

News Release

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ANZ responds to FMA statement on sale of property

In 2017, the ANZ New Zealand group entered into an agreement to dispose of a residential property to a related party of ANZ New Zealand's Chief Executive Officer at that time. The sale price of \$6.9m was determined following a process to ascertain the value of the property with reference to external, independent valuations.

The application of the accounting standards on related party disclosures requires judgements to be made on what information is quantitatively or qualitatively material to be included in the financial statements, including consideration of whether disclosure of a transaction could influence economic decisions that relevant users make on the basis of the financial statements.

No specific related party disclosure was made in ANZ New Zealand's audited 2017 financial statements, as the sale of the property was not considered by ANZ New Zealand and its external auditor to be material to an understanding of ANZ New Zealand's financial performance and financial position.

Based on its enquiry into this specific matter, the FMA has informed ANZ New Zealand that it takes the view that the related party transaction was material for financial reporting purposes, and therefore it should have been disclosed in ANZ New Zealand's financial statements for the year ended 30 September 2017. The FMA and ANZ have agreed that ANZ will issue this statement to help clarify the position.

ANZ disagrees with the FMA's finding as it considers the transaction not to be material information on the basis that this disclosure could not influence the economic decisions of the users of financial statements.

ANZ New Zealand and its Board takes financial reporting obligations very seriously and acknowledge that the FMA has reached a different conclusion to that reached by ANZ New Zealand and its external auditor as to the disclosure of the transaction.

ANZ New Zealand welcomes this opportunity to gain further clarity on the FMA's expectations regarding the disclosure of related party transactions, and as a result of this matter will consider the impact on its internal financial reporting processes and continue to enhance those processes, where necessary.

ENDS

Please attribute to ANZ spokesperson

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