



Media Release

Corporate Affairs
Level 22, 100 Queen Street
Melbourne Vic 3000
Facsimile 03 9273 4899
www.anz.com

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New Zealand operations update highlights

ANZ today held a New Zealand Operations Briefing in Auckland to update the market on its recent acquisition of The National Bank of New Zealand (NBNZ) and the performance of its New Zealand businesses.

Managing Director of ANZ New Zealand and Chief Executive of The National Bank of New Zealand, Sir John Anderson said: "We are already seeing how well the dual brand and integration strategy is working with momentum in lending, new customers and high levels of staff satisfaction."

Key points of the briefing hosted by ANZ Chief Financial Officer, Mr Peter Marriott, and Sir John Anderson were:

- ANZ reconfirmed its strong earnings momentum with Group earnings for 2004 expected to be in line with expectations of around 9% cash earnings per share growth. Credit quality is continuing to improve assisted by lower specific provisions in the Group's offshore portfolio.
- Protecting and building the Group's franchise in New Zealand is central to integration planning following the acquisition of NBNZ with a very strong focus on customers and customer satisfaction. Integration is targeted for completion by the end of 2005.
- Momentum in New Zealand lending in 2003¹ has continued in early 2004 following the removal of uncertainty regarding the acquisition and management actions to rebuild and grow market share. Total lending by NBNZ grew at 10.5%, above industry growth of 10% for the year ended December 2003. After two years of relatively flat lending growth, total lending by ANZ New Zealand grew at 6% as ANZ's program of management actions began to take effect.
- NBNZ has continued to experience growth in net customer numbers in January and February 2004. This reflects a positive staff and customer reaction to the dual-branding strategy following an initial post-acquisition slow-down in growth in November and December 2004. ANZ customer acquisition has continued to show some weakness however management actions have been put in place to reinvest in the brand over the longer term including staff training programs and a new ANZ brand advertising campaign launched late in 2003.
- Staff satisfaction² at ANZ New Zealand has improved from 78% in February 2003 to 86% in February 2004 while NBNZ's high level of staff satisfaction has been maintained at 85%. This reflects the removal of uncertainty following the acquisition, enthusiasm about the dual brand structure and the retention of an experienced management team across both franchises.
- Despite acquisition uncertainties during 2003, NBNZ recorded a strong underlying performance in the year ended December 2003 with net profit after tax up 12.3% excluding pro-forma and acquisition adjustments. NBNZ's earnings for the period were released today in NBNZ's General Disclosure Statement, which were impacted, by acquisition adjustments and accounting policy changes to conform to ANZ Group standards.

¹ December 2003 General Disclosure Statements

² ANZ Snapshot Survey and NBNZ Viewpoint Survey.

Mr Marriott said the acquisition of The National Bank of New Zealand had been transforming for ANZ creating the leading bank in New Zealand at a good price.

“In the three months since completion overall customer attrition has been negligible, there have been no material financial or risk surprises and we have continued to be impressed by the quality of the business,” he said.

Sir John Anderson said customer and staff reaction to the acquisition, including the dual-branding strategy, had been very positive after some natural initial apprehension.

“We are now over initial concerns about the acquisition and we are focussing on developing our franchise while carefully integrating the two businesses. It is very pleasing to see the evidence of this now showing through in lending growth, customer acquisition and staff satisfaction.

“We are working through our integration planning and our next step is to commence detailed discussions on technology with the Reserve Bank of New Zealand,” Sir John said.

Details of the presentations made at today’s briefing can be found at www.anz.com. A financial update on integration will be provided at ANZ’s Interim Results in Sydney on 27 April 2004.

For media enquiries, contact:

Paul Edwards
Head of Group Media Relations
Tel: +61-409-655 550
email: paul.edwards@anz.com

Cynthia Brophy
General Manager Corporate Affairs
The National Bank of New Zealand
Tel: +64-4-802 2382 or +64-21-832 500
email: cynthia.brophy@nbnz.co.nz

For analyst enquiries, contact:

Simon Fraser
Head of Investor Relations
Tel: +61-412-823 721
email: simon.fraser@anz.com

Stephen Higgins
Senior Manager Investor Relations
Tel: +61-417-379 170
email: higgins@anz.com