



Media Release

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ANZ New Zealand shows stronger performance

Australia and New Zealand Banking Group Ltd (ANZ) today announced its interim result for the half year ended 31 March 2011, reporting an improved performance for ANZ New Zealand.

ANZ New Zealand Chief Executive Officer David Hisco said: "Underlying profit for the half year was \$605 million, up 19% on the preceding half. Our stronger business performance reflects a lift in operating income of 4%, tight cost control, a 4% increase in customer satisfaction for ANZ and a significant decrease in provisioning for credit impairment of 35% as the economy recovers.

"Provisioning levels have continued to steadily improve. However, the February earthquake in Christchurch is likely to affect individual provisions over the short to medium term. It is still too early to fully quantify the quake's impact, however we believe we are adequately provisioned," Mr Hisco said.

Key Points – ANZ New Zealand interim results 2011 (March half year) ¹

- Underlying profit of \$605 million compared to \$510 million in the preceding half.
- Statutory profit of \$478 million, down 1% on the preceding half.
- Income up 4%.
- Costs tightly managed down 5%.
- Provision for credit impairment charge of \$85 million down \$46 million or 35%.
- Statutory profit includes an after tax charge of \$98 million in relation to the move to single core banking system.
- Strong customer deposit growth of 5% and well-capitalised.

"The Christchurch earthquakes and continued deleveraging across consumer and business sectors are impacting New Zealand's economic recovery. However deposits have grown strongly and it is expected the Rugby World Cup 2011 will deliver a boost to the economy in the second half of the year.

"As New Zealand's largest bank, we are playing a key role in supporting businesses and assisting the economic recovery, including the establishment of a \$3 billion new lending fund to Small and Medium Enterprises (SMEs) late last year.

"Our commitment to helping Christchurch's recovery continues. In addition to donating \$2 million for the Canterbury rebuild, we have given funding support since the February quake to more than 2700 customers. This includes deferring payments on loans, interest free overdrafts and other assistance.

¹ All comparisons in the Key Points are underlying and half on half unless otherwise stated
Australia and New Zealand Banking Group Limited ABN 11 005 357 522

"Our move to a single core banking system later this year is progressing well and this will improve our ability to innovate and to serve our customers. The recent merger of our commercial and rural divisions is also giving our rural customers improved access to specialist staff, products and services, while our new integrated regional management structure is bringing decision making closer to our retail and small business customers.

"This work is aimed at simplifying the way we operate and improving our customers' experience. A non-core NZ\$98 million post tax charge related to the single core banking system is reflected in the half-year accounts.

"New Zealand is also an integral part of ANZ Group's Super Regional Strategy, aimed at delivering opportunities for our customers across the Asia Pacific region. For instance, we recently became the first major New Zealand bank to do an RMB-denominated trade settlement deal for a New Zealand company.

"We have made good progress with the business this half which positions us well to deliver to our customers and continue performing in the second half of the year. While the devastating February Christchurch earthquake has set back New Zealand's economic recovery, we still expect strong growth to emerge over the second half of the year, boosted by the Rugby World Cup 2011 and earthquake reconstruction work," Mr Hisco said.

A table of key financial information follows.

For media inquiries contact:

Astrid Smeele

Senior Manager External Relations

Tel: +64 4 4366754 or 027 4907336

Key Financials for March 2011 Interim Results ANZ New Zealand

	Half year Mar 2011 \$M	Half year Sep 2010 \$M	Half year Mar 2010 \$M	Movt Mar 11 v Sep 10 \$M	Movt Mar 11 v Mar 10 \$M	Movt Mar 11 v Sep 10 %	Movt Mar 11 v Mar 10 %
Net interest income	1,285	1,278	1,211	7	74	1%	6%
Other external operating income	409	350	371	59	38	17%	10%
Operating income	1,694	1,628	1,582	66	112	4%	7%
Operating expenses	(759)	(797)	(730)	38	(29)	-5%	4%
Profit before credit impairment and income tax	935	831	852	104	83	13%	10%
Provision for credit impairment	(85)	(131)	(330)	46	245	-35%	-74%
Profit before income tax	850	700	522	150	328	21%	63%
Income tax expense	(245)	(190)	(150)	(55)	(95)	29%	63%
Underlying profit	605	510	372	95	233	19%	63%
Adjustments between statutory profit and underlying profit	(127)	(29)	14	(98)	(141)	large	large
Profit	478	481	386	(3)	92	-1%	24%
Consisting of:							
Retail	159	121	113	38	46	31%	41%
Commercial	286	256	102	30	184	12%	large
Operations and support	8	(1)	1	9	7	large	large
New Zealand Businesses	453	376	216	77	237	20%	large
Institutional	163	155	196	8	(33)	5%	-17%
Other	(11)	(21)	(40)	10	29	-48%	-73%
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