

MEDIA RELEASE



For Immediate Release

Thursday 28 August 2008

General Disclosure Statement: Nine months ended 30 June 2008

Sound business performance, well positioned for current environment

ANZ National Bank today announced an after-tax profit of \$960 million for the nine months to June 2008, up 13% on the corresponding period to June 2007.

"The Bank is very well positioned" said Chief Executive Graham Hodges.

"ANZ National has good profitability and is well capitalised with strong liquidity - these factors put us in a sound position for the current and expected economic environment" he said.

June 2008 : Nine month Performance Summary

- Headline net profit after tax (NPAT) of \$960 million, up 13% from \$848 million earned in the nine months to June 2007.
- After adjusting for non-core items, underlying cash profit was \$870 million, a 10% increase compared to the nine months to June 2007 (\$791 million).
- Provision for credit impairment charge of \$167 million, up from an unusually low \$56m in the June 2007 period.
- Net loans and advances were up \$10,168 million over the nine month period, which is a 12% increase on June 2007.
- Total deposits and other borrowings were \$75,266 million, up 14% on June 2007.
- Underlying cost-to-income ratio decreased to 41.7%, compared with 43.8% in the corresponding period to June 2007.

Growth in the nine month period has been led by an exceptional performance in the Institutional business, mainly driven by a strong Markets revenue contribution.

The key relationship businesses (Rural, Corporate, Commercial) also performed solidly over the period. Profit in the Retail businesses has been impacted by higher provisioning and a squeeze in deposit margins as financial institutions seek to raise funds domestically.

While underlying net operating income increased 10% in the nine month period compared to the corresponding period to June 2007, momentum has moderated through the course of the year in response to slowing balance sheet growth, margin pressures and the higher costs of offshore funding.

ANZ National has a strong and diversified funding base with access to local retail and wholesale deposits, as well as global funding sources. The bank has completed its funding programme for 2008 with recent debt issues including \$835m in perpetual subordinated bonds and a US\$2 billion five year fixed-rate note issue.

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Arrears and provisions have increased as the economy has slowed through 2008. This has been particularly evident in the household sector which is carrying the burden of higher interest rates and the impact of higher food, fuel and other costs. The individual provision for credit impairment charge remains less than 0.20% of total loans but is expected to rise further in the period ahead.

Note: ANZ National's performance for this nine month period was reflected in ANZ Banking Group's Trading Update on 28 July 2008.

Reconciliation of Cash Profit

<i>Nine months ended 30 June 2008</i>	2008 \$m	2007 \$m	%
Net interest income	1,711	1,644	4%
Other external operating income	772	621	24%
Operating income	2,483	2,265	10%
Operating expenses	(1,035)	(992)	4%
Profit before credit impairment and income tax	1,448	1,273	14%
Provision for credit impairment	(167)	(56)	198%
Profit before income tax	1,281	1,217	5%
Income tax expense	(411)	(426)	(4%)
Cash profit	870	791	10%
Non-core items:¹			
VISA IPO	85	0	
Sale of Esanda Fleetpartners	0	76	
Net Hedge Ineffectiveness	(4)	8	
Deferred Taxation	9	(27)	
	90	57	58%
Headline net profit after tax (NPAT)	960	848	13%

1. ANZ National excludes significant items from cash profit to eliminate the distorting effect of one-off transactions on the results of core business.

In the nine month period ended June 2008 ANZ National has classified as significant a gain from the allocation of shares in VISA in March 2008 of \$85 million, and a positive amount of \$9 million following the restatement of deferred taxation balances.

In the nine months ended June 2007 ANZ National classified as significant the gain on sale of Esanda Fleetpartners of \$76 million, and a negative \$27 million associated with the restatement of deferred taxation balances.

ANZ National enters into economic hedges to manage its interest rate and foreign exchange risk. In the nine month period ended June 2008 ANZ National classified as significant negative amount of \$4 million, down from \$8 million in the period to June 2007.