



Media Release

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ANZ New Zealand: December 2009 quarter highlights signs of recovery

Wellington: The Australia and New Zealand Banking Group Limited (ANZ) NZ Branch General Disclosure Statement for three months to 31 December 2009¹ was released today, coinciding with ANZ Group's trading update in Melbourne.

ANZ New Zealand Chief Executive Officer, Jenny Fagg, said: "Despite challenging business conditions, ANZ New Zealand is continuing to support its customers and is delivering a resilient financial performance.

"There is now evidence that the New Zealand economy has stabilised. As the economic recovery slowly gathers pace, it does offer the prospect of a significant improvement in ANZ's business performance over the next year or two," Ms Fagg said.

The General Disclosure Statement compares the December 2008 and December 2009 quarters. However comparing the December 2009 quarter with the September 2009 quarter, signs of recovery are particularly apparent.

"We are encouraged by the lift in profit in the December 2009 quarter compared with the September quarter, in line with signs of recovery in the broader economy following the recession," Ms Fagg said.

"Provision trends are moderating. A key improvement in the December 2009 quarter is the pronounced reduction in provisioning for credit impairment which has decreased from \$351 million (September quarter) to \$151 million."

GDS December quarter 2009 vs December quarter 2008

Commenting on the formal GDS December 2008 comparison, Ms Fagg said: "The significant economic downturn saw a 19 per cent decline in the underlying profit to \$202 million for the December 2009 quarter compared to the December 2008 quarter, influenced by provisioning for credit impairment (bad debt) and subdued lending volumes.

"Nevertheless, our results in the December quarter show that ANZ New Zealand remains strongly capitalised and profitable, with costs well-managed.

"ANZ is well positioned to continue to support personal and business customers and to assist them as consumer and business confidence recovers.

"For example, in the December quarter we lent \$2.5 billion in new home loans across both ANZ and National Bank.

"Although funding continues to come at a higher cost, we are working hard to manage this by offering our customers some of the most competitive rates through the ANZ and The National Bank brands.

¹ The NZ Branch GDS provides a more complete picture of ANZ's operations in NZ and more consistency with ANZ Group reporting where the results of the New Zealand business are reported at a total New Zealand geographic level. See background note for more information.

"We have also made significant moves to offer our customers more simple and convenient banking through the most comprehensive review of bank fees in the New Zealand banking sector. This resulted in the removal of 21 fees and reductions in eight fees across our two retail banks, saving customers an estimated \$55 million on an annualised basis.

"In addition, we have focussed on helping our customers manage their finances, and get through the recession. Since we launched our Financial Wellbeing programme in August 2008, our staff have proactively assisted more than 5700 customers who were under financial stress, representing lending of \$1.3 billion," Ms Fagg said.

Key Points: December quarter 2009 vs December quarter 2008

- GDS underlying profit declined by 19% to \$202 million (Dec 09).
- Provisioning for credit impairment (bad debt) increased 59% to \$151 million (Dec 09).
- Lending volumes subdued. Gross loans and advances decreased to \$96.65 billion (Dec 09) from \$99.12 billion (Dec 08).
- \$2.5 billion given in new home loans during the December 2009 quarter across ANZ and The National Banks.
- Well capitalised: Tier One 9.62% (Dec 09) compared to 8.19% (Dec 08); Total capital of 13.31% (Dec 09) compared to 11.68% (Dec 08).
- Strong liquidity: Total liquidity portfolio of \$11.08 billion at 31 December 2009 compared with \$9.20 billion at 31 December 2008 (GDS, Note 22, Page 27)

A summary of the key financials in the GDS and other background follows.

The Australia and New Zealand Banking Group Limited NZ Branch General Disclosure Statement for 3 months to 31 December 2009 is available on:

www.anz.co.nz/GDS

Contact: Astrid Smeele (ANZ New Zealand Senior External Relations Manager) 04 4366754

Summary of Key Financials GDS

	3 months to December 2009 NZDm	3 months to December 2008 NZDm	Movt Dec 09 v. Dec 08 %
Net interest income	570	541	5%
Other external operating income	230	279	-18%
Operating income	800	820	-2%
Operating expenses	360	369	-2%
Profit before credit impairment and income tax	440	451	-2%
Provision for credit impairment	151	95	59%
Profit before income tax	289	356	-19%
Income tax expense	87	106	-18%
Underlying profit	202	250	-19%
Adjustments to arrive at statutory profit	51	(83)	161%
Profit	253	167	51%
Consisting of:			
Retail	70	71	-1%
Commercial	41	74	-45%
Wealth	8	4	100%
Operating & Support	-	11	-100%
New Zealand Businesses	119	160	-26%
Institutional	103	122	-16%
Other	(20)	(32)	38%
Underlying profit	202	250	-19%
Adjustments to arrive at statutory profit	51	(83)	161%
Profit	253	167	51%

Background notes

- The December quarter figures used have been taken from the *Australia and New Zealand Banking Group Limited NZ Branch General Disclosure Statement for 3 months to 31 December 2009* ["NZ Branch GDS"]. The *NZ Branch GDS* provides a more complete picture of ANZ's operations in NZ and more consistency with ANZ Group reporting where the results of the New Zealand business are reported at a total New Zealand geographic level.
- The September quarter figures have been taken from GDS for full year ended September 30 compared to the GDS for the nine months ended June 30.
- The GDS mainly comprises the financial results of the registered bank ANZ National Bank Ltd and its subsidiaries The National Bank, ANZ, UDC, Direct Broking, ING NZ, EFTPOS, but also includes its NZ parent company ANZ Holdings and the NZ Branch of ANZ Banking Group Ltd.
- The *ANZ National General Disclosure Statement for the 3 months to 31 December 2009* has also been published today and includes the financial results of ANZ National Bank Ltd and all its subsidiaries.