Media Release

For Release: 26 April 2007

ANZ 2007 Interim Profit $2,102 million

Profit after tax	
Profit $2,102 million	**up 16.1%**
Cash* profit $1,936 million	**up 11.8%**
Cash* profit before provisions $2,995 million	**up 12.1%**

Earnings per share	
EPS 113.2 cents	**up 15.0%**
Cash* EPS 104.2 cents	**up 10.9%**

Shareholder return	
Interim dividend 62 cents	**up 10.7%**
Total Shareholder Return	**17.1%**
Cash* Return on equity	**19.7%**

Business highlights*

Strong revenue momentum and continued investment with 2,120 new FTEs

Strong result in Personal – revenue up 14.4%, profit up 21.6%

Institutional profit up 10.6%. Profit before provisions more modest at 4.2%

Good underlying momentum in New Zealand Businesses up 13.5% but offset by provisioning

Continued growth in customer acquisition in Australia and a successful turnaround in New Zealand

Achieved targeted revenue and productivity:

- **Revenue growth 9.1**% (10.4% FX adjusted)
- **Cost-Income ratio 44.3**% (down 1.5% from 45.8%, medium-term target 40%)

Credit quality remains strong, better than expected provisions due to recoveries late in the half

Adjusted Common Equity ratio middle of target range at 4.4%

* Adjusted for non-core items (including significant items, ANZ National Bank incremental integration costs and AIFRS mark to market of certain hedge gains/losses)

All figures compared to March 2006 half year unless otherwise indicated

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Australia and New Zealand Banking Group Limited (ANZ) today announced a record profit after tax of $2,102 million for the half year ended 31 March 2007, up 16.1%. Earnings per share were 113.2 cents, up 15.0%.

The headline result included a one-off gain on the Fleetpartners sale. Adjusting for non-core items, cash* profit was $1,936 million, up 11.8% and cash* EPS was up 10.9%. The proposed Interim dividend of 62 cents is up 10.7% on last year.

ANZ Chief Executive Officer Mr John McFarlane said: "This is a good result in a highly competitive market. It builds on seven years of systematic investment in our customers and our people.

"We achieved strong revenue growth of 9.1%*, or adjusting for exchange rates at 10.4%, which is above the top end of our target range. Good cost management enabled us to maintain a gap between revenue and expense growth of 3.5%, which brought down our cost income ratio by 1.5% to 44.3%. Although provisioning rose, it ended below our expectations as a result of large recoveries late in the half. Return on equity remained broadly stable at 19.7%*.

"We had particularly strong results in Personal, which was the highlight. INGA, Asia and Private Banking also delivered strong performances. New Zealand Businesses came in with their best underlying result in recent years, but was impacted by provisions increasing from unsustainably low levels. Institutional NPAT growth was double-digit, benefiting from net provision recoveries but was weaker in revenue and profit before provisions.

"We are continuing to invest in the future. Over the past year, we added a further 2,120 people, and opened 26 new branches in Australia and New Zealand. We announced our intention to expand our international franchise in Malaysia, China, Guam and Laos. At the same time we managed to achieve good revenue/expense productivity. There is also a greater focus on efficiency, partly to help fund investment initiatives, but also to enhance bottom line results.

"Net interest margin decline was better than historical experience, falling just 5 basis points. Credit quality remains strong. Although provisions rose, they were significantly lower than we expected, due to large recoveries late in the half. We continue to expect a substantial increase in provisions in the second half, with no material recoveries expected.

"We continued to advance the foundation and capability of the organisation. Staff engagement again improved to 64% from 60%, and we have a culture that others would find difficult to replicate. We also have strong customer, community and shareholder recognition. Although there is still much more to do, ANZ is now clearly seen as a very different bank.

Outlook

Commenting on the outlook for ANZ, Mr McFarlane said: "Conditions remain supportive of good growth. Personal should continue to do well, but may find it difficult to sustain such unusually high levels of growth. We expect to see continued momentum in New Zealand, and Institutional has taken action to improve revenue and expense performance in the second half. Looking ahead, the growth we are now seeing from Asia will become more material to the Group.

"For the 2007 year, ANZ's revenue and expenses are expected to be in line with previous guidance of 7%-10% revenue growth and 5%-7% cost growth. While the credit environment is benign, we expect provisions to be significantly higher in the second half, with the first half unusually low due to recoveries.

"All in all, this is a good result. It sets us up well for the year as a whole and positions us well for the years ahead", Mr McFarlane said.

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All figures compared to March 2006 half year unless otherwise indicated

Divisional Performance

Personal delivered another outstanding result with a clear strategy that was well executed. Profit growth was 21.6% on revenue growth of 14.4%. All businesses delivered double-digit earnings growth, with the exception of Mortgages, which was adversely impacted by the expectations of rising rates and strong price competition. Investment and Insurance Products (up 47%), Esanda (up 36%), Consumer Finance (up 39%) assisted by the sale of MasterCard shares, Pacific (up 20%), and Banking Products (up 22%), were all particularly strong.

Revenue growth was double the 7% expense growth. Staff numbers were up 8%, and we opened 9 new branches in the first half, with a further 31 openings planned in the second half. Credit costs increased in line with expectations at 18%, due to portfolio growth and the seasoning of our credit card and personal loan portfolios.

Institutional delivered net profit growth of 10.6%. However, revenue growth was more subdued at 5% with average interest earning asset growth of 9% and deposit growth of 14%, offset by contracting credit margins. Staff numbers grew 11% and resultant expense growth was 7%, reducing Profit Before Provisions to 4%. Provisioning showed a net recovery of $6 million with large recoveries late in the half, offsetting modest new provisions. Over recent years, we have sought to curtail low margin asset growth and to reduce our reliance on lending over time. This naturally reduces revenue. Encouragingly, Return on Risk Weighted Assets improved accordingly. Strong revenue growth in Markets and Corporate & Structured Financing was offset by weaker performance from the other units.

New Zealand Businesses profit after tax was up 8.1% in New Zealand dollars, with good revenue growth of 8%. Profit before provisions was strong at 13%, offset by a large increase in credit costs, which bounced from unsustainably low levels. Expense growth was well contained at 4%. Corporate and Commercial Banking, ANZ Retail, The National Bank Retail, Rural Banking, and UDC all delivered double-digit Profit Before Provisions growth. Despite higher credit costs they are still well below cycle average, and credit quality remains strong, with the level of net non-performing loans (0.08%) and individual provision charges (0.07%) well below that seen in Australia.

Partnerships delivered very strong growth, with revenue up 38% and profit after tax up 30%. ING Australia is now delivering good momentum, with profit up 29%, and is well placed to deliver even better returns as it moves beyond the legacy issues that have constrained performance until now. International Partnerships profit after tax grew 57% assisted by a full six month return from Bank of Tianjin. Growth in Partnership earnings should accelerate in the second half, with the expected inclusion of earnings from AMMB Holdings Berhad (AMMB).

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		Group		Personal	Institutional Continuing	New Zealand Businesses (NZD)
Key Business Drivers[1]		**Half year Mar 2007**	**Change**[2]	**Change**[2]	**Change**[2]	**Change**[2]
Total assets	$m	351,724	9%	11%	7%	13%
Deposits & other borrowings	$m	210,585	7%	10%	16%	2%
Average interest earning assets	$m	323,510	10%	12%	9%	13%
Net interest margin	bps	2.24	(5bps)	(2bps)	(11bps)	(10bps)
Net interest income	$m	3,611	7%	11%	2%	9%
Other operating income	$m	1,770	13%	24%	10%	7%
Total income	$m	5,381	9%	14%	5%	8%
FTE	No.	33,183	7%	8%	11%	4%
Operating expenses	$m	2,386	6%	7%	7%	4%
Profit before provisions[3]	$m	2,995	12%	21%	4%	13%
Individual provision charge	$m	188	0%	45%	(114%)	136%
Collective provision charge	$m	52	44%	(38%)	(133%)	large
Total provision for credit impairment	$m	240	7%	18%	(112%)	large
Cash profit	$m	1,936	12%	22%	11%	8%
EVA	$m	1,119	10%	24%	-1%	22%
Other Measures[1]				**Actual**	**Actual**	**Actual**
Individual provision (charge)/credit as a % of average net advances	%	0.14	(1bps)	(0.23)	0.02	(0.07)
Return on average assets	%	1.11	1bps	1.01	1.17	1.06
Return on average RWAs	%	1.59	6bps	1.72	1.41	1.36
Cost to income ratio	%	44.3	(150bps)	47.0	38.9	48.1
Cost to average assets	%	1.37	(7bps)	1.53	1.06	1.55

1. All numbers adjusted for non-core items
2. Compared to half year ended 31 March 2006
3. Profit before credit impairment and income tax