Media Release

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ANZ New Zealand Disclosure Statement nine months to June 2014

- Strategy driving growth, productivity benefits and improved customer coverage -

Australia and New Zealand Banking Group Limited (ANZ) NZ Branch Disclosure Statement for the nine months ended 30 June 2014 was released today, showing a strong performance for ANZ New Zealand[1] with unaudited cash profit[2] of NZ$1.27 billion, up from $1.06 billion in the corresponding period in FY13 (PCP).

Unaudited statutory profit was NZ$1.24 billion, up from $1.03 billion, reflecting improvement in the economy, with increased credit quality, a lift in lending and deposits, and cost reductions and productivity gains from simplifying the business.

Key points – all financial comparisons are PCP unless noted[2]

- Unaudited cash profit of $1.27 billion, up 19%.
- Unaudited statutory profit of $1.24 billion, up 21%.
- Growth of $3.68 billion in gross lending since 30 September 2013, driven by market share growth in home loans, credit cards and commercial lending. ANZ is now market leader for new home lending in all major New Zealand cities including Auckland and Christchurch.
- Growth of 6% in customer deposits over the nine months.
- ANZ is continuing to deliver productivity benefits from the merger of its brands and technology platforms with branch coverage of the New Zealand market improving.
- Improved credit impairment result and further decrease in impaired assets, reflecting the improving economy and strong management of bad debts.

A table of key financial information follows

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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)	9 Months 30 June 2014 $m	9 Months 30 June 2013 $m	Movement June 14 v June 13 $m	Movement June 14 v June 13 %	Year September 2013 $m
Net interest income	**2,056**	1,958	98	5%	2,641
Other external operating income	**761**	689	72	10%	868
Operating income	**2,817**	2,647	170	6%	3,509
Operating expenses	**1,096**	1,155	(59)	-5%	1,498
Profit before credit impairment and income tax	**1,721**	1,492	229	15%	2,011
Provision for credit impairment	**(20)**	50	(70)	large	65
Profit before income tax	**1,741**	1,442	299	21%	1,946
Income tax expense	**476**	382	94	25%	513
Cash profit	**1,265**	1,060	205	19%	1,433
Reconciliation of cash profit to statutory profit					
Cash profit	**1,265**	1,060	205	19%	1,433
Reconciling items (net of tax):					
Economic hedging volatility[1]	**(29)**	(14)	(15)	large	(39)
Insurance policy asset valuations[2]	**7**	(17)	24	large	(25)
Statutory profit	**1,243**	1,029	214	21%	1,369
Consisting of:					
Retail	**327**	268	59	22%	380
Commercial	**549**	525	24	5%	699
Operations & Support	**(1)**	(18)	17	-94%	(11)
New Zealand Businesses	**875**	775	100	13%	1,068
Wealth	**148**	55	93	large	79
Institutional	**237**	235	2	1%	281
Other	**5**	(5)	10	large	5
Cash profit	**1,265**	1,060	205	19%	1,433
Reconciling items	**(22)**	(31)	9	-29%	(64)
Statutory profit	**1,243**	1,029	214	21%	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.