Media Release

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ANZ New Zealand sustains strong performance

Australia and New Zealand Banking Group Limited (ANZ) NZ Branch Disclosure Statement for the three months ended 31 December 2013 was released today, showing a lift in performance for ANZ New Zealand[1] with unaudited statutory profit of NZ$393 million, up from $296 million in the three months ended 31 December 2012.

Unaudited cash profit[2] was NZ$416 million, up from $315 million, reflecting gathering economic improvement with an increase in lending and lower provisions for bad and doubtful debts, as well as reduced costs and productivity gains from simplifying the business.

The successful merger of the ANZ and National Bank brands and technology systems has enabled the business to continue growing deposits and lending, including market share growth in mortgages.

Key points[2]

- Unaudited cash profit of $416 million
- Unaudited statutory profit of $393 million
- Profit before credit impairment (cash basis) up 18%
- Significant cost reductions, mainly due to completion of the integration of the core banking system, and productivity gains from simplifying the business
- Lower credit impairment provisions charges as credit quality continues to improve
- Growth of $1,421 million in gross lending since 30 September 2013 supporting New Zealand's economic recovery
- Growth of 3% in customer deposits over the three months

A table of key financial information follows below

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[1] 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.

[2] 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 prior comparative period unless otherwise stated. Refer to Summary of Key Financial Information for details of reconciling items between cash profit and statutory profit.

Summary of Key Financial Information - ANZ New Zealand

Profit (unaudited)	3 Months 31 Dec 2013 $M	3 Months 31 Dec 2012 $M	Movement Dec 13 v Dec 12 $M	Movement Dec 13 v Dec 12 %	Year September 2013 $M
Net interest income	**688**	655	33	5%	2,641
Other external operating income	**241**	217	24	11%	868
Operating income	**929**	872	57	7%	3,509
Operating expenses	**371**	398	(27)	-7%	1,498
Profit before credit impairment and income tax	**558**	474	84	18%	2,011
Provision for credit impairment	**(19)**	43	(62)	large	65
Profit before income tax	**577**	431	146	34%	1,946
Income tax expense	**161**	116	45	39%	513
Cash profit	**416**	315	101	32%	1,433
Reconciliation of cash profit to statutory profit					
Cash profit	**416**	315	101	32%	1,433
Reconciling items (net of tax):					
Economic hedging volatility[1]	**(19)**	(17)	(2)	12%	(39)
Insurance policy asset valuations[2]	**(4)**	(2)	(2)	100%	(25)
Statutory profit	**393**	296	97	33%	1,369
Consisting of:					
Retail	**116**	86	30	35%	380
Commercial	**184**	148	36	24%	699
Operations & Support	**(5)**	(6)	1	-17%	(11)
New Zealand Businesses	**295**	228	67	29%	1,068
Wealth	**25**	19	6	32%	79
Institutional	**97**	72	25	35%	281
Other	**(1)**	(4)	3	-75%	5
Cash profit	**416**	315	101	32%	1,433
Reconciling items	**(23)**	(19)	(4)	21%	(64)
Statutory profit	**393**	296	97	33%	1,369

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.