



Media Release

For Release: 28 October 2010

ANZ New Zealand's performance lifts

Australia and New Zealand Banking Group Limited (ANZ) today announced its 2010 Full Year results, reporting an improved performance for ANZ New Zealand¹ with underlying profit of NZ\$882 million, up 40% off a low base the prior year.

ANZ New Zealand 2010 Results: Key Points

- Underlying profit² of \$882 million, up 40% off a low base in the prior year.
- Statutory profit of \$867 million, up from \$194 million prior year.
- Charge for credit impairment of \$461 million, a decrease of 48% on the prior year (second half charge of \$131 million down 60% on first half).
- Lending volumes flat with growth in new lending being largely offset by customer deleveraging.
- Costs well-managed with continued investment in the business.
- Well-capitalised with strong liquidity.

ANZ New Zealand Chief Executive Officer David Hisco said: "ANZ New Zealand's solid performance highlights the steady turnaround in the economy and the underlying strength of our customer franchise.

"The improving economic environment has seen the provision charge fall dramatically, however so far the recovery hasn't been consistent in all sectors. Customers have also remained cautious about taking on debt. Lending and deposit growth were flat with both personal and business customers continuing to deleverage.

"Our costs were well-managed which is becoming increasingly important in the lower-margin, lower-growth environment. Our focus on capital and prudent balance sheet management is ensuring we remain strong.

"While there's no question 2010 has been a challenging environment to navigate, this year we've demonstrated that we have both the financial strength and long-term perspective to support our customers through the economic recovery. This sets us up well for the year ahead.

"I'm pleased that we've also demonstrated how seriously we take our responsibility to support the broader New Zealand community.

"People in Canterbury have faced considerable hardship following the earthquake and aftershocks and we took the initiative to provide \$1 million to the Canterbury Earthquake Appeal, along with our special assistance packages for affected customers and staff.

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 Underlying profit reflects the net impact on statutory profit of one-off items such as acquisition costs and subsequent fair value adjustments and hedging timing differences. All numbers are on an underlying basis; all comparisons are year on year unless otherwise stated.

"We continued our assistance programmes to increase people's financial knowledge. A highlight was the support we provided for the world's first indigenous people's financial knowledge survey – the ANZ Ngāi Tahu Financial Knowledge Survey. We are now working with Ngāi Tahu to deliver ANZ's MoneyMinded financial education programme to the iwi.

"ANZ was also named the leading sustainable bank globally by the Dow Jones Sustainability Index for the fourth consecutive year," Mr Hisco said.

Outlook

"Although economic growth in New Zealand is likely to remain soft over the medium term, the Government's focus on rebalancing the economy with a shift towards savings and exports is setting New Zealand on the right path. After getting a good feel for New Zealand over the past six weeks, I'm relatively upbeat about the outlook.

"ANZ's strong domestic focus and our super regional strategy positions us well to start putting some serious runs on the board in terms of our financial performance, making us a better place for our customers to do business and in terms of our contribution to the community," Mr Hisco said.

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Details of Key Financials

ANZ New Zealand

	Half year Sep 2010 \$M	Half year Mar 2010 \$M	Movt v. Mar 2010 %	Full year Sep 2010 \$M	Full year Sep 2009 \$M	Movt 2010 v. 2009 %
Net interest income	1,278	1,211	6%	2,489	2,401	4%
Other external operating income	350	371	-6%	721	830	-13%
Operating income	1,628	1,582	3%	3,210	3,231	-1%
Operating expenses	(797)	(730)	9%	(1,527)	(1,448)	5%
Profit before credit impairment and income tax	831	852	-2%	1,683	1,783	-6%
Provision for credit impairment	(131)	(330)	-60%	(461)	(889)	-48%
Profit before income tax	700	522	34%	1,222	894	37%
Income tax expense	(190)	(150)	27%	(340)	(266)	28%
Underlying profit	510	372	37%	882	628	40%
Adjustments to statutory profit	(29)	14	large	(15)	(434)	large
Profit	481	386	25%	867	194	large
Consisting of:						
Retail	200	157	27%	357	254	41%
Commercial	182	59	large	241	120	large
Operations and support	(3)	-	n/a	(3)	10	large
New Zealand Businesses	379	216	75%	595	384	55%
Institutional	155	195	-21%	350	368	-5%
Other	(24)	(39)	-38%	(63)	(124)	-49%
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Profit	481	386	large	867	194	large