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ANZ New Zealand full-year results: 'Cautious optimism'

ANZ New Zealand¹ (ANZ NZ) today reported a cash² net profit after tax (NPAT) of \$2,286 million for the 12 months to 30 September 2024, an increase of 1% on the prior year. Statutory NPAT, which includes gains and losses from economic hedges, was \$2,091 million, down 2%.

ANZ Bank New Zealand Ltd (ANZ Bank NZ) Chief Executive Officer Antonia Watson said it was a solid result in a tough year for the New Zealand economy.

"Banks are a reflection of the economies they operate in. Like many of our customers, our costs grew faster than our income in the year.

"But our business demonstrated resilience and strength as we worked hard to support customers through a period of high interest rates and cost-of-living pressures.

"While the results of stubborn inflation, an official cash rate at restrictive levels and a lack of economic growth are still feeding through the system, we're starting to see a brighter picture emerge.

"As interest rates come down, inflation is controlled and businesses feel more confident, there is a sense of cautious optimism surrounding New Zealand's economic future."

As a result, ANZ NZ reduced the total credit impairment provision charge to \$44 million, \$139 million lower.

Revenue for the year was \$5,046 million, up 1%.

Expenses for the year were \$1,760 million, an increase of 6%, driven by inflationary pressures on staff and vendor costs.

Despite the quieter housing market and strong competition, home lending was up 4%, maintaining market share for the year. Customer deposits were up 3%.

Net Interest Margin – the difference between the interest we earn primarily on lending and the interest we pay primarily on deposits – dropped by 7 basis points for the New Zealand Division. This was driven by customers' preference for higher earning term deposits together with continued sharp price competition in the market.

Key points:

All comparisons are against the prior comparable period and on a cash basis unless noted otherwise.

- Cash profit of NZ\$2,286 million, up 1%
- Statutory profit of NZ\$2,091 million, down 2%
- Revenue up 1% reflecting lending and deposit growth
- Expenses up 6% driven by inflationary pressures on staff and vendor costs
- Credit impairment charge of NZ\$44 million, down NZ\$139 million
- Customer deposits up 3% and net loans and advances up 2%
- Funds under management up 7% to \$39.7 billion

Challenging business landscape

Business lending remained subdued within a very competitive market, due to a combination of lower commercial property lending and customers remaining cautious about taking on further debt.

Ms Watson said that despite the business lending environment, there were positive signs in the market with more than 15,000 customers signing up for a small business package.

ANZ NZ remains the country's largest lender to the agricultural sector, with total lending of \$15.4 billion.

"With 51% of our capital invested in New Zealand's farms and businesses we remain committed to supporting economic growth and a prosperous future."

¹ ANZ New Zealand represents all ANZ's operations in New Zealand (NZ Geography), including ANZ Bank New Zealand Limited, its parent company ANZ Holdings (New Zealand) Limited and the New Zealand branch of ANZ Banking Group Limited.

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. Refer to Summary of key financial information for details of reconciling items between cash profit and statutory profit.

Since September 2022 ANZ NZ has continued to evolve products and services to support the climate transition and has funded 193 projects, with lending totalling \$68 million, through its Business Green Loan. A further \$380 million has been lent under government-backed North Island Weather Event Loans, plus another \$52 million as Business Regrowth Loans.

In Institutional banking, ANZ NZ provided ongoing support and development of sustainable finance markets.

ANZ NZ has established a target to fund or facilitate at least \$20 billion in social and environmental activities through customer transactions and direct investments by ANZ NZ by the end of 2030.

This includes initiatives that aim to help lower carbon emissions, protect or restore nature, increase access to affordable housing and promote financial wellbeing.

Home ownership, securing futures

Demand for ANZ's Good Energy Home Loan showed Kiwis continue to realise the benefit of a more energy efficient lifestyle with 6,730 households drawing down over \$255 million in lending in the financial year.

ANZ NZ helped more than 10,000 buyers into their first home, many taking advantage of the KiwiSaver first-home withdrawal policy. More than 100,000 people have now made a withdrawal from an ANZ KiwiSaver scheme to get into their first home.

"As KiwiSaver continues to grow, its role in supporting the financial wellbeing of New Zealanders is becoming increasingly important – whether by helping people buy their first home or saving for the lifestyle they want after 65," Ms Watson said.

ANZ NZ is the country's largest KiwiSaver provider with \$21.8 billion in funds under management. This grew by \$2.8 billion in the year to 30 September 2024.

Fighting financial crime

The bank continued to invest in customer protection, technology, and awareness campaigns to help protect customers, who face an ongoing threat from fraud and scams.

ANZ NZ prevented more than \$34 million fraud and scam transactions. Enhanced prevention and recovery ensured 93% of reported cases resulted in no loss to the customer.

"This shows we are making meaningful improvements for our customers," Ms Watson said

While the volume of fraud and scam cases were up approximately 18% year-on-year, customer losses were down 2%.

Working together with other banks through the anti-scam centre, ANZ shared and received information on more than 3,500 mule accounts, preventing further loss to many customers.

We have also worked with telcos to take down more than 300 fake ANZ websites in the past 12 months.

Open banking

ANZ NZ also advanced open banking, with 15% of eligible customers having made an open banking payment. Customers can now use Worldline's Online EFTPOS service and BlinkPay to make digital payments straight from their bank account and we're looking to add more approved third-party providers over the next 12 months.

Our contribution

During the financial year ANZ NZ paid around \$900 million in tax, employed around 7,500 New Zealanders, paid around \$1 billion in salaries, \$500 million to contractors and suppliers, and paid dividends from ANZ Group to New Zealanders, either directly or through KiwiSaver, pension, and managed funds.

Customers remain resilient

Ms Watson said the effects of the difficult economic climate of the past few years would take time to pass over, both for ANZ NZ and its customers.

"Who would have thought pre-2019 that the next five years would see a global pandemic, closed borders, global supply chains freezing, high inflation and interest rates, wars in the Ukraine and the Middle East, major floods in Northland and Auckland and a cyclone that would take lives and devastate houses and businesses.

"Over that period banks have played a crucial role in bolstering New Zealand's economy and providing financial support and assistance to Kiwis."

Ms Watson said the bank continued to provide support where needed, contacting more than 250,000 customers in the past 12 months to offer support and reassurance, including 22,000 customers who have done a home loan check-in.

Despite the challenging economic conditions, customers remained resilient. About 29% of ANZ's home loan accounts are ahead by six months or more. Over half of ANZ NZ's customers have a savings buffer in place with about 20% regularly contributing into a savings account.

"The NZ banking system is well-run, well-capitalised, well-funded and well-regulated which enables Kiwis to get into homes, start and grow businesses and trade with the world, as well as weather local and international crises and financial storms.

"That's a tribute to successive governments, regulators, and bank shareholders and the resilience of Kiwis, and we should never take that lightly.

"We're in it together and we will continue to foster the success and prosperity of Kiwi customers and businesses as our economy evolves," Ms Watson said.

A table of key financial information follows:

Summary of key financial information ANZ New Zealand

	Half year				Full year			
	Sep 24	Mar 24	Movement		Sep 24	Sep 23	Movement	
	NZ\$m	NZ\$m	NZ\$m	%	NZ\$m	NZ\$m	NZ\$m	%
Net interest income	2,174	2,142	32	1%	4,316	4,239	77	2%
Other operating income	348	382	(34)	-9%	730	774	(44)	-6%
Operating income	2,522	2,524	(2)	0%	5,046	5,013	33	1%
Operating expenses	(901)	(859)	(42)	5%	(1,760)	(1,659)	(101)	6%
Profit before credit impairment and income tax	1,621	1,665	(44)	-3%	3,286	3,354	(68)	-2%
Credit impairment release/(charge)	(11)	(33)	22	-67%	(44)	(183)	139	-76%
Profit before income tax	1,610	1,632	(22)	-1%	3,242	3,171	71	2%
Income tax expense	(458)	(463)	5	-1%	(921)	(882)	(39)	4%
Non-controlling interests ¹	(21)	(14)	(7)	50%	(35)	(27)	(8)	30%
Cash profit	1,131	1,155	(24)	-2%	2,286	2,262	24	1%
Economic hedges ²	(78)	(117)	39	-33%	(195)	(127)	(68)	54%
Statutory profit¹	1,053	1,038	15	1%	2,091	2,135	(44)	-2%
Comprising:								
Personal	585	545	40	7%	1,130	1,129	1	0%
Business & Agri	225	305	(80)	-26%	530	544	(14)	-3%
Central Functions	4	2	2	100%	6	3	3	100%
New Zealand Division	814	852	(38)	-4%	1,666	1,676	(10)	-1%
Institutional	293	280	13	5%	573	542	31	6%
Group Centre	24	23	1	4%	47	44	3	7%
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1. Non-controlling interests and Statutory profit

Profit attributable to non-controlling interests comprises dividends paid to holders of NZX listed preference shares issued by ANZ Bank New Zealand Ltd. Statutory profit shown above is that attributable to shareholders of ANZ Group Holdings Ltd.

2. Economic hedges

Fair value gains and losses are recognised in the Income Statement on economic hedges used to manage interest rate and foreign exchange risk. The mark to market adjustments on these derivatives, not designated in an accounting hedge, are removed from cash profit as the fair value gains or losses will reverse over time to match the profit or loss on the hedged item.

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