



Media Release

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Improving economic conditions help ANZ New Zealand lift 2011 performance

Australia and New Zealand Banking Group Limited (ANZ) 2011 full year results were released today, showing a lift in performance for ANZ New Zealand¹ with underlying profit of NZ\$1.243 billion, up from \$882 million in the prior year.

Reflecting the slow improvement of the New Zealand economy, the result was substantially driven by a significant fall in provisions for bad and doubtful debts down 59 per cent. Tight cost control, reflecting continued simplification of ANZ New Zealand's business, was also a feature of the 2011 result.

"ANZ New Zealand, which includes The National Bank, OnePath, Direct Broking and EFTPOS, had a strong performance this year. This reflects the breadth of the organisation's activities and the continued popularity of our products and services with New Zealanders and New Zealand businesses," ANZ New Zealand Chief Executive Officer David Hisco said today.

"The New Zealand economy has continued to re-balance with households and businesses repaying debt and strengthening their financial position. Strong financial discipline, including tight management of costs and risk, has played an important part in ensuring our financial performance has held up well despite the moderating effect of this de-leveraging on revenue growth.

ANZ New Zealand 2011 Results: Key Points

- Statutory profit of \$1,085 million, up by 25% on prior year
- Underlying profit² of \$1,243 million, up from \$882 million in the prior year
- Income up 7%
- Costs tightly managed, down 2%
- Provision for credit impairment charge of \$187 million, down \$274 million or 59%
- Statutory profit includes an after tax charge of \$111 million in relation to the move to a single core banking system
- Well-capitalised with strong liquidity

"Our performance is particularly pleasing given the difficult trading environment and highly competitive nature of the New Zealand banking market.

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

² Reported profit has been adjusted to exclude non-cash and significant items to arrive at underlying profit. All comparisons in Key Points are on an underlying profit basis and relate to the prior year unless otherwise stated.

“One in every two New Zealanders chooses to have a banking relationship with us and our customer value proposition in New Zealand remains strong across the business. Our efforts to simplify the business have contributed to a further uplift in customer satisfaction during the year. This included ANZ being awarded the Sunday Star-Times Canstar Cannex Bank of the Year Award, with The National Bank second.

“Throughout the year the bank and our 9,000 staff have also demonstrated a significant commitment to supporting the broader New Zealand community,” Mr Hisco said.

- ANZ New Zealand donated a further \$1 million to the February earthquake rebuild and recovery efforts in Canterbury, on top of the \$1 million donated following the September 2010 earthquake. In addition, after the February quake ANZ announced a pool of \$1 billion for special mortgage lending to help relocate Christchurch homeowners at a heavily discounted one-year mortgage rate to assist affected residents.
- During 2011 the ANZ New Zealand Staff Foundation, funded by regular contributions from staff members and matched dollar-for-dollar by the bank, gave nearly \$600,000 to more than 120 charities across New Zealand. In addition, staff donated \$365,000 to the Canterbury appeal which was again matched dollar-for-dollar by the bank.

Mr Hisco added: “We were proud to be a sponsor of Rugby World Cup 2011. It really helped us bring out the NZ in ANZ, and it aligned with our goal to be a successful regional bank and grow our presence in the Asia Pacific region.

“As New Zealand’s largest bank, we will continue to play a key role in supporting our customers and the broader community through the volatile global environment and assisting New Zealand’s economic recovery.”

A table of key financial information follows below.

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Details of Key Financials ANZ New Zealand

| | Half year Sep 2011 \$M | Half year Mar 2011 \$M | Movt Sep 11 v Mar 11 \$M | Movt Sep 11 v Mar 11 % | Full year Sep 2011 \$M | Full year Sep 2010 \$M | Movt Sep 11 v Sep10 \$M | Movt Sep 11 v Sep 10 % |
|--|------------------------------|------------------------------|-----------------------------------|---------------------------------|------------------------------|------------------------------|----------------------------------|---------------------------------|
| Net interest income | 1,313 | 1,285 | 28 | 2% | 2,598 | 2,489 | 109 | 4% |
| Other external operating income | 428 | 409 | 19 | 5% | 837 | 721 | 116 | 16% |
| Operating income | 1,741 | 1,694 | 47 | 3% | 3,435 | 3,210 | 225 | 7% |
| Operating expenses | (739) | (759) | 20 | -3% | (1,498) | (1,527) | 29 | -2% |
| Profit before credit impairment and income tax | 1,002 | 935 | 67 | 7% | 1,937 | 1,683 | 254 | 15% |
| Provision for credit impairment | (102) | (85) | (17) | 20% | (187) | (461) | 274 | -59% |
| Profit before income tax | 900 | 850 | 50 | 6% | 1,750 | 1,222 | 528 | 43% |
| Income tax expense | (262) | (245) | (17) | 7% | (507) | (340) | (167) | 49% |
| Underlying profit | 638 | 605 | 33 | 5% | 1,243 | 882 | 361 | 41% |
| Adjustments to statutory profit | (31) | (127) | 96 | -76% | (158) | (15) | (143) | large |
| Profit | 607 | 478 | 129 | 27% | 1,085 | 867 | 218 | 25% |
| Consisting of: | | | | | | | | |
| Retail | 174 | 151 | 23 | 15% | 325 | 226 | 99 | 44% |
| Commercial | 290 | 292 | (2) | -1% | 582 | 361 | 221 | 61% |
| Operations and support | (13) | 10 | (23) | large | (3) | (4) | 1 | -25% |
| New Zealand Businesses | 451 | 453 | (2) | 0% | 904 | 583 | 321 | 55% |
| Institutional | 179 | 163 | 16 | 10% | 342 | 360 | (18) | -5% |
| Other | 8 | (11) | 19 | large | (3) | (61) | 58 | -95% |
| Underlying profit | 638 | 605 | 33 | 5% | 1,243 | 882 | 361 | 41% |
| Adjustments to statutory profit | (31) | (127) | 96 | -76% | (158) | (15) | (143) | large |
| Profit | 607 | 478 | 129 | 27% | 1,085 | 867 | 218 | 25% |