



## Media Release

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### **ANZ New Zealand lifts performance in 2012 - Gradual economic recovery and strong customer focus help drive improvement -**

Australia and New Zealand Banking Group Limited (ANZ) 2012 full year results were released today, showing a lift in performance for ANZ New Zealand<sup>1</sup> with underlying profit<sup>2</sup> of NZ\$1,368 million, up from \$1,244 million in the previous year.

Profit before credit impairment was up 5 per cent reflecting a gradual improvement in the New Zealand economy, and a focus on customer service, productivity and simplification which has resulted in balance sheet growth and a reduced cost-to-income ratio.

ANZ New Zealand Chief Executive Officer David Hisco said: "This result builds on our strengthened business performance, and reflects both the breadth of our activities and the popularity of our products and services. Around half of all New Zealanders choose ANZ New Zealand for their financial needs, either as their bank or through brands including UDC Finance, OnePath, Direct Broking and EFTPOS.

"Our strategy to simplify the business and retain a strong customer focus continues to underpin business performance and is also driving strong customer satisfaction and staff engagement. The ANZ brand has strengthened, as reflected by growth in our market share in mortgages, particularly in the commercially important Auckland market. The rising average cost of our funding portfolio has had some impact on our net interest margin and this is expected to continue unless offshore conditions change significantly," Mr Hisco said.

#### **Key points<sup>2</sup>**

- Underlying profit of \$1.368 billion, up 10% compared with the previous year
- Statutory profit of \$1.265 billion, up from \$1.085 billion in the previous year
- Profit before credit impairment up 5%
- Cost-to-income ratio reduced 100 basis points to below 43%
- Strengthened credit quality across the book
- Statutory profit includes a charge of \$135 million (after tax) related to the New Zealand Simplification programme, including implementation of a single core banking system, a single bank brand and an optimised branch network

"Credit quality has strengthened across the book, reflecting the ongoing recovery of the New Zealand economy from the impacts of the global financial crisis. Delinquency rates have declined and there has been an overall reduction in the individual provision charge. However, due to lower releases of collective provisions, the overall impairment charge has increased slightly.

"Following our announcement last month that we will progressively bring the ANZ and National Bank brands together as ANZ, our ongoing focus is on combining the best of both to create New Zealand's best bank," Mr Hisco said.

<sup>1</sup> All comparisons are FY12 compared to FY11 unless otherwise stated. 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.

<sup>2</sup> 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 the preceding year unless otherwise stated.

"With ANZ's strength and presence across Asia Pacific and National Bank's reputation for great customer service and internet banking, we have a compelling proposition for customers. We will support this by investing \$100 million over two years to ensure ANZ has a well-positioned and attractive branch network in current and new communities.

"We will continue to build on the opportunities presented by greater efficiencies and scale as we progressively integrate the business in New Zealand. This weekend we will take an important step as we move ANZ and The National Bank onto one technology platform.

"Throughout the year, the bank and its almost 9,000 staff have also shown a strong commitment to supporting the broader community and the New Zealand economy," Mr Hisco said.

ANZ's annual contribution to New Zealand has included:

- 8,000 staff volunteering hours;
- \$12 million in sponsorships and charitable donations;
- \$450 million in taxes to the Government;
- \$600 million to local contractors and suppliers; and
- \$800 million in staff wages and salaries.

About 13,000 New Zealand shareholders and superannuation funds own about 33 million ANZ shares, worth more than \$1 billion. ANZ New Zealand's parent company has increased its capital in New Zealand by nearly \$2 billion since 2009, taking total investment in the business to over \$9 billion in 2012.

Mr Hisco said the bank's community commitments in New Zealand would continue under the ANZ brand, including the Cancer Society's Daffodil Day, Young Farmer of the Year contest, the ANZ Netball Championship and New Zealand Cricket sponsorships, the multi-million dollar ANZ Staff Foundation community donations programme and the MoneyMinded financial literacy programme.

"We were extremely proud to sponsor the Olympic team in London as they delivered one of the most successful campaigns ever by New Zealand.

"As this country's largest financial services provider, and one of its largest companies, we will continue to support New Zealanders and their businesses amid global economic uncertainty and assist New Zealand's economic recovery," Mr Hisco said.

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

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## Summary of Key Financial Information - ANZ New Zealand

	Half year Sep 2012 \$M	Half year Mar 2012 \$M	Movt Sep 12 v Mar 12 \$M	Movt Sep 12 v Mar 12 %	Full year Sep 2012 \$M	Full year Sep 2011 \$M	Movt Sep 12 v Sep 11 \$M	Movt Sep 12 v Sep 11 %
Net interest income	1,345	1,363	(18)	-1%	2,708	2,600	108	4%
Other external operating income	419	433	(14)	-3%	852	837	15	2%
Operating income	1,764	1,796	(32)	-2%	3,560	3,437	123	4%
Operating expenses	754	764	(10)	-1%	1,518	1,499	19	1%
Profit before credit impairment and income tax	1,010	1,032	(22)	-2%	2,042	1,938	104	5%
Provision for credit impairment	96	99	(3)	-3%	195	187	8	4%
Profit before income tax	914	933	(19)	-2%	1,847	1,751	96	5%
Income tax expense	230	249	(19)	-8%	479	507	(28)	-6%
<b>Underlying profit</b>	<b>684</b>	<b>684</b>	<b>-</b>	<b>0%</b>	<b>1,368</b>	<b>1,244</b>	<b>124</b>	<b>10%</b>
Adjustments to statutory profit	(34)	(69)	35	-51%	(103)	(159)	56	-35%
<b>Profit</b>	<b>650</b>	<b>615</b>	<b>35</b>	<b>6%</b>	<b>1,265</b>	<b>1,085</b>	<b>180</b>	<b>17%</b>
<b>Consisting of:</b>								
Retail	176	168	8	5%	344	277	67	24%
Commercial	307	305	2	1%	612	588	24	4%
Operations & Support	1	-	1	n/a	1	(2)	3	large
NZ Businesses	484	473	11	2%	957	863	94	11%
Wealth	56	41	15	37%	97	60	37	62%
Institutional	143	174	(31)	-18%	317	348	(31)	-9%
Other	1	(4)	5	large	(3)	(27)	24	large
<b>Underlying profit</b>	<b>684</b>	<b>684</b>	<b>-</b>	<b>0%</b>	<b>1,368</b>	<b>1,244</b>	<b>124</b>	<b>10%</b>
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