



## Media Release

For Release: 29 October 2015

### **ANZ New Zealand maintains momentum**

Australia and New Zealand Banking Group Limited (ANZ) 2015 full year results showed continued momentum for ANZ New Zealand<sup>1</sup> with statutory profit of NZ\$1.77 billion, up 4% on the previous year, and cash profit<sup>2</sup> flat at NZ\$1.69 billion.

The result reflected market share growth in lending and deposits, ongoing productivity gains from the company's simplification programme and normalising provision charges.

ANZ New Zealand Chief Executive Officer David Hisco said: "We maintained our momentum from the first half and have continued to grow our market share in key products including home loans, business lending, KiwiSaver membership, credit cards and deposits.

"Our vision is to help New Zealanders get ahead in life whether it's starting or expanding a business, getting into a home, saving for retirement or protecting their families with insurance. We do that by offering the best combination of convenience, service and price and unrivalled connections to the region.

#### **Key points – all financial comparisons are with previous year unless noted<sup>2</sup>**

- Cash profit of NZ\$1.69 billion, steady year on year.
- Statutory profit of NZ\$1.77 billion, up by 4%.
- Profit before provisions (PBP) increased 5%. Excluding a one-off insurance recovery<sup>3</sup> in the previous year, PBP increased by 9%.
- Growth of 8% in lending, driven by an above market increase in home loans and business lending.
- Customer deposits up 11%.

"More New Zealanders are preferring to bank with ANZ and we are now the largest mortgage lender across all major cities. We are delivering digital solutions that enable customers to conduct their banking whenever and wherever they want. Our mobile banking app, ANZ goMoney, has consistently been rated 98% or higher for customer satisfaction.

"Our focus on having the best people in the right locations is also paying off, with growth in the key Auckland and Christchurch markets and among migrants and small businesses.

"We have grown our Commercial business, while focussing on portfolio quality and supporting existing customers in the Agri market. Our continued focus on simplification has made banking easier for our customers.

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

<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. All comparisons in Key Points are on a cash profit basis and relate to the preceding year unless otherwise stated. Refer to Summary of Key Financial Information for details of reconciling items between cash profit and statutory profit.

<sup>3</sup> Previously disclosed and reported insurance recovery relating to the bank's former involvement in the ING Diversified Yield Fund and the ING Regular Income Fund.

“ANZ Wealth strengthened its leadership position during the year becoming New Zealand’s largest fund manager and maintaining its position as the country’s largest and most awarded KiwiSaver provider. ANZ Wealth continues to grow market share across all its products and to demonstrate its commitment to helping New Zealanders protect and grow their wealth.

“Our Institutional business remains the clear market leader in New Zealand according to the industry benchmark Peter Lee Associates surveys for Relationships, Transaction Banking and Markets<sup>4</sup>. ANZ extended its lead relationship bank position as New Zealand’s market leader for Relationship Management. It has a relationship with 84% of New Zealand’s Corporate and Institutional market and is the lead bank for 51%, up from 48% last year.”

Mr Hisco said the bank and its staff had also continued their strong support for the wider community and the New Zealand economy.

ANZ’s contribution to New Zealand this year includes around:

- \$670 million in taxes on its earnings;
- \$800 million in staff wages and salaries;
- \$570 million to local contractors and suppliers; and
- \$14 million in sponsorships and charitable donations.

Over 16,500 New Zealand shareholders (including managed/retirement funds) own around \$1.1 billion worth of shares and receive about \$70 million in dividends annually which also includes the NZ imputation credit benefit of around 10 cents per share.

### **A table of key financial information follows**

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<sup>4</sup> Peter Lee Associates – Large Corporate and Institutional Transactional Banking New Zealand Survey 2015; Peter Lee Associates – Large Corporate and Institutional Relationship Banking New Zealand survey 2015; Peter Lee Associates – Foreign Exchange and Interest Rates Survey

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

<b>Profit</b>	<b>Half year Sep 15 \$m</b>	<b>Half year Mar 15 \$m</b>	<b>Sep 15 v Mar 15 \$m</b>	<b>Sep 15 v Mar 15 %</b>	<b>Full year Sep 15 \$m</b>	<b>Full year Sep 14 \$m</b>	<b>Sep 15 v Sep 14 \$m</b>	<b>Sep 15 v Sep 14 %</b>
Net interest income	<b>1,458</b>	1,422	36	3%	<b>2,880</b>	2,765	115	4%
Other external operating income	<b>496</b>	509	(13)	-3%	<b>1,005</b>	997	8	1%
Operating income	<b>1,954</b>	1,931	23	1%	<b>3,885</b>	3,762	123	3%
Operating expenses	<b>739</b>	739	-	0%	<b>1,478</b>	1,464	14	1%
Profit before credit impairment and income tax	<b>1,215</b>	1,192	23	2%	<b>2,407</b>	2,298	109	5%
Provision for credit impairment	<b>45</b>	31	14	45%	<b>76</b>	(9)	85	large
Profit before income tax	<b>1,170</b>	1,161	9	1%	<b>2,331</b>	2,307	24	1%
Income tax expense	<b>324</b>	320	4	1%	<b>644</b>	625	19	3%
<b>Cash profit</b>	<b>846</b>	841	5	1%	<b>1,687</b>	1,682	5	0%
<b>Reconciliation of cash profit to statutory profit</b>								
Cash profit	<b>846</b>	841	5	1%	<b>1,687</b>	1,682	5	0%
<b>Reconciling items (net of tax):</b>								
Economic hedging volatility <sup>1</sup>	<b>49</b>	3	46		<b>52</b>	12	40	
Insurance policy asset valuations <sup>2</sup>	<b>(1)</b>	33	(34)		<b>32</b>	17	15	
<b>Statutory profit</b>	<b>894</b>	877	17	2%	<b>1,771</b>	1,711	60	4%
<b>Consisting of:</b>								
Retail <sup>3</sup>	<b>369</b>	365	4	1%	<b>734</b>	673	61	9%
Commercial <sup>3</sup>	<b>237</b>	241	(4)	-2%	<b>478</b>	501	(23)	-5%
Operations & Support	<b>4</b>	(1)	5	large	<b>3</b>	3	-	0%
New Zealand Businesses	<b>610</b>	605	5	1%	<b>1,215</b>	1,177	38	3%
Wealth	<b>69</b>	67	2	3%	<b>136</b>	181	(45)	-25%
Institutional	<b>166</b>	167	(1)	-1%	<b>333</b>	322	11	3%
Other	<b>1</b>	2	(1)	-50%	<b>3</b>	2	1	50%
<b>Cash profit</b>	<b>846</b>	841	5	1%	<b>1,687</b>	1,682	5	0%
Reconciling items	<b>48</b>	36	12		<b>84</b>	29	55	
<b>Statutory profit</b>	<b>894</b>	877	17	2%	<b>1,771</b>	1,711	60	4%

1. Economic hedging - fair value gains/(losses)

ANZ New Zealand enters into economic hedges to manage its interest rate and foreign exchange risk. Statutory profit includes volatility from fair value gains or losses on economic hedges that are not designated in accounting hedge relationships under IFRS, as well as ineffectiveness from designated accounting cash flow and fair value hedges. Fair value gains/(losses) on all of these economic hedges are excluded from cash profit, as the profit or loss resulting from these transactions will reverse over time to match the profit or loss from the economically hedged item.

2. Insurance policy assets

Profit and loss volatility is created by the remeasurement of policyholder assets for changes in market discount rates, which over time reverses to zero.

3. Segment analysis

Retail now includes Business Banking which was previously included in Commercial. Comparative data has been reclassified to ensure consistency with the current year's reporting.