

For Release: 8 May 2025

## ANZ New Zealand half-year results: 'Path to recovery now slow and steady'

ANZ New Zealand<sup>1</sup> (ANZ NZ) today reported a cash<sup>2</sup> net profit after tax (NPAT) of \$1,161 million for the six months to 31 March 2025, up 3% on the \$1,131 million recorded for the six months to 30 September 2024.

Statutory NPAT, was \$1,277 million, increasing by 21% over the same period. This increase was driven by gains of \$116 million from economic hedges, compared to losses of \$78 million in the six months to 30 September 2024.

ANZ NZ uses economic hedges to manage interest rate and foreign exchange risks. Gains and losses from these hedges reverse over time.

ANZ Bank New Zealand (ANZ Bank NZ) Chief Executive Officer Antonia Watson said the result came at a time of global uncertainty and markets turmoil.

"Our performance reflects the broader economy we operate in. With revenue and costs largely flat, our half-year result demonstrates consistent performance.

"Many Kiwis are starting to feel the benefits of a lower inflation and interest rate environment and our farmers are seeing strong commodity prices. However, global uncertainty is likely to keep firms cautious about taking risks for a bit longer, slowing the recovery in investment and employment."

That has resulted in the ANZ economics team revising down their forecasts for both activity and the Official Cash Rate.

"Kiwis are very aware of what is going on in the economy and we are seeing this play out through our customers' behaviour," Ms Watson said.

### Key points:

All comparisons are against the six months to 30 September 2024 and on a cash basis unless noted otherwise.

- Cash profit of NZ\$1,161 million, up 3%
- Statutory profit of NZ\$1,277 million, up 21% - increase driven by gains from economic hedges
- Revenue up 1% reflecting lending and deposit growth
- Expenses down 1% driven by lower restructuring expense, timing of investment spend and productivity benefits
- Credit impairment release of NZ\$5 million, compared to a charge of NZ\$11 million for 2H24
- Customer deposits up 3% and net loans and advances up 1%
- Funds under management down 2% to \$38.9 billion

### Kiwis remain cautious

Almost 40% of home loan customers are ahead on their payments by 6 months or more and 45% have a savings buffer of \$5,000 or more in place.

Over the past 3 months just under a quarter of all home loan customers refixing at a lower rate have either kept their repayment amounts the same or increased them which means they will now be paying off their home loans faster than before.

But cautious consumer spending was impacting some sectors like retail and hospitality.

Ms Watson said many Business and Agri customers were reluctant to take on more debt in the current environment.

"While there are still challenges ahead, we're seeing encouraging signs that New Zealand's economy has some firm foundations and there are green shoots.

<sup>1</sup> ANZ New Zealand represents all ANZ's operations in New Zealand (NZ Geography), including ANZ Bank New Zealand Limited, its parent company ANZ Holdings (New Zealand) Limited and the New Zealand branch of Australia and New Zealand Banking Group Limited.

<sup>2</sup> 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. Refer to Summary of key financial information for details of reconciling items between cash profit and statutory profit.

“It’s important to note that while it is now looking like it will take a little longer, the New Zealand economy is forecast to continue to improve as the impacts of interest rate cuts work their way through.”

Since August last year the Reserve Bank of New Zealand (RBNZ) has cut the Official Cash Rate by 200-basis points and fixed home loan rates have fallen even more, providing some relief for home loan customers.

“By the end of this year, around 86% of our customers with a fixed interest rate higher than 6% will roll off onto lower rates.

“These borrowers could potentially see 100-basis points or more coming off their home loans when they refix. For someone with a \$500,000 loan this could mean monthly savings of around \$260 in repayments.”

#### Strong and stable

Ms Watson said ANZ Bank NZ was New Zealand’s oldest and largest bank, with capital of \$19.4 billion, assets of \$201 billion and more than 7500 staff.

“ANZ New Zealand remains in a strong position to support the country’s housing, business and trading needs as the nation navigates the global uncertainty.”

Revenue for the first half of the year was \$2,541 million, up 1% on the six months to 30 September 2024. Expenses were well managed, dropping 1% inclusive of higher wages and operational costs. There was a \$5 million credit provisions release, contributing to the 3% lift in cash profit.

In a strongly competitive market, ANZ NZ lending grew by 1.2% as banks battled for market share. Customer deposits were up 3.5%.

Net Interest Margin – the difference between the interest we earn primarily on lending and the interest we pay primarily on deposits – rose by 3-basis points as improved home lending margins were offset by lower term deposit margins.

Ms Watson said the RBNZ capital rules equated to an increase in minimum regulatory capital required of \$5.4 billion by 1 July 2025. Beyond that, as the RBNZ has announced the incoming requirements will be reassessed, any further increases are unknown.

“This capital impost comes at a cost to our business, shareholders and customers.”

Ms Watson said ANZ NZ continued to invest back into its business.

“ANZ NZ’s total technology and investment costs represent just over 30% of the annual cost base, or around \$550 million a year. Over the last three years the total spend on systems and technology was around \$1.7 billion.

“This includes a programme to replace ANZ NZ’s core banking system and move to more modern and flexible technology.”

#### Other highlights:

- ANZ NZ’s new Agri Uplift Finance to support enhanced farming practices provided over \$232 million in discounted term lending since launch in November.
- Farming customers can now also access ANZ’s Good Energy Agri Loan, to improve the energy efficiency of a house on their farm. Customers can borrow up to \$80,000 per trading group at a 3-year fixed rate of 1% to invest in initiatives like solar panels, double glazing, insulation, or heat pumps.
- Almost 7,000 customers signed up for a HowTwo small business package.
- In the six months to March 31, we prevented more than \$15 million in fraud and scam transactions. Of reported cases, 94% resulted in no loss to the customer. The total number of ANZ cases was down 9% while total ANZ customer losses fell by 7%.
- The anti-scam centre shared information on over 1800 mule accounts, preventing further loss. Since November, ANZ NZ has been rolling out Confirmation of Payee, providing an extra layer of protection for customers.
- Last month we joined other New Zealand banks to announce new measures to protect customers, including pre-transaction warnings for some payments, identification of high-risk or unusual transactions and greater sharing of scam information.

**Summary of key financial information**  
**ANZ New Zealand**

	Half year			Movement		Movement	
	Mar 25	Sep 24	Mar 24	Mar 25 v. Sep 24		Mar 25 v. Mar 24	
	NZ\$m	NZ\$m	NZ\$m	NZ\$m	%	NZ\$m	%
Net interest income	2,196	2,174	2,142	22	1%	54	3%
Other operating income	345	348	382	(3)	-1%	(37)	-10%
Operating income	2,541	2,522	2,524	19	1%	17	1%
Operating expenses	(895)	(901)	(859)	6	-1%	(36)	4%
Profit before credit impairment and income tax	1,646	1,621	1,665	25	2%	(19)	-1%
Credit impairment release/(charge)	5	(11)	(33)	16	large	38	large
Profit before income tax	1,651	1,610	1,632	41	3%	19	1%
Income tax expense	(469)	(458)	(463)	(11)	2%	(6)	1%
Non-controlling interests <sup>1</sup>	(21)	(21)	(14)	-	0%	(7)	50%
<b>Cash profit</b>	<b>1,161</b>	<b>1,131</b>	<b>1,155</b>	<b>30</b>	<b>3%</b>	<b>6</b>	<b>1%</b>
Economic hedges <sup>2</sup>	116	(78)	(117)	194	large	233	large
<b>Statutory profit<sup>1</sup></b>	<b>1,277</b>	<b>1,053</b>	<b>1,038</b>	<b>224</b>	<b>21%</b>	<b>239</b>	<b>23%</b>
<b>Comprising:</b>							
Personal	603	585	545	18	3%	58	11%
Business & Agri	273	225	305	48	21%	(32)	-10%
Central Functions	(2)	4	2	(6)	large	(4)	large
New Zealand Division	874	814	852	60	7%	22	3%
Institutional	276	293	280	(17)	-6%	(4)	-1%
Group Centre	11	24	23	(13)	-54%	(12)	-52%
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**1. Non-controlling interests and Statutory profit**

Profit attributable to non-controlling interests comprises dividends paid to holders of NZX listed preference shares issued by ANZ Bank New Zealand Ltd. Statutory profit shown above is that attributable to shareholders of ANZ Group Holdings Ltd.

**2. Economic hedges**

Fair value gains and losses are recognised in the Income Statement on economic hedges used to manage interest rate and foreign exchange risk. The mark to market adjustments on these derivatives, not designated in an accounting hedge, are removed from cash profit as the fair value gains or losses will reverse over time to match the profit or loss on the hedged item.

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