



Media Release

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ANZ New Zealand performs strongly

Australia and New Zealand Banking Group Limited (ANZ) 2015 half year results were released today, showing a strong performance for ANZ New Zealand¹ with cash profit² of NZ\$841 million. Statutory profit was NZ\$877 million, up 3% on the corresponding half in FY14.

The result reflected market share growth in lending and deposits, confidence in the economy and continued productivity gains driven by the company's simplification programme.

All New Zealand business units contributed strongly, with profit before credit impairment, excluding a one-off insurance recovery³ in the corresponding half in FY14, up by 10% on the prior comparable period.

Cash profit was down 5% because the result in the prior comparable period included a high level of provision write-backs and the one-off insurance recovery.

ANZ New Zealand Chief Executive Officer David Hisco said: "We have maintained our momentum into 2015 with a strong first-half performance. Confidence among businesses and consumers is lifting economic activity and lending volumes. With our market-leading domestic network and global connections, ANZ is well placed to leverage this activity in New Zealand.

Key points

- Cash profit of NZ\$841 million.
- Statutory profit of NZ\$877 million.
- Stronger, more efficient business – cost-to-income ratio 38%.
- Above market growth in lending and deposits.
- Provision charge of \$31 million reflects portfolio growth along with a reduced level of write-backs.

"The ANZ business in New Zealand is stronger than ever. Simplification of our business and growing adoption of digital technologies for both customers and staff are contributing to greater productivity," Mr Hisco said.

"Our focus on having the best people in the right locations meeting the needs of local customers is paying dividends, with strong growth particularly in the key Auckland and Christchurch markets and the migrant customer segment.

"Our scale and digital capabilities also position us well to respond to evolving preferences and be leaders in enabling New Zealanders to achieve their goals, their way.

"Building on our status as the first New Zealand bank with mobile solutions for all types of customers – from individuals and small firms to large institutional clients – we recently announced plans to launch a mobile wallet within goMoney, New Zealand's most widely used mobile banking app.

¹ ANZ New Zealand represents all of ANZ's operations in New Zealand, including ANZ Bank New Zealand Limited, its parent company ANZ Holdings (New Zealand) Limited and the New Zealand branch of ANZ.

² Statutory profit has been adjusted to exclude non-core items to arrive at cash profit, the result for the ongoing business activities of ANZ New Zealand. All comparisons in Key Points are on a cash profit basis unless otherwise stated. Refer to Summary of Key Financial Information for details of reconciling items between cash profit and statutory profit.

³ Previously disclosed and reported insurance recovery relating to the bank's former involvement in the ING Diversified Yield Fund and the ING Regular Income Fund.

"The goMoney wallet will transform the way Kiwis pay for goods and services, making contactless mobile payments available to 120,000 customers at launch later this year. Our goal is that it will be the most accessible, secure and easiest-to-use mobile payments solution in New Zealand.

"New Zealand's economy is continuing to perform well. However, there are headwinds emerging associated with the high dollar and slowing growth in Australia and China. Notwithstanding this, we are drawing on our strong financial position and scale, and moving towards our goal of creating New Zealand's best bank, while supporting customers and communities and contributing to economic growth," Mr Hisco said.

A table of key financial information follows

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Summary of key financial information ANZ New Zealand

Profit	Half year	Half year	Half year	Movt Mar 15	Movt Mar 15	Movt Mar 15	Movt Mar 15
	Mar 2015	Sep 2014	Mar 2014	v Sep 14	v Mar 14	v Sep 14	v Mar 14
	\$M	\$M	\$M	\$M	\$M	%	%
Net interest income	1,422	1,395	1,370	27	52	2%	4%
Other external operating income	509	463	534	46	(25)	10%	-5%
Operating income	1,931	1,858	1,904	73	27	4%	1%
Operating expenses	739	739	725	-	14	0%	2%
Profit before credit impairment and income tax	1,192	1,119	1,179	73	13	7%	1%
Provision for credit impairment	31	30	(39)	1	70	3%	large
Profit before income tax	1,161	1,089	1,218	72	(57)	7%	-5%
Income tax expense	320	294	331	26	(11)	9%	-3%
Cash profit	841	795	887	46	(46)	6%	-5%
Reconciliation of cash profit to statutory profit							
Cash profit	841	795	887	46	(46)	6%	-5%
Reconciling items (net of tax):							
Economic hedging volatility ¹	3	48	(36)	(45)	39	-94%	large
Insurance policy asset valuations ²	33	15	2	18	31	large	large
Statutory profit	877	858	853	19	24	2%	3%
Consisting of:							
Retail	238	222	229	16	9	7%	4%
Commercial	368	349	374	19	(6)	5%	-2%
Operations & Support	(1)	5	(2)	(6)	1	large	-50%
New Zealand Businesses	605	576	601	29	4	5%	1%
Wealth	67	61	121	6	(54)	10%	-45%
Institutional	167	157	165	10	2	6%	1%
Other	2	1	-	1	2	100%	large
Cash profit	841	795	887	46	(46)	6%	-5%
Reconciling items	36	63	(34)	(27)	70	-43%	large
Statutory profit	877	858	853	19	24	2%	3%

1. Economic hedging - fair value gains/(losses)

ANZ New Zealand enters into economic hedges to manage its interest rate and foreign exchange risk. Statutory profit includes volatility from fair value gains or losses on economic hedges that are not designated in accounting hedge relationships under IFRS, as well as ineffectiveness from designated accounting cash flow and fair value hedges. Fair value gains/(losses) on all of these economic hedges are excluded from cash profit, as the profit or loss resulting from these transactions will reverse over time to match the profit or loss from the economically hedged item.

2. Insurance policy assets

Profit and loss volatility is created by the remeasurement of policyholder assets for changes in market discount rates, which over time reverses to zero.