FLOW STATEMENT

For the year ended 30 September 2014

	30/9/14	30/9/13
	\$000	\$000
<b>Cash flows from operating activities</b>		
<i>Cash was provided from:</i>		
Interest income	256,836	294,061
Other operating income	7,979	7,392
<i>Cash was applied to:</i>		
Interest expense	(256,674)	(293,857)
Operating expenses	(3,587)	(2,660)
Income tax payments	(1,376)	(1,462)
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>3,178</b>	<b>3,474</b>
<b>Changes in operating assets and liabilities arising from cash flow movements</b>		
Net movement in other liabilities*	1,094	30
Net movement in other assets	-	13
<b>Net change in operating assets and liabilities</b>	<b>1,094</b>	<b>43</b>
<b>Net cash flows from operating activities</b>	<b>4,272</b>	<b>3,517</b>
<b>Cash flows from financing activities</b>		
Net movement in bonds and notes*	1,486,053	1,176,409
Net movement in short term debt securities*	(485,085)	303,524
Net movement in other related entity funding*	(1,002,112)	(1,479,626)
Ordinary dividend	-	(18,000)
<b>Net cash flows from financing activities</b>	<b>(1,144)</b>	<b>(17,693)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,128</b>	<b>(14,176)</b>
Cash and cash equivalents at beginning of year	5,446	19,622
<b>Cash and cash equivalents at end of year</b>	<b>8,574</b>	<b>5,446</b>
<b>Cash and cash equivalents at end of year comprised:</b>		
Call balances due from other financial institutions	49	46
Call balances due from related entities	8,525	5,400
<b>Total cash and equivalents</b>	<b>8,574</b>	<b>5,446</b>

**Netting of cash flows**

Certain cash flows (as indicated by \*) are shown net as these cash flows are either received and disbursed on behalf of customers and counterparties and therefore reflect the activities of these parties rather than those of the Company; or are received and disbursed in transactions where the turnover is quick, the amounts large and the maturities short.

BNZ International Funding Limited

CASH FLOW STATEMENT continued

For the year ended 30 September 2014

	30/9/14	30/9/13
	\$000	\$000
<i>Reconciliation of net profit attributable to shareholder of BNZ International Funding Limited to net cash flows from operating activities</i>		
Net profit attributable to shareholder of BNZ International Funding Limited	3,523	3,581
<i>Add back non-cash items in net profit:</i>		
Decrease / (increase) in accrued interest receivable	(1,216)	5,505
<i>Deduct non-cash items in net profit:</i>		
Increase in other operating income receivable	(293)	(72)
Decrease in provision for tax	(17)	(46)
Decrease / (increase) in accrued interest payable	1,181	(5,494)
<i>Deduct operating cash flows not included in profit</i>		
Net change in operating assets and liabilities	1,094	43
<b>Net cash flows from operating activities</b>	<b>4,272</b>	<b>3,517</b>

*The accounting policies and notes form part of, and should be read in conjunction with, these financial statements.*

## BNZ International Funding Limited

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 September 2014

#### 1. PRINCIPAL ACCOUNTING POLICIES

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BNZ International Funding Limited (the "Company") is a company with limited liability incorporated in New Zealand and is a wholly owned controlled entity of Bank of New Zealand. The Company has established a London branch, registered in England & Wales under branch number BR008377 and company number FC026206. The Company's Registered Office is Level 4, 80 Queen Street, Auckland, New Zealand.

The Company is incorporated for the specific purpose of, through its London branch, raising offshore wholesale funding and undertaking other related activities for the Bank of New Zealand group.

##### **Basis of preparation and Statement of compliance**

These financial statements are general purpose financial reports prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS").

The following new standards and amendments to standards relevant to the Company have been adopted from 1 October 2013 and have been applied in preparing these financial statements:

- NZ IFRS 9 Financial Instruments (2013) was approved in New Zealand in December 2013 to allow early adoption of own credit risk requirements in isolation. The Company has elected to early adopt the 'own credit' provisions in NZ IFRS 9 (2013) from 1 October 2013 in accordance with its Parent. These provisions require an entity to present in other comprehensive income the fair value gains and losses attributable to changes in the entity's own credit risk for financial liabilities designated as measured at fair value through profit or loss unless this treatment would create or enlarge an accounting mismatch in the profit and loss. For the Company this treatment would create an accounting mismatch therefore all gains or losses on these financial liabilities (including the effects of changes in own credit risk) will continue to be presented in the profit and loss together with all gains and losses on financial assets designated at fair value through profit or loss.
- NZ IFRS 13 Fair Value Measurement was issued in November 2012 and is effective for periods beginning on or after 1 January 2013. It establishes a single source of guidance for fair value measurements. It applies to both financial instrument items and non-financial instrument items for which other accounting standards require or permit fair value measurements and disclosures about fair value measurements. NZ IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. These amendments have not resulted to any significant impact on the Company's reported results or financial position, with only minor disclosure changes resulting.

The following new standards and amendments to standards relevant to the Company are not yet effective and have not yet been applied in preparing these financial statements:

- NZ IFRS 15 Revenue from Contracts with Customers establishes principles for reporting information about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard provides a single, principles based five step model to be applied to all contracts with customers. The impact of this standard is still being assessed, and is not applicable until 1 October 2017.
- NZ IFRS 9 Financial Instruments (2014) was issued in September 2014 and is applicable for accounting periods beginning on or after 1 January 2018. This standard sets out the requirements for classification and measurement, impairment and hedge accounting for financial assets and liabilities. It replaces New Zealand International Accounting Standard ("NZ IAS") 39 Financial Instruments: Recognition and Measurement and all previous versions of NZ IFRS 9. The impact of this standard is still being assessed.

The Company has also considered all other standards issued but not yet effective and determined that they have no material impact on the financial statements.

There have been no material changes in accounting policies during the annual reporting period.

##### **Uses of judgement, estimations and assumptions**

The preparation of the financial statements requires the use of certain estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Assumptions made as at each reporting date are based on estimates at that date. Although the Company has internal control systems in place to ensure that estimates can be reliably measured, actual amounts may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimates are revised and in any future periods affected. It is not anticipated that such differences would be material. Significant estimates and judgements are further described elsewhere in this note and Note 9 Categories of financial assets and financial liabilities.

##### **Historical cost**

The financial statements have been prepared under the historical cost convention, modified by the application of fair value measurements.

##### **Currency of presentation**

Unless otherwise stated, all amounts are expressed in New Zealand dollars, which is the Company's functional and presentation currency.

##### **Rounding of amounts**

All amounts have been rounded to the nearest thousand dollars except where indicated.

##### **Foreign currency translation**

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

## BNZ International Funding Limited

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued

#### 1. PRINCIPAL ACCOUNTING POLICIES continued

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##### Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the profit on initial recognition (i.e. on day one).

Where a financial asset or liability is subsequently measured at fair value, the best evidence is independently quoted market prices in an active market. Where such prices are unavailable, then depending on the circumstances, alternative evidence may be used, including the price of recent transactions, prices for similar instruments or prices obtained utilising component parts (which when aggregated form the price of the whole instrument).

Where no active market exists for a particular asset or liability, the Company uses standard market valuation techniques to arrive at the estimated fair value, utilising observable market sourced inputs wherever possible. Depending on the circumstances, the same alternative evidence (as described above) may be used in the valuation techniques. The valuation techniques address factors such as interest rates, liquidity and credit risk.

Fair value asset or liability prices defined above generally represent the present value of all future cash flows including those relating to interest, dividends or other cash flows as appropriate.

##### Assets

###### *Cash and cash equivalents*

Cash and cash equivalents consist of cash and short term, highly liquid investments, namely, Call balances due from other financial institutions and Call balances due from related entities on the Company's balance sheet. Cash and cash equivalents are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

###### *Financial assets*

Under NZ IAS 39 Financial Instruments: Recognition and Measurement, financial assets are required to be classified as:

- fair value through profit or loss;
- available for sale;
- held to maturity; or
- loans and receivables.

In accordance with NZ IAS 39, certain financial assets have been classified as fair value through profit or loss. Items classified at fair value through profit or loss comprise financial assets designated at fair value through profit or loss on initial recognition. Refer to Note 9 Categories of Financial Assets and Liabilities for further information.

Purchases and sales of financial assets designated as fair value through profit or loss are recognised on trade date, being the date that the Company is committed to purchase or sell an asset.

Financial assets classified as fair value through profit or loss are initially recognised at fair value, with transaction costs being recognised in the income statement immediately. Subsequently, they are measured at fair value with gains and losses recognised in the income statement as they arise.

Upon initial recognition, financial assets may be designated at fair value through profit or loss. This classification can only be used in the following circumstances:

- where designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets and liabilities (not only financial assets and liabilities) or recognising the gains or losses on them on different bases. Under this criterion, the Company has designated certain amounts within Other amounts due from related entities at fair value through profit or loss upon initial recognition to reduce the measurement inconsistency that would otherwise arise in the income statement because the Short term debt securities and Bonds and notes liabilities are measured at fair value through profit or loss; or
- those that are part of a group of financial assets, financial liabilities or both, that are managed and their performance is evaluated by management on a fair value basis in accordance with the documented risk management or investment strategy; or
- those that contain one or more embedded derivatives, except if the embedded derivative does not modify significantly the associated cash flows or it is clear with little or no analysis that separation is prohibited.

Once a financial asset has been designated at fair value through profit or loss upon initial recognition, the Company cannot subsequently change the designation.

Financial assets also comprise Call balances due from other financial institutions, Call balances due from related entities, Treasury funding fees recorded within Other amounts due from related entities and Other assets, all of which have been classified as Loans and receivables for the purposes of NZ IAS 39. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently recorded at amortised cost, using the effective interest method, adjusted for impairment losses. These assets are primarily short-term in nature. In such cases the carrying amount approximates their fair value.



## BNZ International Funding Limited

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued

#### 1. PRINCIPAL ACCOUNTING POLICIES continued

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##### Liabilities

##### *Financial liabilities*

Financial liabilities comprise Short term debt securities, Bonds and notes, Amounts due to related entities and the accrued interest payable recorded within Other liabilities.

Financial liabilities may be held at fair value through profit or loss or at amortised cost. Refer to Note 9 Categories of Financial Assets and Liabilities for further information. Items held at fair value through profit or loss comprise items specifically designated at fair value through profit or loss on initial recognition.

Liabilities may be designated at fair value through profit or loss if they meet the following criteria:

- where designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets and liabilities (not only financial assets and liabilities) or recognising the gains or losses on them on different bases; or
- those that are part of a group of financial assets, financial liabilities or both, that are managed and their performance is evaluated by management on a fair value basis in accordance with the documented risk management or investment strategy. Under this criterion Short term debt securities, Bonds and notes and short term debt securities and bonds and notes recorded within Amounts due to related entities have been designated at fair value through profit or loss; or
- those that contain one or more embedded derivatives, except if the embedded derivative does not modify significantly the associated cash flows or it is clear with little or no analysis that separation is prohibited.

Financial liabilities held at fair value through profit or loss are initially recognised at fair value with transaction costs being recognised immediately in the income statement. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise exclusive of interest income.

All other financial liabilities, including other related entities payable recorded within Amounts due to related entities and the accrued interest payable recorded within Other liabilities are measured at amortised cost using the effective interest method. These liabilities are primarily short-term in nature. In such cases the carrying amount approximates their fair value.

##### Income Tax

Income tax expense is the income tax charge/(benefit) incurred on the current year profit or loss and is the aggregate of the movements in deferred tax and the amount of income taxes payable/(recoverable) in respect of taxable profit/(loss) for the year at the applicable tax rate.

Deferred tax assets are the amounts of income taxes recoverable in future periods including unused tax losses and unused tax credits carried forward. Deferred tax liabilities are the amounts of income taxes payable in future periods. Deferred tax assets and liabilities arise when there is a temporary difference between the tax bases (amount attributable to the asset or liability for tax purposes) of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred income tax assets is reviewed as at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

##### Revenue and Expense Recognition

##### *Net Interest income*

Net Interest income is reflected in the income statement using the effective interest method.

The effective interest method is a method of calculating amortisation using the effective interest rate of a financial asset or financial liability. The effective interest rate is the rate that exactly discounts the estimated stream of future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

When calculating the effective interest rate, the cash flows are estimated considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) excluding future credit losses.

The calculation of the effective interest rate includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. Where it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments) are used.

##### *Fees and commissions*

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis when the service has been provided. Fees and commissions not integral to the effective interest rate arising from negotiating, or participating in the negotiation of a transaction with a third party, such as purchase or sale of businesses, are recognised on completion of the underlying transaction.

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**BNZ International Funding Limited**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued**

	<b>30/9/14</b>	30/9/13
	\$000	\$000
<b>2. INTEREST</b>		
Interest income		
Related entities	258,053	288,557
Total interest income	258,053	288,557
<b>Interest expense</b>		
Short term debt securities	10,773	17,875
Bonds and notes	247,083	226,322
Related entities	-	44,167
Total interest expense	257,856	288,364

	<b>30/9/14</b>	30/9/13
	\$000	\$000
<b>3. OTHER OPERATING INCOME</b>		
Treasury services and funding fee	8,272	7,464
Gain/(loss) in the fair value of financial assets designated at fair value through profit or loss	29,678	(105,143)
Credit risk adjustments on financial assets designated at fair value through profit or loss	5,437	58,041
Gain/(loss)/Loss in the fair value of financial liabilities designated at fair value through profit or loss	(29,678)	105,143
Credit risk adjustments on financial liabilities designated at fair value through profit or loss	(5,437)	(58,041)
Total other operating income	8,272	7,464

	<b>30/9/14</b>	30/9/13
	\$000	\$000
<b>4. OPERATING EXPENSES</b>		
Legal expenses	1,751	785
Personnel expenses	510	350
Statutory audit services	79	76
Other assurance related services	199	30
Rating agency fees	341	262
Other professional fees	148	169
Consultancy fees	22	22
Other	537	966
Total operating expenses	3,587	2,660

BNZ International Funding Limited

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued

	30/9/14	30/9/13
<b>5. INCOME TAX EXPENSE</b>	<b>\$000</b>	<b>\$000</b>
<b>Income tax charged to income statement</b>		
Current tax	1,359	1,416
<b>Total Income tax charged to income statement</b>	<b>1,359</b>	<b>1,416</b>
<b>Reconciliation of income tax expense shown in the income statement with prima facie tax payable on the pre-tax accounting profit</b>		
Total operating profit before income tax expense	4,882	4,997
Prima facie income tax at 28%	1,367	1,399
Plus: Prior period adjustment	(8)	17
Tax expense on operating profit	1,359	1,416
Effective tax rate	28%	28%

	30/9/14	30/9/13
<b>6. SHORT TERM DEBT SECURITIES</b>	<b>\$000</b>	<b>\$000</b>
Commercial paper	3,344,902	3,829,902
<b>Total short term debt securities</b>	<b>3,344,902</b>	<b>3,829,902</b>

All commercial paper has been raised through the Company's London branch, in the financial, investment and insurance industry sectors. Short term debt securities rank equally in priority with claims on financial liabilities in the event of liquidation.

	30/9/14	30/9/13
<b>7. BONDS AND NOTES</b>	<b>\$000</b>	<b>\$000</b>
Medium term notes	10,432,273	8,904,430
<b>Total bonds and notes</b>	<b>10,432,273</b>	<b>8,904,430</b>

All bonds and notes have been raised through the Company's London branch, in the financial, investment and insurance industry sector.

**BNZ International Funding Limited**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued**
**7. BONDS AND NOTES continued**

Details of the terms and conditions of these medium term notes as at 30 September 2014 were as follows:

Issue Currency	Coupon Rate %	Maturity Date	30/9/14		30/9/13	
			Face Value <sup>1</sup>	Fair Value	Face Value <sup>1</sup>	Fair Value
			Issue Currency Thousands	NZ \$000	Issue Currency Thousands	NZ \$000
Japanese Yen	3 month JPY LIBOR + 45bp	11 November 2013	-	-	2,900,000	35,846
Hong Kong Dollar	3 month HIBOR + 65bp	18 November 2013	-	-	100,000	15,603
Japanese Yen	1.715 (fixed)	27 May 2014 <sup>2</sup>	-	-	15,000,000	188,327
Japanese Yen	1.445 (fixed)	2 June 2014 <sup>2</sup>	-	-	3,000,000	37,565
Hong Kong Dollar	3.030 (fixed)	11 June 2014	-	-	100,000	15,957
US Dollar	3 month USD LIBOR + 115bp	6 October 2014	50,000	64,176	50,000	61,104
Japanese Yen	1.464 (fixed)	3 December 2014	5,000,000	58,986	5,000,000	62,850
US Dollar	3 month USD LIBOR + 210bp	3 February 2015	150,000	193,814	150,000	186,214
Japanese Yen	1.02875 (fixed)	16 February 2015	1,500,000	17,651	1,500,000	18,729
Swiss Franc	2.000 (fixed)	18 February 2015	300,000	411,832	300,000	415,401
Japanese Yen	0.900 (fixed)	23 March 2015	800,000	9,406	800,000	9,969
Swiss Franc	3 month CHF LIBOR + 110bp	27 March 2015	175,000	236,774	175,000	236,848
Euro	2.375 (fixed)	7 May 2015 <sup>3</sup>	500,000	831,959	500,000	849,415
Japanese Yen	3 month JPY LIBOR + 55bp	26 May 2015	500,000	5,882	500,000	6,226
Japanese Yen	3 month JPY LIBOR + 52bp	29 June 2015	500,000	5,879	500,000	6,219
US Dollar	3 month USD LIBOR + 125bp	3 August 2015	5,000	6,463	5,000	6,147
Hong Kong Dollar	3 month HIBOR + 90bp	14 September 2015	240,000	39,831	240,000	37,846
Japanese Yen	0.400 (fixed)	18 September 2015	1,000,000	11,739	1,000,000	12,357
US Dollar	3 month USD LIBOR + 130bp	17 November 2015	10,000	12,963	10,000	12,308
British Pound	3 month GBP LIBOR + 70bp	29 January 2016	250,000	524,152	250,000	490,336
US Dollar	3 month USD LIBOR + 65bp	22 April 2016	80,000	103,044	80,000	94,980
US Dollar	1.0725 (fixed)	30 April 2016	20,000	25,668	20,000	24,107
Australian Dollar	6.250 (fixed)	14 June 2016 <sup>3</sup>	700,000	838,751	700,000	846,790
Hong Kong Dollar	3 month HIBOR + 51.6bp	12 July 2016	775,000	127,159	775,000	120,738
Euro	4.000 (fixed)	8 March 2017	750,000	1,353,456	750,000	1,359,671
Japanese Yen	1.150 (fixed)	23 March 2017	1,000,000	11,967	1,000,000	12,517
US Dollar	3 month USD LIBOR + 150bp	24 May 2017	15,000	19,737	15,000	18,649
Japanese Yen	3 month JPY LIBOR + 100bp	26 July 2017	11,400,000	137,246	11,400,000	145,235
Japanese Yen	1.260 (fixed)	26 July 2017	14,100,000	170,081	14,100,000	179,156
Euro	3.125 (fixed)	23 November 2017 <sup>3</sup>	1,000,000	1,818,252	1,000,000	1,806,097
Swiss Franc	1.500 (fixed)	22 January 2018	225,000	317,993	225,000	312,724
Japanese Yen	3 month JPY LIBOR + 27bp	13 March 2018	2,000,000	23,557	2,000,000	24,738
US Dollar	3 month USD LIBOR + 80bp	23 April 2018	10,000	12,925	10,000	11,650
Euro	1.250 (fixed)	23 May 2018	500,000	833,844	500,000	801,957
US Dollar	3 month USD LIBOR + 45bp	20 August 2018	10,000	12,732	10,000	11,852
US Dollar	3 month USD LIBOR + 82bp	26 November 2018	10,000	12,908	-	-
Japanese Yen	0.4700 (fixed)	27 November 2018	2,000,000	23,322	-	-
US Dollar	3 month USD LIBOR + 75bp	13 December 2018	10,000	12,563	-	-
US Dollar	2.2825 (fixed)	13 December 2018	10,000	12,866	-	-
US Dollar	2.350 (fixed)	4 March 2019	1,000,000	1,277,864	-	-
US Dollar	3 month USD LIBOR + 32bp	20 March 2019	100,000	126,068	-	-
Swiss Franc	1.125 (fixed)	20 September 2019	275,000	382,644	275,000	368,317
Hong Kong Dollar	3.480 (fixed)	8 September 2020	53,000	9,066	53,000	8,489
New Zealand dollar	6.590 (fixed)	30 September 2020	50,000	52,776	50,000	51,496
Swiss Franc	1.375 (fixed)	3 February 2021	200,000	284,277	200,000	-
				10,432,273		8,904,430

All medium term notes issued by the Company are on-lent to Bank of New Zealand, the Company's parent company.

<sup>1</sup> Face value represents current value on issue held by the market.

<sup>2</sup> These medium term notes were covered by the Crown wholesale funding guarantee.

<sup>3</sup> These medium term notes are guaranteed by the Trustee of the BNZ Covered Bond Trust ("the Covered Bond Trust"). Refer to Note 10 Related Entity Transactions for further information.

BNZ International Funding Limited

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued

	30/9/14	30/9/13
<b>8. OTHER LIABILITIES</b>		
Accrued expenses	\$000	\$000
	<b>384</b>	<b>415</b>
Total other liabilities	<b>384</b>	<b>415</b>

**9. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

\$000	30/9/14		Total Carrying Amount
	Classified at Fair Value Through Profit or Loss Designated on Initial Recognition	Loans and Receivables	
<b>Financial assets</b>			
Call balances due from other financial institutions	-	49	49
Call balances due from related entities	-	8,525	8,525
Other amounts due from related entities	13,777,243	1,820	13,779,063
Total financial assets	<b>13,777,243</b>	<b>10,394</b>	<b>13,787,637</b>

\$000	30/9/13		Total Carrying Amount
	Classified at Fair Value Through Profit or Loss Designated on Initial Recognition	Loans and Receivables	
<b>Financial assets</b>			
Call balances due from other financial institutions	-	46	46
Call balances due from related entities	-	5,400	5,400
Other amounts due from related entities	12,734,363	1,527	12,735,890
Total financial assets	<b>12,734,363</b>	<b>6,973</b>	<b>12,741,336</b>

\$000	30/9/14		Total Carrying Amount
	Classified at Fair Value Through Profit or Loss Designated on Initial Recognition	At Amortised Cost	
<b>Financial liabilities</b>			
Short term debt securities	3,344,902	-	3,344,902
Bonds and notes	10,432,273	-	10,432,273
Amounts due to related entities	-	317	317
Total financial liabilities	<b>13,777,175</b>	<b>317</b>	<b>13,777,492</b>

\$000	30/9/13		Total Carrying Amount
	Classified at Fair Value Through Profit or Loss Designated on Initial Recognition	At Amortised Cost	
<b>Financial liabilities</b>			
Short term debt securities	3,829,902	-	3,829,902
Bonds and notes	8,904,430	-	8,904,430
Amounts due to related entities	-	334	334
Total financial liabilities	<b>12,734,332</b>	<b>334</b>	<b>12,734,666</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued

## 9. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

## Difference between carrying amount and contractual amount on financial liabilities designated at fair value through profit or loss on initial recognition

	30/9/14			30/9/13		
	Carrying	Contractual	Higher/	Carrying	Contractual	Higher/
	Amount	Amount	(Lower)	Amount	Amount	(Lower)
	\$000	\$000	\$000	\$000	\$000	\$000
Short term debt securities	3,344,902	3,343,323	1,579	3,829,902	3,827,282	2,620
Bonds and notes	10,432,273	9,938,978	493,295	8,904,430	8,452,924	451,506
	13,777,175	13,282,301	494,874	12,734,332	12,280,206	454,126

## Movements in fair value of Bonds and notes designated at fair value through profit or loss on initial recognition attributable to changes in credit risk

	30/9/14	30/9/13
	\$000	\$000
<b>Bonds and notes</b>		
Balance at beginning of year	114,149	56,107
Movement during the year	5,437	58,042
Balance at end of year	119,586	114,149

The movement in fair value attributable to changes in the credit risk of bonds and notes designated at fair value through profit or loss is determined as the amount of change in fair value that is not attributable to changes in market conditions that give rise to market risk. The movement in fair value of these liabilities has resulted in an equal and opposite movement in the Amount due from related entities, which has an offsetting effect to the Company as a result of the on-lending agreement with Bank of New Zealand.

## Hierarchy for fair value measurements

The following paragraphs present a three level fair value hierarchy of the Company's financial assets and financial liabilities which are measured at fair value.

The three levels in the hierarchy are based on the valuation methods and assumptions used in determining the fair values of financial assets and financial liabilities. The levels are as follows:

Level 1. Quoted prices in active markets for identical assets or liabilities. The Company did not have any financial assets or financial liabilities measured at fair value that met the criteria of Level 1 classification.

Level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). As at September 2014, all fair value assets and liabilities have been assessed as Level 2 using observable market data as inputs which are generally modified in some way such as averaging at source (e.g. multi-contributor page) or a valuation technique (e.g. interpolation or discounting) (30 September 2013: all).

Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company did not have any financial assets or financial liabilities measured at fair value that met the criteria of Level 3 classification.

Management uses its judgment in selecting an appropriate valuation technique for financial instruments which are not quoted in an active market.

## Bonds and notes

Bonds and notes are recorded at fair value based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the instruments. This is based on observable market prices as at the reporting date where available, otherwise alternative observable market source data is used. The fair value includes a calculation of the Banking Group's own credit risk based on observable market data.

## Other amounts due from related entities

Other amounts due from related entities are recorded at fair value based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the instruments. This is based on observable market prices as at the reporting date where available, otherwise alternative observable market source data is used.

## BNZ International Funding Limited

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued

#### 10. RELATED ENTITY TRANSACTIONS

The Company is a wholly owned controlled entity of Bank of New Zealand whose ultimate parent company is National Australia Bank Limited. Bank of New Zealand has guaranteed all debt securities issued by the Company, acting through its London branch, for the amount and term of such securities. If the Company, acting through its London branch, issues any debt securities which are guaranteed by Bank of New Zealand, then the proceeds of that debt issue must be on-lent to Bank of New Zealand on terms and conditions which match the terms and conditions of the debt issue. Financial liabilities represented by Bonds and notes, Short term debt securities and accrued interest payable are guaranteed by Bank of New Zealand.

The Covered Bond Trust holds Bank of New Zealand housing loans and provides guarantees to certain debt securities issued by the Company or Bank of New Zealand, the Company's parent company. The payment of interest and principal of certain debt securities issued by the Company is guaranteed by the Covered Bond Trust. Guarantees provided in relation to the covered bonds issued have a prior claim over the assets of the Covered Bond Trust. The underlying collateral for the guarantees provided by the Covered Bond Trust comprised housing loans and other assets to the value of \$5,467 million as at 30 September 2014 (30 September 2013: \$5,467 million). Refer to Note 7 Bonds and Notes for further information.

Other principal intragroup transactions comprise: (1) the provision of treasury and funding services to Bank of New Zealand, which earn treasury service and funding fee income, (2) the supply, as required, of settlement, accounting, tax, regulatory compliance and legal services and seconded staff from Bank of New Zealand and/or National Australia Bank Limited, (3) a licence of London branch premises from National Australia Bank Limited, (4) payment to Bank of New Zealand for the reimbursement of provisional tax paid on the Company's behalf, and (5) commercial papers and bonds and notes issued to National Australia Bank Limited. These transactions with Bank of New Zealand Limited and National Australia Bank Group have been entered into at arm's length on normal commercial terms and conditions.

Key management personnel are defined as being Directors of the Company. During the year ended 30 September 2014, there were no loans made to or deposits received from key management personnel, their close family members, or their controlled entities (30 September 2013: nil). No compensation was paid by the Company to key management personnel during the year ended 30 September 2014 (30 September 2013: nil).

The following table provides the total amount of transactions with related entities for the relevant financial year.

	30/9/14	30/9/13
<b>Receivables and Payables with Related Entities</b>	<b>\$000</b>	<b>\$000</b>
<b>Related entity receivables</b>		
Bank of New Zealand	13,787,588	12,741,290
<b>Related entities payables</b>		
Bank of New Zealand	144	26
National Australia Bank Limited	173	308

	30/9/14		30/9/13	
	Revenue	Expenses	Revenue	Expenses
	from	to Related	from	to Related
	Related	Entities	Related	Entities
	Entities	Entities	Entities	Entities
<b>Transactions with Related Entities</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Bank of New Zealand	266,325	390	296,021	855
National Australia Bank Limited	-	285	-	44,437

Dividends paid to the shareholders are disclosed in note 11.

During the year ended 30 September 2014, the Company made a payment of \$244,000 to Bank of New Zealand for the reimbursement of provisional tax paid on the Company's behalf (30 September 2013: \$197,000 to BNZ for provisional tax paid).

## BNZ International Funding Limited

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued

11. CONTRIBUTED EQUITY	30/9/14	30/9/13
Number of shares in Thousands		
Ordinary shares, fully paid - balance at beginning of year	100	100
Ordinary shares issued during the year	-	-
Ordinary shares, fully paid - balance at end of year	100	100

Each of the 100,000 (30 September 2013: 100,000) ordinary shares entitles the shareholder to one vote at any meeting of shareholders and shares equally in dividends and surpluses on winding up. Shares do not have a par value.

When managing capital, which includes contributed equity and retained profits, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to the shareholders.

No dividends were paid on Shares for the year ended 30 September 2014 (year ended 30 September 2013: dividends of \$180 per share).

### 12. INTEREST RATE REPRICING SCHEDULE

The following tables represent a breakdown, by repricing dates or contractual maturity, whichever is the earlier, of the balance sheet.

\$000	Total	30/9/14				Non-Interest Sensitive
		Up to 3 Months	Over 3 Months and up to 1 year	Over 1 Year and up to 2 Years	Over 2 Years	
<b>Assets</b>						
Call balances due from financial institutions	49	49	-	-	-	-
Call balances due from related entities	8,525	8,525	-	-	-	-
Other amounts due from related entities	13,779,063	4,635,006	1,729,645	864,419	6,548,104	1,889
Total assets	13,787,637	4,643,580	1,729,645	864,419	6,548,104	1,889
<b>Liabilities</b>						
Short term debt securities	3,344,902	2,897,844	447,058	-	-	-
Bonds and notes	10,432,273	1,737,163	1,282,587	864,419	6,548,104	-
Amounts due to related entities	317	-	-	-	-	317
All other liabilities	1,211	-	-	-	-	1,211
Total liabilities	13,778,703	4,635,007	1,729,645	864,419	6,548,104	1,528
30/9/13						
<b>Assets</b>						
Call balances due from financial institutions	46	46	-	-	-	-
Call balances due from related entities	5,400	5,400	-	-	-	-
Other amounts due from related entities	12,735,890	5,171,625	422,665	1,368,721	5,771,321	1,558
All other assets	-	-	-	-	-	-
Total assets	12,741,336	5,177,071	422,665	1,368,721	5,771,321	1,558
<b>Liabilities</b>						
Short term debt securities	3,829,902	3,649,086	180,816	-	-	-
Bonds and notes	8,904,430	1,522,539	241,849	1,368,721	5,771,321	-
Amounts due to related entities	334	-	-	-	-	334
All other liabilities	1,259	-	-	-	-	1,259
Total liabilities	12,735,925	5,171,625	422,665	1,368,721	5,771,321	1,593



**BNZ International Funding Limited**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued**
**13. MATURITY PROFILE**

The table below presents the Company's undiscounted cash flows by remaining contractual maturities as at balance sheet date.

The gross cash flows disclosed hereunder are contractual undiscounted cash flows and therefore will not agree to the carrying values on the balance sheet. Actual cash flows can differ significantly from contractual cash flows as a result of future actions of the Company and its counterparties. Information on the management of liquidity risk is included in note 17.

\$000			30/9/14				
	Carrying amount	Gross cash inflows/(outflows)	On Demand	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
<b>Financial assets</b>							
Call balances due from other financial institutions	49	49	49	-	-	-	-
Call balances due from related entities	8,525	8,525	8,525	-	-	-	-
Other amounts due from related entities	13,779,063	14,065,485	-	1,984,385	3,577,615	8,167,031	336,454
Other financial assets	-	-	-	-	-	-	-
<b>Total</b>	<b>13,787,637</b>	<b>14,074,059</b>	<b>8,574</b>	<b>1,984,385</b>	<b>3,577,615</b>	<b>8,167,031</b>	<b>336,454</b>
<b>Financial liabilities</b>							
Short term debt securities	(3,344,902)	(3,346,649)	-	(1,683,275)	(1,663,374)	-	-
Bonds and notes	(10,432,273)	(10,716,947)	-	(299,221)	(1,914,241)	(8,167,031)	(336,454)
Amounts due to related entities	(317)	(317)	-	(317)	-	-	-
Other financial liabilities	(384)	(384)	-	(384)	-	-	-
<b>Total</b>	<b>(13,777,876)</b>	<b>(14,064,297)</b>	<b>-</b>	<b>(1,983,197)</b>	<b>(3,577,615)</b>	<b>(8,167,031)</b>	<b>(336,454)</b>

\$000			30/9/13				
	Carrying amount	Gross cash inflows/(outflows)	On Demand	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
<b>Financial assets</b>							
Call balances due from other financial institutions	46	46	46	-	-	-	-
Call balances due from related entities	5,400	5,400	5,400	-	-	-	-
Other amounts due from related entities	12,735,890	13,123,670	-	3,268,734	1,190,732	8,227,831	436,373
Other financial assets	-	-	-	-	-	-	-
<b>Total</b>	<b>12,741,336</b>	<b>13,129,116</b>	<b>5,446</b>	<b>3,268,734</b>	<b>1,190,732</b>	<b>8,227,831</b>	<b>436,373</b>
<b>Financial liabilities</b>							
Short term debt securities	(3,829,902)	(3,834,158)	-	(3,048,908)	(785,250)	-	-
Bonds and notes	(8,904,430)	(9,287,954)	-	(218,268)	(405,482)	(8,227,831)	(436,373)
Amounts due to related entities	(334)	(334)	-	(334)	-	-	-
Other financial liabilities	(415)	(415)	-	(415)	-	-	-
<b>Total</b>	<b>(12,735,081)</b>	<b>(13,122,861)</b>	<b>-</b>	<b>(3,267,925)</b>	<b>(1,190,732)</b>	<b>(8,227,831)</b>	<b>(436,373)</b>

**14. IMPAIRED ASSETS**

No provision has been made against the value of assets reported on the balance sheet. There is no incurred loss on the call balances due from other financial institutions, call balances due from related entities and other amounts due from related entities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued

15. SEGMENT INFORMATION

The Company operates in New Zealand in one industry segment. Its primary business is funding. Financial information for the segment is available to the Board of Directors of the Company for the purpose of evaluating performance and resource allocation, and is the same information presented in these financial statements. All revenues of the Company are received from Bank of New Zealand.

Geographical revenue information is based on the location of the office in which the transactions were booked, and all revenues are derived in New Zealand.

16. CONTINGENT LIABILITIES AND COMMITMENTS

The Company had no contingent liabilities or commitments as at 30 September 2014 (30 September 2013: nil).

17. RISK MANAGEMENT POLICIES

The Board of Directors of the Company is committed to the management of risk and has identified the following risks:

Credit Risk

Credit risk is the potential risk of financial loss resulting from the failure of a counterparty to settle its financial and contractual obligations to the Company as they fall due.

The maximum exposure to credit risk arising from Call balances due from other financial institutions, Call balances due from related entities and Other amounts due from related entities is equal to the carrying amount of each class of receivable. The credit quality of these financial assets is deemed as excellent based on Bank of New Zealand's current credit rating. These balances represent 99.99% (30 September 2013: 99.99%) of the Company's credit exposures. Bank of New Zealand represents the only group of closely related counterparties to which the Company has a credit exposure which exceeds 10% of equity, with an exposure of 154,237% of equity (30 September 2013: 235,470%). Bank of New Zealand guarantees the obligations of the Company, acting through its London branch, in respect of all securities issued by the Company's London branch to wholesale investors.

There are no collateral or other credit enhancements obtained in respect of amounts due from related entities.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Exposure to interest rate risk arises in respect of funding through issuing commercial paper and medium term notes.

No sensitivity analysis has been performed as the interest rate risk has been mitigated by the on-lending agreement with Bank of New Zealand.

Currency risk

Currency risk results from exposures to changes in spot prices, forward prices and the volatility of currency rates. Currency risk arises from foreign currency balances and the trading of any foreign currency denominated product, such as foreign currency bonds and notes.

No sensitivity analysis has been performed as the currency risk has been mitigated by the on-lending agreement with Bank of New Zealand.

Liquidity risk

Liquidity risk arises from the mismatch in the maturity of financial assets and liabilities, plus their settlement characteristics. Maintaining adequate liquidity to meet the current and future payment obligations at a reasonable cost is a core objective of the Company.

No sensitivity analysis has been performed as the liquidity risk has been mitigated by the on-lending agreement with Bank of New Zealand.

All proceeds from commercial paper and medium term notes issued by the Company are on-lent to Bank of New Zealand, the Company's parent company, on terms and conditions which match the terms and conditions of the debt issue. All relevant risks, including interest rate, currency and liquidity risks, are mitigated through the offsetting with Bank of New Zealand. Refer to Note 10 Related Entity Transactions for more information.

## Independent Auditor's Report

### To the Shareholder of BNZ International Funding Limited

#### Report on the Financial Statements

We have audited the financial statements of BNZ International Funding Limited on pages 1 to 17, which comprise the balance sheet of BNZ International Funding Limited as at 30 September 2014, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholder in accordance with section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's 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 company and the company's shareholder, for our audit work, for this report, or for the opinions we have formed.

#### Directors' Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

Ernst & Young provides other assurance related services to BNZ International Funding Limited. We have no other relationship with, or interest in BNZ International Funding Limited.

Partners and employees of our firm may deal with the company on normal terms within the ordinary course of trading activities of the business of the company.

#### Opinion

In our opinion, the financial statements on pages 1 to 17:

- ▶ comply with generally accepted accounting practice in New Zealand;
- ▶ comply with International Financial Reporting Standards; and
- ▶ give a true and fair view of the financial position of BNZ International Funding Limited as at 30 September 2014 and the financial performance and cash flows for the year then ended.

#### Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- ▶ We have obtained all the information and explanations that we have required.
- ▶ In our opinion proper accounting records have been kept by BNZ International Funding Limited as far as appears from our examination of those records.



11 December 2014  
Auckland