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ANZ National General Disclosure Statement December Quarter profit NZ\$210 million

Wellington: ANZ National Bank today released its General Disclosure Statement for the three months ended 31 December 2008 and announced a profit after tax of NZ\$210 million.

December Quarter GDS Key Points

- ANZ National's underlying business is proving resilient despite the challenges posed by the deterioration in both the global and domestic economic environment.
- Underlying core profit after tax was \$311 million, up 4% compared to \$300 million for the December 2007 quarter.
- Headline net profit after tax of NZ\$210 million (compared to \$310 million for December 2007 quarter).
- Post balance date charge of \$161 million (\$113 million after tax) taken against revenue relating to ANZ National's 49% share of costs associated with a recent offer to investors in two of ING New Zealand's frozen funds.
- Provision for credit impairment charge of \$94 million, up from historically low levels (\$32 million for the December 2007 quarter) and in line within expectations for this stage of the economic cycle.
- The bank retains good liquidity levels and remains well capitalised with tier one capital of 8.19% and total capital of 11.68%, both well above the regulatory minimum ratios of 4% and 8% respectively.

ANZ National is a subsidiary of Australia and New Zealand Banking Group Limited (ANZ). At its trading update on 26 February 2009 covering the four months to January 2009*, ANZ made the following comments on business performance in New Zealand:

In New Zealand, volume growth has been flat and margins under pressure due to higher wholesale funding costs, competition for deposits and break costs on mortgages as customers take advantage of lower interest rates. [This has particularly affected the Retail business]. Costs are being well controlled but increased credit provisions will drive a reduction in earnings in New Zealand in 2009.

The New Zealand economy has contracted sharply with delinquencies subsequently rising strongly off an historically low base but within expectations. It is anticipated that provisions could approach double those of last year (FY08 NZ\$286 million).. Unsecured lending delinquencies, including credit cards, have increased as expected in this part of the cycle, however tight control measures are in place.

[additional comments]

* Please note: this relates to a different reporting period to this GDS as required by the RBNZ.

ANZ National Bank Limited

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New Zealand customers moving out of fixed rate home loans this year (fixed rate home loans account for around 80% of mortgage lending) will benefit from a circa 2% reduction in mortgage rates compared to 2006. The decline in the New Zealand Dollar has provided some buffer to the impact of falling commodity prices and lower export demand.

[The New Zealand Markets business] has achieved record income based on the volatile conditions and customers flows.

Commenting on the release of the General Disclosure Statement today, ANZ National Chief Executive Officer Graham Hodges said: "ANZ National remains sound and well-capitalised with a strong balance sheet, and we are getting on with the sensible steps to navigate through a difficult environment."

Reconciliation of underlying core profit

3 months ended 31 December 2008

	<u>3 months to Dec 08 (\$m)</u>	<u>3 months to Dec 07 (\$m)</u>	<u>% Growth</u>
Net interest income	601	570	5%
Other external operating income	313	251	25%
Operating income	914	821	11%
Operating expenses	380	350	9%
Profit before provisioning	534	471	13%
Provision for credit impairment	94	32	Large
Profit before income tax	440	439	-
Income tax expense	129	139	-7%
Underlying core profit	311	300	4%
Non core items:			
Economic hedging - fair value gains/losses	14	10	
Organisational transformation costs	(2)	-	
ING (NZ) frozen funds	(113)	-	
	(101)	10	
Headline net profit after tax	210	310	

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