



## Media Release

For Release: 27 August 2010

### **ANZ New Zealand's performance improves as economy recovers**

Australia and New Zealand Banking Group Ltd (ANZ) NZ Branch General Disclosure Statement (GDS) for the nine months ended 30 June 2010 was released today highlighting a continuing improvement in ANZ New Zealand's performance as New Zealand works its way out of the economic downturn.

Commenting on the GDS, which follows the ANZ Group's earnings update last week, ANZ New Zealand Chief Executive Officer Jenny Fagg said: "Lending growth remains subdued as new lending is being offset by customers paying off debt and accessing more diverse funding sources. We continue to be the biggest home, rural and business lender in the market.

"The improving economic conditions also mean provisions for credit impairment are moderating, especially in the retail business. At the same time, we are continuing our focus on improving customer service and efficiency."

#### **GDS Key Points - nine months to 30 June 2010<sup>1</sup>**

- Underlying profit (before statutory adjustments) of \$630 million, down 2% on the prior corresponding period (PCP).
- Profit (after statutory adjustments) of \$620 million, up 30% on PCP.
- Provisioning for credit impairment of \$408 million, down 24% from \$540 million PCP.
- Costs down 1% on PCP (excluding impact of ING NZ acquisition).
- Lending volumes subdued with growth in new lending being largely offset by customers deleveraging.
- Margins for our core Retail, Commercial and Rural businesses declined slightly on PCP, reflecting higher wholesale funding costs and competition for deposits, partly offset by the phased re-pricing of the fixed lending book.
- Well-capitalised with strong liquidity.

"ANZ New Zealand is committed to helping New Zealand businesses grow, by assisting companies to access our expertise through free seminars and workshops, and to tap into a wide range of funding," Ms Fagg said.

"ANZ topped the 2009 New Zealand Debt Capital Markets League Table, and this year ANZ continues to be the leading bank for debt capital market transactions, raising \$1.37 billion or 42 per cent of market share.

<sup>1</sup> All figures are on an underlying basis. Profit has been adjusted to exclude non-cash and significant items (in line with the approach in recent periods) to arrive at underlying profit, the result for the ongoing operations of the group  
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"In addition, our support for New Zealand's infrastructure development and export growth saw ANZ win the 2010 Institute of Finance Professionals Bank of the Year award. This year ANZ has assisted the financing of infrastructure projects involving corporates such as Transpower, Mighty River Power, Auckland Airport and Genesis Energy.

"Our assistance for the New Zealand export sector includes our exporter tours to China this year off the back of our sponsorship of the NZ Pavillion at the Shanghai World Expo. ANZ is the most internationally-connected New Zealand bank with networks and expertise in 32 countries.

"ANZ's Private Banking service had also been named the best in New Zealand by Euromoney this year, testament to our service and the expertise we provide in wealth management.

"ANZ is also proud to be working to lift New Zealanders' financial literacy. Our collaboration with Ngāi Tāhu saw the release this month of the first indigenous financial literacy survey in the world – the ANZ Ngāi Tāhu Financial Knowledge Survey," Ms Fagg concluded.

**For media enquiries contact:**

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**Summary of Key Financials**

| <b>New Zealand Region</b>                      | <b>9 months to<br/>June 10<br/>\$M</b> | <b>9 months to<br/>June 09<br/>\$M</b> | <b>Movt June 10<br/>v. June 09<br/>\$M</b> | <b>Movt June 10<br/>v. June 09<br/>%</b> |
|--|--|--|--|--|
| Net interest income                            | 1,746                                  | 1,767                                  | (21)                                       | -1%                                      |
| Other external operating income                | 656                                    | 747                                    | (91)                                       | -12%                                     |
| Operating income                               | 2,402                                  | 2,514                                  | (112)                                      | -4%                                      |
| Operating expenses                             | (1,117)                                | (1,064)                                | (53)                                       | 5%                                       |
| Profit before credit impairment and income tax | 1,285                                  | 1,450                                  | (165)                                      | -11%                                     |
| Provision for credit impairment                | (408)                                  | (540)                                  | 132  | -24%                                     |
| Profit before income tax                       | 877                                    | 910                                    | (33)                                       | -4%                                      |
| Income tax expense                             | (247)                                  | (270)                                  | 23   | -9%                                      |
| <b>Underlying profit</b>                       | <b>630</b>                             | <b>640</b>                             | <b>(10)</b>                                | <b>-2%</b>                               |
| Adjustments to statutory profit                | (10)                                   | (162)                                  | 152  | large                                    |
| <b>Profit</b>                                  | <b>620</b>                             | <b>478</b>                             | <b>142</b>                                 | <b>30%</b>                               |
| <b>Consisting of:</b>                          |  |  |  |  |
| Retail   | 261                                    | 218                                    | 43   | 20%                                      |
| Commercial                                     | 135                                    | 170                                    | (35)                                       | -21%                                     |
| New Zealand Businesses                         | 396                                    | 388                                    | 8  | 2%                                       |
| Institutional                                  | 282                                    | 303                                    | (21)                                       | -7%                                      |
| Other  | (48)                                   | (51)                                   | 3  | -6%                                      |
| <b>Underlying profit</b>                       | <b>630</b>                             | <b>640</b>                             | <b>(10)</b>                                | <b>-2%</b>                               |
| Adjustments to statutory profit                | (10)                                   | (162)                                  | 152  | large                                    |
| <b>Profit</b>                                  | <b>620</b>                             | <b>478</b>                             | <b>142</b>                                 | <b>30%</b>                               |

June figures used have been taken from the *Australian and New Zealand Banking Group Limited NZ Branch General Disclosure Statement for the nine months ended 30 June 2010* (NZ Branch GDS). The NZ Branch GDS provides a more complete picture of ANZ's operations in New Zealand and more consistency with ANZ Group reporting, where the results of the New Zealand business are reported at a New Zealand geographic level. The *ANZ National Bank*

*General Disclosure Statement for the nine months ended 30 June 2010* has also been published today and includes the results of ANZ National Bank Limited and all of its subsidiaries.