ANZ BANK (EUROPE) LIMITED
ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

COMPANY REGISTERED NUMBER 2125187

STRATEGIC REPORT

The Directors present their Strategic Report for ANZ Bank (Europe) Limited (the Company) (registered no. 2125187) for the year ended 30 September 2017, in accordance with the Companies Act 2006.

Business Review, Performance & Development

The Company is part of the ANZ Banking Group (ANZ Group) headed by Australia and New Zealand Banking Group Limited (ANZ). ANZ Group's strategy has three elements - creating the best bank in Australia and New Zealand for home owners and small business customers, building the best bank in the world for clients driven by regional trade and capital flows, and establishing common, digital-ready infrastructure to provide great customer experience, scale and control. The Company directly supports the second element above, using ANZ Group's distinctive geographic footprint, and market-leading service and insights to better meet the needs of customers and capture opportunities linked to regional trade and capital flows.

During the year ended 30 September 2017, the Company continued to provide finance, leasing transactions and other financial services. The company has a European banking passport and provides finance to companies wishing to borrow in the European Union, thus providing an equal footing to domestic banks operating in EEA states. The Company is regulated by the Prudential Regulation Authority (PRA).

The Company continues prudently to maintain robust liquidity metrics with a core funding ratio of 1,886%. It invests its capital in high quality low yielding government bonds as part of its liquidity portfolio. The Company has access to a liquidity facility of €1,200 million provided by ANZ in 2013, it was increased to €1,500 million in 2014 and subsequently reduced to €750 million in 2016 on an 8 year rolling basis, subject to annual review.

The profit after tax for the year decreased from €1,904,000 to €138,000 mainly as a result of a sell down of some loans during 2016, which resulted in a reduction in lending volumes.

The Board is continuing to review its strategic options in conjunction with ANZ Group given the uncertainties created by the UK exit from the European Union.

Key Performance Indicators

	30/09/2017 €'000	30/09/2016 €'000
Net income / (loss)	(1,000)	(1,773)
Credit impairment write backs	892	4,292
Profit / (loss) before tax	(260)	2,380
Loans and advances to customers	33,698	81,530
Available-for-sale securities	212,511	212,384
Liquidity coverage ratio	1,886%	686%
Net stable funding ratio	495%	293%

Principal Risks

The main potential risks associated with the normal operating activities of the Company are credit risk, market risk, liquidity risk and foreign exchange risk. These risks are managed at both a company level and as part of the overall ANZ Group risk management process.

The principal risks and uncertainties affecting the business have been considered and addressed in the Directors' report on pages 3-4.

The Company has not recorded transactions that inherently attract material market risk. Market related trading is not undertaken by the Company. The Company is also wholly funded by ANZ on a matched funded basis, removing any significant market risks that could directly affect the Company.

J D Callender
Chairman

9 January 2018

Registered Office:
40 Bank Street
Canary Wharf
London E14 5EJ

DIRECTORS' REPORT

The Directors present their report, together with the audited financial statements of the Company (registered no. 2125187), for the year ended 30 September 2017.

Principal Activity

The Company was incorporated in the UK on 22 April 1987.

The principal activities of the Company comprise the provision of finance, leasing transactions and other financial services. Wholesale funding is provided by related ANZ counterparties. It has a European banking passport and provides finance to companies wishing to borrow in the European Union. The Company is regulated by the Prudential Regulation Authority (PRA).

ANZ Funds Pty Limited, incorporated in Australia, is the immediate holding company

Result for the Year

The Company made a profit after tax of €138,000 for the year ended 30 September 2017 compared with a profit after tax of €1,904,000 for the year ended 30 September 2016.

Principal Risks and Uncertainties

The key risks and uncertainties faced by the Company are discussed below.

The main potential risks associated with the normal operating activities of the Company are credit risk, market risk, liquidity risk and foreign exchange risk. These risks are managed at both a Company level as well as part of the overall ANZ Group risk management process.

Management applies the ANZ Group risk framework for all risks inherent in the Company's operations. The Company's Board of Directors and Audit Committee meet on a quarterly basis where risk management is a standing agenda item.

Credit Risk

Management consistently applies the ANZ Group credit risk framework. Exposure to credit risk is monitored on an ongoing basis. This framework has the aim of ensuring a structured and disciplined approach is maintained and is supported by portfolio analysis and asset-writing strategies. The effectiveness of the framework is validated through a series of compliance and monitoring processes overseen by the ANZ Group risk committee structure.

Market Risk

The Company has not recorded transactions that inherently attract material market risk. Market related trading is not undertaken by the Company. The Company is wholly funded by ANZ on a matched funded basis. Accordingly, there are no material interest rate, currency, or price risks affecting the Company.

Foreign Exchange Risk

Foreign exchange risks on translation of income and expenses are minimised by selling foreign currency amounts in return for the euro equivalent at the end of each month, removing any associated market risks that could directly affect the Company. The Company is funded by ANZ on a matched funded basis.

Liquidity Risk

The ANZ Group's liquidity and funding risks are governed by a detailed policy framework which is approved by the ANZ Board of Directors. The management of the liquidity and funding positions and risks is overseen by the ANZ Group Asset and Liability Committee (GALCO).

A liquidity facility of €1,200 million was provided to the Company by ANZ in 2013, this was increased to €1,500 million in 2014 and reduced to €750 million in 2016 on an 8 year rolling facility, subject to annual review.

The Company holds a portfolio of government bonds for liquidity purposes, valued at €212,511,000 (2016: €212,384,000).

Capital

There is no change in the share capital for the year ended 30 September 2017 (2016 reduction of: €80,000,000).

Dividends

There was no dividend for 2017 (2016: €20,000,000).

Directors

The Directors who held office during the year and up to the date of this report were as follows:

J D Callender	(Chairman) (non-executive)
D S Brightmore-Armour	(Chief Executive)
J D G Branston	(Non-executive)
B D H Trenowden	(Executive)
D J Green	(Non-executive)
N C W Denby	(Non-executive)

DIRECTORS' REPORT

Transactions with Directors and Related Parties

No Director held, at 30 September 2017, any disclosable interest in the share capital of the Company, or any Group company. No Director of the Company had a material interest at any time during the year in any contracts significant to the Company's business.

There are no loans, arrangements or agreements that require disclosure under the Companies Act 2006 or International Financial Reporting Standards (IAS 24 Related Party Disclosures) regarding transactions with related parties, other than those shown in the notes to the financial statements.

Political and Other Donations

The Company made no political or other contributions for the year ended 30 September 2017 (2016: €nil).

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

BY ORDER OF THE BOARD

J D Callender
Chairman

9 January 2018

Registered Office:
40 Bank Street
Canary Wharf
London E14 5EJ

KPMG

Independent auditor's report

to the members of ANZ Bank (Europe) Limited

Overview		
Materiality: financial statements as a whole		€430k (2016: €238k) 0.20% of Net Assets (2016: 10% of Profit Before Tax)
Risks of material misstatement		**vs 2016**
Recurring risks	Credit risk	◄►

1. Our opinion is unmodified

We have audited the financial statements of ANZ Bank (Europe) Limited ("the Company") for the year ended 30 September 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

— give a true and fair view of the state of Company's affairs as at 30 September 2017 and of its profit for the year then ended;

— have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the company in 1989, prior to the company's becoming a public interest entity. The period of total uninterrupted engagement is for one financial year ended 30 September 2017 as a public interest entity. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

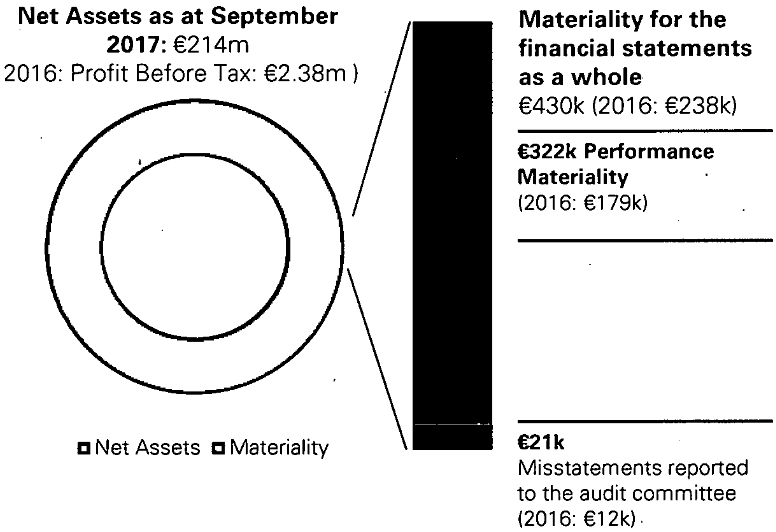
	The risk	Our response
Credit Risk Provision for Credit Impairment: €575k (2016: €1,467k) *Refer to page 9 (Significant Accounting Policies) and page 13 of the Financial Statements (Note 9. Provision for Credit Impairment).*	Impairments cover loans specifically identified as impaired and a collective impairment of all other loans for those impairments incurred but not yet specifically identified. The loan portfolio is small and considered by the Company to be of a good credit quality with no specific impairments. Accordingly the key judgements related to the Company's judgement employed in: — Identifying when a potential trigger for a specific impairment event has occurred and how this is then reflected in the credit risk grading and provision for credit impairments; and — The calculation of collective provisions using models. The collective impairment is derived from a model that uses the ANZ Group's historical experience from assets with similar credit risk characteristics and where necessary is adjusted for current conditions. In particular, judgement is required on the key assumptions over credit risk grading. The collective impairment model is most sensitive to movements in the credit grading, and the application of management overlays.	Our procedures included: *General* — Performing credit reviews to: • Test the design, implementation and operating effectiveness of the credit review control; and • Substantively test the accuracy of credit risk gradings which are important to the identification of potential specific impairment and are a key input into the collective impairment model. In this work our test procedures included independently validating key financial data, assessing collateral and other potential methods of repayment and, where applicable, considering alternatives to key assumptions made. *Collective provision* — Tested the general IT controls over the system in which the collective provision model resides. — The use of credit risk specialists to: • Test a sample of model revalidations to assess the appropriateness of key inputs into the calculations; and • For these samples performed recalculation to demonstrate the accuracy of the system calculations. — Assessing the impact and appropriateness of any significant changes to the model methodology. — The assessment of the collective model for its sensitivity to changes in credit grading by performing stress testing to help us assess the reasonableness of the assumptions and identify areas of potential additional focus. — Agreeing the collective provision booked to the output of the model. **Our Results** We found the provision for credit impairment to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at €430k (2016: €238k), determined with reference to a benchmark of Net Assets as at 30 September 2017, of which it represents 0.20% (2016: 10% of Profit Before Tax).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding €21k (2016: €12k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and as there are no components, the audit was performed at the company's head office in London. Where reliance was placed upon systems and controls operated by the parent, the audit team received reporting over these items and inspected key supporting work papers.



4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the strategic report and the directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

— we have not identified material misstatements in those reports;

— in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion

— adequate accounting records have not been kept by the Company; or

— the financial statements are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Freeman

Ian Freeman

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London E14 5GL

9 January 2018

KPMG

Statement of Comprehensive Income

	Note	Year to 30/09/2017 €'000	Year to 30/09/2016 €'000
Interest income	4	1,850	4,013
Interest expense	4	(2,347)	(3,938)
Net interest income / (expense)		(497)	75
Net fees and commissions income / (expense)	5	(500)	37
Net foreign exchange gains / (losses)		(12)	-
Loss on disposal of loan facilities	5	-	(1,900)
Profit on sale of bonds	5	9	15
Net income/(expense)		(1,000)	(1,773)
Operating expenses		(152)	(139)
Loss before impairment and tax		(1,152)	(1,912)
Credit impairment release	9	892	4,292
Profit / (loss) before tax		**(260)**	**2,380**
Income tax benefit / (expense)	6	398	(476)
Profit for the year		**138**	**1,904**
Other comprehensive income, net of income tax		(283)	159
Total comprehensive income for the year attributable to equity holders of the Company		**(145)**	**2,063**

All activities are classified as continuing.

Balance Sheet

	Note	30/09/2017 €'000	30/09/2016 €'000
Assets			
Cash and bank balances	15	2,759	4,986
Available-for-sale securities	7	212,511	212,384
Net loans and advances to customers	8, 9	33,698	81,530
Current tax asset		80	-
Deferred tax asset		41	-
Other assets		95	270
Total assets		249,184	299,170
Liabilities			
Due to ANZ	15	34,278	83,287
Accruals and deferred income		41	85
Other liabilities		-	788
Total liabilities		34,319	84,160
Equity			
Share capital	12	208,125	208,125
Available-for-sale reserve		17	300
Retained earnings		6,723	6,585
Total equity		214,865	215,010
Total equity and liabilities		249,184	299,170

These financial statements were approved by the Board of Directors on 9 January 2018.

J D Callender
Chairman

D S Brightmore-Armour
Chief Executive

The notes on pages 7 to 22 should be read as part of the financial statements.

Cash Flow Statement

	Note	Year to 30/09/2017 €'000	Year to 30/09/2016 €'000
Cash flows from operating activities			
Profit before tax		(260)	2,380
Net impairment release for loans to customers		(892)	(4,271)
Loss before tax after non-cash adjustments		(1,152)	(1,891)
Decrease in loans and advances to customers	8, 9	48,724	155,313
Decrease in loans and advances to banks		-	41
(Increase) / decrease in current tax assets		(80)	-
(Increase) / decrease in deferred tax assets		(41)	-
(Increase) / decrease in other assets		175	(164)
(Increase) / decrease in available-for-sale securities		(127)	246,834
Adjustment for movement in available-for-sale reserve	7	(283)	(159)
Decrease in amounts due to ANZ	15	(49,009)	(307,151)
Increase / (decrease) in accruals and deferred income		(44)	19
Adjustment for current year tax		398	(476)
Increase / (decrease) in other liabilities		(788)	513
Net cash flow generated from / (used in) operating activities		(2,227)	92,879
Cash flows from investing activities			
Net cash flows generated from investing activities		-	-
Cash flows from financing activities			
Dividend paid		-	(20,000)
Called up share capital reduction		-	(80,000)
Net cash flow used in financing activities		-	(100,000)
Net decrease in cash and cash equivalents		(2,227)	(7,121)
Cash and cash equivalents at the beginning of the year	15	4,986	12,107
Cash and cash equivalents at the end of the year	15	2,759	4,986

Statement of Changes in Equity

	Share Capital €'000	Available-for-sale reserve €'000	Retained Earnings €'000	Total Equity €'000
As at 1 October 2015	288,125	141	24,681	312,947
Profit for the year	-	-	1,904	1,904
Shares redeemed during the year	(80,000)	-	-	(80,000)
Dividend paid	-	-	(20,000)	(20,000)
Other comprehensive income, net of income tax	-	159	-	159
As at 30 September 2016	208,125	300	6,585	215,010
Profit for the year	-	-	138	138
Shares redeemed during the year	-	-	-	-
Dividend paid	-	-	-	-
Other comprehensive income, net of income tax	-	(283)	-	(283)
As at 30 September 2017	208,125	17	6,723	214,865

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The Company was incorporated in the UK on 22 April 1987.

The Company's principal activities are the provision of finance, leasing transactions and other financial services. Wholesale funding is provided by related ANZ counterparties. It has a European banking passport and provides finance to companies wishing to borrow in the European Union (EU). The Company is regulated by the Prudential Regulation Authority (PRA).

ANZ Funds Pty Limited, incorporated in Australia, is the immediate holding company.

The principal accounting policies adopted in the presentation of these financial statements are set out below.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards and its interpretations as adopted by the EU.

(b) Use of estimates and assumptions

The preparation of these financial statements requires the use of management judgements, estimates and assumptions that affect reported amounts and the application of policies. Discussion of the critical accounting estimates, which include complex or subjective decisions or assessments, are covered in note 2. Such estimates are reviewed on an ongoing basis.

(c) Basis of preparation

The statements have been prepared in accordance with the going concern principle on the historical cost basis, except that available-for-sale financial assets are stated at their fair value

The accounting policies have been consistently applied to all periods presented in the financial statements.

The following standards and interpretations endorsed by the EU were available for early adoption but have not been applied in these financial statements.

Standards and amendments effective for years beginning on or after 1 January 2018:

(i) IFRS 9 *Financial Instruments* replaces IAS 39 and covers the recognition and measurement of financial instruments.

Under IFRS 9, a three-stage approach is applied to measuring expected credit losses (ECL) based on credit migration between the stages as follows:

Stage 1: At initial recognition, a provision equivalent to 12 months ECL is recognised.

Stage 2: Where there has been a significant increase in credit risk since initial recognition, a provision equivalent to full lifetime ECL is required.

Stage 3: Similar to the current IAS 39 requirements for individual impairment provisions, lifetime ECL is recognised for loans where there is objective evidence of impairment.

ECL 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.

The Company is in the process of assessing the impact of the application of IFRS 9 and is not yet able to quantify the impact on its financial statements. However, given the high credit quality of the exposures held by the Company it is expected that the majority will fall within stage 1 and no material impact is expected as this is comparable to the collective provision currently held on the balance sheet.

IFRS 15 *Revenue* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

Standards and amendments effective for years beginning on or after 1 January 2019:

IFRS 16 *Leases* replaces IAS 17 and covers the recognition, measurement, presentation and disclosure of leases.
The Company is in the process of assessing the impact of application of these standards and is not yet able to reasonably estimate the impact on its financial statements. It does not plan to adopt any of these standards or interpretations early.

(d) Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2 and the Directors' Report on page 3. In addition, note 9 to the financial statements also outline the exposure to financial risks including market, credit and interest rate risks.

The Company is expected to continue its operations and to generate positive cash flows for the foreseeable future, despite the current uncertain economic outlook. It is anticipated that the Company will be able to meet its obligations to third parties and no material concern is expected on the recoverability of amounts due to the Company.

The Directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company to continue as a going concern or its ability to continue to meet its obligations as they fall due. The Company continues to be profitable for the past twelve years and has positive net assets at the year end.

(e) Foreign currency translations

Functional and presentation currency

The financial statements are presented in euros, which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

The amounts in these financial statements have been rounded to the nearest thousand euros unless otherwise stated

Transactions and balances

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different to those at which they were initially recognised or included in a previous financial report, are recognised in the statement of comprehensive income in the period in which they arise.

(f) Classification of financial assets

Cash and cash equivalents

Cash and cash equivalents are disclosed in the cash flow statements and consist solely of cash balances with related parties.

Available-for-sale securities

Available-for-sale (AFS) securities are primarily Treasury Bills, Certificates of Deposits and Commercial Paper. The assets are intended to be held for an indefinite period of time, but may be sold in response to liquidity requirements or changes in interest rates or exchange rates. They are initially recognised at fair value including direct and incremental transaction costs, and are subsequently held at fair value. Gains and losses arising from changes in the fair value of AFS financial assets are recognised in the AFS reserve within equity until the financial assets are derecognised or impaired, at which time the cumulative gain or loss previously recognised within equity is transferred to the statement of comprehensive income. Interest is determined using the effective interest rate and recognised in the statement of comprehensive income. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Net loans and advances

Net loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They arise when the Company provides money to a debtor with no intention of trading the loans and advances.

Net loans and advances include direct finance provided to customers such as bank overdrafts, term loans and finance lease receivables.

The loans and advances are initially recognised at fair value including direct and incremental transaction costs that are directly attributable to the issue of the loan or advance. They are subsequently measured at amortised cost where material using the effective interest rate method, unless specifically designated on initial recognition at fair value through profit or loss. Loans are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership. If the risks and rewards are partially retained and control over the loan is lost, then the Company derecognises the loan. If control over the loan is not lost, then the Company continues to recognise the loans to the extent of its continuing involvement.

Restructured loans are those in which the original contractual terms have been modified to provide for concessions of interest, or principal or payments due, or for an extension in maturity for a non-commercial period for reasons related to the financial difficulties of a customer. Where the modified payments of interest and principal will not recover the original carrying value of the asset, the asset continues to be reported as past due and is considered impaired. Where the modified payments of interest and principal will recover the original carrying value of the asset, the loan is no longer reported as past due or impaired provided that payments are made in accordance with the revised terms.

The ANZ Group risk grading framework is used by the Company. All loans are graded according to the level of credit risk as assessed under the principles and policies within that framework. All counterparty risk grades are subject to frequent review and monitoring to ensure the risk grades accurately reflect the credit risk of the customer and the prevailing economic conditions.

Net investment in finance leases

The Company's net investment in finance leases is stated as the total future rentals receivable less finance charges allocated. Net finance charges are credited to the statement of comprehensive income over the period of a lease to produce a constant periodic rate of return on the net cash investment.

Impairment losses on loans and advances

Loans and advances are reviewed at least at each reporting date for impairment. Credit impairment provisions are raised for exposures, including off-balance sheet items such as commitments and guarantees that are known to be impaired.

Exposures are impaired and impairment losses are recorded if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and prior to the reporting date, and that loss event or events has had an impact on the estimated future cash flows of the individual loan.

The credit provisions raised (individual and collective) represent management's best estimate of the losses incurred in the loan portfolio at the balance sheet date based on experienced judgement. The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data and events and an assessment of the impact of model risk.

(g) Financial liabilities

Due to ANZ

Amounts due to ANZ are initially recognised at fair value and subsequently measured at amortised cost. The interest expense is recognised using the effective

NOTES TO THE FINANCIAL STATEMENTS

interest method.

(h) Other provisions

Provisions are recognised when the Company has present legal or constructive obligations as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

(i) Revenue

Net interest income

Net interest comprises interest received/receivable on loans to banks and customers, current accounts, debt securities and similar income less interest paid/payable and similar charges. Interest on assets with negative interest rates is included in interest expense. Interest income and interest expense are recognised in the statement of comprehensive income as they accrue.

Net finance charges (total rentals receivable less the capital content thereof) are credited to the statement of comprehensive income over the period of a lease to produce a constant periodic rate of return on the net cash investment.

Non-interest revenue

Fees and commissions are brought to account on an accruals basis. This includes guarantee, commitment, limit and establishment fees as well as fees earned from related party entities.

Fees and commissions that relate to a specific loan are amortised over the life of the loan

Gross earnings under finance lease

Gross earnings under finance leases represent finance charges receivable in respect of finance leases exclusive of VAT.

(j) Fee commission expense

Fees paid and payable are recognised in the statement of comprehensive income as they accrue.

(k) Income tax

Income tax expense

Income tax expense comprises current tax and is recognised in the statement of comprehensive income except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on taxable income for the year, based on tax rates and tax laws which are enacted or substantively enacted by the reporting date, and any adjustments to tax payable in respect of previous years. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). The average tax rate applied for the current year is 19.5% (2016: 20%).

Deferred tax

Deferred tax is accounted for using the balance sheet method. It is measured at the tax rates that is expected to apply to the period when the asset is realised, or the liability settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

(l) Operating expenses

Operating expenses are recognised as services are provided to the Company over the period in which an asset is consumed or once a liability is incurred.

2. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Both individual and collective impairment losses on loans and advances (as outlined above in note (f)) are calculated using the ANZ Group model. The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data and events and an assessment of the impact of model risk. When the credit event relating to an exposure is observable a specific provision is raised. Judgements and reasonable estimates are considered by management to be an essential part of the process and do not impact on reliability.

There were no other critical judgements made by management in the application of IFRS or in applying accounting policy that have a significant effect on the financial statements of the Company and there were no estimates with a significant risk of material adjustment in the next year.

NOTES TO THE FINANCIAL STATEMENTS

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging auditor's remuneration.

	Year to 30/09/2017 €'000	Year to 30/09/2016 €'000
Auditor's remuneration:		
Audit of the financial statements	39	31

4. NET INTEREST INCOME

	Year to 30/09/2017 €'000	Year to 30/09/2016 €'000
Interest income:		
Loans and advances to banks	-	7
Cash and bank balances[1]	-	7
Available-for-sale securities with positive interest rates	29	-
Due from ANZ[1,2]	69	-
Loans and advances to customers[2]	1,752	3,999
	1,850	4,013
Interest expense:		
Available-for-sale securities with negative interest rates	(1,115)	(721)
Due to ANZ[1,2]	(1,232)	(3,217)
	(2,347)	(3,938)
Net interest income	(497)	75

1 Includes transactions with related parties, refer to: Note 15. Related Party Transactions

2 Included with interest income from loans and advances to customers, are amounts relating to gross earnings under finance leases of €991,710 (2016: €1,094,352). The Company has a head lease/ sub lease arrangement whereby an external company is acquiring train rolling stock through the head lease and all the risks and rewards are passed to an ANZ Group counterparty, namely ANZ Bank New Zealand Limited, through the sub lease.

Included within interest expense on deposits from banks are amounts paid under finance leases of €991,710 (2016: €1,094,352). These offset the interest income amount mentioned above in (a) and therefore the net amount included in the Statement of Comprehensive Income is nil in respect of finance leases.

NOTES TO THE FINANCIAL STATEMENTS

5. NON-INTEREST INCOME

	Year to 30/09/2017 €'000	Year to 30/09/2016 €'000
Net fees and commissions		
Fees and commissions income[1]	720	2,199
Fees and commission expense[1]	(1,220)	(2,162)
Net fees and commissions	(500)	37
Loss on disposal of loan facilities[1,2]	-	(1,900)
Profit on sale of bonds	9	15
Total non-interest income/(expense)	(491)	(1,848)

1 Includes transactions with related parties, refer to: Note 14. Related Party Transactions.

2 During the year ended 30 September 2016 a number of existing client facilities that did not meet target profitability hurdles were sold to third parties. This resulted in recorded losses on disposal of €1,900,105, representing discounts offered to purchasers, before any benefit from the release of associated collective credit loss provisions.

6. INCOME TAX

	Year to 30/09/2017 €'000	Year to 30/09/2016 €'000
Profit / (Loss) on ordinary activities before tax	(260)	2,380
Tax (expense) / benefit at 19.5% (2016: 20%)	51	(476)
Effects of:		
Prior year adjustment	347	-
Income tax (expense) / benefit for the year	398	(476)

7. AVAILABLE FOR SALE SECURITIES

The Company held debt securities with a fair value of €212,511,329 at 30 September 2017; these were German and French Treasury Bills. €172,060,264 of the securities mature within one year, and €40,451,065 mature within one to five years.

The Company held debt securities with a fair value of €212,384,025 at 30 September 2016; these were German, French, and Dutch Treasury Bills all due to mature within one year.

8. NET LOANS AND ADVANCES TO CUSTOMERS

(a) Net loans and advances to customers	Note	30/09/2017 €'000	30/09/2016 €'000
Non restructured loans and advances to customers		34,205	83,202
Accrued interest on loans and advances to customers		88	137
Gross loans and advances to customers		34,293	83,339
Provision for credit impairment	8	(575)	(1,467)
Deferred fee revenue		(20)	(342)
Net loans and advances to customers		33,698	81,530

NOTES TO THE FINANCIAL STATEMENTS

(b) Net loans and advances - remaining maturity	**30/09/2017**	**30/09/2016**
	€'000	**€'000**
Remaining maturity of gross loans and advances to customers:		
1 to 5 years	30,184	50,440
Over 5 years	1,440	4,330
Loans and advances to customers as non current assets	31,624	54,770
3 months or less but on demand	-	-
3 months or less but not on demand	413	26,216
1 year or less but over 3 months	2,148	1,874
Provision for credit impairment	(575)	(1,467)
Accrued interest	88	137
Loans and advances to customers as current assets	2,074	26,760

All of the above loans were to corporate customers and the Company does not issue loans to retail customers.

No individual provisions have been made against loans to customers and there are no material concerns over recoverability. Collective provision charges have been calculated using the ANZ Group model and are detailed in note 8.

The carrying value of loans to customers is not materially different from their fair value as at 30 September 2017 and 30 September 2016. The majority of loans to customers reprice within 90 days with the remainder largely within 180 days.

(c) Net investment in finance leases

Included within net loans and advances to customers is an amount relating to net investment in finance leases of €12,400,000 (2016: €14,756,000). The maturity is as follows:

	30/09/2017	**30/09/2016**
	€'000	**€'000**
1 year or less but over 3 months	1,749	1,650
5 year or less but over 1 year	9,211	8,760
Over 5 years	1,440	4,346
	12,400	14,756

The Company has a head lease/ sub lease arrangement whereby an external company is acquiring train rolling stock through the head lease and all the risks and rewards are passed to a group counterparty, namely ANZ New Zealand Limited, through the sub lease.

As the investment in finance leases is an unquoted and a non-marketable asset, amortised cost is deemed to be approximately equal to fair value.

NOTES TO THE FINANCIAL STATEMENTS

9. PROVISION FOR CREDIT IMPAIRMENT

	Year to 30/09/2017 €'000	Year to 30/09/2016 €'000
Credit impairment charge / (release)		
Release of collective provision - loans and advances to customers	(892)	(4,271)
Write off bad debts	-	(62)
Recoveries of amounts written off previously	-	41
Credit impairment charge / (release)	(892)	(4,292)
Movement in provision for credit impairment		
Balance at beginning of year	1,467	5,843
Release of collective provision - loans and advances to customers	(892)	(4,271)
Release of specific provision - loans and advances to banks	-	(105)
Balance at end of year	575	1,467

The main driver for the collective provision releases is the reduction in the lending facilities during 2016 and 2017, with associated movements in probability of default, exposure at default and risk-weighted assets.

10. FINANCIAL RISK MANAGEMENT

Financial instrument risk management policy

Risks are managed at both a Company level as well as part of the overall ANZ Group risk management process. Management applies the ANZ Group risk framework for all risks inherent in the Company's operations. The following disclosures should be read in this context.

Strategy in using financial instruments

Exposure to credit risk, market risk, liquidity risk, operational risk, settlement and currency risk arises in the normal course of business.

ANZ Group has established the Asset and Liability, Credit and Operational Risk committees, which are responsible for developing and monitoring risk management policies in their specified areas. A Board meeting of the Company is held quarterly and details of any risk related issues affecting the Company are provided to the Board for review as deemed appropriate. ANZ Group's risk management policies are established to identify and analyse the risks faced by the ANZ Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The ANZ Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The ANZ Group Audit Committee is responsible for monitoring compliance with the ANZ Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the ANZ Group. The ANZ Group Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Within the framework detailed above, the Company Audit Committee meets quarterly in the UK where risk management is a standing agenda item.

NOTES TO THE FINANCIAL STATEMENTS

Credit Risk

Credit risk is the financial loss from counterparties being unable to fulfil their contractual obligations.

The Company has an overall lending objective of sound growth for appropriate returns. Management consistently applies the ANZ Group credit risk framework. This framework has the aim of ensuring a structured and disciplined approach is maintained and is supported by portfolio analysis and asset-writing strategies. Exposure to credit risk is monitored by the Company on an ongoing basis and quarterly meetings of the Company Credit Committee are held to review credit risks affecting the Company.

Credit risk borne by each class of financial asset:

€'000	External	Group	30 September 2017 Total
Assets			
On balance sheet exposure	246,208	2,759	248,967
Undrawn committed loans and advances to customers	136,336	-	136,336
Contingent liabilities	15,171	-	15,171
Total credit risk net of allowances and provisions	397,715	2,759	400,474

Geographical split:

€'000	UK	Europe	Other	Total
Assets				
On balance sheet exposure	2,759	246,208	-	248,967
Undrawn committed loans and advances to customers	73,814	62,522	-	136,336
Contingent liabilities	3,971	7,317	3,883	15,171
Total credit risk net of allowances and provisions	80,544	316,047	3,883	400,474

Credit risk grading as at 30 September 2017:

€'000	Strong credit profile	Satisfactory risk	Sub-standard but not impaired	Total
Available-for-sale securities	212,511	-	-	212,511
Cash and bank balances	2,759	-	-	2,759
Net loans to customers	30,863	2,834	-	33,697
	246,133	2,834	-	248,967

NOTES TO THE FINANCIAL STATEMENTS

Credit risk borne by each class of financial asset:

€'000	External	Group	30 September 2016 Total
Assets			
On balance sheet exposure	293,914	4,986	298,900
Undrawn committed loans and advances to customers	346,405	-	346,405
Contingent liabilities	34,505	-	34,505
Total credit risk net of allowances and provisions	674,824	4,986	679,810

Geographical split:

€'000	UK	Europe	Other	Total
Assets				
On balance sheet exposure	4,480	280,919	13,501	298,900
Undrawn committed loans and advances to customers	79,976	265,267	1,162	346,405
Contingent liabilities	-	30,391	4,114	34,505
Total credit risk net of allowances and provisions	84,456	576,577	18,777	679,810

Credit risk grading as at 30 September 2016:

€'000	Strong credit profile	Satisfactory risk	Sub-standard but not *impaired*	Total
Available-for-sale securities	212,384	-	-	212,384
Cash and bank balances	4,986	-	-	4,986
Net loans to customers	77,689	3,841	-	81,530
	295,059	3,841	-	298,900

The credit quality of financial assets is assessed by the Company using internal ratings which aim to reflect the relative ability of counterparties to fulfil, on time, their credit-related obligations, and is based on their current probability of default.

The Company prepares an annual Internal Capital Adequacy Assessment Process and submits this to the PRA, in which a stress scenario is presented. When subjected to 4-notch downgrade of all exposures, and an individual large exposure default, an individual provision of €26.2m and an increase in the collective provision of €0.7m would result. The corresponding results for 2016 were an individual provision of €26.9m and an increase in the collective provision of €6.1m

Internal ratings

Strong credit profile
Customers that have demonstrated superior stability in their operating and financial performance over the long-term, and whose debt servicing capacity is not significantly vulnerable to foreseeable events. This rating broadly corresponds to ratings "Aaa" to "baa3" and "AAA" to "BBB-" of Moody's and Standard & Poor's respectively.

Satisfactory risk
Customers that have consistently demonstrated sound operational and financial stability over the medium to long term, even though some may be susceptible to cyclical trends or variability in earnings. This rating broadly corresponds to ratings "Ba1" to "Ba3" and "BB+" to "BB-" of Moody's and Standard & Poor's respectively.

Sub-standard but not impaired
Customers that have demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term. This rating broadly corresponds to ratings "B1" to "Caa" and "B+" to "CCC" of Moody's and Standard & Poor's respectively.

Any facilities with a rating below those described above are deemed to be impaired. There were no impaired exposures reported at 30 September 2017, so no individual provision was required.

The majority of the facilities are unsecured. The remaining facilities have security held over a mixture of mortgages, shares, parental guarantees and other assets.

Market Risk

Market risk is the risk to the Company's earnings arising from changes in interest rates, currency exchange rates, credit spreads, or from fluctuations in bond, commodity or equity prices.

Market risk arises when changes in market rates, prices and volatilities lead to a decline in the value of assets and liabilities, including financial derivatives. Market risk is generated through both trading activities and the interest rate risk inherent in banking books.

NOTES TO THE FINANCIAL STATEMENTS

No direct market related trading is undertaken by the Company. The Company is funded by ANZ on a matched funded basis and foreign exchange risks on translation of income and expenses are minimised by selling foreign currency amounts in return for the euro equivalent at the end of each month. Accordingly, there are no material interest rate, currency, or price risks affecting the Company. The Company's sensitivity to a 1bp movement in interest rates at 30 September 2017 is a change in net interest income of €21,475.

Liquidity Risk

Liquidity risk is the risk that the Company has insufficient capacity to fund increases in assets, or is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations, and may be impacted from internal and/or external events.

The Group's liquidity and funding risks are governed by a detailed policy framework which is approved by the ANZ Board of Directors. The management of the liquidity and funding positions and risks are overseen by the GALCO.

The Company has a liquidity facility of €750 million on an 8 year rolling basis provided by ANZ. All existing drawn loans are match funded by ANZ and all new loans must be accommodated within the existing facility and capital levels. The liquidity facility is sufficient to cover all existing undrawn commitments and guarantees as well as new business anticipated through to 30 September 2018.

The Company has invested the majority of its capital in Treasury bills (classified as available-for-sale securities in the financial statements).

Detailed below is the maturity analysis of the financial liabilities of the Company:

30 September 2017 €'000	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years
Assets							
Cash and bank balances	2,759	2,759	2,759	-	-	-	-
Available-for-sale securities	212,511	211,000	-	-	171,000	40,000	-
Loans and advances to customers	33,698	37,802	-	436	3,940	31,432	1,994
Total assets	248,968	251,561	2,759	436	174,940	71,432	1,994
Liabilities							
Deposits from banks	34,278	37,781	-	434	3,937	31,416	1,994
Total liabilities	34,278	37,781	-	434	3,937	31,416	1,994

30 September 2016 €'000	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years
Assets							
Cash and bank balances	4,986	4,986	4,986	-	-	-	-
Available-for-sale securities	212,384	211,057	-	-	211,057	-	-
Loans and advances to customers	81,530	86,921	3	26,408	5,291	49,665	5,554
Total assets	298,900	302,964	4,989	26,408	216,348	49,665	5,554
Liabilities							
Deposits from banks	83,287	87,408	141	26,240	3,116	53,257	4,654
Total liabilities	83,287	87,408	141	26,240	3,116	53,257	4,654

The above analysis assumes future interest rates are equal to the current rates at 30 September 2017 and 30 September 2016 respectively.

NOTES TO THE FINANCIAL STATEMENTS

Interest Rate Sensitivity

The asset and liability repricing is shown below:

30/09/2017 €'000	Year end interest rate	Less than 1 year	1 to 5 years	Over 5 years	Not bearing interest	Total
Assets						
Cash and bank balances	0.00%	2,759	-	-	-	2,759
Available-for-sale securities	-0.77%	172,060	40,451	-	-	212,511
Loans and advances to customers	3.46%	2,074	30,184	1,440	-	33,698
Other assets		-	-	-	216	216
Total assets		176,893	70,635	1,440	216	249,184
Liabilities						
Due to ANZ	2.59%	2,654	30,184	1,440	-	34,278
Accruals and deferred income		-	-	-	41	41
Other liabilities		-	-	-	-	-
Total liabilities		2,654	30,184	1,440	41	34,319
Net repricing profile		174,239	40,451	-	175	214,865

The Company's sensitivity to a 1bp movement in interest rates at 30 September 2017 is a change in net interest income of €21,469 (2016: €21,561)

30/09/2016 €'000	Year end interest rate	Less than 1 year	1 to 5 years	Over 5 years	Not bearing interest	Total
Assets						
Cash and bank balances	0.10%	4,986	-	-	-	4,986
Available-for-sale securities	-0.20%	212,384	-	-	-	212,384
Loans and advances to customers	3.41%	28,371	50,485	4,346	(1,671)	81,530
Other assets		-	-	-	270	270
Total assets		245,741	50,485	4,346	(1,401)	299,170
Liabilities						
Due to ANZ	1.30%	28,371	50,485	4,346	86	83,287
Accruals and deferred fee income		-	-	-	85	85
Other liabilities		-	-	-	788	788
Total liabilities		28,371	50,485	4,346	959	84,160
Net repricing profile		217,370	-	-	(2,360)	215,010

NOTES TO THE FINANCIAL STATEMENTS

11. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Net fair value is the fair value adjusted for transaction costs.

In cases where quoted market prices are not available, fair values are based on present value estimates or other valuation techniques. For the majority of short term financial instruments, defined as those which reprice or mature in 90 days or less, with no significant change in credit risk, the fair value is assumed to equate to the carrying amount in the balance sheet. This applies below to available-for-sale securities. The fair value of these available-for-sale securities can be measured against the quoted prices in the market for identical assets (level 1 for disclosure purposes).

The majority of the loans to customers and banks reprice within 180 days. With no significant change in credit risk, reflected in the lack of specific impairments required, the fair value is assumed to equate to materially the carrying amount in the balance sheet.

The fair values for balance sheet positions measured at amortised cost are based on relevant information available as at 30 September 2017. The Company evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgement and estimation in determining the carrying values of financial assets and liabilities at the balance sheet date.

All financial instruments with related party entities could immediately be exchanged or settled for full value; therefore fair value is treated as approximately equal to book value on all such instruments. This applies below to the cash balances and deposits from banks.

All financial instruments in the Company are stated at fair value or carried at amounts not materially different from their fair value as at 30 September 2017 and 30 September 2016.

30/09/2017 **€'000**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash and bank balances	2,759	2,759	-	-
Available-for-sale	212,511	212,511	-	-
Loans and advances to customers	33,698	-	33,698	-
Total financial assets	248,968	215,270	33,698	-
Financial Liabilities				
Duw to ANZ	34,278	-	34,278	-
Total financial liabilities	34,278	-	34,278	-
Net financial instruments	214,690	215,270	(580)	-

30/09/2016 **€'000**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash and bank balances	4,986	4,986	-	-
Available-for-sale	212,384	212,384	-	-
Loans and advances to customers	81,530	-	81,530	-
Total financial assets	298,900	217,370	81,530	-
Financial Liabilities				
Duw to ANZ	83,287	-	83,287	-
Total financial liabilities	83,287	-	83,287	-
Net financial instruments	215,613	217,370	(1,757)	-

NOTES TO THE FINANCIAL STATEMENTS

12. SHARE CAPITAL

	Authorised Capital		Issued and Fully Paid	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Ordinary Shares:				
Ordinary shares of €1 each	208,125	208,125	208,125	208,125
Number of shares	208,125	208,125	208,125	208,125

Capital Management

At 30 September 2017, the capital of the Company comprises €208,125,000 of ordinary shares (2016: €208,125,000). In addition to this, the Company has €6,723,000 of retained profits at that date (2016: €6,585,000).

The Board of Directors' policy is to maintain a strong capital position. Management reviews the return on capital and seeks to maintain a balance between the higher returns that might be possible with higher balance sheet volumes and the advantages and security afforded by a sound capital position.

The Company is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and is subject to externally imposed capital requirements by the PRA. The management of the Company believes that it maintained compliance with all significant regulations.

No dividend was paid for the year ended 30 September 2017 (2016: €20,000,000, equivalent to €96.10 per share).There was a capital reduction of €80,000,000 in 2016.

13. GUARANTEES AND COMMITMENTS

	30/09/2017	30/09/2016
	€'000	€'000
Guarantees issued		
Direct Credit Substitutes	3,883	3,883
Trade and Perfromance Related items	11,288	30,622
Undrawn Loan Commitments	136,336	346,053

14. COUNTRY BY COUNTRY REPORTING

The Company is required to comply with country by country reporting (CBCR) obligation which was introduced through Article 889 of the EU Directive 2013/36/EU, and is otherwise known as the Capital Requirements Directive IV (CRDIV).

Nature of activities and geographical location

The Principal activities of the Company comprise the provision of finance, leasing transactions and other financial services. It has been issued with a European banking passport and provides finance to companies wishing to borrow in the European Union. The Company is regulated by the PRA.

ANZ Funds Pty Limited, incorporated in Australia, is the immediate holding company.

Country by country reporting

Jurisdiction – UK	No. of Employees	Turnover	Profit/(Loss) before tax	Income tax benefit/ (expense)	Total tax paid	Public subsidies received
	€'000	€'000	€'000	€'000	€'000	€'000
Year to 30 September 2017	-	(1,000)	(260)	398	440	-
Year to 30 September 2016	-	(1,773)	2,380	(476)	-	-

NOTES TO THE FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS

ANZ, a company incorporated in Australia is the ultimate parent company, the ultimate controlling undertaking and the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up.

100% of the Company's voting rights are controlled within the group headed by ANZ. The consolidated financial statements of ANZ can be obtained from the Australian Securities and Investments Commission, Melbourne, Victoria.

The Company has related party transactions with ANZ where current account facilities and funding is provided to the Company. The effect of these are reported in the Company's balance sheet within cash and bank balances, and due to ANZ. In the statement of comprehensive income, related interest is shown in both interest income and interest expense. In addition to this, the Company is charged a fee for management services by ANZ, shown within fees and commissions payable.

To the extent that individual counterparty exposures exceed the Company's regulatory limits, these are secured by a parental guarantee from Australia and New Zealand Banking Group Limited in favour of the Company. The fee charged for providing this guarantee is shown within fees and commissions payable.

Balances with ANZ and related parties	**30/09/2017**	**30/09/2016**
	€'000	**€'000**
Cash and bank balances	2,759	4,986
Due to ANZ		
Deposits	34,202	83,202
Accrued interest payable	76	85
Due to ANZ	34,278	83,287
Due to ANZ - maturity analysis		
Current	2,639	28,456
Non-current	31,639	54,831
Due to ANZ	34,278	83,287

Transactions with ANZ and related parties	**Year to 30/09/2017**	**Year to 30/09/2016**
	€'000	**€'000**
Interest income		
Cash and bank balances	-	7
Interest expense		
Due to ANZ	(1,164)	(3,217)
Net interest income	(1,164)	(3,210)
Fees and commissions received	-	63
Fees and commissions paid	(1,220)	(2,162)
Loss on sale of loans and advances	-	(1,900)
Non-interest income	(1,220)	(3,999)

Key management personnel are Directors. There were no transactions, arrangements or agreements in respect of Directors or persons connected with them in force at any time during the year (other than in respect of remuneration).

The fees paid and accrued by the Company during the year to the Directors are detailed below. No other benefits were paid or accrued to the Directors.

J D Callender	€ 48,583 (2016: € 46,315)
J D G Branston	€ 37,827 (2016: € 43,321)

The other Directors are employed by the ultimate parent entity, ANZ. Their main responsibilities reside in provision of services to the ultimate parent entity which remunerates them in respect of those services. The share of these Directors activities that are associated with the duties of the Company is immaterial.