

Media Release

For Release: 17 February 2005

Strong lending growth re-establishes momentum at ANZ National Bank

ANZ National Bank Limited today announced it was well placed to accelerate business momentum and capitalise on its leading brands and market position following 3.8% lending growth in the December 2004 quarter (16.1% annualised).

The comments coincide with ANZ National Bank Limited's General Disclosure Statement¹ for the quarter ended 31 December 2004 which showed an operating profit after tax, including goodwill amortisation and integration costs, of NZ\$180 million.

ANZ National Bank December Quarter Performance Summary

- **Operating profit after tax, including goodwill amortisation and integration costs, for the December 2004 quarter was NZ\$180 million, in line with the September quarter**
- **Cost-income ratio, excluding goodwill amortisation, decreased to 47.4% from 47.7%**
- **Total lending and advances up NZ\$2,321 million (3.8%)**
- **Total customer deposits up NZ\$839 million (2.0%)**
- **Net interest margin down 2 basis points to 2.76%**
- **Staff engagement in "high performance" category at 64%**
- **NBNZ customer satisfaction highest of peers, ANZ improving**

All comparisons with September 2004 General Disclosure Statement.

ANZ National Bank Chief Executive Sir John Anderson said: "Our financial performance in the December quarter was respectable in the context of our integration work and the mortgage price war which has now ended. We achieved much higher than expected volume growth, customer satisfaction at NBNZ is the highest of the major banks, and we are seeing good improvements in retail customer satisfaction at ANZ.

"Combined with staff engagement levels in New Zealand that are among the highest in the ANZ Group, customer growth levels which are above expectations, and an integration on track for completion this year, we are confident that we have a strong foundation for the future.

"To build on this foundation, we are now moving from a focus on integration to strategically positioning the Bank's two brands to build market share. We have a strong and stable management team in place, we are investing in retail banking staff levels in both brands, and further expanding our points of representation. The underlying momentum in the business leaves us well placed for improved financial results going forward," Sir John said.

¹ The document reflects the combined performance of the separate ANZ and National Bank brands during the quarter. The December 2003 General Disclosure Statements of ANZ Banking Group (New Zealand) and The National Bank of New Zealand are not comparable because of different accounting treatments, classifications and intercompany eliminations.

Operating profit for the quarter reflected constrained net interest income growth of 1.7% predominantly as a result of severe price competition in the home loan market. Other income was lower, primarily in capital markets and Treasury businesses, which were adversely impacted by the interest rate environment in New Zealand. Costs were well managed.

Customer deposit growth has been strong, up 2.0% in the quarter (8.2% annualised). This reflects our focus on retail deposit growth in both the ANZ and National Bank networks, assisted by the rising interest rate environment.

ANZ National Bank's asset growth was 3.8% for the quarter, broadly maintaining market share. Rural lending was up 1.5% compared to market growth of 0.7% reflecting The National Bank's strong rural franchise and service proposition. Mortgage lending grew by NZ\$1,141 million in the quarter, which represents a 73% increase compared to volume growth in the September quarter. Over recent months, the ANZ brand has maintained home loan market share.

For media enquiries, contact:

Cynthia Brophy
General Manager, Corporate Affairs
Tel: +64-4-802 2382 or +64-21-832 500
Email: cynthia.brophy@anznational.co.nz

For analyst enquiries, contact:

Stephen Higgins
Head of Investor Relations
Tel: +61-3-9273 4185 or +61-417-379 170
Email: higgins@anz.com

In Australia:

Paul Edwards
Head of Group Media Relations
Tel: +61-3-9273 6955 or +61-409-655 550
Email: paul.edwards@anz.com