



Media Release

For Release: 19 August 2011

ANZ New Zealand delivers strong financial performance

- Improving economy, record customer satisfaction and sound cost management drives results -

Australia and New Zealand Banking Group Ltd (ANZ) NZ Branch disclosure statement for the nine months ended 30 June 2011 was released today, showing a strong performance for ANZ New Zealand.

ANZ New Zealand Chief Executive Officer David Hisco said: "Underlying profit¹ for the nine months was \$916 million, up 45% on the corresponding period last year. Our robust business performance reflects an increase in operating income of 7%, sound cost management and a significant reduction in provisioning for credit impairment.

"Provisioning was down \$276 million or 68% reflecting the improving New Zealand economy. Credit quality in the rural sector, in particular, has improved steadily as the benefits from strong commodity prices flow through. We are also now seeing improvements in key indicators such as retail delinquency rates but we are maintaining a healthy dose of caution given the current challenges in the global economic environment.

Key Points – ANZ New Zealand disclosure statement (nine months to 30 June 2011)

- Underlying profit of \$916 million compared to \$630 million in the nine months to June 2010.
- Statutory profit of \$735 million, up 19% on the corresponding period last year.
- Income up 7%.
- Provision for credit impairment charge of \$132 million down \$276 million or 68%.
- Statutory profit includes an after tax charge of \$102 million in relation to the move to single core banking system.
- Customer deposit growth of 5% over the nine months.
- Well-capitalised with strong liquidity.

"ANZ New Zealand continues to be in a strong financial position. We have retained a "double A" Standard & Poor's credit rating and the ANZ Group remains amongst the largest and best capitalised banks in the world. This means we are well-placed to continue supporting our customers through the volatile global environment.

"Many customers are continuing to focus on paying off debt and in general businesses are also focusing on strengthening their balance sheets rather than investment.

¹ 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 previous comparative period unless otherwise stated.

"We continue to monitor the impact of the Canterbury earthquakes on credit quality but the impact to date has been less negative than expected. ANZ's support for Canterbury's rebuild continues and we were proud to be the first bank to announce a special low interest rate for one year for residents in the red zones who will have to relocate, noting also that we were the only bank to commit the sizeable amount of \$1 billion at this discounted rate.

"Nationally, we have seen customers moving from fixed to variable rate mortgages. As at mid July 2011, 40% of our home lending book was fixed compared to 58% at September 2010, with 25% of new lending flows being fixed.

"A highlight for the period is a continued improvement in customer satisfaction for ANZ. It has increased by a further 5% to a record high of 90% in the last nine months for ANZ - the highest increase in customer satisfaction for any of the major banks in that period. This is testament to the hard work of our staff across the bank. Customers are telling us they notice the improvements with our in-branch and internet banking service," Mr Hisco said.

"We are making solid progress with our move to a single core banking system, aimed at simplifying our business. This project, which will see the bank adopt The National Bank IT platform next year, is already delivering better service and products for customers as we begin to roll out the benefits of a simpler approach to banking.

"We are proud to be supporting Rugby World Cup 2011, which demonstrates ANZ's continued commitment to the New Zealand market and aligns with our goal to be a successful regional bank and grow our presence in the Asia Pacific region.

"ANZ New Zealand has made good progress with the business over the last nine months and, as New Zealand's largest bank, we are well positioned to continue delivering to our customers while playing a key role in supporting businesses and assisting the economic recovery," Mr Hisco said.

A table of key financial information follows below.

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Key Financials for June 2011
ANZ New Zealand

	9 months June 2011	9 months June 2010	Movement June 11 v June 10	Movement June 11 v June 10
	\$M	\$M	\$M	%
Net interest income	1,932	1,840	92	5%
Other external operating income	640	562	78	14%
Operating income	2,572	2,402	170	7%
Operating expenses	1,148	1,117	31	3%
Profit before credit impairment and income tax	1,424	1,285	139	11%
Provision for credit impairment	132	408	(276)	-68%
Profit before income tax	1,292	877	415	47%
Income tax expense	376	247	129	52%
Underlying profit	916	630	286	45%
Adjustments to statutory profit	(181)	(10)	(171)	large
Profit	735	620	115	19%
Consisting of:				
Retail	243	180	63	35%
Commercial	421	212	209	large
Operations and support	18	5	13	large
New Zealand Businesses	682	397	285	72%
Institutional	251	284	(33)	-12%
Other	(17)	(51)	34	-67%
Underlying profit	916	630	286	45%
Adjustments to statutory profit	(181)	(10)	(171)	large
Profit	735	620	115	19%