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Media Release

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ANZ National performs well in first nine months

ANZ National Bank today announced a profit of NZ$803 million for the nine months ended 30 June 2006*, up 18% on the June 2005 result.

Adjusting for the impact of adopting IFRS, which is not reflected in the June 2005 result, and certain other items, underlying profit after tax increased by 10% over the same period.

ANZ National Bank Chief Executive Officer Mr Graham Hodges said: "This is a solid result based on a quality balance sheet and good revenue growth in a very competitive environment.

"Integration has been completed and we have a clear strategy around our two brands. We are now accelerating the next stage of our transformation by focusing on market leadership and growth. We are the leader in all segments and our scale and multiple brands are unique and give us the ability to reshape our approach by being more innovative and responsive to customer needs.

"Our solid financial performance means we are in good shape to build on our performance by reinvesting for future growth. We have already taken some early steps in this direction with the introduction of new products such as our low rate credit card, the ANZ Everyday Transaction account and expanding our ATM network," Mr Hodges said.

June Nine Month Performance Summary

- Profit after tax of NZ$803 million, an 18% increase over the June 2005 period ($678 million).
- Underlying profit after tax of $768 million, a 10% increase over the June 2005 period ($699 million). Refer Appendix for an outline of the "Underlying" calculations.
- Total Revenue increased 9% compared to June 2005.
- Cost-to-income ratio decreased to 45.9% compared to 46.9% in the June 2005 period.
- Net loans and advances were up NZ$10,099 million (15% for the period, 20% annualised) on the June 2005 position. Total customer deposits were up NZ$5,767 million (13% for the period, 17% annualised) on the June 2005 position.

The headline result was driven by good revenue growth, with both headline and underlying revenue up 9%.

ANZ National Bank maintained strong balance sheet growth with net loans and advances increasing $10,099 million or 15% over the June 2005 position, to NZ$76.4 billion.

Mortgages grew by NZ$5,194 million since June 2005, an increase of 14% in the 12 months to June 2006, to NZ$42.3 billion. Customer deposits increased 13% in the 12 months to June, with growth of NZ$5,767 million to NZ$51.1 billion at June 2006.

The credit environment was benign in the period which was reflected in a low provisioning charge ($6m) under IFRS. The individual provision charge was $29 million and the collective provision credit was $23 million.

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***** The June 2006 period for ANZ National Bank has been reported under IFRS. Comparative figures have not been restated for NZ IAS 32:Financial Instruments: Disclosure and Presentation, NZ IAS 39: Financial Instruments: Recognition and Measurement and NZ IFRS 4: Insurance Contracts.

APPENDIX – KEY CALCULATIONS OF UNDERLYING RESULT[1]

		9MTH JUN 06 $m	9MTH JUN 05 $m
Headline profit after tax		803	678
Add back:	Integration costs (post tax)	33	45
	Discontinued business (structured finance)	(4)	(24)
	Commerce Commission settlement	7	-
	IFRS adjustments:		-
	Credit provisioning	(59)	-
	Effective yield fees	4	-
	Mark to market of hedges	(1)	-
	Lloyds receipt	(15)	-
Underlying profit after tax		**768**	**699**
Headline operating expenses		1,012	951
Add back:	Integration costs	(49)	(67)
	Discontinued business (structured finance)	(1)	(2)
	Commerce Commission settlement	(10)	-
Underlying operating expenses		**952**	**882**
Headline net operating income		2,203	2,027
Add back:	Discontinued business (structured finance)	(1)	(12)
	IFRS Adjustments:		
	Effective yield fees	6	-
	Mark to market of hedges	(2)	-
	Lloyds receipt	(15)	-
Underlying net operating income		**2,191**	**2,015**

[1] IFRS impacts included the changed accounting treatment of derivative valuations, yield related fee income, credit provisioning and hedging relationships. The Commerce Commission settlement, $15 million post tax receipt from Lloyds TSB Group plc relating to an adjustment to the purchase price for The National Bank of New Zealand Limited Group (‘Lloyds receipt), integration costs and the run-off of discontinued structured finance transactions were also excluded in the calculation of underlying profit (refer Appendix for an outline of the “Underlying” calculations).