Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Full Year

30 September 2007

Consolidated Results

Dividend Announcement and

Appendix 4E

The Consolidated Results and Dividend Announcement constitutes the preliminary final report and contains the information required by Appendix 4E of the Australian Securities Exchange Listing Rules. It should be read in conjunction with ANZ's 2007 Annual Report, and is lodged with the Australian Securities Exchange under listing rule 4.3A

Name of Company: Australia and New Zealand Banking Group Limited
ABN 11 005 357 522

Report for the full year ended 30 September 2007			
			A$ million
Operating income	⇧12%^	to	**11,385**
Profit after tax attributable to shareholders	⇧13%^	to	**4,180**
Proposed final dividend per ordinary share, fully franked at 30% tax rate			**74 cents**
(previous corresponding period 69 cents, fully franked at 30% tax rate)			
Interim 2007 dividend per ordinary share, fully franked at 30% tax rate			62 cents
Record date for the proposed final dividend			14 November 2007
The proposed final dividend will be payable to shareholders registered in the books of the Company at 7:00 pm (Melbourne time) on 14 November 2007			
Payment date for the proposed final dividend			21 December 2007

^ Compared to September 2006

Highlights

All figures compared to September 2006 full year unless otherwise indicated

Profit		
Profit after tax attributable to shareholders $**4,180** million	up	**13.3**%
Cash* profit after tax $**3,924** million	up	**9.4**%
Cash* profit before provisions $**6,114** million	up	**11.5**%
Earnings per share		
EPS **224.1** cents	up	**12.1**%
Cash* EPS **210.3** cents	up	**8.1**%
Shareholder return		
Full year dividend **136 cents**	up	**8.8**%
Total Shareholder Return		**15.6**%
Cash* Return on equity		**19.6**%

Business highlights*

Revenue and profit before provisions growth at highest level for many years

Another great performance from Personal – revenue up 12%, profit up 16%

New Zealand Businesses performing well, impacted by normalisation of credit costs

Institutional mixed, better performance expected in 2008

Credit quality strong, although as expected credit costs up significantly from unsustainably low level in 2006

Strategic flexibility enhanced with $1 billion dividend reinvestment plan underwrite; cost to 2008 EPS approximately 0.4%

* Adjusted for non-core items (including significant items, ANZ National Bank incremental integration costs and non-core income arising from the use of derivatives in economic hedges and fair value through profit and loss)

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CONSOLIDATED RESULTS, DIVIDEND ANNOUNCEMENT and APPENDIX 4E
Full year ended 30 September 2007

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This Results Announcement has been prepared for Australia and New Zealand Banking Group Limited (the "Company") together with its subsidiaries which are variously described as "ANZ", "Group", "ANZ Group", "us", "we" or "our".

All amounts are in Australian dollars unless otherwise stated. The information on which this announcement is based is in the process of being audited by the Group's auditors, KPMG. The Company has a formally constituted Audit Committee of the Board of Directors. The signing of this preliminary final report was approved by resolution of a Committee of the Board of Directors on 24 October 2007.

When used in this Results Announcement the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such statements constitute "forward-looking statements" for the purposes of the United States Private Securities Litigation Reform Act of 1995. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Media Release

For Release: 25 October 2007

ANZ 2007 Profit $4,180 million

Profit	
Profit after tax $4,180 million	**up 13.3%**
Cash* profit after tax $3,924 million	**up 9.4%**
Cash* profit before provisions $6,114 million	**up 11.5%**

Earnings per share	
EPS 224.1 cents	**up 12.1%**
Cash* EPS 210.3 cents	**up 8.1%**

Shareholder return	
Full year dividend 136 cents	**up 8.8%**
Total Shareholder Return	**15.6%**
Cash* Return on equity	**19.6%**

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Media Release

For Release: 25 October 2007

ANZ 2007 Profit $4,180 million

Australia and New Zealand Banking Group Limited (ANZ) today announced a record profit after tax of $4,180 million for the year ended 30 September 2007, up 13.3%. Earnings per share were 224.1 cents, up 12.1%.

The headline result included a gain on the Fleetpartners sale, and a number of other non-core items. Adjusting for these, cash* profit was $3,924 million, up 9.4% and cash* EPS was up 8.1%. The full year dividend was 136 cents, up 8.8%.

Lending growth (13%) and customer deposit growth (17%) were both strong, particularly in Institutional in the last two months of the year. Net interest margin declined 12 basis points, however 4 basis points of this was due to the accounting treatment of economic hedging instruments.

Revenue growth was the highest in recent years at 9.7%* or above 10%* when adjusting for foreign exchange movements. Cost growth was 7.6%*, with the consolidation of ETrade Australia and Stadium Australia having a disproportionate impact on costs. While credit quality still remains sound, credit costs rose by 39%, in line with our earlier guidance to the market.

ANZ Chief Executive Officer Mr Mike Smith said: "Revenue growth of 10% was a feature of ANZ's performance in 2007, helping deliver good growth in profit before provisions. The Personal Division was the standout. New Zealand performed well. Strong results are flowing through from our network business and banking partnerships in Asia. We are addressing the mixed performance from the Institutional Division with initiatives to improve performance in 2008.

"We have committed approximately $1.5 billion to investments during 2007. Given this, we are taking the opportunity to enhance our strategic flexibility by offering a discount of 1.5% under our Dividend Reinvestment Plan, which is underwritten and expected to raise an additional $1 billion at a cost to 2008 EPS of approximately 0.4%.

"While I have been Chief Executive for less than a month, it is clear that ANZ has significant strengths. These include a top quality management team and a strong culture. However we cannot afford to sit still. My immediate priority is to re-energise the business by bringing more edge and urgency to ANZ's performance. In the coming months, I also want to create a stronger vision for ANZ's future. That will involve a focus on growth opportunities domestically and in Asia. My aim is to revitalise our momentum in creating a significant domestic and regional financial services institution that delivers superior growth and performance for our shareholders", Mr Smith said.

Outlook

Commenting on the 2008 outlook for ANZ, Mr Smith said: "Despite a certain degree of global uncertainty, we expect conditions in Australia, New Zealand and Asia Pacific to remain supportive. This provides a reasonable foundation for 2008. Personal should continue to do well although opportunities to sustain the unusually high levels of growth experienced in recent years are becoming more limited. New Zealand should have reasonable performance, and I am confident of an improvement from Institutional. The growth we are now seeing from Asia will continue to become more material to the Group.

"ANZ has invested in its business in recent years and we are well placed to continue strong revenue growth in the period ahead. We will continue to invest in developing our business but with a renewed discipline around managing the appropriate margin between revenue and expense growth to deliver superior performance for our shareholders. The credit environment should remain benign, although provision growth is expected to exceed lending growth, as 2008 will not benefit from the same level of recoveries as 2007", Mr Smith said.

* Adjusted for non-core items (including significant items, ANZ National Bank incremental integration costs and non-core income arising from the use of derivatives in economic hedges and fair value through profit and loss)

Divisional Performance

Personal delivered another outstanding result. Profit growth was 16% on revenue growth of 12%. Growth in profit before provisions was 17%, in line with the very strong 2006 result. Most businesses delivered double-digit earnings growth, while Mortgages was adversely impacted by higher funding costs. Investment and Insurance Products was up 70%, assisted by the acquisition of ETrade Australia during the year. Consumer Finance (up 23%), and Banking Products (up 21%), were particularly strong, and their performance reflects the strength of our customer proposition.

Staff numbers were up 9%, and we opened 39 new branches in the year. Credit costs increased in line with expectations at 17%, due to portfolio growth and the seasoning of our consumer finance portfolio. Individual provisions were within $2 million of our plan for the year.

Institutional delivered net profit growth of 6%. Revenue growth was 8%, offset by cost growth of 10%, reducing profit before provisions to 6%. Both revenue and expense growth rates were distorted by the consolidation of Stadium Australia. While average lending asset growth was 7%, end of period growth was 16%, reflecting the very strong growth seen in the latter part of the year due to higher customer demand and the global market turmoil. The recent liquidity issues in global markets have softened the downwards pressure on margins, and this should assist the business going into 2008. Another good feature of the result was the very high growth in customer deposits, up 27%.

Strong revenue growth in Markets and Corporate Finance was offset by weaker performance from the other units, however the second half saw a significant improvement from Business Banking. Geographically, Institutional had strong growth in profit before provisions in Australia and Asia (up 11.3% and 13.5% respectively), however was weaker in New Zealand (down 14% in New Zealand dollars).

New Zealand Businesses profit was up 6% 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 to NZD78 million, which normalised from an unsustainably low NZD5 million in 2006. 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 (0.08%) well below that seen in Australia.

Partnerships & Private Bank delivered very strong growth, with revenue and profit both up 34%. ING Australia (INGA) is now delivering very good momentum, with profit up 27%. Before capital investment earnings which were up 21%, INGA's profit was up 31%, with the business now delivering improved returns as it moves beyond the legacy issues that had previously constrained performance.

International Partnerships almost doubled earnings over the year, assisted by a full year contribution from Bank of Tianjin, and five months from AMMB. The outlook for Partnerships is very promising.

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Key Business Drivers[1]		Group Year ended Sep 07	Group Change[2]	Personal Change[2]	Institutional Change[2]	New Zealand Businesses (NZD) Change[2]
Total assets	$m	392,613	17%	12%	31%	14%
Deposits & other borrowings	$m	234,873	15%	11%	24%	12%
Risk weighted assets	$m	275,018	14%	12%	19%	15%
Average interest earning assets	$m	333,361	11%	11%	9%	14%
Net interest margin	bps	2.19	(12bps)	(5bps)	(18bps)	(9bps)
Net interest income	$m	7,302	5%	9%	(2%)	10%
Other operating income	$m	3,765	20%	21%	23%	5%
Total operating income	$m	11,067	10%	12%	8%	8%
FTE	No.	34,353	7%	9%	6%	2%
Operating expenses	$m	4,953	8%	8%	10%	4%
Profit before provisions[3]	$m	6,114	11%	17%	6%	13%
Individual provision charge	$m	484	43%	34%	20%	181%
Collective provision charge	$m	83	20%	(38%)	11%	large
Total provision for credit impairment	$m	567	39%	17%	19%	large
Cash profit	$m	3,924	9%	16%	6%	6%
EVA	$m	2,280	10%	16%	5%	15%
Other Measures[1]				**Actual**	**Actual**	**Actual**
Individual provision charge as a % of average net advances	%	0.17	4bps	0.24	0.08	0.08
Return on average assets	%	1.08	(3bps)	1.00	1.07	1.06
Return on average RWAs	%	1.55	0bps	1.69	1.31	1.34
Cost to income ratio	%	44.8	(80bps)	47.7	39.3	47.6
Cost to average assets	%	1.36	(6bps)	1.55	1.02	1.51

1. All numbers adjusted for non-core items
2. Compared to full year ended 30 September 2006
3. Profit before credit impairment and income tax

Profit

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	3,691	3,611	2%	**7,302**	6,943	5%
Other operating income	2,081	2,002	4%	**4,083**	3,209	27%
Operating income	5,772	5,613	3%	**11,385**	10,152	12%
Operating expenses	(2,567)	(2,386)	8%	**(4,953)**	(4,531)	9%
Profit before credit impairment and income tax	3,205	3,227	-1%	**6,432**	5,621	14%
Provision for credit impairment	(327)	(240)	36%	**(567)**	(407)	39%
Profit before income tax	2,878	2,987	-4%	**5,865**	5,214	12%
Income tax expense	(795)	(883)	-10%	**(1,678)**	(1,522)	10%
Minority interest	(5)	(2)	large	**(7)**	(4)	75%
Profit attributable to shareholders of the Company	2,078	2,102	-1%	**4,180**	3,688	13%

Cash profit

Profit has been adjusted to exclude the following non-core items to arrive at cash profit. Throughout this document figures and ratios that are calculated on a 'cash' basis have been shaded to distinguish them from figures calculated on a statutory basis.

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Profit attributable to shareholders of the Company	2,078	2,102	-1%	**4,180**	3,688	13%
Less: Non-core items						
Significant items[1]						
Restatement of deferred tax balances for announced New Zealand tax rate change	(24)	-	n/a	**(24)**	-	n/a
Gain on sale of Esanda Fleetpartners	54	141	-62%	**195**	-	n/a
Settlement of ANZ National Bank claims	-	-	n/a	**-**	14	-100%
Settlement of NHB insurance claim	-	-	n/a	**-**	79	-100%
Total significant items	30	141	-79%	**171**	93	84%
Economic hedging - fair value gains/losses[2]	41	28	46%	**69**	34	large
NZD revenue hedge - mark-to-market[2]	19	(3)	large	**16**	-	n/a
ANZ National Bank incremental integration costs[3]	-	-	n/a	**-**	(26)	-100%
Total non-core items	90	166	-46%	**256**	101	large
Cash profit	1,988	1,936	3%	**3,924**	3,587	9%

1. *In 2007 ANZ has classified the gain on sale of Esanda Fleetpartners of $195 million after tax (tax impact: nil following Australian Taxation Office clearance on the buy-back of TrUEPrS providing capital losses to be applied against the gain during the September 2007 half) and a negative impact of $24 million profit after tax following the restatement of deferred tax assets to reflect the recently announced change in the New Zealand company tax rate which takes effect from 1 October 2008 as significant items. In 2006 ANZ classified the $113 million ($79 million after tax) settlement of the NHB insurance matter and the $14 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: $nil) as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)*
2. *The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2007 ANZ has classified a gain of $69 million after tax (2006 full year: $34 million; Sep 2007 half: $41 million; Mar 2007 half: $28 million) relating to economic hedging as a non-core item (tax impact $31 million (2006 full year: $15 million; Sep 2007 half: $17 million; Mar 2007 half: $14 million)). Included in this non-core amount is volatility relating to approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, volatility arising from use of the fair value option, and ineffectiveness from designated accounting hedges. In addition, ANZ has classified a mark-to-market gain of $16 million profit after tax (2006 full year: $nil; Sep 2007 half: $19 million gain; Mar 2007 half: $3 million loss) relating to New Zealand revenue hedges that under the transitional provision of AASB 139 (AASB 2005-1) no longer qualify for hedge accounting from 1 October 2006 (tax impact $7 million (2006 full year: $nil; Sep 2007 half: $9 million; Mar 2007 half: $2 million credit)). ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)*
3. *In 2006 ANZ incurred $26 million after tax from ANZ National Bank incremental integration costs. Tax on ANZ National Bank incremental integration costs was $13 million. The integration program was completed in March 2006. ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration*

Cash profit, cont'd

Analysis of Cash[1] profit by key line item:

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	3,691	3,611	2%	**7,302**	6,943	5%
Other operating income	1,995	1,770	13%	**3,765**	3,146	20%
Operating income	5,686	5,381	6%	**11,067**	10,089	10%
Operating expenses	(2,567)	(2,386)	8%	**(4,953)**	(4,605)	8%
Profit before credit impairment and income tax	3,119	2,995	4%	**6,114**	5,484	11%
Provision for credit impairment	(327)	(240)	36%	**(567)**	(407)	39%
Profit before income tax	2,792	2,755	1%	**5,547**	5,077	9%
Income tax expense	(799)	(817)	-2%	**(1,616)**	(1,486)	9%
Minority interest	(5)	(2)	large	**(7)**	(4)	75%
Cash[1] profit	1,988	1,936	3%	**3,924**	3,587	9%

Earnings per share

	Half year Sep 07	Half year Mar 07	Movt Sep 07 v. Mar 07	Full year Sep 07	Full year Sep 06	Movt Sep 07 v. Sep 06
Earnings per ordinary share (cents)						
Basic	110.9	113.2	-2%	**224.1**	200.0	12%
Diluted	108.3	110.0	-2%	**218.3**	194.0	13%
Cash[1] (basic adjusted for non-core items)	106.1	104.2	2%	**210.3**	194.5	8%

Balance sheet

	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Assets					
Liquid assets	**16,987**	15,433	15,019	10%	13%
Due from other financial institutions	**8,040**	6,439	9,665	25%	-17%
Trading and available-for-sale assets	**29,173**	24,100	19,832	21%	47%
Derivative financial instruments	**22,237**	12,268	9,164	81%	large
Net loans and advances including acceptances	**303,382**	281,822	269,357	8%	13%
Other	**12,794**	11,662	11,603	10%	10%
Total assets	**392,613**	351,724	334,640	12%	17%
Liabilities					
Due to other financial institutions	**17,986**	14,872	14,118	21%	27%
Deposits and other borrowings	**234,873**	210,585	204,794	12%	15%
Derivative financial instruments	**24,180**	13,607	8,753	78%	large
Liability for acceptances	**14,536**	14,013	13,435	4%	8%
Bonds and notes	**54,075**	54,188	50,050	0%	8%
Other	**24,915**	23,549	23,584	6%	6%
Total liabilities	**370,565**	330,814	314,734	12%	18%
Total shareholders' equity	**22,048**	20,910	19,906	5%	11%

1. *Refer footnotes 1 to 3 on page 5*

Financial ratios

	Half year Sep 07 $M	Half year Mar 07 $M	Full year Sep 07 $M	Full year Sep 06 $M
Profit attributable to shareholders of the Company	2,078	2,102	**4,180**	3,688
Cash[1] profit	1,988	1,936	**3,924**	3,587
EVA™ [2]	1,161	1,119	**2,280**	2,082
Profitability ratios				
Return on:				
Average ordinary shareholders' equity[3]	20.5%	21.3%	**20.9%**	20.7%
Average ordinary shareholders' equity[3] (cash[1] profit basis)	19.6%	19.6%	**19.6%**	20.1%
Average assets	1.10%	1.21%	**1.15%**	1.14%
Average assets (cash[1] profit basis)	1.05%	1.11%	**1.08%**	1.11%
Average risk weighted assets	1.58%	1.73%	**1.65%**	1.59%
Average risk weighted assets (cash[1] profit basis)	1.51%	1.59%	**1.55%**	1.55%
Total income	13.0%	14.4%	**13.7%**	14.4%
Net interest margin	2.15%	2.24%	**2.19%**	2.31%
Profit per average FTE ($)	61,385	64,203	**125,533**	117,392
Efficiency ratios				
Operating expenses to operating income	44.5%	42.5%	**43.5%**	44.6%
Operating expenses to average assets	1.36%	1.37%	**1.36%**	1.40%
Operating expenses to operating income (cash[1])	45.1%	44.3%	**44.8%**	45.6%
Operating expenses to average assets (cash[1])	1.36%	1.37%	**1.36%**	1.42%
Credit impairment provisioning				
Collective provision charge	31	52	**83**	69
Individual provision charge	296	188	**484**	338
Total provision charge	327	240	**567**	407
Individual provision charge as a % of average net advances	0.20%	0.14%	**0.17%**	0.13%
Ordinary share dividends (cents)				
Interim - 100% franked (Mar 06: 100% franked)	n/a	62	**62**	56
Final - 100% franked (Sep 06: 100% franked)	74	n/a	**74**	69
Ordinary share dividend payout ratio[4]	67.1%	54.9%	**60.9%**	62.6%
Cash[1] ordinary share dividend payout ratio[4]	70.2%	59.6%	**65.0%**	64.4%
Preference share dividend (cents)				
Dividend paid[5]	20	17	**37**	27

1. *Refer footnotes 1 to 3 on page 5*
2. *EVA™ refers to Economic Value Added, a measure of shareholder value. See page 25 for a reconciliation of EVA™ to reported profit, a discussion of EVA™ and an explanation of its relevance as a performance measure*
3. *Average ordinary shareholders' equity excludes minority interest and preference share dividend*
4. *Dividend payout ratio is calculated using the proposed final dividend as at 30 September 2007 and the 31 March 2007, 30 September 2006 and 31 March 2006 dividends*
5. *Represents dividends paid on Euro Hybrid issued on 13 December 2004*

Financial ratios, cont'd

	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Net Assets					
Net tangible assets[1] per ordinary share ($)	**9.37**	9.01	8.53	4%	10%
Net tangible assets[1] attributable to ordinary shareholders ($M)	**17,462**	16,613	15,664	5%	11%
Total number of ordinary shares (M)	**1,864.7**	1,844.7	1,836.6	1%	2%
Capital adequacy ratio (%)					
Tier 1	**6.7%**	6.7%	6.8%		
Tier 2	**4.1%**	4.3%	4.2%		
Total capital ratio	**10.1%**	10.3%	10.6%		
Adjusted Common Equity ratio[2]	**4.3%**	4.4%	4.7%		
Risk weighted assets ($M)	**275,018**	250,485	240,219	10%	14%
Impaired assets					
Collective provision ($M)	**1,992**	1,981	1,940	1%	3%
Collective provision as a % of risk weighted assets	**0.72%**	0.79%	0.81%	-9%	-11%
Gross non-performing loans ($M)	**666**	640	661	4%	1%
Individual provisions on non-performing loans[3] ($M)	**(260)**	(275)	(279)	-5%	-7%
Net non-performing loans ($M)	**406**	365	382	11%	6%
Individual provision as a % of gross non-performing loans	**39.0%**	43.0%	42.2%	-9%	-8%
Gross non-performing loans as % of net advances	**0.22%**	0.23%	0.25%	-4%	-12%
Net non-performing loans as a % of net advances	**0.13%**	0.13%	0.14%	0%	-7%
Net non-performing loans as a % of shareholders' equity[4]	**1.8%**	1.7%	1.9%	6%	-5%
Other information					
Full time equivalent staff (FTEs)	**34,353**	33,183	32,256	4%	7%
Assets per FTE ($M)	**11.4**	10.6	10.4	8%	10%
Market capitalisation of ordinary shares ($M)	**55,382**	54,788	49,331	1%	12%

1. *Equals shareholders' equity less preference share capital, minority interest unamortised goodwill and other intangibles*
2. *Adjusted common equity is calculated as Tier 1 capital, less Innovative and Non-innovative Tier 1 capital instruments (converted at balance date spot rates), less transitional Tier 1 capital relief and deductions. This measure is commonly used to assess the adequacy of common equity held. See page 97 for a reconciliation to Tier 1 capital*
3. *Excludes individual provision on unproductive facilities*
4. *Includes minority interest*

Business unit analysis

Profit after income tax[1]	**Half year Sep 07 $M**	**Half year Mar 07 $M**	**Movt Sep 07 v. Mar 07 %**	**Full year Sep 07 $M**	**Full year Sep 06 $M**	**Movt Sep 07 v. Sep 06 %**
Personal	737	705	5%	**1,442**	1,239	16%
Institutional	705	743	-5%	**1,448**	1,363	6%
New Zealand Businesses[2]	376	350	7%	**726**	675	8%
Partnerships & Private Bank	137	110	25%	**247**	184	34%
Non-continuing businesses	-	-	n/a	**-**	55	-100%
Group Centre	33	28	18%	**61**	71	-14%
Cash profit	1,988	1,936	3%	**3,924**	3,587	9%
Non-core items[3]	90	166	-46%	**256**	101	large
Profit	2,078	2,102	-1%	**4,180**	3,688	13%

1. *Prior period numbers have been adjusted for organisational structure changes. Refer page 33 for an explanation of the changes*
2. *New Zealand Businesses growth rates in NZD terms were 7% and 6% for the September 2007 half year and the September 2007 full year respectively*
3. *Refer footnotes 1 to 3 on page 5*

Net loans and advances including acceptances by business unit[1]	**As at Sep 07 $M**	**As at Mar 07 $M**	**As at Sep 06 $M**	**Movt Sep 07 v. Mar 07 %**	**Movt Sep 07 v. Sep 06 %**
Personal	**149,172**	140,360	133,780	6%	12%
Institutional	**82,056**	72,820	70,866	13%	16%
New Zealand Businesses[2]	**69,504**	66,518	61,785	4%	12%
Partnerships & Private Bank	**2,627**	2,099	1,837	25%	43%
Non-continuing businesses	**-**	-	1,054	n/a	-100%
Group Centre	**23**	25	35	-8%	-34%
Net loans and advances including acceptances	**303,382**	281,822	269,357	8%	13%

1. *Prior period numbers have been adjusted for organisational structure changes. Refer page 33 for an explanation of the changes*
2. *New Zealand Businesses growth rates in NZD terms were 8% and 14% for the September 2007 half year and the September 2007 full year respectively*

Customer deposits by business unit[1]	**As at Sep 07 $M**	**As at Mar 07 $M**	**As at Sep 06 $M**	**Movt Sep 07 v. Mar 07 %**	**Movt Sep 07 v. Sep 06 %**
Personal	**68,119**	63,969	60,135	6%	13%
Institutional	**70,099**	61,361	55,314	14%	27%
New Zealand Businesses[2]	**38,334**	37,511	35,940	2%	7%
Partnerships & Private Bank	**5,702**	5,082	4,940	12%	15%
Non-continuing businesses	**-**	-	-	n/a	n/a
Group Centre	**425**	382	431	11%	-1%
Customer deposits	**182,679**	168,305	156,760	9%	17%

1. *Prior period numbers have been adjusted for organisational structure changes. Refer page 33 for an explanation of the changes*
2. *New Zealand Businesses growth rates in NZD terms were 5% and 8% for the September 2007 half year and the September 2007 full year respectively*

2007 result

ANZ recorded a profit after tax of $4,180 million for the full year ended 30 September 2007, an increase of 13% over the September 2006 year. Earnings per share increased 12% to 224.1 cents over the September 2006 year. After adjusting for non-core items[1] referred to on pages 13 and 14, Cash[1] profit increased 9% to $3,924 million and Cash EPS increased 8% to 210.3 cents.

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Profit attributable to shareholders of the Company	2,078	2,102	-1%	**4,180**	3,688	13%
Less: Non-core items[1] (refer page 13)	(90)	(166)	-46%	**(256)**	(101)	large
Cash[1] profit	1,988	1,936	3%	**3,924**	3,587	9%

Cash[1] profit

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	3,691	3,611	2%	**7,302**	6,943	5%
Other operating income	1,995	1,770	13%	**3,765**	3,146	20%
Operating income	5,686	5,381	6%	**11,067**	10,089	10%
Operating expenses	(2,567)	(2,386)	8%	**(4,953)**	(4,605)	8%
Profit before credit impairment and income tax	3,119	2,995	4%	**6,114**	5,484	11%
Provision for credit impairment	(327)	(240)	36%	**(567)**	(407)	39%
Profit before income tax	2,792	2,755	1%	**5,547**	5,077	9%
Income tax expense	(799)	(817)	-2%	**(1,616)**	(1,486)	9%
Minority interest	(5)	(2)	large	**(7)**	(4)	75%
Cash[1] profit	1,988	1,936	3%	**3,924**	3,587	9%

1. *In 2007 ANZ has classified the gain on sale of Esanda Fleetpartners of $195 million after tax (tax impact: nil following Australian Taxation Office clearance on the buy-back of TrUEPrS providing capital losses to be applied against the gain during the September 2007 half) and a negative impact of $24 million profit after tax following the restatement of deferred tax assets to reflect the recently announced change in the New Zealand company tax rate which takes effect from 1 October 2008 as significant items. In 2006 ANZ classified the $113 million ($79 million after tax) settlement of the NHB insurance matter and the $14 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: $nil) as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)*

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2007 ANZ has classified a gain of $69 million after tax (2006 full year: $34 million; Sep 2007 half: $41 million; Mar 2007 half: $28 million) relating to economic hedging as a non-core item (tax impact $31 million (2006 full year: $15 million; Sep 2007 half: $17 million; Mar 2007 half: $14 million)). Included in this non-core amount is volatility relating to approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, volatility arising from use of the fair value option, and ineffectiveness from designated accounting hedges. In addition, ANZ has classified a mark-to-market gain of $16 million profit after tax (2006 full year: $nil; Sep 2007 half: $19 million gain; Mar 2007 half: $3 million loss) relating to New Zealand revenue hedges that under the transitional provision of AASB 139 (AASB 2005-1) no longer qualify for hedge accounting from 1 October 2006 (tax impact $7 million (2006 full year: $nil; Sep 2007 half: $9 million; Mar 2007 half: $2 million credit)). ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

In 2006 ANZ incurred $26 million after tax from ANZ National Bank incremental integration costs. Tax on ANZ National Bank incremental integration costs was $13 million. The integration program was completed in March 2006. ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration

2007 result, cont'd

Impact of exchange rate movements[1]

Presented below is an analysis of the impact of foreign exchange movements on the income statement, net of earnings from economic revenue hedges put in place to hedge New Zealand revenue.

Movements in exchange rates have resulted in a $52 million decrease in Cash[2] profit for the 2007 year, principally due to the translation of NZD earnings net of associated revenue hedges which are booked in Australia as foreign exchange earnings and translation of USD earnings. NZD earnings were translated at effective exchange rates of 1.140 (2007) and 1.105 (2006). USD earnings were translated at effective exchange rates of 0.81 (2007) and 0.75 (2006).

	Half Year Sep 2007 v. Half Year Mar 2007			Full Year Sep 2007 v. Full Year Sep 2006		
	FX unadjusted % growth	FX adjusted % growth	FX Impact $M	FX unadjusted % growth	FX adjusted % growth	FX Impact $M
Net interest income[3]	2%	3%	(11)	5%	6%	(56)
Other operating income[4]	13%	14%	(19)	20%	21%	(27)
Operating income	6%	6%	(30)	10%	11%	(83)
Operating expenses	8%	8%	10	8%	8%	11
Profit before credit impairment and income tax	4%	5%	(20)	11%	13%	(72)
Provision for credit impairment	36%	37%	1	39%	39%	(2)
Profit before income tax	1%	2%	(19)	9%	11%	(74)
Income tax expense	-2%	-1%	5	9%	11%	22
Minority interest	large	large	-	75%	75%	-
Cash[2] profit	3%	3%	(14)	9%	11%	(52)

1. *ANZ has removed the impact of exchange rate movements to provide a better indication of the Group's performance in local currency terms. Retranslation is net of revenue hedges taken to income in cash profit, refer page 26*
2. *Refer footnote 1 on page 11*
3. *In 2007, revenue hedge earnings were included in net interest income which resulted in an impact in 2007 of a decrease of $46 million over 2006*
4. *In 2007, revenue hedge earnings were included in other operating income which resulted in an impact in 2007 of a decrease of $11 million over 2006 and a decrease of $9 million over the March 2007 half*

Impact of acquisitions and disposals

During the year, ETrade Australia became a wholly owned subsidiary of ANZ and Stadium Australia became a consolidated entity prior to its expected sell down as part of the Group's Alternative Assets strategy.

The consolidation of ETrade Australia and Stadium Australia and sale of Esanda Fleetpartners in 2007 has given rise to the following movements within Operating income and Operating expenses when compared to 2006.

Operating income has increased by $38 million during 2007 (Sep 2007 half: $59 million):

- ETrade Australia increased $37 million (Sep 2007 half: $37 million)
- Stadium Australia increased $35 million (Sep 2007 half: $27 million)
- Esanda Fleetpartners decreased $56 million (Sep 2007 half: $5 million decrease). In addition, the reinvestment of sale proceeds net of related payments provided a funding benefit of $22 million.

Operating expenses have increased by $32 million during 2007 (Sep 2007 half: $47 million):

- ETrade Australia increased $28 million (Sep 2007 half: $28 million)
- Stadium Australia increased $29 million (Sep 2007 half: $21 million)
- Esanda Fleetpartners decreased $25 million (Sep 2007 half: $2 million decrease).

Non-core items

ANZ has adjusted the income statement for non-core items, as outlined below, to assist in understanding the core business performance by removing the volatility in reported results created by one-off significant items, ANZ National Bank incremental integration costs, which ceased in the March 2006 half year, and the non-core income arising from the use of derivatives in economic hedges and fair value through profit and loss.

Non-core items in the income statement

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Significant items						
Restatement of deferred tax balances for announced New Zealand tax rate change	(24)	-	n/a	**(24)**	-	n/a
Gain on sale of Esanda Fleetpartners	54	141	-62%	**195**	-	n/a
Settlement of ANZ National Bank claims	-	-	n/a	**-**	14	-100%
Settlement of NHB insurance claim	-	-	n/a	**-**	79	-100%
Total significant items	30	141	-79%	**171**	93	84%
Economic hedging - fair value gains/losses	41	28	46%	**69**	34	large
NZD revenue hedge - mark-to-market	19	(3)	large	**16**	-	n/a
ANZ National Bank incremental integration costs	-	-	n/a	**-**	(26)	-100%
Non-core items	90	166	-46%	**256**	101	large

- **Significant items**

  Significant items in the income statement are those items that management believe do not form part of the core business by virtue of their magnitude and infrequent nature and, as such, should be removed from profit when analysing the core business performance. The following are considered significant items:

  - Gain on sale of Esanda Fleetpartners

    During the March 2007 half, ANZ sold Esanda Fleetpartners, which had operations in Australia and New Zealand, to Nikko Principal Investments. Profit on disposal was $195 million ($141 million after tax) with $128 million ($74 million after tax) recognised in Australia and $67 million (tax impact: $nil) recognised in New Zealand. During the September 2007 half, Australian Taxation Office clearance enabled most of the capital losses realised on the buy-back of TrUEPrS to be applied against the sale transaction resulting in an increase in the gain on sale of Esanda Fleetpartners of $54 million after tax. The 2007 full year impact is profit after tax of $195 million (tax impact: $nil).

  - Impact of NZ tax rate change (September 2007 half year)

    In May 2007, the New Zealand Government announced a reduction in company tax rates from 33% to 30%. For ANZ, this will take effect from 1 October 2008. This has resulted in a negative impact on profit after tax of $24 million following the restatement of net deferred tax asset balances.

  - Settlement of the NHB insurance claim (March 2006 half year)

    During the March 2006 half, ANZ settled its $130 million claim against a number of reinsurers in relation to the National Housing Bank (NHB) matter. ANZ has reported the $113 million ($79 million after tax) cost recovery as a significant item in 2006. $1 million was received in 2005 and not treated as significant as it was immaterial.

  - Settlement of ANZ National Bank claims (March 2006 half year)

    Following the purchase of National Bank of New Zealand Limited on 1 December 2003, a dispute arose with Lloyds TSB in relation to the accounting treatment in the Completion Accounts of the provision for retirement gratuities. The dispute was referred to arbitration and, as a result, ANZ National Bank received $14 million in March 2006 (tax impact: $nil) in final settlement.

Non-core items, cont'd

- **Non-core income arising from the use of derivatives in economic hedges and fair value through profit and loss**

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. The implementation of AIFRS accounting policies from 1 October 2005 (1 October 2006 in respect of hedges of NZD revenue) introduced volatility within the Income Statement in relation to economic hedges as follows:

- approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, including hedges of NZD revenue
- income/(loss) arising from the use of the fair value option (principally the credit spread on liabilities designated at fair value), and
- ineffectiveness of designated accounting cash flow and fair value hedges.

ANZ separately reports the impact of volatility due to economic hedging as a non-core item, as the profit or loss resulting from the transactions outlined above does not relate to the current accounting period and will reverse over time to be matched with the profit or loss from the economically hedged item as part of core operating performance. In the case of volatility arising from the use of the fair value option, the mark-to-market gain is a result of widening spreads on the fair value of ANZ's own-issued paper. During 2007, ANZ has classified income of $85 million after tax (Sep 2007 half: $60 million; Mar 2007 half: $25 million) relating to economic hedging, including the mark-to-market unrealised gain-loss on NZD revenue hedges, as non-core items (tax on hedges $38 million (Sep 2007 half: $26 million; Mar 2007 half: $12 million)).

Impact on income statement	**Half year Sep 07 $m**	**Half year Mar 07 $m**	**Full year Sep 07 $m**	**Full year Sep 06 $m**
Non-compliant hedges	14	38	52	42
NZD revenue hedges – mark-to-market	28	(5)	23	-
Use of the fair value option	44	2	46	3
Ineffective portion of effective cash flow and fair value hedges	-	2	2	4
Profit/(loss) before tax	86	37	123	49
Profit/(loss) after tax	60	25	85	34

On transition to AIFRS at 1 October 2005, the impact of hedge ineffectiveness and economic hedges not designated in accounting hedge relationships was $144 million (pre-tax). This amount was taken directly to retained earnings as a loss and is expected to unwind over time through the income statement.

Net unrealised (loss) / gain – balance sheet	**$m**
As at 1 October 2005, transition to AIFRS	(144)
Net volatility recorded in income statement	
- half year ended 31 March 2006	18
- half year ended 30 September 2006	31
- half year ended 31 March 2007	37
- half year ended 30 September 2007	86
As at 30 September 2007	28

The net gain recorded in the income statement represents the progressive reversal of the $144 million loss on transition to AIFRS together with income/(loss) arising on existing and new economic hedge transactions, including the impact of changing spreads on ANZ's own-issued paper.

Income and expenses

Net Interest Income

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	3,691	3,611	2%	**7,302**	6,943	5%
Average interest earning assets	343,005	323,667	6%	**333,361**	300,706	11%
Net interest margin (%)	2.15	2.24	-4%	**2.19**	2.31	-5%

- **2007 result**

Net interest income at $7,302 million was 5% ($359 million) higher.

Volume

Average interest earning assets increased $32.7 billion (11%):

- Average net advances grew by $27.1 billion (11%). Personal grew $13.5 billion (11%), primarily in Mortgages ($10.6 billion) and from growth in retail loans and one-off borrowings following superannuation legislation changes. Institutional grew $4.7 billion (9%) as a result of continuing strong customer demand for debt products, especially in Relationship Lending ($2.6 billion) in the latter part of the year and Business Banking ($1.8 billion). New Zealand grew $8.2 billion or 13% (NZD8.7 billion or 12%) with growth robust across all businesses.
- Trading securities and available-for-sale assets grew by $3.5 billion (16%) reflecting Institutional's Debt Capital Market strategy to expand their on balance sheet trading portfolio, and liquid assets ($1.7 billion).

Average deposits and other borrowings increased $16.0 billion (8%).

- Customer deposits grew by $22.0 billion (15%). Personal grew $7.2 billion (13%) as a result of ongoing marketing campaigns, in-branch promotions and simplification of account opening procedures in the retail branch and small business networks. Institutional grew $8.2 billion (25%), mainly in Trade & Transaction Services ($6.7 billion) resulting from customer acquisition and the impact of new superannuation laws. New Zealand grew $5.0 billion or 11% (NZD5.2 billion or 10%) with growth in both Institutional ($1.8 billion) and the Retail branch network ($2.3 billion). Overseas Markets increased $1.6 billion or 10%.
- Wholesale funding declined by $6.0 billion or 12% primarily in the United States (-$6.5 billion) due to the wind up of the Group's Delaware commercial paper program in February 2007 (offset in Loan capital, Bonds and notes and customer deposits).

Margin

Net interest margin was down 12 basis points to 2.19% from September 2006:

- Funding mix (nil)

  Margins were assisted by substitution of customer deposits for wholesale funding (+2 basis points), offset by a decrease in the proportion of free funds (-2 basis points).
- Asset mix (-1 basis point)

  Reduction was due to an increase in the proportion of lower yielding liquid assets and trading securities in Group Treasury and Markets (-2 basis points), partially offset by a decrease in the proportion of lower margin institutional lending (+1 basis point).
- Competition (-9 basis points)

  Competitive pressures reduced margins, mainly in Australian Mortgages (-2 basis points), New Zealand Mortgages (-1 basis point), Australia and New Zealand Business lending (-1 basis point) and Relationship Banking and Esanda (-1 basis point). In addition, net interest margin declined due to lower lending related fees (-2 basis points) and migration to high yielding deposits (-1 basis point) and low rate credit cards (-1 basis point).
- Wholesale rates (+3 basis points)

  Increased earnings from the investment of capital and rate insensitive deposits (+4 basis points) partially offset by an increase in basis risk on variable rate mortgages and credit cards (-1 basis point).
- Other items (-5 basis points) include:
  - NZD revenue hedging was included in interest income in prior periods, and in 2007 is included in foreign exchange earnings (-2 basis points)
  - Higher funding costs associated with unrealised trading gains (-3 basis points), however this is directly offset by an equivalent increase in trading income
  - Interest received on tax refunds in the prior period (-1 basis point)
  - Benefits from customer prepayment behaviour in New Zealand (+1 basis point)
  - Other impacts include a decrease in the proportion of credit card balances earning interest and a reduction in margins in the Pacific.

Income and expenses, cont'd

Net Interest Income, cont'd

- **Comparison with March 2007 half**

Net interest income at $3,691 million was 2% ($80 million) higher than the March 2007 half.

Volume

Average interest earning assets increased $19.3 billion (6%):

- Average net advances grew by $15.6 billion (6%). Personal division grew $8.1 billion (6%) attributable to Mortgages ($6.0 billion) and Banking Products ($0.8 billion) from growth in retail loans, customary seasonal uplift and one-off borrowings following superannuation legislation changes. Institutional grew $1.7 billion (3%) as a result of continuing strong customer demand for debt products, especially in Relationship Lending ($1.1 billion) and Business Banking ($0.9 billion). New Zealand's average net advances increased by $5.1 billion or 7% (NZD5.4 billion or 7% in NZD terms) with growth across all businesses.
- Other interest earning assets increased by $3.7 billion (8%), driven by higher levels of trading securities ($4.7 billion) reflecting Institutional's Debt Capital Market strategy to expand their on balance sheet trading portfolio, partly offset by a reduction in liquid assets.

Average deposits and other borrowings grew $13.6 billion (6%):

- Customer deposits grew by $11.4 billion or 7.0%. Personal division grew $3.3 billion (5%) as a result of ongoing marketing campaigns, in-branch promotions and the higher deposit rates, subsequent to the August cash rate rise, in the retail branch and small business networks. Institutional grew $4.1 billion (11%) mainly in Trade & Transaction Services ($3.7 billion) resulting from customer acquisition and the impact of new superannuation laws and higher corporate cash holdings for annual dividend payments. New Zealand grew $2.6 billion or 5% (NZD 2.7 billion or 5%) reflecting growth in both Institutional ($0.8 billion) and the retail branch network ($1.1 billion).
- Wholesale funding increased by $2.2 billion or 5% driven by Markets and Treasury in Australia ($3.4 billion), partly offset by a decline in the United States (-$1.9 billion) due to the wind up of the Group's Delaware commercial paper program in February 2007 (offset in Loan capital, Bonds and notes and customer deposits).

Margin

Net interest margin decreased 9 basis points to 2.15% from the March 2007 half:

- Funding mix (nil)
  Margins were assisted by substitution of customer deposits for wholesale funding (+1 basis point), offset by a decrease in the proportion of fee funds (-1 basis point).
- Asset mix (-1 basis point)
  Reduction in margin was due mainly to an increase in the proportion of lower yielding liquid assets and trading securities in Group Treasury and Markets.
- Competition (-4 basis points)
  Competitive pressures reduced margins, mainly in Australian Mortgages (-1 basis point), New Zealand Mortgages (-1 basis point), and to a lesser degree Business Banking, Relationship Banking and Esanda (-1 basis point). In addition, net interest margin declined due to lower growth in lending related fees (-1 basis point).
- Wholesale rates (+1 basis point)
  Increased earnings on the investment of capital and rate insensitive deposits (+1 basis point), and higher non-traded interest rate risk earnings (+1 basis point), partially offset by an increase in basis risk on variable rate mortgages and credit cards (-1 basis point).
- Other items (-5 basis points) include:
  - Higher funding costs associated with unrealised trading gains (-5 basis points), however this is directly offset by an equivalent increase in trading income.
  - Other impacts include benefits from customer prepayment behaviour in New Zealand and favourable mix impacts from brokerage payments.

Income and expenses, cont'd

Other Operating Income

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Total fee income	1,237	1,143	8%	**2,380**	2,145	11%
Foreign exchange earnings	250	237	5%	**487**	447	9%
Profit on trading instruments	196	173	13%	**369**	209	77%
Other	312	217	44%	**529**	345	53%
Core other operating income	1,995	1,770	13%	**3,765**	3,146	20%
Ineffective hedge fair value gains/losses[1]	58	42	38%	**100**	49	large
NZD revenue hedge mark-to-market volatility[1]	28	(5)	large	**23**	-	n/a
Significant items[1]	-	195	-100%	**195**	14	large
Total other income	2,081	2,002	4%	**4,083**	3,209	27%
Composition of Markets' income						
Net interest income	(2)	50	large	**48**	113	-58%
Foreign exchange earnings	191	177	8%	**368**	333	11%
Profit on trading instruments	193	156	24%	**349**	220	59%
Fee and other income	4	12	-67%	**16**	25	-36%
Total Markets' income	386	395	-2%	**781**	691	13%

1. *Refer footnote 1 on page 11*

- **2007 result**

Other operating income increased $874 million (27%). Core other operating income increased $619 million (20%) after excluding non-core items (refer pages 13 and 14). Excluding the impact of the ETrade Australia acquisition, disposal of Fleetpartners and the consolidation of Stadium Australia, adjusted core other operating income increased $562 million. The following explanations are based on core other operating income:

- Fee income increased $235 million (11%):
  - Lending fee income increased $61 million (14%)
    - Personal increased $50 million. Banking Products increased $20 million, mainly as a result of new account acquisitions. Mortgages grew $19 million due to increased sales volumes. Consumer Finance increased $6 million due to growth in account numbers. Esanda increased $5 million through the introduction of new revenue initiatives.
    - New Zealand increased $16 million, largely in the Retail banks due to pricing and other fee income initiatives.
  - Non-lending fee income increased $174 million (10%)
    - Personal increased $122 million. Consumer Finance increased $65 million due to volume growth and revenue initiatives. Investment and Insurance Products grew $39 million, due mainly to an increase in income generated by financial planners associated with superannuation changes. Banking Products increased $16 million driven by new product and pricing initiatives.
    - Institutional increased $64 million. Corporate Finance increased $42 million with significant growth experienced within the advisory, private equity and structured finance portfolios. Working Capital increased $21 million reflecting stronger growth in transaction volumes.
    - Partnerships & Private Bank increased $4 million. International Partnerships rose $3 million due to the growth of business in ANZ Royal Bank in Cambodia and Indonesia Cards.
    - Non-continuing businesses decreased $20 million due to the sale of Esanda Fleetpartners.
- Foreign exchange earnings increased $40 million. Institutional increased $48 million with a $35 million increase in Markets due to good sales flow, particularly in corporate sales with the continued development of the international services business. Working Capital increased $13 million mainly as a result of new product initiatives. Personal rose $7 million with a $5 million increase in Pacific due to strong growth across the region. Group Centre decreased $15 million mainly as a result of an $11 million loss on NZD revenue hedges due to the strong NZD.
- Profit on trading instruments increased $160 million:
  - Markets increased $129 million. Included within Markets' growth was $99 million from derivative positions, the funding of which is included in net interest income. There have been good results in the electricity and structured credit businesses, both growth initiative businesses that have been successfully developed in 2007.
  - Corporate Finance increased $27 million, mainly as a result of gains on private equity securities.
  - Working Capital increased $4 million due to the mark-to-market of the credit derivative swap portfolio used to hedge existing customer exposures.

Income and expenses, cont'd

Other Operating Income, cont'd

- Other operating income increased $184 million (53%):
  - Partnerships & Private Bank increased $76 million. INGA equity accounted income rose $33 million as a result of changes in superannuation rules and strong investment markets resulting in improved funds management performance. International Partnerships increased $38 million due to a $14 million increase in Bank of Tianjin as the 2007 year includes a full 12 months of equity accounted income and $14 million income from the new investment in AMMB.
  - Personal increased $67 million. Investment and Insurance Products increased $39 million with higher brokerage fee following consolidation of ETrade Australia. Mortgages increased $15 million from higher sales volumes and associated mortgage insurance policy premiums. Consumer Finance increased $8 million, due mainly to the sale of MasterCard shares.
  - Group Centre increased $25 million, due mainly to higher profit on property sales.
  - Institutional increased $21 million. Corporate Finance increased $27 million, due mainly to an increase from private equity and infrastructure revenue, predominantly the Stadium Australia investment, offset by the impact of a $6 million gain on sale of power assets in 2006.
  - New Zealand increased $8 million, due mainly to the sale of MasterCard shares.
  - Non-continuing businesses decreased $14 million as 2006 included a $12 million gain from settlement of the sale warranties relating to the sale of the London-headquartered project finance business.
- Movements in average exchange rates decreased total other income by $27 million.

▪ **Comparison with March 2007 half**

Other operating income increased $79 million (4%). After adjusting for non-core items (refer pages 13 and 14), core other operating income increased $225 million (13%). Excluding the impact of the ETrade Australia acquisition, the disposal of Fleetpartners and the consolidation of Stadium Australia, adjusted core other operating income increased $156 million.

The following explanations are based on core other operating income:

- Fee income increased $94 million (8%).
  - Lending fee income increased $27 million (12%):
    - Personal increased $16 million. Mortgages increased $9 million due to volume growth. Banking Products increased $5 million as a result of growth in transaction accounts.
    - New Zealand increased $7 million due to pricing initiatives.
  - Non-lending fee income increased $67 million (7%):
    - Personal increased $49 million. Investment and Insurance Products increased $23 million due to higher income generated by financial planners. Consumer Finance increased $17 million as a result of volume growth and seasonality of fees.
    - Institutional increased $12 million (5%). Corporate Finance increased $14 million with particularly strong growth in Structured Debt.
    - New Zealand increased $5 million, due mainly to seasonality of card fees.
- Foreign exchange earnings increased $13 million. Institutional increased $20 million due to Markets' increasing $15 million as a result of improved performance by the currency trading business and higher sales flow as foreign exchange volatility drives customer hedging activity. Corporate Centre decreased $8 million due to increased realised losses on NZD revenue hedges.
- Profit on trading instruments increased $23 million. Markets increased $37 million driven by a $85 million increase in unrealised gains (largely offset in net interest income) and good results in the electricity and structured credit businesses partially offset by the impact of recent volatility on the Rates and Credit businesses. Working Capital decreased $14 million due to mark-to-market impacts of credit derivatives used to hedge existing customers.
- Other operating income increased $95 million (44%):
  - Institutional increased $35 million. Corporate Finance increased $33 million due mainly to an increase from private equity and infrastructure earnings, predominantly the Stadium Australia investment.
  - Partnerships & Private Bank increased $27 million. International Partnerships increased $20 million due to $14 million income from the recent investment in AMMB in Malaysia.
  - Group Centre increased $23 million due mainly to higher profit on property sales.
  - Personal increased $15 million. Investment and Insurance Products increased $35 million due to higher brokerage following consolidation of ETrade Australia. Consumer Finance decreased $20 million due mainly to the sale of MasterCard shares in the first half.
  - New Zealand decreased $7 million due mainly to the sale of MasterCard shares in the first half.
- Movements in average exchange rates decreased total other income by $19 million.

Income and expenses, cont'd

Expenses

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personnel expenses	1,540	1,451	6%	**2,991**	2,755	9%
Premises expenses	239	223	7%	**462**	411	12%
Computer expenses	310	282	10%	**592**	549	8%
Other expenses	478	430	11%	**908**	890	2%
Core operating expenses	2,567	2,386	8%	**4,953**	4,605	8%
Significant items - settlement of NHB insurance claim	-	-	n/a	**-**	(113)	-100%
ANZ National Bank incremental integration costs[1]	-	-	n/a	**-**	39	-100%
Total operating expenses	2,567	2,386	8%	**4,953**	4,531	9%
Total employees	34,353	33,183	4%	**34,353**	32,256	7%

1. *For March 2006 these costs are personnel costs of $27 million premises costs of $1 million, computer costs of $6 million, and other costs of $5 million*

- **2007 result**

Operating expenses increased $422 million (9%) or $348 million (8%) adjusting for non-core items (refer pages 13 and 14). Excluding the impact of the ETrade Australia acquisition, the disposal of Fleetpartners and the consolidation of Stadium Australia, adjusted core operating expenses increased $316 million. The following explanations exclude non-core items:

- Personnel costs were up $236 million (9%) as a result of annual salary increases and a 7% increase in staff numbers. Increases in staff numbers were mainly in the following business units:
  - Personal staff numbers increased 9%. Investment and Insurance Products increased 47% due to the acquisition of ETrade Australia (227 staff) as well as ongoing recruitment of financial planners. Retail Banking staff numbers increased 3% due to the opening of further new branches under the Branch Investment Program together with extending opening hours of branches. Mortgages increased 9% due to increased sales staff required to support new initiatives. Consumer Finance increased 8% to resource increased volumes, card growth initiatives and additional collections staff.
  - Institutional increased 6% due to a 7% increase in Working Capital, reflecting an increase in Relationship Lending and Markets increasing 4%, with higher levels of frontline staff to support the revenue strategy in the Corporate Sales and Asia businesses.
  - New Zealand grew 2% due to increases in frontline staff to facilitate business growth.
  - Partnership & Private Bank increased 43%, driven mainly by the branch expansion program in Cambodia and increased specialist staff to further the growth agenda in Private Banking.
- Premises costs increased $51 million (12%), driven mainly by a $26 million higher rental expense reflecting additional space requirements, opening of new branches, additional ATMs and market rental growth. Depreciation and amortisation expense rose $11 million due to a $4 million increase in leasehold improvements amortisation and a $5 million increase in building depreciation in Corporate Finance due to the consolidation of Stadium Australia. Utilities and other outgoings were up $10 million, due mainly to the Branch Investment Program.
- Computer costs increased $43 million (8%) due to increased software purchases of $19 million due mainly to internet banking licence fees and increased information system usage. Data communication costs rose $9 million with a $4 million increase in Markets due to higher costs for information services. Rentals and repairs increased $5 million with Consumer Finance increasing $3 million due mainly to the increase in the number of ATMs.
- Other expenses increased $18 million (2%). Travel expenses increased $16 million with small increases spread across most business units. Corporate Finance had a $15 million increase in other costs due to Stadium Australia (mainly event costs). Depreciation of furniture and equipment increased $9 million. Freight costs grew $6 million, with Consumer Finance up $3 million driven by the increase in the number of ATMs. Non-lending losses decreased $12 million compared with 2006 due to Institutional and New Zealand (the latter included a NZD10 million New Zealand Commerce Commission settlement impact in 2006). Advertising spend decreased $18 million, with 2006 including the cost of launching ANZ Everyday Visa Debit, chip cards, designmycard and ANZ Visa Platinum.
- Movements in exchange rates decreased cost growth by $11 million.

Income and expenses, cont'd

Expenses, cont'd

- **Comparison with March 2007 half**

Operating expenses increased $181 million (8%). Excluding the impact of the ETrade Australia acquisition, the disposal of Fleetpartners and the consolidation of Stadium Australia, adjusted core operating expenses increased $134 million.

- Personnel expenses increased $89 million (6%) as a result of a 4% increase in staff numbers mainly in the following business units:
  - Personal staff numbers increased 5%. Investment and Insurance Products increased 36% due to the acquisition of ETrade Australia, and the ongoing recruitment of financial planners. The retail branch network increased with the opening of 30 new branches.
  - Institutional staff numbers grew 2% due mainly to Business Banking investing in frontline staff and Corporate Finance reflecting growth in Structured Debt business.
- Premises costs increased $16 million (7%) with rental expenses growing $6 million reflecting additional space requirements, opening of new branches and ATMs as well as market rental growth. Depreciation and amortisation expenses increased $6 million due to an increase of $4 million in Corporate Finance as a result of Stadium Australia.
- Computer costs increased $28 million (10%). Software purchases increased $14 million due to timing of software contracts, internet banking licence fees and increased information system usage. Computer costs also increased due to Mortgages and Working Capital reassessment of software projects.
- Other expenses increased $48 million (11%):
  - Advertising spend increased $15 million with Personal increasing $10 million from higher spend in Consumer Finance and Investment and Insurance Products, increased brand spend and a $2 million increase from the consolidation of ETrade Australia.
  - Non-lending losses increased $11 million with a $6 million increase in Corporate Centre reflecting a less favourable non-lending loss experience.
  - Other costs increased $9 million in Corporate Finance due to Stadium Australia (including event costs).
  - Depreciation of furniture and equipment increased $5 million.
- Movements in exchange rates decreased costs by $10 million.

Credit risk

Provision for credit impairment charge

The credit impairment charge increased $160 million from 30 September 2006 to $567 million. Personal and New Zealand drove the increase, with the increase in Personal's individual provision charge being partially offset by the decrease in Personal's collective provision charge. Overall provisions remain low, reflecting strong underlying credit quality and excellent economic conditions in core business geographies.

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personal	201	192	5%	**393**	336	17%
Institutional	76	(7)	large	**69**	58	19%
New Zealand Businesses	36	33	9%	**69**	4	large
Partnerships & Private Bank	14	20	-30%	**34**	24	42%
Non-continuing businesses	-	-	n/a	**-**	(15)	-100%
Group Centre	-	2	-100%	**2**	-	n/a
Provision for credit impairment charge	327	240	36%	**567**	407	39%

Individual provision charge

The individual provision charge increased $146 million from 30 September 2006 to $484 million. Personal increased due to prior years' growth in low rate cards, higher bankruptcies and increased servicing pressure from higher interest rates, housing costs and fuel prices. Esanda experienced lower realisable values on defaulted large motor vehicles due to the impact of higher fuel prices. New Zealand Businesses returned to more normal provisioning levels following higher than usual writebacks last financial year. Institutional provisions have been influenced by two customers, offset by a substantial recovery in the first half ($47 million).

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personal	184	159	16%	**343**	256	34%
Institutional	67	(8)	large	**59**	49	20%
New Zealand Businesses	29	23	26%	**52**	18	large
Partnerships & Private Bank	12	14	-14%	**26**	22	18%
Non-continuing businesses	-	-	n/a	**-**	(7)	-100%
Group Centre	4	-	n/a	**4**	-	n/a
Individual provision charge	296	188	57%	**484**	338	43%
Individual provision charge as a % of average net advances	0.20%	0.14%		**0.17%**	0.13%	

New and increased provisions	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personal	242	213	14%	**455**	354	29%
Institutional	108	80	35%	**188**	164	15%
New Zealand Businesses	43	37	16%	**80**	68	18%
Partnerships & Private Bank	14	15	-7%	**29**	25	16%
Non-continuing businesses	-	-	n/a	**-**	7	-100%
Group Centre	4	-	n/a	**4**	-	n/a
New and increased provisions	411	345	19%	**756**	618	22%

Recoveries and writebacks	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personal	(58)	(54)	7%	**(112)**	(98)	14%
Institutional	(41)	(88)	-53%	**(129)**	(115)	12%
New Zealand Businesses	(14)	(14)	0%	**(28)**	(50)	-44%
Partnerships & Private Bank	(2)	(1)	100%	**(3)**	(3)	0%
Non-continuing businesses	-	-	n/a	**-**	(14)	-100%
Recoveries and writebacks	(115)	(157)	-27%	**(272)**	(280)	-3%

Credit risk, cont'd

Collective provision charge

The collective provision charge increased $14 million since 30 September 2006 to $83 million. The charge for the year was driven by asset growth and changes in portfolio risk. This was partially offset by the continued release of the scenario impact provision taken in 2005 to reflect the risk change due to materially higher and sustained oil prices.

The increase in 2007 was primarily due to growth in New Zealand, which was partially offset by a lower charge in Personal due to continued prudent management of unsecured lending, particularly in Consumer Finance (due to tightened credit standards, reduced business in certain segments and improved collections) and lower risk movement, particularly in Esanda.

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Lending growth	82	63	30%	**145**	131	11%
Risk profile	(6)	18	large	**12**	17	-29%
Portfolio mix	(13)	7	large	**(6)**	6	large
Other[1]	(32)	(36)	-11%	**(68)**	(77)	-12%
Non-continuing business	-	-	n/a	**-**	(8)	-100%
Collective provision charge	31	52	-40%	**83**	69	20%

1. *Other comprises scenario impact including the modelled unwind of the oil price shock (raised in 2005) to offset the emergence of related Individual and Collective provisions from these scenario impacts and the refinement of estimates including emergence periods*

The analysis of the collective provision charge by business unit is set out below:

Collective provision charge	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personal	17	33	-48%	**50**	80	-38%
Institutional	9	1	large	**10**	9	11%
New Zealand Businesses	7	10	-30%	**17**	(14)	large
Partnerships & Private Bank	2	6	-67%	**8**	2	large
Non-continuing businesses	-	-	n/a	**-**	(8)	-100%
Group Centre	(4)	2	large	**(2)**	-	n/a
Collective provision charge	31	52	-40%	**83**	69	20%

Expected loss

Management believe that disclosure of modelled expected loss data will assist in assessing the longer term expected loss rates on the lending portfolio as it removes the volatility in reported earnings created by the use of AIFRS credit loss provisioning. The expected loss concept also aligns with the Basel II advanced approach to capital management. The expected loss methodology is used internally for Economic Value Added (EVA) reporting and as a factor when determining the dividend payout ratio. Expected loss outcomes are subject to change as Basel II validation work is completed.

Expected loss was $810 million, an increase of $119 million over the September 2006 year. The increase over the year was predominantly driven by growth across Personal, moderately higher bankruptcy rates, the flow through of losses on low rate cards and rising losses in Esanda due to the lower realisable value of defaulted large motor vehicles. The increase in Institutional over the year was driven by strong lending asset growth and a slight weakening in the Division's risk profile.

	Group Net Advances	Half year Sep 07	Half year Mar 07	Full year Sep 07	Full year Sep 06
Personal	49%	0.31%	0.29%	**0.30%**	0.27%
Institutional	27%	0.34%	0.32%	**0.33%**	0.31%
New Zealand Businesses	23%	0.17%	0.17%	**0.17%**	0.17%
Partnerships & Private Bank	1%	1.16%	1.75%	**1.40%**	1.54%
Non-continuing businesses	<1%	n/a	0.36%	**n/a**	0.39%
Group Centre	<1%	n/a	2.93%	**n/a**	n/a
Total	100%	0.29%	0.28%	**0.28%**	0.27%
Expected loss ($million)		422	388	**810**	691

1. *Expected loss = Annualised expected loss divided by average net lending assets*

Credit risk, cont'd

Gross non-performing loans

Gross non-performing loans at $666 million represented a minimal increase over the 30 September 2006 level, with an increase in Personal offset by a reduction in Institutional. The increase in Personal was driven by Mortgages, due to slower realisation rates on defaulted mortgages with refinance options becoming more difficult, modestly increasing default rates and higher delinquencies in outer Sydney. Institutional decreased due to sound credit risk management contributing to lower defaults as well as good levels of asset realisations and repayments.

Net non-performing loans

Net non-performing loans are $406 million (Sep 2006: $382 million). The Group has an individual provision coverage ratio of 39%.

Gross non-performing loans	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Personal	**184**	180	138	2%	33%
Institutional	**355**	357	408	-1%	-13%
New Zealand Businesses	**95**	96	99	-1%	-4%
Partnerships & Private Bank	**6**	7	7	-14%	-14%
Non-continuing businesses	**-**	-	9	n/a	-100%
Group Centre	**26**	-	-	n/a	n/a
Total gross non-performing loans	**666**	640	661	4%	1%

Net non-performing loans	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Personal	**76**	81	61	-6%	25%
Institutional	**248**	229	266	8%	-7%
New Zealand Businesses	**58**	55	53	5%	9%
Partnerships & Private Bank	**-**	-	-	n/a	n/a
Non-continuing businesses	**-**	-	2	n/a	-100%
Group Centre	**24**	-	-	n/a	n/a
Total net non-performing loans	**406**	365	382	11%	6%
Individual provision coverage	**39%**	43%	42%		

New and increased non-performing loans	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personal	325	292	11%	**617**	474	30%
Institutional	169	156	8%	**325**	450	-28%
New Zealand Businesses	75	67	12%	**142**	127	12%
Partnerships & Private Bank	14	16	-13%	**30**	24	25%
Non-continuing businesses	-	-	n/a	**-**	9	-100%
Group Centre	28	-	n/a	**28**	-	n/a
Total new and increased non-performing loans	611	531	15%	**1,142**	1,084	5%

Income tax expense

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Income tax expense charged in the income statement	795	883	-10%	**1,678**	1,522	10%
Effective tax rate	27.6%	29.6%		**28.6%**	29.2%	
Income tax expense on cash Cash Profit[1]	799	817	-2%	**1,616**	1,486	9%
Effective tax rate (Cash profit[1])	28.6%	29.7%		**29.1%**	29.3%	

1. *Refer footnote 1 on page 11*

- **2007 result**

The Group's income tax expense increased by $156 million to $1,678 million. The effective tax rate was 28.6%, down 0.6%. The decrease primarily reflects the usage of capital losses (which offset the capital gains from the sale of Esanda Fleetpartners in Australia and some other assets), the non-assessable gain on the sale of Esanda Fleetpartners in New Zealand, increased profits from associates (net of Australian top-up tax) and Offshore Banking Unit (OBU) benefits. The decrease was offset by the restatement of deferred tax balances for the announced New Zealand tax rate change and the run-off of structured finance transactions.

Adjusted for non-core items, the effective tax rate decreased by 0.2%, due primarily to increased associate profits (net of Australian top-up tax), OBU benefits and the usage of capital losses to offset capital gains on the sale of other assets. The decrease was offset by the run-off of structured financing transactions.

- **Comparison with March 2007 half**

The Group's effective tax rate decreased by 2.0% primarily as a result of the usage of capital losses to offset the capital gains on the sale of Esanda Fleetpartners in Australia (which occurred in the March 2007 half) and some other assets, the ongoing appraisal of global tax provisioning requirements and OBU benefits. This was partially offset by the restatement of deferred tax balances for the announced New Zealand tax rate change.

Adjusted for non-core items, the effective tax rate decreased by 1.1%, due primarily to the ongoing appraisal of global tax provisioning requirements, OBU benefits and usage of capital losses to offset capital gains on the sale of other assets.

Earnings per share

	Half year Sep 07	Half year Mar 07	Movt Sep 07 v. Mar 07	Full year Sep 07	Full year Sep 06	Movt Sep 07 v. Sep 06
Earnings per share[1] (cents)						
Basic	110.9	113.2	-2%	**224.1**	200.0	12%
Diluted	108.3	110.0	-2%	**218.3**	194.0	13%
Cash earnings per share						
Profit attributable to shareholders of the Company ($M)	2,078	2,102	-1%	**4,180**	3,688	13%
Less: non-core items included in profit after tax[2] ($M)	(90)	(166)	-46%	**(256)**	(101)	large
Cash Profit ($M)	1,988	1,936	3%	**3,924**	3,587	9%
Preference share dividend[3] ($M)	(20)	(17)	18%	**(37)**	(27)	37%
Earnings adjusted for non-core items ($M)	1,968	1,919	3%	**3,887**	3,560	9%
Weighted average number of ordinary shares (M)	1,855.3	1,841.6	1%	**1,848.5**	1,830.3	1%
Cash earnings per share (cents)	106.1	104.2	2%	**210.3**	194.5	8%

1. *Refer page 79 for full calculation*
2. *Refer pages 13 and 14*
3. *The EPS calculation excludes the Euro Hybrid preference shares*

2007 full year earnings per share increased 12.1% (24.1 cents) to 224.1 cents over full year 2006. Cash EPS for the Group increased 8.1% or 15.8 cents over full year 2006. The main drivers of the increase in Cash EPS on full year 2006 were:

- Growth in profit before credit impairment (after tax) and preference shares contributed 13.1%
- Partly offset by an after tax increase in the credit impairment charge (2.8%), run-off of non-continuing businesses (1.1%) and dilution from an increase in the weighted average number of shares (1.1%).

September 2007 half year earnings per share were down 2.0% (2.3 cents) on the March 2007 half. Cash EPS for the Group increased 1.8% or 1.9 cents on the March 2007 half. The main drivers of the increase in Cash EPS on the March 2007 half were:

- Growth in profit before credit impairment (after tax) and preference shares (5.9%)
- Partly offset by an after tax increase in credit impairment charge (3.3%) and dilution from an increase in the weighted average number of shares (0.8%).

Dividends

	Half year Sep 07	Half year Mar 07	Movt Sep 07 v. Mar 07	Full year Sep 07	Full year Sep 06	Movt Sep 07 v. Sep 06
Dividend per ordinary share (cents)						
Interim (fully franked)	n/a	62	n/a	**62**	56	11%
Final (fully franked)	74	n/a	n/a	**74**	69	7%
Total				**136**	125	9%
Ordinary share dividend payout ratio (%)	67.1%	54.9%		60.9%	62.6%	
Profit after tax ($M)	2,078	2,102	-1%	**4,180**	3,688	13%
Non-core items[1] ($M)	(90)	(166)	-46%	**(256)**	(101)	large
Cash[1] profit ($M)	1,988	1,936	3%	**3,924**	3,587	9%
Dividend payout ratio of cash[1] profit (%)	70.2%	59.6%		**65.0%**	64.4%	

1. *Refer footnote 1 on page 11*

The Directors propose that a final dividend of 74 cents be paid on each eligible ordinary share, up 5 cents (7%) on the 2006 final dividend. The proposed final dividend will be fully franked for Australian tax purposes. The proposed final dividend brings the total dividends for 2007 to 136 cents, up 11 cents on 2006 (9%).

ANZ has a dividend reinvestment plan (DRP) and a bonus option plan (BOP). A number of changes have been made to the terms and conditions of the DRP and BOP, effective for the 2007 final dividend only, including the application of a 1.5% discount. In respect of the 2007 final dividend, ANZ intends to provide shares under the DRP through the issue of new shares. Election notices from shareholders wanting to commence participation in the DRP or BOP for the 2007 final dividend or to vary their current participation election, must be completed and returned to ANZ's Share Registrar by 5.00 pm (Melbourne time) on the record date, namely 14 November 2007. It is proposed that the final dividend will be paid on 21 December 2007. Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in Great Britain (including the Channel Islands and the Isle of Man) or New Zealand will be converted to their local currency at ANZ's daily forward exchange rate at the close of business on 16 November 2007 for value on the payment date. For the 2007 final dividend only, the balance of the dividend not reinvested by shareholders in the DRP or foregone by shareholders under the BOP, will be fully underwritten by UBS AG, Australia branch. Refer also page 78.

EVA™ reconciliation

One measure of shareholder value is EVA™ (Economic Value Added) growth relative to prior periods. EVA™ for the year ended 30 September 2007 at $2,280 million, an increase of $198 million on the September year and $42 million on the March 2007 half.

EVA™	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Profit after tax	2,078	2,102	-1%	**4,180**	3,688	13%
Non-core items[1]	(90)	(166)	-46%	**(256)**	(101)	large
Cash profit	1,988	1,936	3%	**3,924**	3,587	9%
Credit cost adjustment	(65)	(103)	-37%	**(168)**	(194)	-13%
Economic profit	1,923	1,833	5%	**3,756**	3,393	11%
Imputation credits	363	378	-4%	**741**	664	12%
Adjusted economic profit	2,286	2,211	3%	**4,497**	4,057	11%
Cost of ordinary capital	(1,105)	(1,075)	3%	**(2,180)**	(1,948)	12%
Cost of preference share capital	(20)	(17)	18%	**(37)**	(27)	37%
EVA™	1,161	1,119	4%	**2,280**	2,082	10%

1. *Refer footnote 1 on page 11*

EVA™ is a measure of risk adjusted accounting profit used for evaluating business unit performance and is a factor in determining the variable component of remuneration packages. It is based on profit after tax, adjusted for non-core items, credit costs, the cost of capital, and imputation credits (measured at 70% of Australian tax). Of these, the major component is the cost of capital, which is calculated on the risk adjusted or economic capital at a rate of 11%. At the Group level, total capital is used so the cost of capital reflects the full resources provided by shareholders. The credit cost adjustment replaces the credit impairment charge with expected losses after tax at the rate applicable in the relevant geography. At ANZ, economic capital is equity allocated according to a business unit's inherent risk profile. It is allocated for several categories including: credit risk, operating risk, interest rate risk, basis risk, mismatch risk, investment risk, trading risk, deferred acquisition costs risk and other risk. The methodology used to allocate capital to business units for risk is designed to help drive appropriate risk management and business strategies.

Market risk

Below are aggregate Value at Risk (VaR) exposures at 97.5% and 99% confidence levels covering both physical and derivatives trading positions for the Bank's principal trading centres. Figures are converted from USD at closing exchange rates.

97.5% confidence level 1 day holding period

	As at Sep 07 $M	High for period Sep 07 $M	Low for period Sep 07 $M	Avg for period Sep 07 $M	As at Sep 06 $M	High for period Sep 06 $M	Low for period Sep 06 $M	Avg for period Sep 06 $M
Value at risk at 97.5% confidence								
Foreign exchange	1.2	1.5	0.2	0.6	0.5	1.6	0.3	0.7
Interest rate	1.6	7.6	1.2	2.6	1.7	3.2	0.8	1.8
Credit Spread	1.0	1.9	0.7	1.2	1.1	1.7	0.7	1.1
Diversification benefit	(2.1)	n/a	n/a	(1.6)	(1.4)	n/a	n/a	(1.5)
Total VaR	1.7	8.1	1.4	2.8	1.9	3.6	0.9	2.1

99% confidence level 1 day holding period

	As at Sep 07 $M	High for period Sep 07 $M	Low for period Sep 07 $M	Avg for period Sep 07 $M	As at Sep 06 $M	High for period Sep 06 $M	Low for period Sep 06 $M	Avg for period Sep 06 $M
Value at risk at 99% confidence								
Foreign exchange	1.8	2.2	0.3	0.8	0.6	2.0	0.3	0.8
Interest rate	2.3	9.8	1.7	3.4	2.0	4.4	1.3	2.4
Credit Spread	1.6	3.2	1.1	2.1	2.8	3.6	1.1	2.3
Diversification benefit	(3.0)	n/a	n/a	(2.4)	(2.9)	n/a	n/a	(2.6)
Total VaR	2.7	9.9	1.7	3.9	2.5	4.9	1.2	2.9

Revenue related hedges

The Group has used derivative instruments to hedge against the adverse impact on future offshore revenue streams from exchange rate movements. Movements in average exchange rates, net of associated revenue hedges, resulted in a decrease of $52 million in the Group's profit after tax for 2007 (Sep 2007 half: decrease $14 million). This included the impact on earnings (cash basis) from associated revenue hedges, which decreased by $57 million (before tax) from September 2006 year (Sep 2007 half: $9 million). Hedge revenue is booked in the Group Centre.

From 1 October 2006, new AIFRS rules do not permit economic hedging of offshore revenue streams to be accounted for in the same manner as that permitted under first year AIFRS transitional rules or AGAAP. As a consequence, from 1 October 2006 revenue hedges of the Group's offshore revenue streams are marked-to-market through the income statement. In addition, AIFRS requires that realised and unrealised positions on revenue hedges at 1 October 2006 be taken directly to retained earnings. This resulted in a realised gain of $141 million being transferred to retained earnings at 1 October 2006.

The most significant offshore revenue stream is derived from the New Zealand geography (refer page 56) and the debt component of New Zealand Dollar intra-group funding of this business, which amounted to NZD1.77 billion at 30 September 2007. Details of revenue hedges are set out below.

NZD Economic hedges	Half year Sep 07 $M	Half year Mar 07 $M	Full year Sep 07 $M	Full year Sep 06 $M
Net open NZD position (notional principal)	643	869	**643**	2,486
Amount taken to income (pre tax)	18	(6)	**12**	46
Amount taken to income (pre tax cash basis)	(10)	(1)	**(11)**	46

At 30 September 2006 the Group had NZD1.55 billion of capital hedges with the accumulated unrealised losses of approximately $23 million (net of tax), which had been taken to the Foreign Currency Translation Reserve. During October 2006, these capital hedges were no longer designated as capital hedges and were marked to market through the income statement as a partial economic hedge of the expected 2007 NZD earnings. In the September 2007 year:

- NZD1.55 billion of economic hedges were matured and a realised loss of $11 million (pre-tax) was booked to the income statement.
- NZD749 million of economic hedges for 2008 were taken out at a spot rate of approximately NZD1.12/AUD.
- An unrealised gain of $23 million (pre-tax) on the outstanding NZD749 million of economic hedges was booked to the income statement as a non-core item as these are viewed by management as hedges of NZ revenue in the 2008 financial year.

Nearly 50% of the anticipated September 2008 year NZD revenue streams (including inter-group funding) have been hedged at an effective all-in rate of approximately NZD1.13/AUD.

Balance sheet

Total assets increased by $58.0 billion (17%) from 30 September 2006 to $392.6 billion. Exchange rate movements accounted for a decrease of $4.0 billion, consisting of decreases of $1.4 billion in New Zealand, $1.3 billion in Asia, $0.6 billion in the United States, $0.4 billion in the United Kingdom and $0.3 billion in Pacific. Excluding the impact of exchange rate movements, total assets increased $43.0 billion (19%) in Australia, $9.5 billion (12%) in New Zealand, $5.6 billion (68%) in Asia, $0.6 billion (23%) in the Pacific and $3.3 billion (39%) in the United Kingdom and United States.

The explanations in the table below describe movements in the major asset classes.

Liquid assets ⇧13% *(Excl Exchange Rates ⇧18%)*

Liquid assets increased by $2.0 billion to $17.0 billion at 30 September 2007. Australia decreased by $1.7 billion from lower holdings of liquid assets in Group Treasury and Institutional. New Zealand increased $1.7 billion, primarily from higher liquidity. Overseas Markets increased by $2.0 billion due to higher holdings of liquid assets in the United Kingdom, and an increase in bank certificates of deposits in the United States.

Due from other financial institutions ⇩17% *(Excl Exchange Rates ⇩12%)*

Due from other financial institutions decreased by $1.6 billion to $8.0 billion at 30 September 2007, due mainly to a reduction in Interbank lending volumes in New Zealand.

Trading securities ⇧65% *(Excl Exchange Rates ⇧66%)*

Trading securities volumes increased $6.0 billion to $15.2 billion at 30 September 2007, primarily in Institutional in Australia reflecting an increase for liquidity purposes and an increase in Markets to support customer issuance and investment needs.

Derivatives ⇧143% *(Excl Exchange Rates ⇧143%)*

Derivative assets increased $13.0 billion to $22.2 billion at 30 September 2007, driven principally by the significant appreciation of the AUD against all major currencies throughout the year together with increased trading activities.

Available-for-sale assets ⇧31% *(Excl Exchange Rates ⇧36%)*

Available-for-sale asset volumes increased $3.4 billion to $14.0 billion at 30 September 2007, due mainly to the Treasury and Liquidity functions holding more highly liquid assets as a result of the recent instability in global financial markets.

Net loans and advances ⇧13% *(Excl Exchange Rates ⇧14%)*

Net loans and advances increased $32.9 billion to $288.8 billion at 30 September 2007. Excluding the impact of exchange rate movements, the increase was $35.2 billion or 14%.

Growth in Australia was $24.0 billion or 14%:

- Personal grew $14.6 billion (11%) with $12.1 billion as a result of growth in housing loans from Mortgages. Regional, Rural and Small Business banking increased $1.0 billion. Consumer Finance increased $0.7 billion and Investment and Insurance Products increased $0.6 billion.
- Institutional grew $9.4 billion (22%) largely in Relationship Lending, with growth of $7.5 billion (34%) driven by increased demand for funding of mergers and acquisitions activity, including $2.1 billion of asset backed commercial paper liquidity facilities. Business Banking increased $1.1 billion (8%), Corporate Finance of $0.5 billion, and Trade & Transaction Services of $0.6 billion.

New Zealand grew by $7.1 billion (10%). After excluding the impact of exchange rates, growth was $8.2 billion, or 12%, with increases in Retail and Private Banking ($5.1 billion or 14%), Corporate and Commercial Banking ($1.7 billion or 16%) and Rural Banking ($1.7 billion or 16%).

Overseas Markets increased by $1.8 billion (18%). After excluding the impact of exchange rates, growth was $3.0 billion (34%) primarily from increases in Asia ($1.5 billion), the United Kingdom ($0.6 billion) and the United States ($0.7 billion).

Customers' liability for acceptances ⇧8% *(Excl Exchange Rates ⇧8%)*

Customers' liability for acceptances increased $1.1 billion to $14.5 billion at 30 September 2007, due mainly to increased activity in Business Banking Australia.

Shares in associates and joint venture entities ⇧56% *(Excl Exchange Rates ⇧56%)*

Shares in associates and joint venture entities increased $1.2 billion to $3.4 billion at 30 September 2007, including investments in AMMB of $0.8 billion and Shanghai Rural Commercial Bank of $0.3 billion.

Balance sheet, cont'd

Total liabilities increased by $55.8 billion (18%) from 30 September 2006 to $370.6 billion. Exchange rate movements accounted for a decrease of $5.0 billion consisting of reductions of $1.2 billion in New Zealand, $1.6 billion in Asia, $1.5 billion in the United States, $0.5 billion in the United Kingdom and $0.2 billion in the Pacific.

The explanations in the table below describe movements in the major liability classes.

Due to other financial institutions ⇧27% *(Excl Exchange Rates ⇧33%)*

Due to other financial institutions increased by $3.9 billion to $18.0 billion at 30 September 2007. Volumes increased in International Markets, with increased holdings of Interbank borrowings partially offset by a reduction in New Zealand and Institutional Australia.

Deposits and other borrowings ⇧15% *(Excl Exchange Rates ⇧17%)*

Deposits and other borrowings increased $30.1 billion to $234.9 billion at 30 September 2007. Excluding the impact of exchange rate movements, the increase was $34.1 billion (17%).

Australia increased $29.0 billion (23%) largely as a result of increases in the following businesses:

- Institutional increased $12.9 billion (31%) with increased deposits in Trade & Transaction Services ($7.9 billion), Markets ($4.0 billion) and Business Banking ($1.2 billion).
- Personal increased $7.0 billion (11%) due mainly to the growth in cash management account products and term deposit balances in Banking Products ($5.3 billion), Regional, Rural and Small Business Banking ($1.0 billion) and Mortgages ($0.9 billion), offset by a reduction in Esanda ($0.8 billion).
- Treasury increased $9.0 billion largely due to an increase in certificate of deposits.

New Zealand increased $5.0 billion (9%). After excluding the impact of exchange rates, growth was $5.9 billion (11%) with increases largely in Retail and Private Banking ($2.7 billion), Treasury Funding ($2.1 billion) and New Zealand Institutional ($0.8 billion).

Overseas Markets decreased by $3.9 billion (-17%). After excluding the impact of exchange rates, the decrease was $0.8 billion (-4%), largely due to decreased certificates of deposits in the United States ($3.8 billion) following the wind up of the Group's Delaware commercial paper program, partly offset by an increase in Asia ($2.2 billion).

Derivatives ⇧176% *(Excl Exchange Rates ⇧178%)*

Derivative liabilities increased $15.4 billion to $24.2 billion at 30 September 2007. The increase is driven by the significant appreciation of the AUD against all major currencies throughout the year together with increased trading activities.

Payables and other liabilities ⇩2% *(Excl Exchange Rates ⇩1%)*

Payables and other liabilities decreased $172 million to $10.5 billion at 30 September 2007.

Bonds and notes ⇧8% *(Excl Exchange Rates ⇧8%)*

Bonds and notes increased $4.0 billion to $54.1 billion at 30 September 2007 in Australia and New Zealand in response to increased term funding requirements.

Loan capital ⇧15% *(Excl Exchange Rates ⇧15%)*

Loan capital increased $1.7 billion to $12.8 billion at 30 September 2007 in response to capital management requirements including Hybrid loan capital of $1.0 billion and Perpetual subordinated notes of $0.3 billion.

Capital management

	As at Sep 07	As at Mar 07	As at Sep 06
Tier 1	6.7%	6.7%	6.8%
Tier 2	4.1%	4.3%	4.2%
Deductions	(0.7%)	(0.7%)	(0.4%)
Total	10.1%	10.3%	10.6%
ACE	4.3%	4.4%	4.7%
Target ACE	4.0%-4.75%	4.0%-4.75%	4.0%-4.75%
RWA $m	275,018	250,485	240,219

Further details of the components of capital and the capital adequacy calculation are set out on pages 97 to 99

ACE Ratio

The ACE ratio at 4.3% remains within the Group's targeted capital range of 4.00% to 4.75%. During the year, the ACE ratio declined 39 basis points, principally due to:

- net profit, excluding non-core items and after preference share dividends, of $3.9 billion (+162 basis points)
- ordinary share dividend commitments, net of actual and expected reinvestment through the BOP and DRP Plans, of $1.9 billion (-78 basis points)
- increase in risk weighted assets of 17.2%, excluding the impact of exchange rate movements and sale of Esanda Fleetpartners (-74 basis points). This includes the drawdown of standby liquidity facilities for conduits.
- increase in investment/profit retention in funds management businesses, associates and commercial operations (-16 basis points)
- business investments and disposal (-52 basis points) including deductions for investments in AMMB (-35 basis points), ETrade Australia net of share issuance (-9 basis points), Shanghai Rural Commercial Bank (-13 basis points) and other smaller purchases (-6 basis points) offset by the disposal of Esanda Fleetpartners (+11 basis points)
- policy and regulatory changes (+16 basis points) including first time accrual of the BOP and DRP Plans (+5 basis points); AIFRS (AASB 2005-1) requirement to recognise in retained earnings at 1 October 2006 a $141 million unbooked gain on New Zealand revenue hedges (+6 basis points), refer note 1(i) page 69; netting of New Zealand deferred tax assets against deferred tax liabilities (+8 basis points), and an additional $70 million capital requirement for ANZ Lenders' Mortgage Insurance Limited (-3 basis points)
- other items (net +3 basis points) include: the impact of exchange rate movements (-4 basis points); movement in capitalised expenses, deferred fee income, capitalised software, other non-core profit items, share issuances to staff and option conversions (+7 basis points).

Prudential issues - APRA changes to prudential standards applicable from 1 January 2008

APRA has recently released a number of draft proposed changes to the prudential standards which will become effective from 1 January 2008. These drafts include the following changes which will impact the capital ratios:

- Basel II methodologies for calculating Risk Weighted Assets and Expected Losses.
- Loss of Collective Provision for loan losses from Upper Tier 2. This amount will be replaced with either an amount in Upper Tier 2 of Eligible Provisions in excess of Expected Losses or 50% Tier 1 and 50% Tier 2 deductions of Expected Losses in excess of Eligible Provisions, net of tax.
- Total Capital deductions split between Tier 1 50% and Tier 2 50%.
- Loss of AIFRS transitional relief of $716 million from Tier 1 Capital and $17 million from Tier 2 Capital.
- Hybrid Limits become 25% of net Tier 1 capital, split between Innovative (15%) and Non-innovative (10%). ANZ has applied for transitional relief to January 2010 as to the Innovative limit.
- Additional capital requirements for the Holding Company's investments in non-bank subsidiaries.

ANZ has modelled the impact of these changes and does not expect a significant change in the level of regulatory capital requirements. The ultimate impact of these changes is subject to the final form of the prudential standards, ANZ receiving Basel II accreditation and any associated transitional arrangements.

Capital management, cont'd

Hybrid Capital and Tier 1 Capital

The Group raises hybrid capital to further strengthen the Group's capital base and ensure compliance with APRA's prudential capital requirements.

In June 2007, the Group issued GBP450 million of Non-innovative Hybrid Tier 1 capital.

As at 30 September 2007, the Group had three Innovative Hybrid Tier 1 capital instruments (16.9% of net Tier 1) and one Non-innovative Hybrid Tier 1 capital instrument (5.6% of net Tier 1).

Hybrid Tier 1 Capital details

	ANZ StEPS	US Stapled Trust Security	Euro Hybrid	UK Hybrid
Amount (in issue currency)	$1,000 million	USD1,100 million	€500 million	£450 million
Accounting classification	Debt	Debt	Equity	Debt
Regulatory (APRA) classification	Innovative Tier 1	Innovative Tier 1	Innovative Tier 1	Non-innovative Tier 1
September 2007 balance (A$)	$1,000 million	$1,248 million	$871 million	$1,033 million
Interest rate	BBSW +1.00%	Tranche 1 (USD350m) Coupon: 4.48% Tranche 2 (USD750m) Coupon: 5.36%	Euribor +0.66%	Coupon 6.54%

Deferred acquisition costs and deferred income

The Group recognises deferred acquisition costs relating to the acquisition of interest earning assets as assets, and deferred income relating to income received in advance of services performed as liabilities.

The balances of deferred acquisition costs and deferred income at period end were:

	Deferred Acquisition Costs[1]			Deferred Income		
	Sep 07 $M	Mar 07 $M	Sep 06 $M	Sep 07 $M	Mar 07 $M	Sep 06 $M
Personal[2]	456	444	440	159	138	149
Institutional	14	12	21	176	189	212
New Zealand Businesses	103	95	80	43	42	42
Other[3]	29	24	28	2	1	3
Total	602	575	569	380	370	406

1. *Deferred acquisition costs largely include the amounts of brokerage capitalised and amortised in the Business segments: Personal and New Zealand Businesses. Deferred acquisition costs also include capitalised debt raising expenses*
2. *Includes deferred acquisition costs of $299 million for Esanda (Mar 2007: $292 million; Sep 2006: $289 million) and deferred income of $49 million for Esanda (Mar 2007: $49 million; Sep 2006: $50 million)*
3. *Includes Group Centre and Partnerships & Private Bank*

At 30 September 2007, fee income of $306 million (Mar 2007: $314 million; Sep 2006: $343 million) that is integral to the yield of an originated financial instrument, net of any direct incremental costs, has been capitalised. This income is deferred and recognised as net interest income over the expected life of the financial instrument under AASB 139: 'Financial Instruments: Recognition and Measurement'. At 30 September 2007, the Group's liabilities included other deferred income of $74 million (Mar 2007: $56 million; Sep 2006: $63 million).

Deferred acquisition costs analysis:

	Full Year Sep 2007		Full Year Sep 2006	
	Amortisation Costs $M	Capitalised Costs[1] $M	Amortisation Costs $M	Capitalised Costs[1] $M
Personal[2]	261	277	259	264
Institutional[3]	3	(4)	1	12
New Zealand Businesses	39	62	31	50
Other[4]	12	13	2	12
Total	315	348	293	338

1. *Costs capitalised during the year exclude brokerage trailer commissions paid*
2. *Comprises amortised costs of $184 million for Esanda (Sep 2006: $175 million) and capitalised costs of $194 million for Esanda (Sep 2006: $191 million)*
3. *Includes reversal of break costs on Stadium acquisition*
4. *Includes Group Centre and Partnerships & Private Bank*

Software capitalisation

At 30 September 2007, the Group's intangibles included $462 million in relation to costs incurred in acquiring and developing software. Details are set out in the table below:

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Balance at start of period	425	397	7%	397	386	3%
Software capitalised during the period	113	90	26%	203	137	48%
Amortisation during the period	(64)	(58)	10%	(122)	(114)	7%
Software written-off	(12)	(4)	large	(16)	(10)	60%
Other	-	-	n/a	-	(2)	-100%
Total software capitalisation	462	425	9%	462	397	16%

Income Statement (including impact of movements in foreign currencies)

Profit after income tax	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personal	737	705	5%	**1,442**	1,239	16%
Institutional	705	743	-5%	**1,448**	1,363	6%
New Zealand Businesses	376	350	7%	**726**	675	8%
Partnerships & Private Bank	137	110	25%	**247**	184	34%
Non-continuing businesses	-	-	n/a	**-**	55	-100%
Group Centre	33	28	18%	**61**	71	-14%
Cash profit	1,988	1,936	3%	**3,924**	3,587	9%
Non-core items[1]	90	166	-46%	**256**	101	large
Profit	2,078	2,102	-1%	**4,180**	3,688	13%

Income Statement (prior period figures adjusted to remove the impact of exchange rate movements[2])

Profit after income tax	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personal	737	703	5%	**1,442**	1,235	17%
Institutional	705	739	-5%	**1,448**	1,353	7%
New Zealand Businesses	376	352	7%	**726**	681	7%
Partnerships & Private Bank	137	110	25%	**247**	183	35%
Non-continuing businesses	-	-	n/a	**-**	55	-100%
Group Centre	33	18	83%	**61**	28	large
Cash profit[2]	1,988	1,922	3%	**3,924**	3,535	11%
Non-core items[1]	90	167	-46%	**256**	101	large
Profit	2,078	2,089	-1%	**4,180**	3,636	15%
FX impact on reported profit[2]	-	13	-100%	**-**	52	-100%
Reported profit	2,078	2,102	-1%	**4,180**	3,688	13%

1. *In 2007 ANZ has classified the gain on sale of Esanda Fleetpartners of $195 million after tax (tax impact: nil following Australian Taxation Office clearance on the buy-back of TrUEPrS providing capital losses to be applied against the gain during the September 2007 half) and a negative impact of $24 million profit after tax following the restatement of deferred tax assets to reflect the recently announced change in the New Zealand company tax rate which takes effect from 1 October 2008 as significant items. In 2006 ANZ classified the $113 million ($79 million after tax) settlement of the NHB insurance matter and the $14 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: $nil) as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)*

   The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2007 ANZ has classified a gain of $69 million after tax (2006 full year: $34 million; Sep 2007 half: $41 million; Mar 2007 half: $28 million) relating to economic hedging as a non-core item (tax impact $31 million (2006 full year: $15 million; Sep 2007 half: $17 million; Mar 2007 half: $14 million)). Included in this non-core amount is volatility relating to approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, volatility arising from use of the fair value option, and ineffectiveness from designated accounting hedges. In addition, ANZ has classified a mark-to-market gain of $16 million profit after tax (2006 full year: $nil; Sep 2007 half: $19 million gain; Mar 2007 half: $3 million loss) relating to New Zealand revenue hedges that under the transitional provision of AASB 139 (AASB 2005-1) no longer qualify for hedge accounting from 1 October 2006 (tax impact $7 million (2006 full year: $nil; Sep 2007 half: $9 million; Mar 2007 half: $2 million credit)). ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

   In 2006 ANZ incurred $26 million after tax from ANZ National Bank incremental integration costs. Tax on ANZ National Bank incremental integration costs was $13 million. The integration program was completed in March 2006. ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration

2. *ANZ has removed the impact of exchange rate movements to provide readers with a better indication of the business unit performance in local currency terms. Retranslation is net of revenue hedge earnings*

From time to time the Group modifies the organisation of its businesses to facilitate delivery of the strategic agenda. Prior period numbers are adjusted for such changes to allow comparability. Changes since 31 March 2007 include the transfer of Personal and Private Banking Asia from Institutional to Partnerships & Private Bank as we move towards reporting a new Asia Pacific Division. In addition, there were a number of minor restatements as a result of changes to customer segmentation, changes to net interbusiness unit expense methodologies and the realignment of support functions.

Personal
Brian Hartzer

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	1,676	1,606	4%	**3,282**	3,017	9%
Other external operating income	746	665	12%	**1,411**	1,166	21%
Operating income	2,422	2,271	7%	**4,693**	4,183	12%
External operating expenses	(988)	(906)	9%	**(1,894)**	(1,766)	7%
Net inter business unit expenses	(181)	(165)	10%	**(346)**	(315)	10%
Operating expenses	(1,169)	(1,071)	9%	**(2,240)**	(2,081)	8%
Profit before credit impairment and income tax	1,253	1,200	4%	**2,453**	2,102	17%
Provision for credit impairment	(201)	(192)	5%	**(393)**	(336)	17%
Profit before income tax	1,052	1,008	4%	**2,060**	1,766	17%
Income tax expense and minority interest	(315)	(303)	4%	**(618)**	(527)	17%
Profit	737	705	5%	**1,442**	1,239	16%
Consisting of:						
Mortgages	192	191	1%	**383**	368	4%
Banking Products	200	181	10%	**381**	314	21%
Consumer Finance	147	146	1%	**293**	238	23%
Rural Commercial & Agribusiness Products	57	54	6%	**111**	103	8%
Small Business Banking Products	32	31	3%	**63**	54	17%
Esanda	56	56	0%	**112**	96	17%
Pacific	34	36	-6%	**70**	65	8%
Investment and Insurance Products	34	22	55%	**56**	33	70%
Other[1]	(15)	(12)	-25%	**(27)**	(32)	16%
	737	705	5%	**1,442**	1,239	16%
Balance Sheet						
Net loans & advances including acceptances	149,172	140,360	6%	**149,172**	133,780	12%
Other external assets	4,457	3,632	23%	**4,457**	3,316	34%
External assets	153,629	143,992	7%	**153,629**	137,096	12%
Customer deposits	68,119	63,969	6%	**68,119**	60,135	13%
Other deposits and borrowings	3,913	3,925	0%	**3,913**	4,975	-21%
Deposits and other borrowings	72,032	67,894	6%	**72,032**	65,110	11%
Other external liabilities	3,344	2,669	25%	**3,344**	2,467	36%
External liabilities	75,376	70,563	7%	**75,376**	67,577	12%
Risk weighted assets	90,100	84,853	6%	**90,100**	80,806	12%
Average net loans & advances including acceptances	144,823	136,965	6%	**140,905**	126,818	11%
Average deposits and other borrowings	69,551	66,686	4%	**68,122**	61,708	10%
Ratios						
Net interest margin	2.27%	2.32%		**2.30%**	2.35%	
Return on average assets	0.99%	1.01%		**1.00%**	0.95%	
Return on average risk weighted assets	1.68%	1.71%		**1.69%**	1.62%	
Operating expenses to operating income	48.3%	47.2%		**47.7%**	49.7%	
Operating expenses to average assets	1.56%	1.53%		**1.55%**	1.60%	
Individual provision charge	184	159	16%	**343**	256	34%
Individual provision charge as a % of average net advances	0.25%	0.23%		**0.24%**	0.20%	
Collective provision charge	17	33	-48%	**50**	80	-38%
Collective provision charge as a % of average net advances	0.02%	0.05%		**0.04%**	0.06%	
Net non-performing loans	76	81	-6%	**76**	61	25%
Net non-performing loans as a % of net advances	0.05%	0.06%		**0.05%**	0.05%	
Total employees	14,096	13,369	5%	**14,096**	12,913	9%

1. *Other includes the branch network, whose costs are fully recovered from product business units, marketing and support costs*

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Brian Hartzer

2007 result

Overall profit after tax increased 16% reflecting strong income from lending and customer deposit growth (12% and 13% respectively), and the benefits from ongoing investment in the business.

Operating income was up 12% driven by good volume growth and the continued expansion of our distribution footprint. Operating expenses increased 8% due to additional branches, ATMs and frontline staff as part of our investment in building "Australia's Most Convenient Bank". Five months of ETrade Australia results were consolidated for the first time as we moved to full ownership.

Above-system balance sheet growth drove strong earnings in Consumer Finance, Banking Products, Small Business Banking and Investment and Insurance Products, while Mortgages and Rural Commercial & Agribusiness Products experienced slower growth and margin pressure. Esanda and Pacific increased earnings by 17% and 8% respectively.

Key factors affecting the result included:

- Net interest income increased 9% with strong balance sheet growth partly offset by margin decline of 5 basis points. Banking Products grew 14%, driven by deposit growth of 14%. Consumer Finance grew by 9%, mainly through higher customer acquisition. Mortgages grew 3%, with lending growth of 12% offset by higher funding costs and continued competitive margin pressure. Pacific grew 12% reflecting gains in volumes. Small Business Banking grew 26%, with an expanded sales force driving strong balance sheet growth (lending up 43% and deposits up 24%). Rural Commercial & Agribusiness Products grew 9%, driven by volume growth, and Esanda increased 1%.
- Other operating income increased 21%. The disposal of the remaining MasterCard shares generated $18 million for Consumer Finance ($9 million in 2006) and there was an uplift of $37 million from the 100% ownership of ETrade Australia (from 34%), partly offset by the loss of $18 million of interchange income from debit interchange reform (mirrored by lower interchange expense). Consumer Finance grew 14% (excluding the MasterCard profit) due to increasing volumes and the impact of growth initiatives. Mortgages grew other income 38% due to higher premium income and increased sales volumes. Investment and Insurance Products (excluding the additional ETrade Australia income) increased 28% as more planners generated higher sales. Banking Products grew other income by 18% mainly from new customer accounts. Esanda grew other operating income significantly through revenue initiatives. Pacific grew by 13%, Small Business Banking increased 5%, and Rural Commercial & Agribusiness Products other income was up 4%.
- Operating costs increased 8% due mainly to increased personnel and premises costs to drive footprint expansion and revenue growth. There was an increase of $28 million from the consolidation of ETrade Australia for five months; this was offset by an $18 million reduction in interchange costs from debit interchange reform, effective November 2006. Investment in the footprint continued with 39 extra branches in 2007, a further 400 ATMs and 1,183 additional staff, mainly in customer-facing and transformation roles.
- Credit costs increased 17% mainly reflecting volume growth, a strategic risk mix shift to low rate business, and higher delinquencies and bankruptcies in Consumer Finance.

Comparison with March 2007 half

Profit after tax increased 5% over the previous half. Income growth was driven by lending and customer deposit growth across the business (each up 6%) offset by margin compression of 5 basis points due mainly to higher funding costs. The March 2007 half benefited from the disposal of the remaining MasterCard shares ($12 million profit after tax).

Investment in the retail footprint continued with 30 additional branches, 252 extra ATMs and an increased sales force.

Net interest income increased 4%. Small Business Banking grew 12% as business expansion generated strong volume growth. Pacific grew by 10% due to deposit growth and improved margins. Banking Products net interest income grew 6% on deposit growth of 7%, with increased account numbers. Consumer Finance increased 5%, with lending growth of 3%. Net interest income in Rural Commercial & Agribusiness Products was up 6% due to stronger lending and deposit growth. Mortgages net interest income increased 1%, with lending growth of 7% offset by margin decline of 5 basis points, reflecting higher funding costs and continued competitive pressure.

Other operating income increased 12%. Investment and Insurance Products income (excluding the additional ETrade Australia stake) was up 22%, with higher sales volumes in part due to customers using one-off superannuation opportunities, while Esanda was up 24% due to the introduction of revenue initiatives. Mortgages other income was up 21% due mainly to higher mortgage insurance earnings. Banking Products other income grew 5% from new customer accounts. Consumer Finance grew other income 6% excluding the impact of MasterCard sale profits in the first half. Rural Commercial & Agribusiness Products other income grew 4% while Small Business Banking was flat and Pacific fell by 6%.

Operating costs increased 9%, $28 million due to the additional stake in ETrade Australia, $9 million due to higher marketing costs to support acquisitions and brand related promotions, and $14 million in higher project and amortisation costs. Footprint expansion and branch refurbishment continued with new branches, additional ATMs and staff.

Credit costs increased 5% mainly through volume growth.

Personal
Brian Hartzer

Personal division by business unit

	Comparison to Full Year Sep 2006									
	Full Year Sep 2007					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Mortgages	1,076	508	568	22	383	6%	8%	5%	57%	4%
Banking Products	1,081	527	554	9	381	15%	9%	22%	50%	21%
Consumer Finance	1,118	442	676	258	293	12%	1%	21%	18%	23%
Rural Commercial & Agribusiness Products	312	143	169	10	111	9%	5%	12%	large	8%
Small Business Banking Products	210	107	103	12	63	21%	22%	20%	50%	17%
Esanda	392	155	237	76	112	6%	5%	7%	-10%	17%
Pacific	238	134	104	7	70	12%	9%	16%	n/a	8%
Investment and Insurance Products	261	182	79	(1)	56	50%	42%	72%	n/a	70%
Other[3]	5	42	(37)	-	(27)	-77%	-36%	-16%	-100%	16%
Personal Division	**4,693**	**2,240**	**2,453**	**393**	**1,442**	**12%**	**8%**	**17%**	**17%**	**16%**

	Comparison to Half Year Mar 2007									
	Half Year Sep 2007					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Mortgages	546	262	284	11	192	3%	7%	0%	0%	1%
Banking Products	555	266	289	2	200	6%	2%	9%	-71%	10%
Consumer Finance	565	226	339	130	147	2%	5%	1%	1%	1%
Rural Commercial & Agribusiness Products	160	73	87	5	57	5%	4%	6%	25%	6%
Small Business Banking Products	109	56	53	7	32	9%	10%	8%	40%	3%
Esanda	199	78	121	41	56	3%	1%	4%	14%	0%
Pacific	121	69	52	6	34	3%	6%	0%	large	-6%
Investment and Insurance Products	161	110	51	-	34	61%	55%	76%	-100%	55%
Other[3]	6	29	(23)	(1)	(15)	large	93%	64%	0%	-25%
Personal Division	**2,422**	**1,169**	**1,253**	**201**	**737**	**7%**	**9%**	**4%**	**5%**	**5%**

Net loans & advances including acceptances	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Mortgages	114,175	107,108	7%	**114,175**	102,076	12%
Banking Products	82	64	28%	**82**	64	28%
Consumer Finance	8,009	7,751	3%	**8,009**	7,266	10%
Rural Commercial & Agribusiness Products	7,841	7,048	11%	**7,841**	6,755	16%
Small Business Banking Products	471	380	24%	**471**	330	43%
Esanda	14,597	14,423	1%	**14,597**	14,002	4%
Pacific	1,861	1,812	3%	**1,861**	1,724	8%
Investment and Insurance Products	2,134	1,776	20%	**2,134**	1,562	37%
Other[3]	2	(2)	large	**2**	1	100%
	149,172	140,360	6%	**149,172**	133,780	12%

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*
3. *Other includes the branch network, whose costs are fully recovered from product business units and marketing & support costs*

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Institutional
Peter Hodgson

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	980	995	-2%	**1,975**	2,015	-2%
Other external operating income	811	716	13%	**1,527**	1,241	23%
Operating income	1,791	1,711	5%	**3,502**	3,256	8%
External operating expenses	(565)	(505)	12%	**(1,070)**	(955)	12%
Net inter business unit expenses	(154)	(154)	0%	**(308)**	(301)	2%
Operating expenses	(719)	(659)	9%	**(1,378)**	(1,256)	10%
Profit before credit impairment and income tax	1,072	1,052	2%	**2,124**	2,000	6%
Provision for credit impairment	(76)	7	large	**(69)**	(58)	19%
Profit before income tax	996	1,059	-6%	**2,055**	1,942	6%
Income tax expense and minority interest	(291)	(316)	-8%	**(607)**	(579)	5%
Profit	705	743	-5%	**1,448**	1,363	6%
Consisting of:						
Working Capital						
- Relationship Lending	241	306	-21%	**547**	480	14%
- Trade & Transaction Services	159	137	16%	**296**	291	2%
Markets[1]	136	155	-12%	**291**	283	3%
Business Banking	137	119	15%	**256**	257	0%
Corporate Finance	110	102	8%	**212**	208	2%
Relationships & Infrastructure[2]	(78)	(76)	3%	**(154)**	(156)	-1%
	705	743	-5%	**1,448**	1,363	6%
Balance Sheet						
Net loans & advances including acceptances	82,056	72,820	13%	**82,056**	70,866	16%
Other external assets	74,618	59,100	26%	**74,618**	48,307	54%
External assets	156,674	131,920	19%	**156,674**	119,173	31%
Customer deposits	70,099	61,361	14%	**70,099**	55,314	27%
Other deposits and borrowings	10,878	10,770	1%	**10,878**	10,042	8%
Deposits and other borrowings	80,977	72,131	12%	**80,977**	65,356	24%
Other external liabilities	63,542	50,289	26%	**63,542**	43,638	46%
External liabilities	144,519	122,420	18%	**144,519**	108,994	33%
Risk weighted assets	124,419	108,191	15%	**124,419**	104,918	19%
Average net loans & advances including acceptances	75,349	73,235	3%	**74,303**	69,135	7%
Average deposits and other borrowings	77,387	69,750	11%	**73,579**	63,100	17%
Ratios						
Net interest margin	1.61%	1.73%		**1.67%**	1.85%	
Return on average assets	0.98%	1.16%		**1.07%**	1.13%	
Return on average risk weighted assets	1.23%	1.40%		**1.31%**	1.32%	
Operating expenses to operating income	40.1%	38.5%		**39.3%**	38.6%	
Operating expenses to average assets	1.00%	1.03%		**1.02%**	1.05%	
Individual provision charge/(credit)	67	(8)	large	**59**	49	20%
Individual provision charge/(credit) as a % of average net advances	0.18%	(0.02%)		**0.08%**	0.07%	
Collective provision charge/(credit)	9	1	large	**10**	9	11%
Collective provision charge/(credit) as a % of average net advances	0.02%	0.00%		**0.01%**	0.01%	
Net non-performing loans	248	229	8%	**248**	266	-7%
Net non-performing loans as a % of net advances	0.30%	0.31%		**0.30%**	0.38%	
Total employees	5,225	5,148	1%	**5,225**	4,915	6%

1. *Markets includes the interest rate mismatch results for Australia and New Zealand and the funding results for New Zealand. NPAT for September 2007 was $15 million (Sep 2006: $11 million; Sep 2007 half: $5 million; Mar 2007 half: $10 million)*
2. *Relationships & Infrastructure includes Institutional Banking, Financial Institutions and Corporate Banking. These three relationship businesses hold management costs associated with our customers, with associated revenue booked in the product businesses*

Institutional
Peter Hodgson

2007 result

The Institutional Division's results for the 2007 year were mixed. The Markets business continued to benefit from diversity of product and geographic cover, with sales revenue particularly strong. Corporate Finance continues to grow with Alternative Assets increasing Funds Under Management and strong returns from earlier investments in the Private Equity business, although revenue growth was slowed by the substantial decline in capital market activity in the last two months of the year. Trade & Transaction Services maintained steady growth, with good deposit growth in Transaction Services and increasing volumes across the Financial Institutions businesses (Clearing, Custody and International Payments). Solid volume growth in Business Banking was impacted in the first half by competitive margin compression on the secured lending book. Our Relationship Banking team continued to be recognised by our customer franchise for the depth and breadth of our service proposition and product suite, maintaining No. 1 position for share of relationships in the Peter Lee Survey. Relationship Lending profit was reduced by margin contraction and constrained lending growth earlier in the year.

Investment in the business continued, resulting in a 7% operating expense increase (after adjusting for the consolidation of Stadium Australia). Credit quality continues to be strong. Growth in net loans and advances increased towards the end of the year, as lending momentum improved in both Relationship Lending and Business Banking. Year end volumes were also impacted by additional drawdowns under the terms of liquidity facilities, as a result of constrained liquidity in global markets in the last two months of the year.

Profit before credit impairment and income tax, adjusting for the impact of exchange rate movements, increased 7%.

This result includes the consolidation of Stadium Australia, which became a wholly owned subsidiary during the year as part of our Alternative Assets business. The resulting increase in income of $35 million and expenses of $29 million has been removed from the analysis below to show underlying business performance.

Significant factors affecting the result were:

- Net interest income declined by 2% in part from a $99 million reduction in Markets (offset in other income) associated with the recording of income on trading securities. Average net lending assets increased 7% and average deposit volumes increased 17%. Margins declined by 26 basis points in Business Banking, as a result of competition and change in product mix particularly in the first half of the year. Margins in Relationship Lending fell 9 basis points, with some softening of downwards pressure on margins apparent in the last months of the year.
- Our move away from reliance on net interest income accelerated during the year. This, together with the impact on income from trading securities mentioned above, resulted in other operating income increasing by 20% and now representing 43% of income. Business Banking increased by 11% driven by steady volume growth. Markets increased by 27% due to the change in the composition of the derivatives result referred to above, and strong sales volumes partly offset by lower trading income. Corporate Finance increased by 25% with continued strong deal flows and a strong performance in the private equity related business. Trade & Transaction Services increased by 6% driven by higher volumes across the businesses.
- Operating expenses increased 7%, reflecting an increase of 310 in personnel numbers and continued investments in technology in Markets and Transaction Services.
- Provision for credit impairment increased 19%. The individual provision charge increased by $10 million (20%) with two large individual provisions offsetting a large recovery in the first half. Credit quality remains strong, with net non performing loans decreasing by 7%.

Comparison with March 2007 half

Profit after tax decreased by 5% to $705 million driven by an $83 million increase in credit impairment costs and lower revenue in Markets and Relationship Lending. Profit before credit impairment and income tax, adjusting for the impact of exchange rate movements, increased 2%.

The result includes the consolidation of Stadium Australia which increased income by $31 million (Mar 2007 half: $4 million) and expenses by $25 million (Mar 2007 half: $4 million). The following comments exclude these impacts.

Operating income increased by 3%. Net interest income declined 2% in large part from an $85 million reduction in Markets (offset in other income) relating to derivatives. Revenue in Trade & Transaction Services increased 9% with strong deposit growth and increased revenue from the Cash Management and Payment and Clearing businesses. Business Banking revenue increased 5% with 6% average lending and 3% average deposit growth offsetting a 5 basis point margin decline. Corporate Finance revenue increased 10% with stronger seasonal deal flows in the second half. Relationship Lending revenue decreased 3% due to mark-to-market adjustments on hedges on the lending book and constrained lending volumes earlier in the half. Markets revenue decreased 2% with improved sales revenue offset by lower trading income in Australia.

Operating expenses increased by 6% with continued investments in Markets' and Transaction Services' technology, and a 1% increase in staff numbers.

Provision for credit impairment increased by $83 million, impacted by two large individual provisions, a large recovery in the first half and an increase in the collective provision of $8 million due to volume growth.

Institutional
Peter Hodgson

Institutional division by business unit

Comparison to Full Year Sep 2006

	Full Year Sep 2007					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Working Capital										
- Relationship Lending	753	31	722	(61)	547	-1%	41%	-2%	large	14%
- Trade & Transaction Services	770	340	430	7	296	6%	7%	5%	large	2%
Markets	781	321	460	47	291	13%	11%	14%	large	3%
Business Banking	675	263	412	46	256	7%	6%	7%	large	0%
Corporate Finance	507	189	318	31	212	18%	30%	12%	large	2%
Relationships & Infrastructure[3]	16	234	(218)	(1)	(154)	7%	0%	-1%	large	-1%
Institutional Division	**3,502**	**1,378**	**2,124**	**69**	**1,448**	**8%**	**10%**	**6%**	**19%**	**6%**

Comparison to Half Year Mar 2007

	Half Year Sep 2007					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Working Capital										
- Relationship Lending	370	16	354	8	241	-3%	7%	-4%	large	-21%
- Trade & Transaction Services	401	175	226	-	159	9%	6%	11%	-100%	16%
Markets	386	166	220	30	136	-2%	7%	-8%	76%	-12%
Business Banking	346	133	213	18	137	5%	2%	7%	-36%	15%
Corporate Finance	278	109	169	21	110	21%	36%	13%	large	8%
Relationships & Infrastructure[3]	10	120	(110)	(1)	(78)	67%	5%	2%	0%	3%
Institutional Division	**1,791**	**719**	**1,072**	**76**	**705**	**5%**	**9%**	**2%**	**large**	**-5%**

Net loans & advances including acceptances	**Half year Sep 07 $M**	**Half year Mar 07 $M**	**Movt Sep 07 v. Mar 07 %**	**Full year Sep 07 $M**	**Full year Sep 06 $M**	**Movt Sep 07 v. Sep 06 %**
Working Capital						
- Relationship Lending	49,476	41,842	18%	**49,476**	40,446	22%
- Trade & Transaction Services	6,905	5,795	19%	**6,905**	5,729	21%
Business Banking	16,894	15,502	9%	**16,894**	14,933	13%
Corporate Finance	11,486	11,570	-1%	**11,486**	11,318	1%
Other[4]	(2,705)	(1,889)	43%	**(2,705)**	(1,560)	73%
	82,056	72,820	13%	**82,056**	70,866	16%

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*
3. *Relationships & Infrastructure includes Institutional Banking, Financial Institutions and Corporate Banking. These three relationship businesses hold management costs associated with our customers, with associated revenue booked in the product businesses*
4. *Other includes Markets and Relationship Businesses*

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New Zealand Businesses[1]
Graham Hodges

Table reflects NZD results for New Zealand Businesses AUD results shown on page 45	Half year Sep 07 NZD M	Half year Mar 07 NZD M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 NZD M	Full year Sep 06 NZD M	Movt Sep 07 v. Sep 06 %
Net interest income	972	915	6%	**1,887**	1,723	10%
Other external operating income	289	286	1%	**575**	549	5%
Operating income	1,261	1,201	5%	**2,462**	2,272	8%
External operating expenses	(587)	(573)	2%	**(1,160)**	(1,123)	3%
Net inter business unit expenses	(7)	(5)	40%	**(12)**	(5)	large
Operating expenses	(594)	(578)	3%	**(1,172)**	(1,128)	4%
Profit before credit impairment and income tax	667	623	7%	**1,290**	1,144	13%
Provision for credit impairment	(41)	(37)	11%	**(78)**	(5)	large
Profit before income tax	626	586	7%	**1,212**	1,139	6%
Income tax expense and minority interest	(202)	(188)	7%	**(390)**	(367)	6%
Profit (NZD)	424	398	7%	**822**	772	6%
Consisting of:						
The National Bank Retail	133	138	-4%	**271**	255	6%
ANZ Retail	99	90	10%	**189**	179	6%
Corporate & Commercial Banking	91	86	6%	**177**	174	2%
Rural Banking	53	48	10%	**101**	91	11%
Private Banking & Retail Specialist Units[2]	24	23	4%	**47**	45	4%
UDC	16	13	23%	**29**	23	26%
Central Support[3]	8	-	n/a	**8**	5	60%
New Zealand Businesses	424	398	7%	**822**	772	6%
Balance Sheet						
Net loans & advances including acceptances	80,923	75,245	8%	**80,923**	70,775	14%
Other external assets	2,199	1,867	18%	**2,199**	2,331	-6%
External assets	83,122	77,112	8%	**83,122**	73,106	14%
Customer deposits	44,632	42,432	5%	**44,632**	41,169	8%
Other deposits and borrowings	9,319	5,570	67%	**9,319**	6,894	35%
Deposits and other borrowings	53,951	48,002	12%	**53,951**	48,063	12%
Other external liabilities	14,203	13,476	5%	**14,203**	11,982	19%
External liabilities	68,154	61,478	11%	**68,154**	60,045	14%
Risk weighted assets	65,688	61,563	7%	**65,688**	57,041	15%
Average net loans & advances including acceptances	78,184	72,872	7%	**75,535**	66,438	14%
Average deposits and other borrowings	51,581	48,406	7%	**49,998**	46,604	7%
Ratios						
Net interest margin	2.45%	2.49%		**2.47%**	2.56%	
Return on average assets	1.06%	1.07%		**1.06%**	1.13%	
Return on average risk weighted assets	1.33%	1.36%		**1.34%**	1.46%	
Operating expenses to operating income	47.1%	48.1%		**47.6%**	49.6%	
Operating expenses to average assets	1.48%	1.55%		**1.51%**	1.66%	
Individual provision charge/(credit)	33	26	27%	**59**	21	large
Individual provision charge/(credit) as a % of average net advances	0.08%	0.07%		**0.08%**	0.03%	
Collective provision charge/(credit)	8	11	-27%	**19**	(16)	large
Collective provision charge/(credit) as a % of average net advances	0.02%	0.03%		**0.03%**	(0.02%)	
Net non-performing loans	67	62	8%	**67**	61	10%
Net non-performing loans as a % of net advances	0.08%	0.08%		**0.08%**	0.09%	
Total employees	8,923	8,994	-1%	**8,923**	8,788	2%

1. *For a reconciliation of New Zealand Businesses results to the New Zealand Geographic results refer page 57*
2. *Private Banking & Retail Specialist Units include ING New Zealand joint venture*
3. *Central Support includes Treasury funding and shared services*

New Zealand commentary reflects NZD

New Zealand Businesses
Graham Hodges

2007 result

Profit after tax increased 6% over the 2006 year, with the result including a NZD49 million after tax increase in credit impairment expense following unsustainably low levels in 2006. Profit before credit impairment and income tax increased 13%, with solid contributions across all the businesses. This is a pleasing result, with strong revenue growth supporting continued reinvestment in the business and the strengthening of our customer propositions. Market share is holding up well across the board, with market share gains achieved in mortgages, rural, consumer finance and in the business market.

Double-digit growth in profit before credit impairment expense and income tax was achieved across the businesses - largely from continued momentum in lending growth, led by Corporate & Commercial (16%) and Rural (16%), closely followed by the Retail Banks (both at 13%). UDC increased 13%, showing a good turn-around from last year's disappointing result. The Private Banking contribution was strong with growth in profit before credit impairment expense and income tax of 19%.

Key factors driving the result were as follows:

- Net interest income increased 10%, driven by robust balance sheet growth, with lending growth increasing 14% and customer deposits 8%, moderated by a 9 basis point contraction in margins. All business experienced margin contraction. The impact of a highly competitive market, particularly in Mortgages, and higher proportions of wholesale funding was partially offset by yield curve benefits from prepayment activity and increased investment earnings on capital and rate insensitive deposits.
- Other external operating income grew 5%. The result included NZD10 million of revenue from the sale of MasterCard shares for the retail businesses (NZD5 million in 2006). Fee income increased 4%, with The National Bank Retail the major contributor, achieving growth across lending, cards and transactional fees. Fee growth in other businesses was constrained by competitive conditions.
- Operating expenses increased 4%. Cost growth was due to annual increases in salaries, and investment in frontline staff and other business initiatives, partly offset by control of discretionary expenditure. The 2006 result included costs of NZD10 million in relation to the New Zealand Commerce Commission's action on disclosure of optional issuer fees. The cost to income ratio reduced 200 basis points to 47.6%.
- Provision for credit impairment increased NZD73 million from NZD5 million in 2006. The individual provision charge increased NZD38 million, reflecting high levels of recoveries and writebacks of past provisions in the corporate and business banking portfolios last year. The collective provision charge increased NZD35 million from unsustainably low levels, with the 2006 result benefiting from a provision writeback following portfolio realignments in 2006. The 2007 charge was driven largely by lending growth, with a small benefit from improvements in the overall risk profile. Credit conditions remain benign with net non performing loans remaining at 0.08% of net advances.

Comparison with March 2007 half

Profit after tax and profit before credit impairment and income tax increased 7% with sound contributions across all the businesses. The March 2007 half benefited from NZD10 million after tax revenue from the sale of MasterCard shares.

Key influences on the result included the following:

- Net interest income increased 6%, driven by strong lending growth of 8%. Customer deposit volumes increased 5%. Net interest margin reduced 4 basis points, driven mainly by Mortgage competition.
- Other external operating income increased 5% after adjusting for the income on sale of MasterCard shares in the March 2007 half, with good growth in the retail businesses.
- Operating expenses increased 3% with increases in frontline staff, new branches, and other initiatives, partly offset by reduced discretionary spend.
- Provision for credit impairment increased NZD4 million, with credit quality remaining strong.

New Zealand Businesses

Graham Hodges

New Zealand Businesses by business unit

	Comparison to Full Year Sep 2006									
	Full Year Sep 2007 (NZD M)					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
The National Bank Retail	892	459	433	32	271	8%	3%	13%	large	6%
ANZ Retail	738	433	305	26	189	7%	5%	10%	large	6%
Corporate & Commercial Banking	417	134	283	18	177	12%	9%	13%	large	2%
Rural Banking	237	84	153	3	101	10%	6%	12%	large	11%
Private Banking & Retail Specialist Units	97	37	60	-	47	11%	16%	9%	n/a	4%
UDC	77	34	43	(1)	29	8%	-3%	19%	large	26%
Central Support[3]	4	(9)	13	-	8	-50%	large	large	n/a	60%
New Zealand Businesses	**2,462**	**1,172**	**1,290**	**78**	**822**	**8%**	**4%**	**13%**	**large**	**6%**

	Comparison to Half Year Mar 2007									
	Half Year Sep 2007 (NZD M)					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
The National Bank Retail	454	233	221	23	133	4%	3%	4%	large	-4%
ANZ Retail	376	219	157	10	99	4%	2%	6%	-38%	10%
Corporate & Commercial Banking	215	69	146	9	91	6%	6%	7%	0%	6%
Rural Banking	124	44	80	1	53	10%	10%	10%	-50%	10%
Private Banking & Retail Specialist Units	50	19	31	-	24	6%	6%	7%	n/a	4%
UDC	40	18	22	(2)	16	11%	13%	10%	large	23%
Central Support[3]	2	(8)	10	-	8	-33%	large	large	n/a	n/a
New Zealand Businesses	**1,261**	**594**	**667**	**41**	**424**	**5%**	**3%**	**7%**	**11%**	**7%**

Net loans & advances including acceptances	**Half year Sep 07 NZD M**	**Half year Mar 07 NZD M**	**Movt Sep 07 v. Mar 07 %**	**Full year Sep 07 NZD M**	**Full year Sep 06 NZD M**	**Movt Sep 07 v. Sep 06 %**
The National Bank Retail	29,937	28,140	6%	**29,937**	26,387	13%
ANZ Retail	19,282	18,171	6%	**19,282**	16,990	13%
Corporate & Commercial Banking	14,553	13,444	8%	**14,553**	12,533	16%
Rural Banking	14,648	13,202	11%	**14,648**	12,649	16%
Private Banking & Retail Specialist Units	671	621	8%	**671**	597	12%
UDC	1,832	1,667	10%	**1,832**	1,619	13%
	80,923	75,245	8%	**80,923**	70,775	14%

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*
3. *Central Support includes Treasury funding and shared services*

New Zealand Businesses[1]
Graham Hodges

Table reflects AUD results for New Zealand Businesses NZD results shown on page 42	**Half year Sep 07 $M**	**Half year Mar 07 $M**	**Movt Sep 07 v. Mar 07 %**	**Full year Sep 07 $M**	**Full year Sep 06 $M**	**Movt Sep 07 v. Sep 06 %**
Net interest income	860	806	7%	**1,666**	1,507	11%
Other external operating income	255	252	1%	**507**	481	5%
Operating income	1,115	1,058	5%	**2,173**	1,988	9%
External operating expenses	(518)	(505)	3%	**(1,023)**	(982)	4%
Net inter business unit expenses	(7)	(4)	75%	**(11)**	(5)	large
Operating expenses	(525)	(509)	3%	**(1,034)**	(987)	5%
Profit before credit impairment and income tax	590	549	7%	**1,139**	1,001	14%
Provision for credit impairment	(36)	(33)	9%	**(69)**	(4)	large
Profit before income tax	554	516	7%	**1,070**	997	7%
Income tax expense and minority interest	(178)	(166)	7%	**(344)**	(322)	7%
Profit	376	350	7%	**726**	675	8%
Consisting of:						
The National Bank Retail	118	121	-2%	**239**	223	7%
ANZ Retail	87	79	10%	**166**	157	6%
Corporate & Commercial Banking	80	76	5%	**156**	153	2%
Rural Banking	46	43	7%	**89**	80	11%
Private Banking & Retail Specialist Units[2]	22	20	10%	**42**	39	8%
UDC	15	11	36%	**26**	20	30%
Central Support[3]	8	-	n/a	**8**	3	large
New Zealand Businesses	376	350	7%	**726**	675	8%
Balance Sheet						
Net loans & advances including acceptances	69,504	66,518	4%	**69,504**	61,785	12%
Other external assets	1,888	1,650	14%	**1,888**	2,035	-7%
External assets	71,392	68,168	5%	**71,392**	63,820	12%
Customer deposits	38,334	37,511	2%	**38,334**	35,940	7%
Other deposits and borrowings	8,004	4,924	63%	**8,004**	6,018	33%
Deposits and other borrowings	46,338	42,435	9%	**46,338**	41,958	10%
Other external liabilities	12,198	11,913	2%	**12,198**	10,460	17%
External liabilities	58,536	54,348	8%	**58,536**	52,418	12%
Risk weighted assets	56,420	54,423	4%	**56,420**	49,796	13%
Average net loans & advances including acceptances	69,169	64,154	8%	**66,668**	58,111	15%
Average deposits and other borrowings	45,635	42,615	7%	**44,129**	40,763	8%
Ratios						
Net interest margin	2.45%	2.49%		**2.47%**	2.56%	
Return on average assets	1.06%	1.07%		**1.06%**	1.13%	
Return on average risk weighted assets	1.33%	1.36%		**1.34%**	1.46%	
Operating expenses to operating income	47.1%	48.1%		**47.6%**	49.6%	
Operating expenses to average assets	1.48%	1.55%		**1.51%**	1.66%	
Individual provision charge/(credit)	29	23	26%	**52**	18	large
Individual provision charge/(credit) as a % of average net advances	0.08%	0.07%		**0.08%**	0.03%	
Collective provision charge/(credit)	7	10	-30%	**17**	(14)	large
Collective provision charge/(credit) as a % of average net advances	0.02%	0.03%		**0.03%**	(0.02%)	
Net non-performing loans	58	55	5%	**58**	53	9%
Net non-performing loans as a % of net advances	0.08%	0.08%		**0.08%**	0.09%	
Total employees	8,923	8,994	-1%	**8,923**	8,788	2%

1. *For a reconciliation of New Zealand Businesses results to the New Zealand Geographic results refer page 57*
2. *Private Banking & Retail Specialist Units include ING New Zealand joint venture*
3. *Central Support includes Treasury funding and shared services*

Partnerships & Private Bank
Bob Edgar

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	68	65	5%	**133**	107	24%
Other external operating income	159	130	22%	**289**	208	39%
Operating income	227	195	16%	**422**	315	34%
External operating expenses	(92)	(81)	14%	**(173)**	(144)	20%
Net inter business unit expenses	28	22	27%	**50**	49	2%
Operating expenses	(64)	(59)	8%	**(123)**	(95)	29%
Profit before credit impairment and income tax	163	136	20%	**299**	220	36%
Provision for credit impairment	(14)	(20)	-30%	**(34)**	(24)	42%
Profit before income tax	149	116	28%	**265**	196	35%
Income tax expense and minority interest	(12)	(6)	100%	**(18)**	(12)	50%
Profit	137	110	25%	**247**	184	34%
Consisting of:						
INGA	80	75	7%	**155**	122	27%
International Partnerships						
- PT Panin	13	12	8%	**25**	22	14%
- Bank of Tianjin	8	7	14%	**15**	3	large
- Indonesia Cards	8	3	large	**11**	9	22%
- AMMB	14	-	n/a	**14**	-	n/a
- Metrobank Card Corporation	4	4	0%	**8**	7	14%
- Other international partnerships[1]	(6)	(4)	50%	**(10)**	(10)	0%
Other[2]	16	13	23%	**29**	31	-6%
	137	110	25%	**247**	184	34%
Total employees	1,574	1,286	22%	**1,574**	1,102	43%

1. *Other international partnerships includes ANZ Royal, investment in Sacombank, Shanghai Rural Commercial Bank and International Partnerships support units*
2. *Other comprises ANZ Private Bank, Personal and Private Banking Asia and support units*

Partnerships & Private Bank
Bob Edgar

2007 result

Profit after tax increased 34%. INGA earnings were up 27% ($33 million) driven by exceptional inflows into core funds management products, one-off higher concession limits on superannuation contributions up to 30 June 2007, strong investment markets and higher premium income. The INGA result is further explained on pages 48 to 50. ANZ Private Bank profit after tax increased 16% driven by strong revenue growth of 35%, with a doubling of total Funds Under Management and increased sales of advisory and alternative investment products including strong activity in June due to the superannuation law changes. This was partly offset by increased investment in growing the Private Bank business. The year also included significant Partnership activity with the completion of investments in AMMB Group in Malaysia, Vientiane Commercial Bank (VCB) in Laos and Shanghai Rural Commercial Bank (SRCB) in China. Earnings benefited from a full year result from Bank of Tianjin and Sacombank investments and the first full quarter of earnings from AMMB. Continued solid results from Metrobank Card Corporation (MCC), Panin and Indonesia Cards and stronger than expected performance from Cambodia were the other key drivers of the strong result. These were partly offset by the impact of increased provisioning in the Indonesia Cards business and increased expenses to support business expansion.

Significant influences on the result were:

- Net interest income increased 24% ($26 million), due primarily to volume growth and lower funding costs in Indonesia Cards, strong asset and deposit growth in Cambodia and strong volumes in the Personal and Private Bank business in Asia. ANZ Private Bank net interest income increased 21% driven by strong Funds Under Management growth and a 20% increase in customer numbers.
- Other operating income increased 39% ($81 million), with INGA equity accounted income up 27% reflecting strong core operating profit benefiting from superannuation legislation changes, buoyant investment markets and the one-off capital restructure, and capital investment earnings up 21%. International Partnerships other operating income is up 73% as a result of stronger Panin earnings, the full year impact of new partnerships (Bank of Tianjin and Sacombank) and the first time booking of a full quarter of earnings from AMMB. Increased fee income in Indonesia Cards due to volume growth and strong fee revenue growth in Cambodia boosted the result. ANZ Private Bank other income increased 62% due to higher income from the distribution of alternative investment and advisory products.
- Operating expenses increased 29% ($28 million) as a result of ongoing investment across all of the businesses.
- Provision for credit impairment increased 42% ($10 million), due to the impact of regulatory changes and business volume growth in Indonesia Cards.

Comparison with March 2007 half

Profit after tax increased 25%. Stronger performances in all businesses, combined with the first time booking of a full quarter of equity accounted earnings for the AMMB investment were partly offset by the impact of continued investment.

Net interest income increased 5%, driven by strong volume growth and lower funding costs in Indonesia Cards and both asset and deposit growth in Cambodia and ANZ Private Bank. Other operating income increased 22% reflecting the booking of equity accounted earnings from the new AMMB investment and increased fee income in Indonesia Cards and Cambodia. INGA equity accounted earnings were up $5 million with a 21% increase in core earnings partially offset by a reduction in capital investment earnings due to the one off favourable capital restructure in the first half. ANZ Private Bank other income increased 44% due mainly to an increase in financial planning product distribution revenue as a result of the changes in the superannuation laws.

Operating expenses increased 8% from increased investment across the International Partnership businesses and higher employee costs due to the growth in staff numbers in ANZ Private Bank.

Provision for credit impairment reduced by 30% due primarily to an improvement in the asset quality in Indonesia Cards.

Partnerships & Private Bank
Bob Edgar

ING Australia performance

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Funds management income	258	243	6%	**501**	445	13%
Life Risk Income						
- planned margin	130	117	11%	**247**	185	34%
- experience variation[1]	16	13	23%	**29**	34	-15%
- assumption changes[1]	-	8	-100%	**8**	15	-47%
	146	138	6%	**284**	234	21%
Total Income	404	381	6%	**785**	679	16%
Funds management expenses	(146)	(148)	-1%	**(294)**	(272)	8%
Life risk expenses	(72)	(67)	7%	**(139)**	(126)	10%
Remediation expenses[2]	-	(12)	-100%	**(12)**	(39)	-69%
Capitalised software write-offs	-	(29)	-100%	**(29)**	(4)	large
Gross tax on operating profit	(53)	(15)	large	**(68)**	(52)	31%
Profit after tax, before capital investment earnings	133	110	21%	**243**	186	31%
Capital investment earnings after tax	27	42	-36%	**69**	57	21%
Profit after tax before minority interest	160	152	5%	**312**	243	28%
Minority interest	-	(1)	-100%	**(1)**	-	n/a
Profit after tax	160	151	6%	**311**	243	28%
ANZ share of INGA earnings @ 49%						
JV profit	65	54	20%	**119**	91	31%
JV capital investment earnings	13	20	-35%	**33**	28	18%
	78	74	5%	**152**	119	28%
Net funding	2	1	100%	**3**	3	0%
Net return to ANZ	80	75	7%	**155**	122	27%
Carrying value of investment[3]	1,519	1,507	1%	**1,519**	1,462	4%
Annualised return on ANZ investment	10.4%	10.0%		**10.3%**	8.3%	
Performance measures @ 100%						
Value of new business[4]	77	63	22%	**140**	81	73%
Cost to income[5]	54.0%	56.4%		**55.2%**	58.6%	
Funds Management						
Retail & mezzanine Funds Under Management	45,993	43,797	5%	**45,993**	38,849	18%
Net retail & mezzanine flows	2,110	1,202	76%	**3,312**	1,257	large
Life Risk						
Total in-force	751	624	20%	**751**	596	26%
New premiums	106	95	12%	**201**	168	20%

Funds management growth (Retail & mezzanine)	Sep 07 $M	In-flows	Out-flows	Other flows[6]	Sep 06 $M
OneAnswer	18,981	5,538	(3,172)	**2,539**	14,076
Other Personal Investment	8,072	600	(1,497)	**10**	8,959
Mezzanine	2,644	1,084	(1,017)	**(53)**	2,630
Employer Super	11,006	1,954	(1,254)	**954**	9,352
Oasis	5,290	1,690	(614)	**382**	3,832
Total	45,993	10,866	(7,554)	**3,832**	38,849

1. *Experience variations are gains or losses arising from actual experience differing from plan, primarily death and sickness. Assumption changes are gains or losses arising from a change in valuation methods and best estimate assumptions*
2. *Remediation expenses represent costs incurred in rectifying historical unit pricing errors and fully compensating customers*
3. *ANZ adopts the equity method of accounting for its 49% interest in INGA. The carrying value of the investment in INGA has been tested for impairment by comparing the carrying value with the recoverable amount of INGA. The Group engaged Ernst & Young ABC Pty Limited to provide an independent valuation of INGA for 31 March 2007 assessment purposes (the recoverable amount), and there has been no evidence of subsequent impairment. The independent economic valuation was based on a discounted cash flow approach, with allowance for the cost of capital. Based on the results of this valuation, no change is required to the carrying value of the investment in INGA*
4. *Value of new business represents the present value of future profits arising from the new business written over the periods less the present value of the cost of capital applying to that new business. It does not include the value of any associated imputation credits*
5. *Cost to Income ratio is management expenses (excluding Remediation Expenses & Capitalised Software Write-offs) / Total Income*
6. *Other Flows includes investment income net of taxes, fees and charges, distributions and timing (Mezzanine also includes a one-off re-classification to wholesale)*

Partnerships & Private Bank
Bob Edgar

ING Australia performance, cont'd

2007 result

Highlights of the year included exceptional inflows into core funds management products, growth in retail and group risk business, improved customer service and continued expansion of the aligned financial adviser force.

Funds Under Management grew 18% over the year, assisted by the one-off higher concession limits on superannuation contributions up to 30 June 2007. Underlying investment markets held up reasonably well, notwithstanding the volatility experienced in the September quarter due to credit markets tightening. INGA's Corporate Super product is currently ranked No. 1 amongst employer super providers by Heron Partnership. INGA Employer Super won an ASFA award in communications excellence for its Grow Member Value program. Oasis Asset Management, INGA's badged platform subsidiary acquired in May 2006, performed strongly, with 41% growth in Funds Under Management since acquisition.

Total in-force premium has grown 26% over the past year, substantially ahead of the industry average. INGA grew its market share to 12.5% for in-force premiums in the 12 months to June 2007, ranking it No. 3 in the industry. Life risk retail sales (ranked No. 2 in the industry) have largely been maintained at the much-increased levels achieved in 2006, due to the very successful product OneCare. Group and mastertrust business has also performed strongly. Direct marketed risk business is also showing substantial growth over the prior comparative period. *(Source of market statistics: Plan for Life – June 2007)*.

A core component of INGA's strategy continues to be growing the number of aligned advisers. The total number of INGA aligned advisers grew to 1,334 by September 2007, an increase of 189 planners on 2006, of which 58 were ANZ financial planners. INGA ranks No. 3 in the industry for adviser numbers, up from No. 4.

The superannuation-driven inflow together with continued strong insurance sales lifted INGA's value of new business for the year by 73%.

Profit after tax was 28% higher than the year ended 30 September 2006, with profit up 31% and capital investment earnings up 21%. Significant contributors to profit growth were:

- Funds management income increased 13% due to higher Funds Under Management underpinned by strong investment markets, improved net flows in both personal investments and employer super businesses and the inclusion of Oasis Asset Management for the full year to September 2007. The increase was achieved in an environment of ongoing pressure on margins.
- Risk income increased 21% driven by strong growth in premium income in term life and consumer credit, together with continued favourable mortality and morbidity experience. The uplift was achieved despite assumption changes having a less positive impact compared to 2006.
- Funds management expenses increased by 8%, partly attributable to the acquisition of Oasis Asset Management. Risk expenses increased 10% due to strong growth in retail risk business. Remediation expenses were lower following completion of the unit pricing remediation project. Two capitalised software assets were written off as part of INGA's normal impairment testing of carrying values.
- Tax on profit was higher due to increased pre-tax profit partly offset by favourable one-off tax treatments in 2007.
- Capital investment earnings after tax increased 21% due to:
  - higher average investment yield and level of capital, and
  - the one-off realisation of previously unrealised capital gains ($12 million) following a shareholder capital restructure in February 2007.

Advisor Numbers
(by Dealer Group)

	Sep 07	Sep 06	Mvmt
ANZ Financial Planning	432	374	16%
RetireInvest	198	205	-3%
Tandem Financial Advice	75	96	-22%
Millenium3	604	452	34%
ING Financial Planning	25	18	39%
Total	1,334	1,145	17%

Sales by Channel

	Retail Funds Management[1]		Life Insurance[2]	
	Sep 07	Sep 06	Sep 07	Sep 06
ANZ	31%	45%	13%	12%
IFAs aligned to ING	19%	18%	12%	9%
Direct	6%	6%	20%	19%
Open Market[3]	44%	31%	55%	60%
Total	100%	100%	100%	100%

1. *Includes mezzanine funds management business*
2. *Includes directly marketed life insurance and consumer credit life insurance*
3. *Oasis Asset Management inflows included in Open Market (5 months 2006, full year 2007)*

Partnerships & Private Bank
Bob Edgar

ING Australia performance, cont'd

Comparison with March 2007 half

Profit after tax was 6% higher with strong growth in profit, up 21%, partially offset by lower capital investment earnings owing to the one-off realisation of capital gains ($12 million) following a shareholder capital restructure in the March half and marginally lower yields due mainly to interest rate rises (impacting the value of risk reserves). Significant contributors to profit growth were:

- Growth in funds management income of 6% following higher average Funds Under Management as a result of exceptional net flows in the form of super contributions and generally firm investment markets, notwithstanding recent volatility.
- Higher risk income up 6% from in-force premium growth and favourable mortality and morbidity experience, more than offsetting the $8 million pre-tax profit release from the annual review of risk assumptions conducted in the March half.
- Funds management expenses were down 1%, while the 7% increase in life risk expenses arose from organic business growth. There was no expenditure on remediation in the September half as the project was completed in the March half.
- Tax on profit increased significantly, due to the non-recurrence of $25 million of prior period tax adjustments (credits) booked in the March half.

Non-continuing businesses[1]

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	-	2	-100%	**2**	45	-96%
Other external operating income	2	2	0%	**4**	37	-89%
Operating income	2	4	-50%	**6**	82	-93%
External operating expenses	(2)	(4)	-50%	**(6)**	(33)	-82%
Net inter business unit expenses	-	-	n/a	**-**	3	-100%
Operating expenses	(2)	(4)	-50%	**(6)**	(30)	-80%
Profit before credit impairment and income tax	-	-	n/a	**-**	52	-100%
Provision for credit impairment	-	-	n/a	**-**	15	-100%
Profit before income tax	-	-	n/a	**-**	67	-100%
Income tax expense and minority interest	-	-	n/a	**-**	(12)	-100%
Profit	-	-	n/a	**-**	55	-100%
Consisting of:						
Fleetpartners	-	2	-100%	**2**	19	-89%
Institutional discontinued businesses	-	(2)	-100%	**(2)**	36	large
	-	-	n/a	-	55	-100%
Total employees	-	-	n/a	**-**	270	-100%

1. *Non-continuing businesses comprises specific components of the London headquartered project finance business, the run-off of New Zealand conduit transactions and certain structured finance transactions that ANZ has exited as part of its de-risking strategy, and Esanda Fleetpartners which was sold in October 2006*

Profit after tax reduced by $55 million. All non-continuing businesses have been successfully exited. Small residual costs may continue to be incurred. The reinvestment of sale proceeds, net of related payments, received on the sale of Esanda Fleetpartners has provided a funding benefit to the Group of $22 million ($15 million after tax).

Group Centre[1]

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	107	137	-22%	**244**	252	-3%
Other external operating income	21	5	large	**26**	13	100%
Operating income	128	142	-10%	**270**	265	2%
External operating expenses	(402)	(385)	4%	**(787)**	(725)	9%
Net inter business unit expenses	314	301	4%	**615**	569	8%
Operating expenses	(88)	(84)	5%	**(172)**	(156)	10%
Profit before credit impairment and income tax	40	58	-31%	**98**	109	-10%
Provision for credit impairment	-	(2)	-100%	**(2)**	-	n/a
Profit before income tax	40	56	-29%	**96**	109	-12%
Income tax expense and minority interest	(7)	(28)	-75%	**(35)**	(38)	-8%
Profit	33	28	18%	**61**	71	-14%
Total employees	4,535	4,386	3%	**4,535**	4,269	6%

1. *Group Centre comprises Group People Capital, Group Risk Management, Treasury (includes the funding component of Treasury results with the mismatch component being included in the Markets business of Institutional), Group Strategic Development, Group Financial Management, Shareholder Functions and Operations, Technology & Shared Services*

2007 result

Profit of $61 million was $10 million lower:

- Operating income improved by $5 million, due primarily to an increase of $36 million in profit from property sales, additional interest on surplus capital, a full year benefit of funds received from the Euro Hybrid capital raising and lower net funding costs relating to tax timing differences. This was largely offset by a $57 million reduction in income on contracts put in place to hedge New Zealand Dollar revenue streams, due primarily to the depreciation of the NZD in 2006, and a reduction in interest received on tax refunds.
- Operating expenses increased by $16 million, due mainly to the cost of providing for earlier long service leave entitlements and restructuring costs relating to the transformation program, partly offset by the cessation of costs of the New Zealand integration project that was completed in 2006. The increase in employee numbers was driven largely by a combination of transitional and ongoing impacts from offshoring back office work to India and increased IT project work.

Comparison with March 2007 half

Profit of $33 million for the September half was $5 million higher. Operating income decreased by $14 million, primarily from higher realised losses on the hedging of foreign exchange risk on New Zealand Dollar revenue streams, lower central capital and reduced interest received on tax refunds. These unfavourable impacts were mostly offset by a $30 million increase in profits from property sales. Operating expenses increased by $4 million, due to the cost of providing for earlier long service leave entitlements to employees, offset by the timing of cost recoveries from the business by Operations, Technology & Shared Services. The increase in employee numbers was driven largely by a combination of transitional and ongoing impacts from offshoring back office work to India and increased IT project work. The lower effective tax rate resulted primarily from settlements with tax authorities and the ongoing appraisal of global tax provisioning requirements.

Geographic performance

Profit	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Australia	1,472	1,417	4%	**2,889**	2,488	16%
New Zealand	415	502	-17%	**917**	830	10%
Asia	97	74	31%	**171**	125	37%
Pacific	62	59	5%	**121**	113	7%
Other	32	50	-36%	**82**	132	-38%
	2,078	2,102	-1%	**4,180**	3,688	13%

Cash[1] profit	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Australia	1,365	1,323	3%	**2,688**	2,377	13%
New Zealand	435	426	2%	**861**	842	2%
Asia	95	77	23%	**172**	125	38%
Pacific	62	59	5%	**121**	113	7%
Other	31	51	-39%	**82**	130	-37%
	1,988	1,936	3%	**3,924**	3,587	9%

	Comparison to Full Year Sep 2006									
	Full Year Sep 2007					Growth Rate				
	Revenue	Expenses	PBP[2]	Credit[3]	NPAT	Revenue	Expenses	PBP[2]	Credit[3]	NPAT
Australia	7,553	3,365	4,188	455	2,688	11%	9%	12%	10%	13%
New Zealand	2,559	1,177	1,382	65	861	6%	4%	8%	large	2%
Asia	409	169	240	35	172	27%	12%	40%	67%	38%
Pacific	316	138	178	8	121	10%	8%	13%	n/a	7%
Other	230	104	126	4	82	-14%	-13%	-15%	large	-37%
	11,067	**4,953**	**6,114**	**567**	**3,924**	**10%**	**8%**	**11%**	**39%**	**9%**
New Zealand (NZD)	2,900	1,334	1,566	74	975					

	Comparison to Half Year Mar 2007									
	Half Year Sep 2007					Growth Rate				
	Revenue	Expenses	PBP[2]	Credit[3]	NPAT	Revenue	Expenses	PBP[2]	Credit[3]	NPAT
Australia	3,894	1,761	2,133	261	1,365	6%	10%	4%	35%	3%
New Zealand	1,311	601	710	39	435	5%	4%	6%	50%	2%
Asia	218	87	131	18	95	14%	6%	20%	6%	23%
Pacific	165	71	94	6	62	9%	6%	12%	large	5%
Other	98	47	51	3	31	-26%	-18%	-32%	large	-39%
	5,686	**2,567**	**3,119**	**327**	**1,988**	**6%**	**8%**	**4%**	**36%**	**3%**
New Zealand (NZD)	1,482	680	802	44	491					

1. *In 2007 ANZ has classified the gain on sale of Esanda Fleetpartners of $195 million after tax (tax impact: nil following Australian Taxation Office clearance on the buy-back of TrUEPrS providing capital losses to be applied against the gain during the September 2007 half) and a negative impact of $24 million profit after tax following the restatement of deferred tax assets to reflect the recently announced change in the New Zealand company tax rate which takes effect from 1 October 2008 as significant items. In 2006 ANZ classified the $113 million ($79 million after tax) settlement of the NHB insurance matter and the $14 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: $nil) as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)*

   The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2007 ANZ has classified a gain of $69 million after tax (2006 full year: $34 million; Sep 2007 half: $41 million; Mar 2007 half: $28 million) relating to economic hedging as a non-core item (tax impact $31 million (2006 full year: $15 million; Sep 2007 half: $17 million; Mar 2007 half: $14 million)). Included in this non-core amount is volatility relating to approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, volatility arising from use of the fair value option, and ineffectiveness from designated accounting hedges. In addition, ANZ has classified a mark-to-market gain of $16 million profit after tax (2006 full year: $nil; Sep 2007 half: $19 million gain; Mar 2007 half: $3 million loss) relating to New Zealand revenue hedges that under the transitional provision of AASB 139 (AASB 2005-1) no longer qualify for hedge accounting from 1 October 2006 (tax impact $7 million (2006 full year: $nil; Sep 2007 half: $9 million; Mar 2007 half: $2 million credit)). ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

   In 2006 ANZ incurred $26 million after tax from ANZ National Bank incremental integration costs. Tax on ANZ National Bank incremental integration costs was $13 million. The integration program was completed in March 2006. ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration
2. *PBP (profit before provisions) is profit before credit impairment and income tax*
3. *Credit impairment expense*

Australia

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	2,561	2,475	3%	**5,036**	4,761	6%
Other external operating income	1,333	1,184	13%	**2,517**	2,045	23%
Operating income	3,894	3,659	6%	**7,553**	6,806	11%
Operating expenses	(1,761)	(1,604)	10%	**(3,365)**	(3,079)	9%
Profit before credit impairment and income tax	2,133	2,055	4%	**4,188**	3,727	12%
Provision for credit impairment	(261)	(194)	35%	**(455)**	(412)	10%
Profit before income tax	1,872	1,861	1%	**3,733**	3,315	13%
Income tax expense	(505)	(537)	-6%	**(1,042)**	(937)	11%
Minority interest	(2)	(1)	100%	**(3)**	(1)	large
Cash[1] profit	1,365	1,323	3%	**2,688**	2,377	13%
Non-core items[1]	107	94	14%	**201**	111	81%
Profit	1,472	1,417	4%	**2,889**	2,488	16%
Net interest average margin	2.15%	2.24%		**2.19%**	2.32%	
Return on average risk weighted assets	1.68%	1.74%		**1.71%**	1.62%	
Operating expenses[1] to operating income	44.4%	42.0%		**43.2%**	43.3%	
Operating expenses[1] to average assets	1.36%	1.34%		**1.35%**	1.34%	
Return on average risk weighted assets (cash[1])	1.56%	1.62%		**1.59%**	1.54%	
Operating expenses to operating income (cash[1])	45.2%	43.8%		**44.6%**	45.3%	
Operating expenses to average assets (cash[1])	1.36%	1.34%		**1.35%**	1.40%	
Individual provision charge	249	153	63%	**402**	310	30%
Individual provision charge as a % of average net advances	0.24%	0.16%		**0.20%**	0.17%	
Collective provision charge	12	41	-71%	**53**	102	-48%
Collective provision charge as a % of average net advances	0.01%	0.04%		**0.03%**	0.06%	
Net non-performing loans	310	291	7%	**310**	295	5%
Net non-performing loans as a % of net advances	0.14%	0.15%		**0.14%**	0.15%	
Total employees	19,867	19,198	3%	**19,867**	18,723	6%
Lending growth	8.1%	4.6%		**13.1%**	9.8%	
External assets	272,969	242,014	13%	**272,969**	229,978	19%
Risk weighted assets	184,688	167,705	10%	**184,688**	160,719	15%

1. *In 2007 ANZ has classified the gain on sale of Esanda Fleetpartners of $128 million after tax (tax impact: nil following Australian Taxation Office clearance on the buy-back of TrUEPrS providing capital losses to be applied against the gain during the September 2007 half) as a significant item. In 2006 ANZ classified the $113 million ($79 million after tax) settlement of the NHB insurance matter as a significant item. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)*

   The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2007 ANZ has classified a gain of $57 million after tax (2006 full year: $32 million; Sep 2007 half: $34 million; Mar 2007 half: $23 million) relating to economic hedging as a non-core item (tax impact $24 million (2006 full year: $14 million; Sep 2007 half: $14 million; Mar 2007 half: $10 million)). Included in this non-core amount is volatility relating to approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, volatility arising from use of the fair value option, and ineffectiveness from designated accounting hedges. In addition, ANZ has classified a mark-to-market gain of $16 million profit after tax (2006 full year: $nil; Sep 2007 half: $19 million gain; Mar 2007 half: $3 million loss) relating to New Zealand revenue hedges that under the transitional provision of AASB 139 (AASB 2005-1) no longer qualify for hedge accounting from 1 October 2006 (tax impact $7 million (2006 full year: $nil; Sep 2007 half: $8 million; Mar 2007 half: $1 million credit)). ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

Australia, cont'd

2007 result

Profit after tax increased 16%. After adjusting for the impact of non-core items (refer pages 13 and 14), cash profit increased 13%. Significant influences on cash profit were:

- Net interest income increased 6% driven by growth in average net advances of 10% and average deposits and other borrowings of 13%, offset by a 13 basis point reduction in net interest margin. Net interest margin declined 10 basis points excluding prior period benefits from NZD revenue hedging (-2 basis points), the receipt of ATO interest (-2 basis points) and derivative cash flow impacts ($18 million or +1 basis point), with underlying movements impacted by increased competition across Personal and Institutional portfolios and unfavourable product mix, partially offset by increased investment earnings on capital and rate insensitive deposits.
- Other income increased 23%. Excluding impacts from the sale of Fleetpartners, the consolidation of Stadium Australia and the ETrade Australia acquisition, other income increased 21%. Institutional increased 26% due to increased income diversification, gains on private equity investments and revenue growth in Markets. Personal increased 19%, including the impact of the acquisition of ETrade Australia and an $18 million gain from the sale of MasterCard shares. Excluding these gains, Personal's other income increased 15% reflecting strong volume and fee growth across all businesses as the investment in growth initiatives delivered higher transaction volumes and fee initiatives benefited several businesses. The impact of superannuation legislation changes and strong equity markets together with our investment in additional financial planners drove strong performances in Investment and Insurance Product and in INGA.
- Operating expenses increased 9%. Excluding impacts from the sale of Fleetpartners, the consolidation of Stadium Australia and the ETrade Australia acquisition, operating expenses increased 8% reflecting a 6% increase in staff numbers, higher premises and computer charges due to the ongoing investment in the branch network in Personal and continued investment in staff and systems in Institutional.
- Provision for credit impairment increased 10% ($43 million) with the individual provision charge up $92 million due mainly to volume growth and a strategic risk mix shift to low rate credit cards in Personal, partly offset by a significant recovery in the March 2007 half. The collective provision decreased by $49 million reflecting tight management of unsecured lending and lower risk in Esanda.

Comparison with March 2007 half

Profit after tax increased by 4%. Cash profit increased 3% (refer pages 13 and 14 for an explanation of non-core items). Significant influences on cash profit were:

- Net interest income increased 3% with average net advances up 5%, average deposits and other borrowings up 8% partly offset by an 9 basis point decline in net interest margin reflecting increased basis risk (2 basis points), competitive pressures across all portfolios, partially offset by higher margins on deposit products and higher capital investment earnings.
- Other operating income increased by 13%. Excluding the impact of the consolidation of Stadium Australia and the acquisition of ETrade Australia, other income increased 7%. Personal increased 13%, including the acquisition of ETrade Australia and an $18 million gain from the sale of MasterCard shares. Excluding these, Personal's other income increased 10% due to strong volume growth from investment initiatives benefiting all businesses, with Investments and Insurance Products improving 22% from buoyant equity markets and Financial Planning activities. Institutional increased 10%, including increased income and gains on private equity investments within Corporate Finance, partly offset by a decrease in Markets' revenue within credit and interest rate businesses following the global liquidity crisis.
- Operating expenses increased 10%. Excluding the impact of the consolidation of Stadium Australia and acquisition of ETrade Australia, operating expenses increased 7% reflecting a 2% increase in staff numbers, higher advertising spend, higher premises and computer charges due to the ongoing investment in the branch network in Personal and continued investment in staff and systems in Institutional.
- Provision for credit impairment increased by 35% ($67 million). In particular, the individual provision charge increased $96 million, due principally to a significant recovery in the March 2007 half, and increased individual provisioning charges in Personal (15% or $24 million). The collective provision charge decreased by $29 million, which continues to reflect the improvements within management of unsecured lending and the seasonal pattern in Consumer Finance.
- The effective tax rate declined from 28.9% at March 2007 to 27.0% due to Offshore Banking Unit benefits, capital loss usage and the ongoing appraisal of global tax provisioning requirements.

New Zealand

	Half year Sep 07 NZD M	Half year Mar 07 NZD M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 NZD M	Full year Sep 06 NZD M	Movt Sep 07 v. Sep 06 %
Net interest income	1,045	1,014	3%	**2,059**	1,971	4%
Other external operating income	437	404	8%	**841**	781	8%
Operating income	1,482	1,418	5%	**2,900**	2,752	5%
Operating expenses	(680)	(654)	4%	**(1,334)**	(1,288)	4%
Profit before credit impairment and income tax	802	764	5%	**1,566**	1,464	7%
Provision for credit impairment	(44)	(30)	47%	**(74)**	(19)	large
Profit before income tax	758	734	3%	**1,492**	1,445	3%
Income tax expense	(267)	(250)	7%	**(517)**	(480)	8%
Minority interest	-	-	n/a	**-**	(1)	-100%
Cash[1] profit	491	484	1%	**975**	964	1%
Non-core items[1]	(22)	86	large	**64**	(13)	large
Profit (NZD)	469	570	-18%	**1,039**	951	9%
Profit (AUD)	415	502	-17%	**917**	830	10%
Net interest average margin	2.16%	2.23%		**2.20%**	2.32%	
Return on average risk weighted assets	1.25%	1.66%		**1.44%**	1.45%	
Operating expenses[1] to operating income	45.7%	43.3%		**44.5%**	48.1%	
Operating expenses[1] to average assets	1.28%	1.34%		**1.31%**	1.44%	
Return on average risk weighted assets (cash[1])	1.31%	1.41%		**1.35%**	1.47%	
Operating expenses to operating income (cash[1])	45.9%	46.1%		**46.0%**	46.8%	
Operating expenses to average assets (cash[1])	1.28%	1.34%		**1.31%**	1.39%	
Individual provision charge/(credit)	33	22	50%	**55**	30	83%
Individual provision charge/(credit) as a % of average net advances	0.08%	0.06%		**0.07%**	0.04%	
Collective provision charge/(credit)	11	8	38%	**19**	(11)	large
Collective provision charge/(credit) as a % of average net advances	0.03%	0.02%		**0.02%**	(0.01%)	
Net non-performing loans	71	72	-1%	**71**	93	-24%
Net non-performing loans as a % of net advances	0.08%	0.09%		**0.08%**	0.12%	
Total employees	9,409	9,489	-1%	**9,409**	9,392	0%
Lending growth	7.0%	4.8%		**12.1%**	11.9%	
External assets	105,997	99,054	7%	**105,997**	94,911	12%
Risk weighted assets	77,297	71,975	7%	**77,297**	68,496	13%

1. *In 2007 ANZ has classified the gain on sale of Esanda Fleetpartners of NZD76 million (tax impact: $nil) and a negative impact of NZD27 million profit after tax following the restatement of deferred tax assets to reflect recently announced change in the New Zealand company tax rate which takes effect from 1 October 2008 as significant items. In 2006 ANZ classified the NZD16 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: $nil) as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)*

   The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2007 ANZ has classified a gain of NZD15 million after tax (2006 full year: $nil; Sep 2007 half: NZD5 million; Mar 2007 half: NZD10 million) relating to economic hedging as a non-core item (tax impact NZD8 million (2006 full year: $nil; Sep 2007 half: NZD2 million; Mar 2007 half: NZD6 million)). Included in this non-core amount is volatility relating to approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, volatility arising from use of the fair value option, and ineffectiveness from designated accounting hedges. ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

   In 2006 ANZ incurred NZD29 million after tax from ANZ National Bank incremental integration costs. Tax on ANZ National Bank incremental integration costs was NZD14 million. The integration program was completed in March 2006. ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration

New Zealand, cont'd

Reconciliation of Geographic profit

	Half year Sep 07 NZD M	Half year Mar 07 NZD M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 NZD M	Full year Sep 06 NZD M	Movt Sep 07 v. Sep 06 %
New Zealand Businesses	424	398	7%	**822**	772	6%
NZ Institutional	97	113	-14%	**210**	225	-7%
New Zealand Banking	521	511	2%	**1,032**	997	4%
Non-Continuing businesses	(1)	-	n/a	**(1)**	8	large
NZ shareholder functions	(29)	(27)	7%	**(56)**	(41)	37%
New Zealand geography adjusted for non-core items[1]	491	484	1%	**975**	964	1%
Non-core items	(22)	86	large	**64**	(13)	large
Total New Zealand geography	469	570	-18%	**1,039**	951	9%

1. *Refer footnote 1 on page 56*

2007 result

Profit after tax increased 9%. After adjusting for non-core items (refer pages 13 and 14), cash profit increased 1%, with the result impacted by a NZD38 million after tax increase in credit impairment expense and lower Institutional income. Profit before provisions increased 7% driven by a strong contribution from New Zealand Businesses (13%), with overall growth impacted by lower results from Markets (reflecting an exceptional 2006 performance not matched in 2007) and Corporate Finance.

- Net interest income increased a modest 4%, impacted by a reduction in net interest income from derivative positions (NZD75 million, offset by an increase in trading income). Growth in net interest income was driven by a robust 12% increase in lending volumes and 7% growth in customer deposits, partially offset by a 12 basis point reduction in net interest margin. Net interest margin declined 4 basis points excluding derivative cashflow impacts (-8 basis points), with underlying movements impacted by increased competition in Mortgages, Rural and Business lending partially offset by yield curve benefits from prepayment activity and increased investment earnings on capital and rate insensitive deposits.
- Other external operating income increased 8%, but after allowing for the change in composition of the derivatives result referred to above, the underlying result decreased reflecting the impact of the reduction in the Markets contribution following the exceptional 2006 result. Fee growth was 4%, with the competitive environment constraining growth across most businesses.
- Operating expenses increased 4%. Cost growth was due to annual increases in salaries and investment in frontline staff and other business initiatives, partly offset by control of discretionary expenditure. The 2006 result includes NZD10 million in relation to the NZ Commerce Commission's action on disclosure of optional issuer fees. The cost to income ratio reduced 80 basis points to 46.0%.
- Provision for credit impairment increased NZD55 million from negligible levels in 2006. The individual provision charge increased NZD25 million, reflecting high levels of recoveries and writebacks of past provisions in the corporate and business banking portfolios last year. The collective provision charge increased NZD30 million, with the 2006 result benefiting from a provision writeback following portfolio re-alignments in 2006. The 2007 charge was driven largely by lending growth, with a small improvement in the overall risk profile. Credit conditions remain benign.

Comparison with March 2007 half

Profit after tax increased 1% over the March 2007 half after adjusting for non-core items (refer pages 13 and 14). Growth in profit before provisions was 5%, with a good contribution from NZ Businesses (7%) offset by a reduced result from NZ Institutional (down 13%).

- Net interest income increased 3%, with the result adversely impacted by lower net interest income on derivative positions (NZD29 million, offset by an increase in trading income). Lending growth increased 7%, with robust growth across the NZ Business (8%) being moderated by repayments in Institutional. Net interest margin reduced 7 basis points. Excluding derivative cashflow impacts (-6 basis points), net interest margin declined 1 basis point, with underlying movements impacted by increased competition, mainly in Mortgages, partially offset by yield curve benefits from prepayment activity.
- Other external operating income increased 3% excluding the impact of the derivatives variance position referred to above and for MasterCard share sale income received in the March 2007 half. Growth was from fees and Markets revenues.
- Operating expenses increased 4%, with investment in frontline staff, new branches, and other business initiatives, partly offset by reduced discretionary spend.
- Provision for credit impairment increased NZD14 million. The individual charge increased NZD11 million, with a moderate increase in retail and lower recoveries.

Asia

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	106	100	6%	**206**	169	22%
Other external operating income	112	91	23%	**203**	154	32%
Operating income	218	191	14%	**409**	323	27%
Operating expenses	(87)	(82)	6%	**(169)**	(151)	12%
Profit before credit impairment and income tax	131	109	20%	**240**	172	40%
Provision for credit impairment	(18)	(17)	6%	**(35)**	(21)	67%
Profit before income tax	113	92	23%	**205**	151	36%
Income tax expense	(16)	(14)	14%	**(30)**	(25)	20%
Minority interest	(2)	(1)	100%	**(3)**	(1)	large
Cash[1] profit	95	77	23%	**172**	125	38%
Non-core items[1]	2	(3)	large	**(1)**	-	n/a
Profit	97	74	31%	**171**	125	37%

Operating expenses to operating income	39.4%	43.9%		**41.4%**	46.8%	
Operating expenses to operating income (cash[1])	39.9%	42.9%		**41.3%**	46.8%	
Individual provision charge	13	14	-7%	**27**	18	50%
Collective provision charge	5	3	67%	**8**	3	large
Net non-performing loans	-	-	n/a	**-**	-	n/a
Total employees	1,313	1,098	20%	**1,313**	913	44%

1. *The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2007 ANZ has classified a $1 million loss after tax (Sep 2006: $nil; Sep 2007 half: $2 million gain; Mar 2007 half: $3 million loss) relating to economic hedging as a non-core item. Included in this non-core amount is volatility relating to approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, volatility arising from use of the fair value option, and ineffectiveness from designated accounting hedges. ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)*

2007 result

Profit after tax increased 37%. Excluding the impact of the appreciation in the AUD, profit after tax grew by 46%. The contribution from Asia Partnerships increased by 103%, almost 50% of which was attributable to the AMMB acquisition, while profit from the ANZ franchise showed strong growth at 26%.

Excluding exchange rate movements:

- Net interest income increased by 30%. This was driven by volume growth in the Cards, Personal Banking, Markets and Trade businesses while the branch network in Cambodia continued to expand its business reach. The loan book across Asia grew by 41% and customer deposits increased by 33%. The Markets business benefited from higher margins and higher equity returns.
- Other external operating income increased 38% due largely to a full year result from equity-accounted earnings from Bank of Tianjin and five months of equity-accounted earnings from AMMB. In the Institutional area, Corporate Finance grew fee income by 64%, leveraging the flow of merger and acquisition, project finance and syndications businesses, while the Trade business continued to benefit from tradeflows resulting from economic growth in the region.
- Operating expenses increased 19% as we continued to invest in product and relationship capability in addition to building the branch network in Cambodia and Vietnam.
- Provision for credit impairment increased by $16 million due primarily to the impact of regulatory changes and business volume growth in Indonesia Cards. A net writeback in the previous year coupled with loan growth in the current year resulted in an increase in provision for credit impairment in the Institutional businesses.

Comparison with March 2007 half

Profit after tax increased 31%, driven mainly by five months of equity accounted earnings from AMMB. The other businesses also showed moderate growth. An overall improvement in credit quality in the Indonesian Cards business offset increased credit provisions due to new businesses.

Pacific

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	81	73	11%	**154**	138	12%
Other external operating income	84	78	8%	**162**	148	9%
Operating income	165	151	9%	**316**	286	10%
Operating expenses	(71)	(67)	6%	**(138)**	(128)	8%
Profit before credit impairment and income tax	94	84	12%	**178**	158	13%
Provision for credit impairment	(6)	(2)	large	**(8)**	-	n/a
Profit before income tax	88	82	7%	**170**	158	8%
Income tax expense	(25)	(23)	9%	**(48)**	(44)	9%
Minority interest	(1)	-	n/a	**(1)**	(1)	0%
Cash profit	62	59	5%	**121**	113	7%
Profit	62	59	5%	**121**	113	7%
Operating expenses to operating income	43.0%	44.4%		**43.7%**	44.8%	
Individual provision charge/(credit)	3	1	large	**4**	(7)	large
Collective provision charge/(credit)	3	1	large	**4**	7	-43%
Net non-performing loans	9	8	13%	**9**	5	80%
Total employees	1,867	1,693	10%	**1,867**	1,662	12%

2007 result

Profit after tax increased 7% ($8 million) with the appreciation of the AUD suppressing profit growth by $4 million. The result was impacted by significant political unrest in both Fiji and Tonga. Double-digit profit growth in Papua New Guinea, Cook Islands, Solomon Islands and Timor Leste was partly offset by a lower result in Fiji. Fiji's result was down significantly with increased credit losses following the November 2006 coup being compounded by two large writebacks in 2006. Lending caps imposed by the Fiji government further impacted growth opportunities.

Excluding exchange rate movements:

- Net interest income increased 16% due primarily to growth of 23% in average net advances driven by double-digit volume growth in Papua New Guinea, Fiji, Solomon Islands and Cook Islands and 22% average deposit growth, due mainly from growth in Papua New Guinea (53%) and Fiji (11%). Net interest margin declined reflecting competitive pressures and increased funding costs, particularly in Fiji with funding costs rising significantly following the November 2006 coup before stabilising during the September 2007 half.
- Other external operating income increased 14% predominantly due to strong foreign exchange earnings growth.
- Operating expenses increased 11% largely as a result of significant investment in the business including commencement of the roll out of a new telling platform, implementation of new POS terminals and expansion of the geographical footprint. Transformation progress continues with a number of back office processing roles transferred to our Quest subsidiary in Fiji.
- Provision for credit impairment increased by $7 million, mainly as a result of economic changes in Fiji (November 2006 coup) and significant writebacks in 2006.
- The acquisition of Citizen's Security Bank (CSB) in Guam was completed in June, adding 70 employees. Guam's contribution to profit was immaterial in 2007 with only one full quarter in the full year result.

Comparison with March 2007 half

Profit after tax increased 5%, due mainly to continued growth in Papua New Guinea. Guam was consolidated into the result from 1 July 2007 but did not materially contribute to profit. Operating income increased 9% reflecting growth in lending volumes, strong foreign exchange earnings and the first-time inclusion of one quarter result from Guam. Operating expenses increased 6% impacted by one quarter's result from Guam, one-off costs including non-lending losses in Fiji, write down of leasehold improvements in Vanuatu and the impact of ongoing investment across the business. Provision for credit impairment increased following a higher individual provision charge and increased collective provisions reflecting strong balance sheet growth. The impact of exchange rate movements was immaterial.

Other: United Kingdom, Europe, United States and South Asia (including Bangalore)

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Net interest income	18	71	-75%	**89**	151	-41%
Other external operating income	80	61	31%	**141**	117	21%
Operating income	98	132	-26%	**230**	268	-14%
Operating expenses	(47)	(57)	-18%	**(104)**	(120)	-13%
Profit before credit impairment and income tax	51	75	-32%	**126**	148	-15%
Provision for credit impairment	(3)	(1)	large	**(4)**	42	large
Profit before income tax	48	74	-35%	**122**	190	-36%
Income tax expense	(17)	(23)	-26%	**(40)**	(60)	-33%
Cash[1] profit	31	51	-39%	**82**	130	-37%
Non-core items[1]	1	(1)	large	**-**	2	-100%
Profit	32	50	-36%	**82**	132	-38%
Operating expenses to operating income	46.0%	44.6%		**45.2%**	44.4%	
Operating expenses to operating income (cash[1])	48.0%	43.2%		**45.2%**	44.8%	
Individual provision charge/(credit)	2	1	100%	**3**	(9)	large
Collective provision charge/(credit)	1	-	n/a	**1**	(33)	large
Net non-performing loans	26	3	large	**26**	3	large
Total employees	1,897	1,705	11%	**1,897**	1,567	21%

1. *The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2007 ANZ has classified $nil (Sep 2006:$2 million; Sep 2007 half: $1 million; Mar 2007 half: $1 million loss) relating to economic hedging as a non-core item. Included in this non-core amount is volatility relating to approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, volatility arising from use of the fair value option, and ineffectiveness from designated accounting hedges. ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)*

2007 result

Profit after tax decreased 38%. After adjusting for non-core items (refer pages 13 and 14), cash profit decreased 37%. The overall impact of exchange rates was immaterial. The decline was principally due to the run down in non-continuing businesses and the refocus of our operations to core activities.

- Net interest income decreased 41% due to a reduced net interest income impact from the derivatives positions ($51 million largely offset in other income).
- Other operating income increased by 21% due to higher trading income on derivatives offset by two events in 2006 - the profit on the sale of a power asset in the United States and the settlement of sale warranties. Lower Markets and Trade revenues also contributed to the underlying decline.
- Operating expenses decreased 13% due to lower relationship banking costs and higher cost recovery in India. The rise in staff numbers is attributable to increases in operations and technology staff in India. These costs were charged to the relevant businesses.
- The increase in the provision for impairment charges reflected higher recoveries in 2006.

Comparison with March 2007 half

Profit after tax decreased 36%. Cash profit decreased 39%. Net interest income decreased 75%, due to the reduced net interest impact from the derivatives positions ($47 million largely offset in other income) and lower lending volumes. Other operating income increased 31%. The increase in trading income in Markets from the derivative positions were more than offset by decreases in Markets and Trade revenue. Operating expenses decreased 18%, due to lower relationship banking costs in the United Kingdom and United States.

	Sep 07 $M	Sep 06 $M	Sep 05 $M	Previous AGAAP Sep 04 $M	Previous AGAAP Sep 03 $M
Income Statement					
Net interest income	7,302	6,943	6,371	5,252	4,311
Other operating income	3,765	3,146	2,935	3,267	2,808
Operating expense	(4,953)	(4,605)	(4,340)	(4,005)	(3,228)
Provision for credit impairment	(567)	(407)	(565)	(632)	(614)
Profit before income tax	5,547	5,077	4,401	3,882	3,277
Income tax expense	(1,616)	(1,486)	(1,247)	(1,147)	(926)
Minority interest	(7)	(4)	(3)	(4)	(3)
Cash profit[1]	3,924	3,587	3,151	2,731	2,348
Non-core items[1]	256	101	24	84	-
Profit attributable to shareholders of the Company	4,180	3,688	3,175	2,815	2,348
Balance Sheet					
Assets	392,613	334,640	300,885	259,345	195,591
Net assets	22,048	19,906	19,538	17,925	13,787
Ratios					
Return on average ordinary equity[2]	20.9%	20.7%	18.3%	19.1%	21.2%
Return on average assets	1.2%	1.1%	1.1%	1.2%	1.2%
Tier 1 capital ratio	6.7%	6.8%	6.9%	6.9%	7.7%
Total capital ratio	10.1%	10.6%	10.5%	10.4%	11.1%
Adjusted Common Equity	4.3%	4.7%	5.1%	5.1%	5.7%
Operating expenses[3] to operating income	43.5%	44.6%	47.0%	44.9%	45.1%
Operating expenses[3] to operating income (cash)	44.8%	45.6%	46.6%	45.3%	45.1%
Shareholder value - ordinary shares					
Total return to shareholders					
(share price movement plus dividends)	15.6%	17.1%	32.6%	17.0%	6.7%
Market capitalisation	55,382	49,331	43,834	34,586	27,314
Dividend	136 cents	125 cents	110 cents	101 cents	95 cents
Franked portion	100%	100%	100%	100%	100%
Share price[4]					
- high	$31.50	$28.66	$24.45	$19.44	$18.45
- low	$25.75	$22.70	$19.02	$15.94	$15.01
- closing	$29.70	$26.86	$24.00	$19.02	$17.17
Share information (per fully paid)					
Earnings per share - basic[4]	224.1c	200.0c	169.5c	153.1c	142.4c
Dividend payout ratio	60.9%	62.6%	65.0%	67.5%	64.2%
Net tangible assets	$9.37	$8.53	$7.77	$7.51	$7.49
Number of fully paid ordinary shares	1,864.7	1,836.6	1,826.4	1,818.4	1,521.7
Other information					
Permanent employees (FTE)	33,004	30,644	29,471	27,383	21,586
Temporary employees (FTE)	1,349	1,612	1,505	1,372	1,551
Total employees	34,353	32,256	30,976	28,755	23,137
Points of representation	1,327	1,265	1,223	1,190	1,019
Number of shareholders[5]	327,703	291,262	263,467	252,072	223,545

1. *In 2007 ANZ has classified the gain on sale of Esanda Fleetpartners of $195 million after tax (tax impact: nil following Australian Taxation Office clearance on the buy-back of TrUEPrS providing capital losses to be applied against the gain during the September 2007 half) and a negative impact of $24 million profit after tax following the restatement of deferred tax assets to reflect the recently announced change in the New Zealand company tax rate which takes effect from 1 October 2008 as significant items. In 2006 ANZ classified the $113 million ($79 million after tax) settlement of the NHB insurance matter and the $14 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: $nil) as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)*

   The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2007 ANZ has classified a gain of $69 million after tax (2006 full year: $34 million; Sep 2007 half: $41 million; Mar 2007 half: $28 million) relating to economic hedging as a non-core item (tax impact $31 million (2006 full year: $15 million; Sep 2007 half: $17 million; Mar 2007 half: $14 million)). Included in this non-core amount is volatility relating to approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, volatility arising from use of the fair value option, and ineffectiveness from designated accounting hedges. In addition, ANZ has classified a mark-to-market gain of $16 million profit after tax (2006 full year: $nil; Sep 2007 half: $19 million gain; Mar 2007 half: $3 million loss) relating to New Zealand revenue hedges that under the transitional provision of AASB 139 (AASB 2005-1) no longer qualify for hedge accounting from 1 October 2006 (tax impact $7 million (2006 full year: $nil; Sep 2007 half: $9 million; Mar 2007 half: $2 million credit)). ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

   In 2006 ANZ incurred $26 million after tax from ANZ National Bank incremental integration costs. Tax on ANZ National Bank incremental integration costs was $13 million. The integration program was completed in March 2006. ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration
2. *Average ordinary shareholders' equity excludes minority interest and preference share dividend*
3. *Operating expenses excludes goodwill amortisation of $nil (Sep 2006: $nil; Sep 2005: $nil; Sep 2004: $83 million; Sep 2003: $9 million). Under AIFRS goodwill is not amortised and therefore was not recognised from 2005 onwards*
4. *September 2003 adjusted for the bonus element of the rights issue*
5. *Excludes employees whose only ANZ shares are held in trust under ANZ employee share schemes*

Australia and New Zealand Banking Group Limited

CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DISCLOSURES

Full year ended
30 September 2007

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	Note	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Total income	2	15,773	14,520	9%	**30,293**	25,510	19%
Interest income		13,692	12,518	9%	**26,210**	22,301	18%
Interest expense		(10,001)	(8,907)	12%	**(18,908)**	(15,358)	23%
Net interest income	2	3,691	3,611	2%	**7,302**	6,943	5%
Other operating income	2	2,081	2,002	4%	**4,083**	3,209	27%
Operating income		5,772	5,613	3%	**11,385**	10,152	12%
Operating expenses	3	(2,567)	(2,386)	8%	**(4,953)**	(4,531)	9%
Profit before credit impairment and income tax		3,205	3,227	-1%	**6,432**	5,621	14%
Provision for credit impairment	9	(327)	(240)	36%	**(567)**	(407)	39%
Profit before income tax		2,878	2,987	-4%	**5,865**	5,214	12%
Income tax expense	4	(795)	(883)	-10%	**(1,678)**	(1,522)	10%
Profit for the period		2,083	2,104	-1%	**4,187**	3,692	13%
Comprising:							
Profit attributable to minority interest		5	2	large	**7**	4	75%
Profit attributable to shareholders of the Company		2,078	2,102	-1%	**4,180**	3,688	13%
Earnings per ordinary share (cents)							
Basic	6	110.9	113.2	-2%	**224.1**	200.0	12%
Diluted	6	108.3	110.0	-2%	**218.3**	194.0	13%
Dividend per ordinary share (cents)	5	74	62		**136**	125	9%

The notes appearing on pages 69 to 95 form an integral part of this financial information

Assets	Note	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Liquid assets		**16,987**	15,433	15,019	10%	13%
Due from other financial institutions		**8,040**	6,439	9,665	25%	-17%
Trading securities[1]		**15,167**	14,265	9,179	6%	65%
Derivative financial instruments		**22,237**	12,268	9,164	81%	large
Available-for-sale assets		**14,006**	9,835	10,653	42%	31%
Net loans and advances	7	**288,846**	267,809	255,922	8%	13%
Customers' liability for acceptances		**14,536**	14,013	13,435	4%	8%
Regulatory deposits		**235**	219	205	7%	15%
Shares in associates and joint venture entities		**3,430**	2,281	2,200	50%	56%
Deferred tax assets		**113**	205	253	-45%	-55%
Goodwill and other intangible assets[2]		**3,677**	3,394	3,337	8%	10%
Other assets[3]		**3,846**	4,154	4,499	-7%	-15%
Premises and equipment		**1,493**	1,409	1,109	6%	35%
Total assets		**392,613**	351,724	334,640	12%	17%
Liabilities						
Due to other financial institutions		**17,986**	14,872	14,118	21%	27%
Deposits and other borrowings	10	**234,873**	210,585	204,794	12%	15%
Derivative financial instruments		**24,180**	13,607	8,753	78%	large
Liability for acceptances		**14,536**	14,013	13,435	4%	8%
Current tax liabilities		**468**	403	569	16%	-18%
Deferred tax liabilities		**135**	190	253	-29%	-47%
Payables and other liabilities		**10,507**	10,221	10,679	3%	-2%
Provisions		**1,021**	919	957	11%	7%
Bonds and notes		**54,075**	54,188	50,050	0%	8%
Loan capital[4]	11	**12,784**	11,816	11,126	8%	15%
Total liabilities		**370,565**	330,814	314,734	12%	18%
Net assets		**22,048**	20,910	19,906	5%	11%
Shareholders' equity						
Ordinary share capital	12,13	**8,946**	8,414	8,271	6%	8%
Preference share capital	12,13	**871**	871	871	0%	0%
Reserves	13	**(889)**	(524)	(354)	70%	large
Retained earnings	13	**13,082**	12,117	11,084	8%	18%
Share capital and reserves attributable to shareholders of the Company		**22,010**	20,878	19,872	5%	11%
Minority interest		**38**	32	34	19%	12%
Total equity		**22,048**	20,910	19,906	5%	11%

Contingent liabilities, contingent assets and commitments 15

1. *Includes bills held in portfolio $2,305 million (Mar 2007:$1,540 million; Sep 2006: $1,569 million)*
2. *Excludes notional goodwill in equity accounted entities*
3. *Includes interest revenue receivable $1,571 million (Mar 2007: $1,632 million; Sep 2006: $1,569 million)*
4. *Includes $3,281 million (Mar 2007: $2,362 million; Sep 2006: $2,471 million) hybrid loan capital that qualifies for Tier 1 capital as defined by APRA*

The notes appearing on pages 69 to 95 form an integral part of this financial information

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Items recognised directly in equity[1]						
Currency translation adjustments						
Exchange differences taken to equity	(474)	(89)	large	**(563)**	(203)	large
Available-for-sale assets						
Valuation gain taken to equity	93	16	large	**109**	20	large
Cumulative (gain) loss transferred to the income statement on sale	3	(17)	large	**(14)**	(8)	75%
Cash flow hedges						
Valuation gain taken to equity	14	60	-77%	**74**	121	-39%
Transferred to income statement for the period	(1)	(6)	-83%	**(7)**	(56)	-88%
Actuarial gain (loss) on defined benefit plans	22	55	-60%	**77**	(55)	large
Income/(expense) recognised directly in equity	(343)	19	large	**(324)**	(181)	79%
Profit for the period	2,083	2,104	-1%	**4,187**	3,692	13%
Total recognised income and expense for the period	1,740	2,123	-18%	**3,863**	3,511	10%
Comprising:						
Total recognised income and expense attributable to minority interest	5	2	large	**7**	4	75%
Total recognised income and expense attributable to shareholders of the company	1,735	2,121	-18%	**3,856**	3,507	10%

1. *These items are disclosed net of tax*

The notes appearing on pages 69 to 95 form an integral part of this financial information

	Note	Half year Sep 07 Inflows (Outflows) $M	Half year Mar 07 Inflows (Outflows) $M	Full year Sep 07 Inflows (Outflows) $M	Full year Sep 06 Inflows (Outflows) $M
Cash flows from operating activities					
Interest received		14,161	12,863	**27,024**	23,014
Dividends received		68	31	**99**	53
Fee income received		1,221	1,106	**2,327**	2,082
Other income received		418	525	**943**	1,057
Interest paid		(9,664)	(8,876)	**(18,540)**	(14,676)
Personnel expenses paid		(1,514)	(1,466)	**(2,980)**	(2,737)
Premises expenses paid		(213)	(204)	**(417)**	(379)
Other operating expenses paid		(1,111)	(1,312)	**(2,423)**	(2,416)
Recovery from NHB litigation		-	-	**-**	114
Income taxes paid					
Australia		(479)	(902)	**(1,381)**	(788)
Overseas		(310)	(190)	**(500)**	(437)
Goods and Services Tax paid		(7)	(4)	**(11)**	(18)
(Increase)/decrease in operating assets:					
Liquid assets - greater than three months		(2,546)	905	**(1,641)**	(1,300)
Due from other financial institutions		(53)	(357)	**(410)**	1,318
Trading Securities		(2,701)	(4,624)	**(7,325)**	(1,681)
Regulatory deposits		(29)	(25)	**(54)**	(42)
Loans and advances		(23,880)	(13,067)	**(36,947)**	(26,848)
Increase/(decrease) in operating liabilities					
Deposits and other borrowings		26,172	7,792	**33,964**	16,129
Due to other financial institutions		3,333	993	**4,326**	1,859
Payables and other liabilities		574	(665)	**(91)**	541
Net cash provided by/(used in) operating activities	16	3,440	(7,477)	**(4,037)**	(5,155)
Cash flows from investing activities					
Net decrease/(increase)					
Available-for-sale assets					
Purchases		(4,943)	(8,272)	**(13,215)**	(15,480)
Proceeds from sale or maturity		725	8,976	**9,701**	16,239
Controlled entities and associates					
Purchased (net of cash acquired)		(1,397)	(53)	**(1,450)**	(289)
Proceeds from sale (net of cash disposed)		44	400	**444**	14
Premises and equipment					
Purchases		(212)	(199)	**(411)**	(250)
Proceeds from sale		63	16	**79**	19
Other		1,418	170	**1,588**	1,697
Net cash provided by/(used in) investing activities		(4,302)	1,038	**(3,264)**	1,950
Cash flows from financing activities					
Net (decrease)/increase					
Bonds and notes					
Issue proceeds		4,946	11,497	**16,443**	17,506
Redemptions		(3,789)	(4,351)	**(8,140)**	(8,949)
Loan capital					
Issue proceeds		1,872	1,141	**3,013**	1,248
Redemptions		(480)	(500)	**(980)**	(656)
Dividends paid		(795)	(1,163)	**(1,958)**	(1,930)
Share capital issues		69	63	**132**	147
Share capital buyback		-	-	**-**	(146)
Net cash provided by financing activities		1,823	6,687	**8,510**	7,220
Net cash provided by/(used in) operating activities		3,440	(7,477)	**(4,037)**	(5,155)
Net cash provided by/(used in) investing activities		(4,302)	1,038	**(3,264)**	1,950
Net cash provided by financing activities		1,823	6,687	**8,510**	7,220
Net increase/(decrease) in cash and cash equivalents		961	248	**1,209**	4,015
Cash and cash equivalents at beginning of period		18,254	20,344	**20,344**	13,702
Foreign currency translation		(141)	(2,338)	**(2,479)**	2,627
Cash and cash equivalents at end of period	16	19,074	18,254	**19,074**	20,344

The notes appearing on pages 69 to 95 form an integral part of this financial information

1. Significant accounting policies

(i) Basis of preparation

The information set out in the Condensed Consolidated Financial Information and Other Disclosures:

- should be read in conjunction with the ANZ Annual Report for the year ended 30 September 2007 and any public announcements made by the Parent entity and its controlled entities (the Group) for the year ended 30 September 2007 in accordance with the continuous disclosure obligations under the Corporations Act 2001 (as amended) and the ASX Listing Rules
- is presented in Australian dollars unless otherwise stated
- complies with the accounts provisions of the Banking Act 1959
- has been prepared in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, AASB and Urgent Issues Group Interpretations and the Corporations Act 2001
- has been prepared in accordance with International Financial Reporting Standards (IFRS) for the consolidated group
- does not include all notes of the type normally included in the annual financial report
- has been prepared in accordance with the historical cost convention except that the following assets and liabilities are stated at their fair value: derivative financial instruments including the fair value of any applicable underlying exposure, assets treated as available-for-sale, financial instruments held for trading, assets and liabilities designated at fair value through profit and loss and defined benefit plan assets and liabilities.

The Condensed Consolidated Financial Information and Other Disclosures was approved by the Board of Directors on 24 October 2007.

The preparation of the financial report requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates. Such estimates may require review in future periods.

All amounts in the financial report have been rounded to the nearest million dollars in accordance with class order 98/100, dated 10 July 1998 (as amended).

The accounting policies and methods of computation adopted in the preparation of this financial information is consistent with those adopted and disclosed in the Group's 2006 Annual Financial Report except for the following change in accounting policy:

- In May 2005, AASB 2005-1 (an amendment to AASB 139: 'Financial Instruments: Recognition and Measurement') was issued which stipulated circumstances in which a hedge of a forecast intragroup transaction qualified for hedge accounting. As a result of this amendment, cash flow hedge relationships covering New Zealand's revenue flows no longer qualified for hedge accounting. The realised gains on the hedges of future years' New Zealand dollar revenues of $141 million (net of tax) that were included in the hedging reserve at 30 September 2006 were, in line with the transitional provisions of AASB 2005-1, transferred directly to retained earnings as at 1 October 2006.

The Group's key accounting policies that have been applied in preparing this financial information follow.

(ii) Consolidation

This financial report comprises financial information of Australia and New Zealand Banking Group Limited (the Company) and all its controlled entities where it is determined that there is a capacity to control. Control means the power to govern directly or indirectly the financial and operating policies of an entity so as to obtain benefits from its activities.

In relation to special purpose entities, such control is deemed to exist where:

- in substance, the majority of the residual risks and rewards from their activities accrue to the Group, or
- in substance, the Group controls their decision making powers so as to obtain the majority of the risks and rewards from their activities.

The Group adopts the equity method of accounting for associates and the Group's investments in joint venture entities.

(iii) Interest income and interest expense

Interest income and interest expense are recognised in the income statement as they accrue using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial instrument. Income and expense on the financial instruments are recognised on an effective yield basis in proportion to the amount outstanding over the period to maturity or repayment.

1. Significant accounting policies, cont'd

(iii) Interest income and interest expense, cont'd

Loan commitment fees, together with related direct costs, are deferred and recognised as an adjustment to the interest yield on the loan once drawn or immediately to the income statement for expired commitments.

Fees and commissions payable to brokers in respect of originating lending business, where these are direct and incremental costs related to the issue of a financial instrument, are deferred in net loans and advances and recognised in interest income as part of the effective interest rate.

(iv) Fee and commission income

Fees and commissions that are integral to the effective interest rate of a financial asset or liability are included in the determination of the effective interest rate.

Fees and commissions that relate to the execution of a significant act (for example, advisory or arrangement services, placement fees and underwriting fees) are recognised when the significant act has been completed.

Fees charged for providing ongoing services (for example, maintaining and administering existing facilities) are recognised as income over the period the service is provided.

(v) Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by an accounting standard. At the Group level, this generally arises in the following circumstances:

- where transaction costs form an integral part of the effective interest rate of a financial instrument which is measured at amortised cost, these are offset against the interest income generated by the financial instrument
- where gains and losses relating to fair value hedges are assessed as being effective
- where gains and losses arise from a group of similar transactions, such as foreign exchange gains and losses
- where amounts are collected on behalf of third parties, where the Group is acting as an agent only
- where costs are incurred on behalf of customers from whom the Group is reimbursed.

(vi) Derivative financial instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variables. They include swaps, forward rate agreements, futures, options and combinations of these instruments.

Derivative financial instruments are entered into by the Group for trading purposes (including customer-related reasons), or for hedging purposes (where the derivative instruments are used to hedge the Group's exposures to interest rate risk, currency risk, price risk, credit risk and other exposures relating to non-trading positions).

Derivative financial instruments are recognised initially at fair value with gains or losses from subsequent measurement at fair value being recognised in the income statement. Where the derivative is designated effective as a hedging instrument, the timing of the recognition of any resultant gain or loss in the income statement is dependent on the hedging designation. These hedging designations and associated accounting are as follows:

- Fair value hedge

  Where the Group hedges the fair value of a recognised asset or liability or firm commitment, changes in the fair value of the derivative designated as a fair value hedge are recognised in the income statement. Changes in the fair value of the hedged item attributable to the hedged risk are reflected in adjustments to the carrying value of the hedged items, which are also recognised in the income statement.

  Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. The resulting adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement over the period to maturity of the hedged item.

  If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement.

1. Significant accounting policies, cont'd

(vi) Derivative financial instruments, cont'd

- Cash flow hedge

  The Group designates derivatives as cash flow hedges where the instrument hedges the variability in cash flows of a recognised asset or liability, a foreign exchange component of a firm commitment or a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives qualifying and designated as cash flow hedges is deferred to the hedging reserve which forms part of shareholders' equity. Any ineffective portion is recognised immediately in the income statement. Amounts deferred in equity are recognised in the income statement in the period during which the hedged forecast transactions take place.

  When the hedge expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting, the cumulative amount deferred in equity remains in the hedging reserve, and is subsequently transferred to the income statement when the hedged item is recognised in the income statement.

  When a forecast hedged transaction is no longer expected to occur, the amount deferred in equity is recognised immediately in the income statement.

- Net investment hedge

  Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. The gain or loss from remeasuring the fair value of the hedging instrument relating to the effective portion of the hedge is deferred in equity and the ineffective portion is recognised immediately in the income statement.

All gains and losses from changes in the fair value of derivatives, that are not designated in a hedging relationship but are entered into to manage the interest rate and foreign exchange risk of funding instruments, are recognised in the income statement. Under certain circumstances, the component of the fair value change in the derivative which relates to current period realised and unrealised interest, is included in net interest income. The remainder of the fair value movement is included in other income.

Derivatives embedded in financial instruments or other host contracts are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts, and the host contracts are not measured at fair value via the profit and loss. The embedded derivative is measured at fair value with changes in fair value immediately recognised in the income statement.

(vii) Trading Securities and other financial assets at fair value through profit or loss

Trading securities are financial instruments acquired principally for the purpose of selling in the short-term or which are part of a portfolio which is managed for short-term profit-taking. Trading Securities are initially recognised and subsequently measured in the balance sheet at their fair value.

Derivatives that are not financial guarantee contracts or effective accounting hedging instruments are carried at fair value through profit or loss. In addition, certain financial assets and liabilities are designated and measured at fair value through profit or loss where the following applies:

- doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognising the gains or losses on them, on different bases;
- a group of financial assets, financial liabilities or both is managed and its performance evaluated on a fair value basis; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Changes in the fair value (gains or losses) of financial instruments are recognised in the income statement in the period in which they occur.

(viii) Available-for-sale assets

Available-for-sale assets comprise non-derivative financial assets which the Group designates as available-for-sale but which are not deemed to be held principally for trading purposes, and include equity investments, certain loans and advances and fixed term securities. They are initially recognised at fair value plus transaction costs. Subsequent gains or losses arising from changes in fair value are included as a separate component of equity, the 'available-for-sale revaluation reserve'. When an available-for-sale asset is sold, the cumulative gain or loss relating to the asset is transferred to the income statement.

Where there is objective evidence of impairment of an available-for-sale asset, the cumulative loss related to that asset is removed from equity and recognised in the income statement. If, in a subsequent period, the amount of an impairment loss relating to an available-for-sale debt instrument decreases and the decrease can be linked objectively to an event occurring after the impairment event, the loss is reversed through the income statement.

Premiums and discounts are included within the calculation of the fair value of the security. Interest income is accrued on an effective yield basis and dividend income is recognised when the right to receive payment is established.

1. Significant accounting policies, cont'd

(ix) Impairment of loans and advances

Loans and advances are reviewed at least each reporting date for impairment.

Credit impairment provisions are raised for exposures that are known to be impaired. Exposures are impaired and impairment losses are recorded if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and prior to the reporting date, and that loss event or events has had an impact on the estimated future cash flows of the individual loan or the collective portfolio of loans that can be reliably estimated.

Impairment is assessed for assets that are individually significant (or on a portfolio basis for small value loans), and then on a collective basis for those exposures not individually known to be impaired.

Exposures that are assessed collectively are placed in pools of similar assets with similar risk characteristics. The required provision is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

The estimated impairment loss is measured as the difference between the asset's carrying amount and the estimated future cash flows discounted to their present value. As this discount unwinds during the period between recognition of impairment and recovery of the cash flow, it is recognised in interest income. The process of estimating the amount and timing of cash flows involves considerable management judgement. These judgements are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The provision for impairment loss (individual and collective) is deducted from loans and advances in the balance sheet and the movement for the reporting period is reflected in the income statement. When a loan is uncollectible, it is written-off against the related provision for loan impairment. Subsequent recoveries of amounts previously written-off are indirectly credited back to the income statement.

Where impairment losses recognised in previous periods have subsequently decreased or no longer exist, such impairments are indirectly reversed in the income statement.

A provision is also raised for off balance sheet items such as commitments and guarantees that are considered to be onerous.

(x) Goodwill and other intangible assets

- Goodwill

  Goodwill, representing the excess of the purchase consideration over the fair value of the identifiable net assets of a controlled entity at the date of gaining control, is recognised as an asset and not amortised, but assessed for impairment annually and whenever there is an indication that the goodwill may be impaired. This involves, where required, using the discounted cash flow (DCF) or the capitalisation of earnings methodology (CEM) to determine the expected future benefits of the cash-generating unit. Where the assessment results in the goodwill balance exceeding the value of expected future benefits the difference is charged to the income statement.

  Any impairment of goodwill is not subsequently reversed.

- Other intangible assets

  Other intangible assets include costs incurred in acquiring and building software and computer systems ("software").

  Software is amortised using the straight-line method over its expected useful life to the Group. The period of amortisation is between 3 and 5 years, except for branch front-end applications where 7 years is used.

  At each reporting date, software assets are reviewed for impairment. If any such indication exists, the recoverable amount of the assets are estimated and compared against the existing carrying value. Where the existing carrying value exceeds the recoverable amount, the difference is charged to the income statement.

  Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

(xi) Premises and equipment impairment assessment

At each reporting date, the carrying amounts of premises and equipment are reviewed for impairment. If any such indication exists, the recoverable amount of the assets are estimated and compared against the existing carrying value. Where the existing carrying value exceeds the recoverable amount, the difference is charged to the income statement. If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1. Significant accounting policies, cont'd

(xii) Employee benefits

- Defined benefit superannuation schemes

  The Group operates a number of defined benefit schemes. The liability and expense related to providing benefits to employees under each defined benefit scheme are calculated by independent actuaries. A defined benefit liability is recognised to the extent that the present value of the defined benefit obligation of each scheme, calculated using the Projected Unit Credit Method, is greater than the fair value of each scheme's assets. Where this calculation results in a benefit to the Group, a defined benefit asset is recognised, which is capped at the recoverable amount. In each subsequent reporting period, ongoing movements in the defined benefit liability or asset carrying value is treated as follows:

  - the net movement relating to the current period's service cost, interest cost, expected return on scheme assets, past service costs and other costs (such as the effects of any curtailments and settlements) is recognised as an employee expense in the income statement
  - movements relating to actuarial gains and losses are recognised directly in retained earnings
  - contributions made are recognised directly against the net defined benefit position.

- Defined contribution superannuation schemes

  The Group operates a number of defined contribution schemes and also contributes, according to local law in the various countries in which it operates, to government and other plans that have the characteristics of defined contribution schemes. The Group's contribution to these schemes is recognised as an expense in the income statement when incurred.

- Share-based compensation

  The Group has various equity settled share-based compensation plans. These are described in Note 47 of the 2006 Annual Financial Report and comprise largely the Employee Share Acquisition Plan and the ANZ Share Option Plan.

  ANZ ordinary shares

  The fair value of ANZ ordinary shares granted under the Employee Share Acquisition Plan are measured at grant date, using the one-day volume weighted average market price of ANZ shares. The fair value is expensed immediately when shares vest immediately or on a straight-line basis over the relevant vesting period. This is recognised as an employee compensation expense with a corresponding increase in equity.

  Share options

  The fair value of share options is measured at grant date, using an option pricing model. The fair value is expensed on a straight-line basis over the relevant vesting period. This is recognised as an employee compensation expense with a corresponding increase in the share options reserve. The option pricing model takes into account the exercise price of the option, the risk free interest rate, the expected volatility of ANZ's ordinary share price and other factors. Market vesting conditions are taken into account in estimating the fair value.

  Performance Rights

  A Performance Right is a right to acquire a share at nil cost to the employee, subject to satisfactorily meeting time and performance hurdles. Upon exercise, each Performance Right entitles the holder to one ordinary share in ANZ. The fair value of Performance Rights is determined at grant date using an option pricing model, taking into account market conditions. The fair value is expensed over the relevant vesting period. This is recognised as an employee expense with a corresponding increase in the share option reserve.

  Other adjustments

  Subsequent to the grant of an equity-based award, the amount recognised as an expense is adjusted for vesting conditions other than market conditions so that, ultimately, the amount recognised as an expense is based on the number of equity instruments that eventually vest.

  Treasury shares

  Shares in the Company which are purchased on-market by the ANZ Employee Share Acquisition Plan are classified as treasury shares (to the extent that they relate to unvested employee share-based awards) and deducted from share capital.

1. Significant accounting policies, cont'd

(xiii) Offsetting of assets and liabilities

Assets and liabilities are offset and the net amount reported in the balance sheet only where:

- there is a current enforceable legal right to offset the asset and liability
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(xiv) Income tax

- Income tax expense

  Income tax on earnings for the period comprises current and deferred tax and is based on the applicable tax law in each jurisdiction. It is recognised in the income statement as tax expense, except when it relates to items credited directly to equity, in which case it is recorded in equity, or where it arises from the initial accounting for a business combination, in which case it is included in the determination of goodwill.

- Current tax

  Current tax is the expected tax payable on taxable income for the period, based on tax rates (and tax laws) which are enacted or substantively enacted by the reporting date, including any adjustment for tax payable in previous periods. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

- Deferred tax

  Deferred tax is accounted for using the tax balance sheet method. It is generated by temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

  Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the Group, at the reporting date, recovers or settles the carrying amount of its assets and liabilities.

  Deferred tax liabilities are recognised for all taxable temporary differences, other than those in relation to taxable temporary differences arising from the initial recognition of goodwill. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in controlled entities, branches, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets associated with these interests are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and there will be sufficient taxable profits against which to utilise the benefits of the temporary difference.

  Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilised.

- Offsetting

  Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intention to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

2. Income

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Interest income	13,692	12,518	9%	**26,210**	22,301	18%
Interest expense	(10,001)	(8,907)	12%	**(18,908)**	(15,358)	23%
Net interest income	3,691	3,611	2%	**7,302**	6,943	5%
i) Fee and commission income						
Lending fees	259	232	12%	**491**	430	14%
Non-lending fees and commissions	1,093	1,033	6%	**2,126**	1,956	9%
Total fee and commission income	1,352	1,265	7%	**2,617**	2,386	10%
Fee and commission expense[1]	(115)	(122)	-6%	**(237)**	(241)	-2%
Net fee and commission income	1,237	1,143	8%	**2,380**	2,145	11%
ii) Other income						
Foreign exchange earnings[2]	278	232	20%	**510**	447	14%
Net gains/(losses) from trading securities	(22)	(25)	-12%	**(47)**	(7)	large
Net gains from trading derivatives	218	198	10%	**416**	216	93%
Movement on financial instruments measured at fair value through profit & loss[3]	58	42	38%	**100**	49	large
Brokerage income	52	3	large	**55**	3	large
Settlement of ANZ National Bank warranty claims	-	-	n/a	**-**	14	-100%
Gain from the sale of Fleetpartners	-	195	-100%	**195**	-	n/a
Share of joint venture profit from ING Australia	78	74	5%	**152**	119	28%
Share of joint venture profit from ING (NZ)	11	9	22%	**20**	19	5%
Share of associates profit - International Partnerships	41	25	64%	**66**	34	94%
Share of associates profit - Other	8	13	-38%	**21**	22	-5%
Stadium Australia income	34	4	large	**38**	-	n/a
Other	88	89	-1%	**177**	148	20%
Total other income	844	859	-2%	**1,703**	1,064	60%
Total other operating income	2,081	2,002	4%	**4,083**	3,209	27%
Total income	15,773	14,520	9%	**30,293**	25,510	19%
Profit before income tax as a % of total income	18.25%	20.57%		**19.36%**	20.44%	

1. *Comprises interchange fees paid*
2. *2007 comprises core foreign exchange earnings $487 million and $23 million non-core NZD revenue hedge volatility (Sep 2007 half: $250 million core and $28 million non-core; Mar 2007 half: $237 million core and $5 million non-core loss)*
3. *Includes any fair value movements on derivatives entered into to manage interest rate and foreign exchange risk on funding instruments not designated as accounting hedges, ineffective portions of cash flow hedges and fair value movement in bonds and notes designated at fair value*

3. Operating expenses

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Personnel						
Employee entitlements and taxes	127	109	17%	**236**	207	14%
Salaries and wages	950	942	1%	**1,892**	1,746	8%
Superannuation costs - defined benefit plans	5	6	-17%	**11**	11	0%
Superannuation costs - defined contribution plans	93	87	7%	**180**	160	13%
Equity-settled share-based payments	26	36	-28%	**62**	76	-18%
Temporary staff	67	64	5%	**131**	121	8%
Other	272	207	31%	**479**	461	4%
Total personnel expenses	1,540	1,451	6%	**2,991**	2,782	8%
Premises						
Depreciation and amortisation	25	19	32%	**44**	33	33%
Rent	130	124	5%	**254**	228	11%
Utilities and other outgoings	73	65	12%	**138**	128	8%
Other	11	15	-27%	**26**	23	13%
Total premises expenses	239	223	7%	**462**	412	12%
Computer						
Computer contractors	24	26	-8%	**50**	47	6%
Data communications	36	35	3%	**71**	64	11%
Depreciation and amortisation	106	102	4%	**208**	208	0%
Rentals and repairs	36	37	-3%	**73**	68	7%
Software purchased	74	60	23%	**134**	117	15%
Software written-off	12	4	large	**16**	10	60%
Other	22	18	22%	**40**	41	-2%
Total computer expenses	310	282	10%	**592**	555	7%
Other						
Advertising and public relations	86	71	21%	**157**	175	-10%
Audit fees	6	4	50%	**10**	9	11%
Depreciation of furniture and equipment	31	26	19%	**57**	48	19%
Freight and cartage	26	27	-4%	**53**	47	13%
Non-lending losses, frauds and forgeries	27	16	69%	**43**	55	-22%
Settlement of NHB insurance claim	-	-	n/a	**-**	(113)	-100%
Postage and stationery	58	57	2%	**115**	116	-1%
Professional fees	69	61	13%	**130**	120	8%
Telephone	27	28	-4%	**55**	56	-2%
Travel	78	74	5%	**152**	136	12%
Other	70	66	6%	**136**	133	2%
Total other expenses	478	430	11%	**908**	782	16%
Operating expenses[1]	2,567	2,386	8%	**4,953**	4,531	9%

1. *Includes ANZ National Bank incremental integration costs $nil (Sep 2006 half: $nil; Mar 2006 half: $39 million)*

4. Income tax expense

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense charged in the Income Statement	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Profit before income tax	2,878	2,987	-4%	**5,865**	5,214	12%
Prima facie income tax expense at 30%	864	896	-4%	**1,760**	1,564	13%
Tax effect of permanent differences:						
Overseas tax rate differential	17	13	31%	**30**	25	20%
Rebateable and non-assessable dividends	(4)	(6)	-33%	**(10)**	(6)	67%
Other non-assessable income	-	(3)	-100%	**(3)**	(9)	-67%
Profit from associates and joint venture entities	(39)	(36)	8%	**(75)**	(57)	32%
Recognition of previously unrecognised tax losses on sale of Esanda Fleetpartners	(54)	-	n/a	**(54)**	-	n/a
Restatement of deferred tax balances for announced New Zealand tax rate change	24	-	n/a	**24**	-	n/a
Other	(11)	19	large	**8**	9	-11%
	797	883	-10%	**1,680**	1,526	10%
Income tax (over) provided in previous years	(2)	-	n/a	**(2)**	(4)	-50%
Total income tax expense charged in the income statement	795	883	-10%	**1,678**	1,522	10%
Australia	473	600	-21%	**1,073**	984	9%
Overseas	322	283	14%	**605**	538	12%
	795	883	-10%	**1,678**	1,522	10%
Effective Tax Rate - Group	27.6%	29.6%		**28.6%**	29.2%	
Tax expense comprises:						
Current tax expense	871	908	-4%	**1,779**	1,747	2%
Deferred tax expense	(76)	(25)	large	**(101)**	(225)	-55%
	795	883	-10%	**1,678**	1,522	10%

5. Dividends

Ordinary Shares

	Half year Sep 07	Half year Mar 07	Movt Sep 07 v. Mar 07	Full year Sep 07	Full year Sep 06	Movt Sep 07 v. Sep 06
Dividend per ordinary share (cents)						
Interim (fully franked)	n/a	62	n/a	**62**	56	11%
Final (fully franked)	74	n/a	n/a	**74**	69	7%
Total				**136**	125	9%
Ordinary share dividend	**$M**	**$M**	**%**	**$M**	**$M**	**%**
Interim dividend	1,144	-	n/a	**1,144**	1,024	12%
Final dividend	-	1,267	n/a	**1,267**	1,078	18%
Bonus option plan adjustment	(29)	(19)	53%	**(48)**	(34)	41%
Total[1]	1,115	1,248	-11%	**2,363**	2,068	14%
Ordinary share dividend payout ratio[2] (%)	67.1%	54.9%		**60.9%**	62.6%	

1. *Dividends recorded when paid*
2. *Dividend payout ratio calculated using proposed final dividend of $1,381 million not included in the above table. The proposed final dividend of $1,381 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for March 2007 half year and September 2006 half year calculated using $1,144 million and $1,267 million respectively*

There are a number of changes to the terms and conditions of ANZ's DRP and BOP, effective for the 2007 final dividend only. The "Pricing Period" defined under the DRP and BOP to be used to calculate the daily volume weighted average sale price of ANZ shares to be applied in determining the number of shares to be provided under the DRP and BOP will be fifteen trading days commencing on the second trading day immediately following the record date of 14 November 2007. In addition, a discount of 1.5% will be applied to the aforementioned daily volume weighted average sale price of ANZ shares under the DRP and BOP for the purposes of the 2007 final dividend.

For the 2007 final dividend only, the balance of the dividend not reinvested by shareholders in the DRP or foregone by shareholders under the BOP, will be fully underwritten by UBS AG, Australia branch.

Preference Shares

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Preference dividend						
Euro Hybrid	20	17	18%	**37**	27	37%
Dividend per preference share						
Euro Hybrid	€ 24.18	€ 20.89	16%	**€ 45.07**	€ 32.70	38%

6. Earnings per share

	Half year Sep 07	Half year Mar 07	Movt Sep 07 v. Mar 07	Full year Sep 07	Full year Sep 06	Movt Sep 07 v. Sep 06
Number of fully paid ordinary shares on issue (M)	1,864.7	1,844.7	1%	**1,864.7**	1,836.6	2%
Basic						
Profit attributable to shareholders of the Company ($M)	2,078	2,102	-1%	**4,180**	3,688	13%
Less Preference share dividends ($M)	(20)	(17)	18%	**(37)**	(27)	37%
Profit excluding preference share dividends ($M)	2,058	2,085	-1%	**4,143**	3,661	13%
Weighted average number of ordinary shares (M)	1,855.3	1,841.6	1%	**1,848.5**	1,830.3	1%
Basic earnings per share (cents)	110.9	113.2	-2%	**224.1**	200.0	12%
Diluted						
Profit excluding preference share dividends ($M)	2,058	2,085	-1%	**4,143**	3,661	13%
Interest on US Trust securities[1]($M)	22	22	0%	**44**	53	-17%
Interest on ANZ StEPS[2]($M)	26	24	8%	**50**	45	11%
Interest on UK Hybrid securities[3]	21	-	n/a	**21**	-	n/a
Profit attributable to shareholders of the Company excluding interest on US Trust securities, ANZ StEPS and UK Hybrid ($M)	2,127	2,131	0%	**4,258**	3,759	13%
Weighted average number of shares on issue (M)	1,855.3	1,841.6	1%	**1,848.5**	1,830.3	1%
Weighted average number of convertible options (M)	11.5	14.4	-20%	**15.2**	13.9	9%
Weighted average number of convertible US Trust securities at current market price[1] (M)	42.0	45.9	-8%	**42.0**	54.8	-23%
Weighted average number of convertible ANZ StEPS[2] securities (M)	34.5	34.5	0%	**34.5**	38.2	-10%
Weighted average number of convertible UK Hybrid[3] securities (M)	21.5	-	n/a	**10.7**	-	n/a
Adjusted weighted average number of shares - diluted (M)	1,964.8	1,936.4	1%	**1,950.9**	1,937.2	1%
Diluted earnings per share (cents)	108.3	110.0	-2%	**218.3**	194.0	13%

1. *The US Stapled Trust securities issued on 27 November 2003 mandatorily convert to ordinary shares in 2053 unless redeemed or bought back prior to that date. The US Stapled Trust Security issue can be de-stapled and the investor left with coupon paying preference shares at ANZ's discretion at any time, or at the investor's discretion under certain circumstances. AASB 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be included in the calculation of diluted EPS. The inclusion of this issue in EPS increased the diluted number of shares by 42.0 million*
2. *ANZ StEPS (issued on 23 September 2003) convert to either $100 for each ANZ StEPS share or a number of ordinary shares calculated at the market price of ANZ ordinary shares less 2.5%. The inclusion of this issue in EPS increased the diluted number of shares by 34.5 million*
3. *UK Hybrid (issued on 15 June 2007) is a GBP denominated stapled security that mandatorily converts to ordinary shares on the fifth anniversary of the issue date at the market price of ANZ ordinary shares less 5% (subject to certain conversion conditions). AASB 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be included in the calculation of diluted EPS. The inclusion of this issue in EPS increased the diluted number of shares by 10.7 million for the full year ending 30 September 2007*

7. Net loans and advances

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Australia						
Overdrafts	7,464	6,457	16%	**7,464**	6,237	20%
Credit card outstandings	6,641	6,506	2%	**6,641**	6,190	7%
Term loans - housing	113,994	106,953	7%	**113,994**	101,945	12%
Term loans - non-housing	64,260	57,217	12%	**64,260**	53,905	19%
Lease finance	1,813	1,884	-4%	**1,813**	2,378	-24%
Hire purchase	9,824	9,393	5%	**9,824**	9,081	8%
Other	852	699	22%	**852**	864	-1%
	204,848	189,109	8%	**204,848**	180,600	13%
New Zealand						
Overdrafts	1,728	1,822	-5%	**1,728**	1,666	4%
Credit card outstandings	1,149	1,152	0%	**1,149**	1,081	6%
Term loans - housing	42,350	40,841	4%	**42,350**	37,845	12%
Term loans - non-housing	29,672	28,145	5%	**29,672**	26,979	10%
Lease finance	215	239	-10%	**215**	421	-49%
Hire purchase	431	426	1%	**431**	426	1%
Other	447	475	-6%	**447**	511	-13%
	75,992	73,100	4%	**75,992**	68,929	10%
Overseas markets						
Overdrafts	532	513	4%	**532**	518	3%
Credit card outstandings	201	200	1%	**201**	198	2%
Term loans - housing	1,040	847	23%	**1,040**	766	36%
Term loans - non-housing	9,699	7,567	28%	**9,699**	8,347	16%
Lease finance	186	183	2%	**186**	179	4%
Other	350	239	46%	**350**	194	80%
	12,008	9,549	26%	**12,008**	10,202	18%
Total gross loans and advances	292,848	271,758	8%	**292,848**	259,731	13%
Less provisions for credit impairment (refer note 9)	(2,294)	(2,283)	0%	**(2,294)**	(2,226)	3%
Less income yet to mature[1]	(2,278)	(2,214)	3%	**(2,278)**	(2,122)	7%
Add capitalised brokerage/mortgage origination fees	570	548	4%	**570**	539	6%
	(4,002)	(3,949)	1%	**(4,002)**	(3,809)	5%
Total net loans and advances	288,846	267,809	8%	**288,846**	255,922	13%

1. *Includes fees capitalised and amortised using the effective interest method of $306 million (Mar 2007: $314 million; Sep 2006: $343 million)*

The following table shows gross loans and advances for New Zealand in NZD terms.

New Zealand	Half year Sep 07 NZD M	Half year Mar 07 NZD M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 NZD M	Full year Sep 06 NZD M	Movt Sep 07 v. Sep 06 %
Overdrafts	2,012	2,061	-2%	**2,012**	1,908	5%
Credit card outstandings	1,338	1,303	3%	**1,338**	1,238	8%
Term loans - housing	49,308	46,199	7%	**49,308**	43,351	14%
Term loans - non-housing	34,548	31,838	9%	**34,548**	30,904	12%
Lease finance	250	270	-7%	**250**	482	-48%
Hire purchase	502	482	4%	**502**	488	3%
Other	520	538	-3%	**520**	587	-11%
	88,478	82,691	7%	**88,478**	78,958	12%

8. Impaired financial assets

Summary of impaired financial assets	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Non-performing loans	**666**	640	661	4%	1%
Restructured loans	**-**	-	-	n/a	n/a
Unproductive facilities	**126**	109	37	16%	large
Gross impaired financial assets	**792**	749	698	6%	13%
Less individual provisions:					
Non-performing loans	**(260)**	(275)	(279)	-5%	-7%
Unproductive facilities	**(42)**	(27)	(7)	56%	large
Net impaired financial assets	**490**	447	412	10%	19%
Non-performing loans					
Australia	**514**	507	507	1%	1%
New Zealand	**99**	105	132	-6%	-25%
Overseas markets	**53**	28	22	89%	large
Gross non-performing loans	**666**	640	661	4%	1%
Less individual provisions:					
Australia	**204**	216	212	-6%	-4%
New Zealand	**38**	42	52	-10%	-27%
Overseas markets	**18**	17	15	6%	20%
Individual provisions	**260**	275	279	-5%	-7%
Net non-performing loans	**406**	365	382	11%	6%

Unproductive facilities	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Australia	**121**	105	29	15%	large
New Zealand	**5**	4	7	25%	-29%
Overseas markets	**-**	-	1	n/a	-100%
Gross unproductive facilities	**126**	109	37	16%	large
Less individual provisions:					
Australia	**42**	27	6	56%	large
New Zealand	**-**	-	-	n/a	n/a
Overseas markets	**-**	-	1	n/a	-100%
Individual provisions	**42**	27	7	56%	large
Net unproductive facilities	**84**	82	30	2%	large

New and increased non-performing loans	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Australia	491	430	14%	**921**	883	4%
New Zealand	75	74	1%	**149**	167	-11%
Overseas markets	45	27	67%	**72**	34	large
Total new non-performing loans[1]	611	531	15%	**1,142**	1,084	5%

1. *Includes $311 million relating to Consumer Finance (2006 full year: $243 million; Sep 2007 half: $166 million; Mar 2007 half: $145 million)*

New unproductive facilities	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Australia	25	83	-70%	**108**	67	61%
New Zealand	-	-	n/a	**-**	-	n/a
Overseas markets	-	-	n/a	**-**	4	-100%
Total new unproductive facilities	25	83	-70%	**108**	71	52%

8. Impaired financial assets, cont'd

The following amounts are not classified as individually impaired financial assets and therefore are not included within the summary on page 81.

Accruing loans past due 90 days or more[1]	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Australia	**446**	459	406	-3%	10%
New Zealand	**88**	106	75	-17%	17%
Overseas markets	**27**	20	18	35%	50%
	561	585	499	-4%	12%

1. *Includes unsecured credit card and personal loans 90 day past due accounts which are allowed by APRA to be retained on an accrual basis for up to 180 days past due amounting to $87 million (Mar 2007: $101 million; Sep 2006: $84 million). The remainder of 90 day past due accounts are predominantly held on an accrual basis having been assessed as 'well secured'*

In the event of customer default, any loan security is held as mortgagee in possession and therefore the Group does not hold any other real estate owned assets.

9. Provision for credit impairment

Collective provision	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Balance at start of period	1,981	1,940	2%	**1,940**	2,167	-10%
Adjustment due to adoption of accounting standard AASB 139	-	-	n/a	**-**	(288)	-100%
Restated balance at start of period	1,981	1,940	2%	**1,940**	1,879	3%
Charge to income statement	31	52	-40%	**83**	69	20%
Provisions disposed	-	(4)	-100%	**(4)**	-	n/a
Adjustment for exchange rate fluctuations	(20)	(7)	large	**(27)**	(8)	large
Total collective provision[1]	1,992	1,981	1%	**1,992**	1,940	3%
Individual provision						
Balance at start of period	302	286	6%	**286**	273	5%
Adjustment due to adoption of accounting standard AASB 139	-	-	n/a	**-**	(1)	-100%
Restated balance at start of period	302	286	6%	**286**	272	5%
Charge to income statement	296	188	57%	**484**	338	43%
Adjustment for exchange rate fluctuations	(9)	(6)	50%	**(15)**	(4)	large
Discount unwind	(10)	(10)	0%	**(20)**	(26)	-23%
Bad debts written off	(331)	(253)	31%	**(584)**	(421)	39%
Recoveries of amounts previously written off	54	97	-44%	**151**	127	19%
Total individual provision	302	302	0%	**302**	286	6%
Total provision for credit impairment	2,294	2,283	0%	**2,294**	2,226	3%

1. *The Collective Provision includes amounts for off balance sheet credit exposures: $261 million at 30 September 2007 (Mar 2007: $256 million; Sep 2006: $260 million). The impact on the income statement for the period ended 30 September 2007 was an $8 million charge (Sep 2006 full year: $5 million charge; Sep 2007 half year: $11 million charge; Mar 2007 half year: $3 million release)*

Provision movement analysis	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
New and increased provisions						
Australia	347	285	22%	**632**	508	24%
New Zealand	43	38	13%	**81**	81	0%
Overseas markets	21	22	-5%	**43**	29	48%
	411	345	19%	**756**	618	22%
Provision releases	(61)	(60)	2%	**(121)**	(153)	-21%
	350	285	23%	**635**	465	37%
Recoveries of amounts previously written off	(54)	(97)	-44%	**(151)**	(127)	19%
Individual provision charge	296	188	57%	**484**	338	43%
Increase to collective provision	31	52	-40%	**83**	69	20%
Charge to Income Statement	327	240	36%	**567**	407	39%

9. Provision for credit impairment, cont'd

Individual provision balance	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Australia	**246**	243	218	1%	13%
New Zealand	**38**	42	52	-10%	-27%
Domestic markets	**284**	285	270	0%	5%
Overseas markets	**18**	17	16	6%	13%
Total individual provision	**302**	302	286	0%	6%

10. Deposits and other borrowings

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Certificates of deposits	31,903	23,004	39%	**31,903**	23,248	37%
Term Deposits	69,600	63,363	10%	**69,600**	59,360	17%
Other deposits bearing interest	95,538	87,785	9%	**95,538**	80,250	19%
Deposits not bearing interest	10,143	9,415	8%	**10,143**	9,536	6%
Commercial paper	16,914	15,497	9%	**16,914**	20,750	-18%
Borrowing corporations' debt	10,109	10,660	-5%	**10,109**	10,656	-5%
Other borrowings	666	861	-23%	**666**	994	-33%
Total deposits and other borrowings	234,873	210,585	12%	**234,873**	204,794	15%

11. Loan capital

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Hybrid loan capital						
US stapled trust security issue[1]	1,248	1,362	-8%	**1,248**	1,471	-15%
ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS)	1,000	1,000	0%	**1,000**	1,000	0%
UK Hybrid[2]	1,033	-	n/a	**1,033**	-	n/a
Perpetual subordinated notes	690	721	-4%	**690**	401	72%
Subordinated notes	8,813	8,733	1%	**8,813**	8,254	7%
Total Loan Capital	12,784	11,816	8%	**12,784**	11,126	15%

1. *Loan capital of USD1.1 billion is subordinated in right of payment to the claims of depositors and all other creditors of the parent entity and its controlled entities which have issued the notes. Hybrid loan capital constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*
2. *Loan capital of GBP450 million is subordinated in right of payment to the claims of depositors and all other creditors of the parent entity and its controlled entities which have issued the notes. Hybrid loan capital constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*

12. Share capital

Issued and quoted securities

	Number quoted	Issue price per share	Amount paid up per share
Ordinary shares			
As at 30 September 2007	1,864,678,820		
Issued during the year	28,106,705		
Preference shares			
As at 30 September 2007 Euro Hybrid[1]	500,000	€ 1,000	€ 1,000

1. *On 13 December 2004 the Group issued €500 million hybrid capital into the European market. The instruments consist of Floating Rate Non-cumulative Trust Securities issued by ANZ Capital Trust III each representing a unit consisting of €1,000 principal amount of subordinated rate notes due 2053 issued by ANZ Jackson Funding PLC stapled to a fully paid up €1,000 preference share issued by Australia and New Zealand Banking Group Limited*

	Half year Sep 07	Half year Mar 07	Full year Sep 07	Full year Sep 06
Profit as a % of shareholders' equity including preference shares at end of period	18.8%	20.2%	**19.0%**	18.6%

13. Shareholders' equity

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Share capital						
Balance at start of period	9,285	9,142	2%	**9,142**	9,911	-8%
Adjustment due to adoption of AIFRS	-	-	n/a	**-**	(987)	-100%
Restated balance at beginning of period	9,285	9,142	2%	**9,142**	8,924	2%
Ordinary share capital						
Dividend reinvestment plan	340	102	large	**442**	165	large
Group employee share acquisition scheme	33	24	38%	**57**	90	-37%
Treasury shares[1,2]	(9)	(46)	-80%	**(55)**	-	n/a
Group share option scheme	69	63	10%	**132**	109	21%
Consideration for purchase of ETrade Australia	99	-	n/a	**99**	-	n/a
Group Share Buyback	-	-	n/a	**-**	(146)	-100%
Total share capital	9,817	9,285	6%	**9,817**	9,142	7%
Foreign currency translation reserve						
Balance at start of period	(735)	(646)	14%	**(646)**	(443)	46%
Currency translation adjustments net of hedges after tax	(474)	(89)	large	**(563)**	(203)	large
Total foreign currency translation reserve	(1,209)	(735)	64%	**(1,209)**	(646)	87%
Share option reserve[3]						
Balance at start of period	70	63	11%	**63**	67	-6%
Share-based payments	-	7	-100%	**7**	(3)	large
Transfer (to) retained earnings[4]	-	-	n/a	**-**	(1)	-100%
Total share option reserve	70	70	0%	**70**	63	11%
Available-for-sale revaluation reserve[5]						
Balance at start of period	1	2	-50%	**2**	-	n/a
Adjustments on adoption of accounting policies specified by AASB 132 & AASB 139	-	-	n/a	**-**	(10)	-100%
Restated balance at beginning of period	1	2	-50%	**2**	(10)	large
Valuation gain (loss) recognised after tax	93	16	large	**109**	20	large
Cumulative (gain) loss transferred to the income statement on sale of financial assets	3	(17)	large	**(14)**	(8)	75%
Total available-for-sale revaluation reserve	97	1	large	**97**	2	large

1. *On-market purchase of shares for settlement of amounts due under share-based compensation plans*
2. *As at 30 September 2007, there were 1,313,392 treasury shares outstanding*
3. *The share option reserve arises on the grant of share options to selected employees under the ANZ share option plan. Amounts are transferred out of the reserve and into share capital when the options are exercised*
4. *The transfer of balances from share option, general and capital reserves to retained earnings represent items of a distributable nature*
5. *The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset, is realised and recognised in the profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in the profit or loss*

13. Shareholders' equity, cont'd

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Hedging reserve[6]						
Balance at start of period	140	227	-38%	**227**	-	n/a
Adjustments on adoption of accounting policies specified by AASB 132 & AASB 139	-	-	n/a	**-**	162	-100%
Adjustment on adoption of AASB 2005-1[7]	-	(141)	-100%	**(141)**	-	n/a
Restated balance at beginning of period	140	86	63%	**86**	162	-47%
Gain (loss) recognised after tax	14	60	-77%	**74**	121	-39%
Transferred to income statement	(1)	(6)	-83%	**(7)**	(56)	-88%
Total hedging reserve	153	140	9%	**153**	227	-33%
General reserve						
Balance at the start of the period	-	-	n/a	**-**	181	-100%
Transfer (to) retained earnings[4]	-	-	n/a	**-**	(181)	-100%
Total general reserve	-	-	n/a	**-**	-	n/a
Capital reserve						
Balance at the start of the period	-	-	n/a	**-**	149	-100%
Transfer (to) retained earnings[4]	-	-	n/a	**-**	(149)	-100%
Total capital reserve	-	-	n/a	**-**	-	n/a
Total reserves	(889)	(524)	70%	**(889)**	(354)	large
Retained earnings						
Balance at start of period	12,117	11,084	9%	**11,084**	9,646	15%
Adjustment on adoption of AIFRS[8]	-	-	n/a	**-**	(431)	-100%
Adjustment on adoption of AASB 2005-1[7]	-	141	-100%	**141**	-	n/a
Restated balance at beginning of period	12,117	11,225	8%	**11,225**	9,215	22%
Profit attributable to shareholders of the Company	2,078	2,102	-1%	**4,180**	3,688	13%
Total available for appropriation	14,195	13,327	7%	**15,405**	12,903	19%
Transfers from reserves	-	-	n/a	**-**	331	-100%
Actuarial gain (loss) on defined benefit plans after tax[9]	22	55	-60%	**77**	(55)	large
Ordinary share dividends paid	(1,115)	(1,248)	-11%	**(2,363)**	(2,068)	14%
Preference share dividends paid	(20)	(17)	18%	**(37)**	(27)	37%
Retained earnings at end of period	13,082	12,117	8%	**13,082**	11,084	18%
Share capital and reserves attributable to shareholders of the Company	22,010	20,878	5%	**22,010**	19,872	11%
Minority interest	38	32	19%	**38**	34	12%
Total equity	22,048	20,910	5%	**22,048**	19,906	11%

6. *The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the profit or loss when the hedged transaction impacts profit or loss, consistent with the applicable accounting policy*
7. *Under the provisions of AASB 2005-1, hedge accounting is not available for the NZ revenue hedges effective 1 October 2006 (refer Note 1(i))*
8. *Comprises*
   - *Remeasurement of the carrying value of the Group's investment in INGA as at 1 October 2005*
   - *Adjustment in respect of hedging derivative financial instruments as at 1 October 2005*
   - *Recognition of the fair value of derivatives relating to securitisation and structured finance transactions as at 1 October 2005*
   - *Deferral of previously recognised fees now treated as an adjustment to yield on 1 October 2005*
   - *Restatement of credit loss provisions to an AIFRS basis*
9. *ANZ has taken the option available under AASB 119 to recognise actuarial gains/losses on defined benefit superannuation plans directly in retained earnings*

14. Average balance sheet and related interest

Averages used in the following tables are predominantly daily averages. Interest income figures are presented on a tax-equivalent basis. Impaired loans are included under the interest earning asset category, 'loans and advances'. Intra-group interest earning assets and interest bearing liabilities are treated as external assets and liabilities for the geographic segments.

	Full year Sep 07			Full year Sep 06		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets						
Due from other financial institutions						
Australia	2,011	113	5.6%	1,442	71	4.9%
New Zealand	1,598	111	6.9%	2,236	146	6.5%
Overseas markets	4,987	264	5.3%	4,061	190	4.7%
Trading and available-for-sale assets						
Australia	18,164	1,157	6.4%	15,957	946	5.9%
New Zealand	2,701	212	7.8%	2,459	182	7.4%
Overseas markets	3,904	215	5.5%	2,883	134	4.6%
Loans and advances						
Australia	188,582	14,752	7.8%	170,576	12,478	7.3%
New Zealand	73,426	6,536	8.9%	65,203	5,653	8.7%
Overseas markets	10,387	761	7.3%	9,538	671	7.0%
Customers' liability for acceptances						
Australia	13,852	1,054	7.6%	13,786	958	6.9%
Overseas markets	293	18	6.1%	216	11	5.1%
Other assets						
Australia	4,794	355	7.4%	3,833	317	8.3%
New Zealand	5,054	404	8.0%	4,361	283	6.5%
Overseas markets	3,608	258	7.2%	4,155	261	6.3%
Intragroup assets						
Australia	2,910	232	8.0%	-	-	-
Overseas markets	4,043	228	5.6%	11,501	559	4.9%
	340,314	26,670		312,207	22,860	
Intragroup elimination	(6,953)	(460)		(11,501)	(559)	
	333,361	26,210	7.9%	300,706	22,301	7.4%
Non-interest earning assets						
Derivatives						
Australia	12,708			9,600		
New Zealand	3,227			2,593		
Overseas markets	667			(579)		
Premises and equipment	1,318			1,074		
Other assets	14,319			12,696		
Provisions for credit impairment						
Australia	(1,688)			(1,567)		
New Zealand	(412)			(419)		
Overseas markets	(167)			(191)		
	29,972			23,207		
Total average assets	363,333			323,913		

14. Average balance sheet and related interest, cont'd

	Full year Sep 07			Full year Sep 06		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities						
Time deposits						
Australia	49,000	3,071	6.3%	42,907	2,445	5.7%
New Zealand	28,279	2,096	7.4%	26,064	1,822	7.0%
Overseas markets	15,122	781	5.2%	13,699	646	4.7%
Savings deposits						
Australia	16,536	597	3.6%	15,087	480	3.2%
New Zealand	2,520	82	3.3%	2,981	124	4.2%
Overseas markets	504	4	0.8%	566	10	1.8%
Other demand deposits						
Australia	47,837	2,466	5.2%	38,935	1,751	4.5%
New Zealand	15,938	997	6.3%	12,452	700	5.6%
Overseas markets	1,166	29	2.5%	1,003	22	2.2%
Due to other financial institutions						
Australia	6,787	410	6.0%	4,151	223	5.4%
New Zealand	1,838	105	5.7%	1,961	107	5.5%
Overseas markets	6,724	357	5.3%	5,965	306	5.1%
Commercial paper						
Australia	9,981	636	6.4%	10,858	637	5.9%
New Zealand	6,566	525	8.0%	6,315	470	7.4%
Overseas markets	926	49	5.3%	7,373	333	4.5%
Borrowing corporations' debt						
Australia	8,752	544	6.2%	9,117	522	5.7%
New Zealand	1,722	127	7.4%	1,863	130	7.0%
Liability for acceptances						
Australia	13,852	898	6.5%	13,786	799	5.8%
Overseas markets	293	17	5.8%	216	10	4.6%
Loan capital, bonds and notes						
Australia	55,577	3,651	6.6%	45,244	2,677	5.9%
New Zealand	11,841	958	8.1%	9,293	703	7.6%
Overseas markets	311	19	6.1%	135	7	5.2%
Other liabilities[1]						
Australia	5,234	355	n/a	5,122	304	n/a
New Zealand	132	96	n/a	149	94	n/a
Overseas markets	421	38	n/a	510	36	n/a
Intragroup liabilities						
Australia	-	-	-	5,146	169	3.3%
New Zealand	6,953	460	6.6%	6,355	390	6.1%
	314,812	19,368		287,253	15,917	
Intragroup elimination	(6,953)	(460)		(11,501)	(559)	
	307,859	18,908	6.1%	275,752	15,358	5.6%
Non-interest bearing liabilities						
Deposits						
Australia	4,734			4,412		
New Zealand	3,829			3,883		
Overseas markets	1,220			1,123		
Derivatives						
Australia	11,719			8,642		
New Zealand	2,882			2,663		
Overseas markets	(494)			(635)		
Other liabilities	10,855			9,457		
	34,745			29,545		
Total average liabilities	342,604			305,297		

1. *Includes foreign exchange swap costs*

14. Average balance sheet and related interest, cont'd

	Half year Sep 07			Half year Mar 07		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets						
Due from other financial institutions						
Australia	1,825	51	5.6%	2,199	63	5.7%
New Zealand	1,427	51	7.2%	1,770	59	6.7%
Overseas markets	5,236	139	5.3%	4,735	125	5.3%
Trading and available-for-sale assets						
Australia	19,951	645	6.5%	16,367	512	6.3%
New Zealand	2,763	111	8.0%	2,639	101	7.7%
Overseas markets	4,401	121	5.5%	3,406	94	5.5%
Loans and advances						
Australia	193,474	7,649	7.9%	183,663	7,104	7.8%
New Zealand	75,958	3,463	9.1%	70,881	3,073	8.7%
Overseas markets	10,635	384	7.2%	10,138	377	7.5%
Customers' liability for acceptances						
Australia	13,926	542	7.8%	13,777	512	7.5%
Overseas markets	335	11	6.8%	251	7	5.6%
Other assets						
Australia	4,398	181	8.2%	5,192	174	6.7%
New Zealand	5,160	215	8.3%	4,948	189	7.7%
Overseas markets	3,516	129	7.3%	3,701	128	6.9%
Intragroup assets						
Australia	4,048	158	7.8%	1,766	75	8.5%
Overseas markets	3,208	87	5.4%	4,883	141	5.8%
	350,261	13,937		330,316	12,734	
Intragroup elimination	(7,256)	(245)		(6,649)	(216)	
	343,005	13,692	8.0%	323,667	12,518	7.8%
Non-interest earning assets						
Derivatives						
Australia	14,879			10,526		
New Zealand	4,437			2,010		
Overseas markets	1,544			(216)		
Premises and equipment	1,460			1,176		
Other assets	14,412			14,225		
Provisions for credit impairment						
Australia	(1,726)			(1,650)		
New Zealand	(409)			(414)		
Overseas markets	(166)			(169)		
	34,431			25,488		
Total average assets	377,436			349,155		

14. Average balance sheet and related interest, cont'd

	Half year Sep 07			Half year Mar 07		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities						
Time deposits						
Australia	51,439	1,640	6.4%	46,548	1,430	6.2%
New Zealand	29,270	1,110	7.6%	27,283	985	7.2%
Overseas markets	15,763	402	5.1%	14,477	379	5.3%
Savings deposits						
Australia	16,900	312	3.7%	16,171	285	3.5%
New Zealand	2,414	38	3.1%	2,628	43	3.3%
Overseas markets	516	2	0.8%	492	2	0.8%
Other demand deposits						
Australia	50,760	1,334	5.2%	44,898	1,132	5.1%
New Zealand	16,461	536	6.5%	15,412	462	6.0%
Overseas markets	1,115	13	2.3%	1,217	16	2.6%
Due to other financial institutions						
Australia	6,839	208	6.1%	6,735	202	6.0%
New Zealand	2,037	61	6.0%	1,638	43	5.3%
Overseas markets	7,921	207	5.2%	5,521	150	5.4%
Commercial paper						
Australia	9,473	306	6.4%	10,492	330	6.3%
New Zealand	7,195	297	8.2%	5,933	228	7.7%
Overseas markets	-	-	-	1,858	49	5.3%
Borrowing corporations' debt						
Australia	8,595	273	6.3%	8,910	271	6.1%
New Zealand	1,667	63	7.5%	1,777	64	7.2%
Liability for acceptances						
Australia	13,926	462	6.6%	13,777	436	6.3%
Overseas markets	335	11	6.5%	251	6	4.8%
Loan capital, bonds and notes						
Australia	58,208	1,936	6.6%	52,932	1,717	6.5%
New Zealand	11,967	506	8.4%	11,715	452	7.7%
Overseas markets	491	15	6.1%	131	4	6.1%
Other liabilities[1]						
Australia	5,444	192	n/a	5,022	162	n/a
New Zealand	109	60	n/a	155	37	n/a
Overseas markets	338	17	n/a	505	22	n/a
Intragroup liabilities						
New Zealand	7,256	245	6.7%	6,649	216	6.5%
	326,439	10,246		303,127	9,123	
Intragroup elimination	(7,256)	(245)		(6,649)	(216)	
	319,183	10,001	6.2%	296,478	8,907	6.0%
Non-interest bearing liabilities						
Deposits						
Australia	4,810			4,657		
New Zealand	3,796			3,860		
Overseas markets	1,291			1,149		
Derivatives						
Australia	13,103			10,328		
New Zealand	3,693			2,066		
Overseas markets	(701)			(287)		
Other liabilities	11,312			10,396		
	37,304			32,169		
Total average liabilities	356,487			328,647		

1. *Includes foreign exchange swap costs*

14. Average balance sheet and related interest, cont'd

	Half year Sep 07 $M	Half year Mar 07 $M	Full year Sep 07 $M	Full year Sep 06 $M
Total average assets				
Australia	258,872	240,448	249,686	220,710
New Zealand	93,541	86,383	89,969	81,072
Overseas markets	32,279	28,973	30,631	33,632
less intragroup elimination	(7,256)	(6,649)	(6,953)	(11,501)
	377,436	349,155	363,333	323,913
% of total average assets attributable to overseas activities	32.5%	31.6%	32.1%	31.9%
Average interest earning assets				
Australia	237,622	222,964	230,313	205,594
New Zealand	85,308	80,238	82,779	74,259
Overseas markets	27,331	27,114	27,222	32,354
less intragroup elimination	(7,256)	(6,649)	(6,953)	(11,501)
	343,005	323,667	333,361	300,706
Total average liabilities				
Australia	247,067	228,407	237,762	210,364
New Zealand	87,750	80,582	84,176	75,331
Overseas markets	28,926	26,307	27,619	31,103
less intragroup elimination	(7,256)	(6,649)	(6,953)	(11,501)
	356,487	328,647	342,604	305,297
% of total average liabilities attributable to overseas activities	30.7%	30.5%	30.6%	32.8%
Total average shareholders' equity				
Ordinary share capital, reserves and retained earnings	20,078	19,637	19,858	17,745
Preference share capital	871	871	871	871
	20,949	20,508	20,729	18,616
Total average liabilities and shareholders' equity	377,436	349,155	363,333	323,913

14. Average balance sheet and related interest, cont'd

	Half year Sep 07 %	Half year Mar 07 %	Full year Sep 07 %	Full year Sep 06 %
Gross earnings rate[1]				
Australia	7.74	7.59	7.67	7.18
New Zealand	8.98	8.55	8.77	8.44
Overseas markets	6.36	6.45	6.41	5.64
Total Group	7.96	7.76	7.86	7.43

Interest spread and net interest average margin may be analysed as follows:

	Half year Sep 07 %	Half year Mar 07 %	Full year Sep 07 %	Full year Sep 06 %
Australia				
Gross interest spread	1.75	1.78	1.77	1.94
Interest foregone on impaired assets	(0.01)	(0.01)	(0.01)	(0.01)
Net interest spread	1.74	1.77	1.76	1.93
Interest attributable to net non-interest bearing items	0.41	0.47	0.43	0.39
Net interest margin - Australia	2.15	2.24	2.19	2.32
New Zealand				
Gross interest spread	1.56	1.63	1.60	1.72
Interest foregone on impaired assets	(0.01)	(0.01)	(0.01)	(0.01)
Net interest spread	1.55	1.62	1.59	1.71
Interest attributable to net non-interest bearing items	0.61	0.61	0.61	0.61
Net interest margin - New Zealand	2.16	2.23	2.20	2.32
Overseas markets				
Gross interest spread	1.36	1.33	1.35	1.02
Interest foregone on impaired assets	(0.03)	(0.03)	(0.03)	(0.02)
Net interest spread	1.33	1.30	1.32	1.00
Interest attributable to net non-interest bearing items	0.16	0.50	0.33	0.41
Net interest margin - Overseas markets	1.49	1.80	1.65	1.41
Group				
Gross interest spread	1.72	1.75	1.73	1.87
Interest foregone on impaired assets	(0.01)	(0.01)	(0.01)	(0.01)
Net interest spread	1.71	1.74	1.72	1.86
Interest attributable to net non-interest bearing items	0.44	0.50	0.47	0.45
Net interest margin	2.15	2.24	2.19	2.31

1. *Average interest rate received on interest earning assets*

15. Contingent liabilities, contingent assets and commitments

Contingent liabilities

- **General**

  There are outstanding court proceedings, claims and possible claims against the Group, the aggregate amount of which cannot readily be quantified. Appropriate legal advice has been obtained and, in the light of such advice, provisions as deemed necessary have been made. In some instances we have not disclosed the estimated financial impact as this may prejudice the interests of the Group.

- **Sale of Grindlays businesses**

  On 31 July 2000, ANZ completed the sale to Standard Chartered Bank (SCB) of ANZ Grindlays Bank Limited and the private banking business of ANZ in the United Kingdom and Jersey, together with ANZ Grindlays (Jersey) Holdings Limited and its subsidiaries, for USD1.3 billion in cash. ANZ provided warranties and certain indemnities relating to those businesses and, where it was anticipated that payments would be likely under the warranties or indemnities, made provisions to cover the anticipated liability. The issues below have not impacted adversely the reported results. All settlements, penalties and costs have been covered within the provisions established at the time.

  - **FERA**
    In 1991 certain amounts were transferred from non-convertible Indian Rupee accounts maintained with Grindlays in India. These transactions may not have complied with the provisions of the Foreign Exchange Regulation Act, 1973. Grindlays, on its own initiative, brought these transactions to the attention of the Reserve Bank of India. The Indian authorities have served notices on Grindlays and certain of its officers in India and civil penalties have been imposed which are the subject of appeals. Criminal prosecutions are pending and will be defended. The amounts in issue are not material.
  - **Tax Indemnity**
    ANZ provided an indemnity relating to tax liabilities of Grindlays (and its subsidiaries) and the Jersey Sub-Group to the extent to which such liabilities were not provided for in the Grindlays accounts as at 31 July 2000. Claims have been made under this indemnity with no material impact on the Group expected.

- **Contingent tax liability**

  The Australian Taxation Office (ATO) is reviewing the taxation treatment of certain transactions, including legacy structured finance transactions, undertaken by the Group in the course of normal business activities.

  The Inland Revenue Department (IRD) in New Zealand is reviewing a number of conduit-relieved structured finance transactions as part of normal revenue authority audit procedures. This is part of an industry-wide review by the IRD of these transactions undertaken in New Zealand. The IRD has issued Notices of Proposed Adjustment (the 'Notices') in respect of some of those structured finance transactions. The Notices are not tax assessments and do not establish a tax liability, but are the first step in a formal dispute process. In addition, the IRD has issued some tax assessments as a follow up to the Notices in some cases. Should the same position be adopted by the IRD on the remaining transactions of that kind as reflected in the Notices and in the tax assessments received, the maximum potential tax liability would be approximately NZD506 million (including interest tax effected) for the period to 30 September 2007. Of that maximum potential liability, approximately NZD142 million is subject to tax indemnities provided by Lloyds TSB Bank PLC under the agreement by which ANZ acquired the National Bank of New Zealand and which relate to transactions undertaken by the National Bank of New Zealand before December 2003. All of these conduit-relieved transactions have now either matured or terminated.

  Additional issue-specific audits and other investigations are being undertaken by the IRD, and by revenue authorities in other jurisdictions as part of normal revenue authority activity in those countries.

  The Company has assessed these and other taxation claims arising in Australia, New Zealand and elsewhere, including seeking independent advice where appropriate, and considers that it holds appropriate provisions.

- **Interbank Deposit Agreement**

  ANZ has entered into an Interbank Deposit Agreement with the major banks in the payments system. This agreement is a payment system support facility certified by the Australian Prudential Regulation Authority, where the terms are such that if any bank is experiencing liquidity problems, the other participants are required to deposit equal amounts of up to $2 billion for a period of 30 days. At the end of 30 days the deposit holder has the option to repay the deposit in cash or by way of assignment of mortgages to the value of the deposit.

- **Clearing and Settlement Obligations**

  In accordance with the clearing and settlement arrangements set out:

  - in the Australian Payments Clearing Association Limited Regulations for the Australian Paper Clearing System, the Bulk Electronic Clearing System, the Consumer Electronic Clearing System and the High Value Clearing System (HVCS), the Company has a commitment to comply with rules which could result in a bilateral exposure and loss in the event of a failure to settle by a member institution; and
  - in the Austraclear System Regulations and the CLS Bank International Rules, the Company has a commitment to participate in loss-sharing arrangements in the event of a failure to settle by a member institution.

  For HVCS and Austraclear, the obligation arises only in limited circumstances.

15. Contingent liabilities, contingent assets and commitments, cont'd

- **New Zealand Commerce Commission**

  In November 2006, the New Zealand Commerce Commission brought proceedings under the Commerce Act 1986 against Visa, MasterCard and all New Zealand issuers of Visa and MasterCard credit cards, including ANZ National Bank Limited. The Commission alleges price fixing and substantially lessening competition in relation to the setting of credit card interchange fees and is seeking penalties and orders under the Commerce Act.

  Subsequently, several major New Zealand retailers have issued proceedings against ANZ National Bank and the other abovementioned defendants seeking unquantified damages, based on allegations similar to those contained in the Commerce Commission proceedings. ANZ National Bank is defending the proceedings. At this stage, the risks and any potential liabilities cannot be assessed.

- **Trade Sanctions**

  On 1 February 2007, following a review of its compliance with United States (US) economic sanctions and discussions with US regulators, the Group announced that it had curtailed financial transactions with US sanctioned countries and had taken further action to ensure compliance with US sanction regulations. A small number of transactions, 42 in total, involved parties from US sanctioned countries. The Group has made voluntary disclosures to US financial regulators and remains in discussion with US regulators regarding the transactions. The Group has also briefed Australian and New Zealand regulators. The US sanctions regime includes the possibility of fines. Based on current knowledge, it is difficult to predict the level of fines. Nonetheless, the Group considers that it holds appropriate provisions for these issues.

Contingent assets

- **National Housing Bank**

  In 1992, Grindlays received a claim aggregating to approximately Indian Rupees 5.06 billion from the National Housing Bank (NHB) in India. The claim arose out of cheques drawn by NHB in favour of Grindlays, the proceeds of which were credited to the account of a Grindlays customer. Grindlays won an arbitration award in March 1997, under which NHB paid Grindlays an award of Indian Rupees 9.12 billion. NHB subsequently won an appeal to the Special Court of Mumbai, after which Grindlays filed an appeal with the Supreme Court of India. Grindlays paid the disputed money including interest into court. Ultimately, the parties settled the matter and agreed to share the monies paid into court which by then totalled Indian Rupees 16.45 billion (AUD 661 million at 19 January 2002 exchange rates), with Grindlays receiving Indian Rupees 6.20 billion (AUD 248 million at 19 January 2002 exchange rates) of the disputed monies. ANZ in turn received a payment of USD124 million (USD equivalent of the Indian Rupees received by Grindlays) from Standard Chartered Bank under the terms of an indemnity given in connection with the sale of Grindlays to Standard Chartered Bank.

  ANZ recovered $114 million in 2006 from its insurers in respect of the above.

  In addition, ANZ is entitled to share with NHB in the proceeds of any recovery from the estate of the customer whose account was credited with the cheques drawn from NHB. However, the Indian Taxation Department is claiming a statutory priority to all of the funds available for distribution to creditors of that customer. Proceedings are currently afoot in the Special Court of Mumbai to determine these issues. The hearing in the Special Court of Mumbai has concluded and the parties are awaiting an order from the Court.

- **Visa Prospectus**

  Visa has released their prospectus as at September 2007 and as part of this prospectus ANZ will be entitled to an initial allocation of shares determined under a methodology that was agreed on among the Visa participating regions. This will result in the inflow of economic benefits, the amount and timing of which are uncertain.

Commitments

- **Property**

  On 27 September 2006, ANZ announced it would develop a new office building in the Docklands area, Melbourne, Australia. This will provide approximately 84,000 square metres of office accommodation sufficient for 6,800 staff. The base-building is anticipated to cost approximately $500 million (excluding fitout and technology) and is due to be completed in the second half of 2009. This will be one of ANZ's core Melbourne properties along with 100 Queen Street and 75 Dorcas Street.

- **Acquisitions**

  As at 30 September 2007, the Group has entered into a conditional contract, subject to regulatory approval, to acquire a 40% equity interest in Sacom Cards for $9 million.

16. Note to the Cash Flow Statement

(a) Reconciliation of profit after income tax to net cash provided by operating activities

	Half year Sep 07 Inflows (Outflows) $M	Half year Mar 07 Inflows (Outflows) $M	Full year Sep 07 Inflows (Outflows) $M	Full year Sep 06 Inflows (Outflows) $M
Reconciliation of profit after income tax to net cash provided by operating activities				
Profit after income tax	2,078	2,102	**4,180**	3,688
Adjustments to reconcile to net cash provided by operating activities				
Provision for credit impairment	327	240	**567**	407
Depreciation and amortisation	162	147	**309**	289
Profit on sale of businesses	(79)	(155)	**(234)**	-
Provision for employee entitlements, restructuring and other provisions	214	122	**336**	250
Payments from provisions	(109)	(198)	**(307)**	(223)
(Profit) loss on sale of premises and equipment	(30)	(3)	**(33)**	4
(Profit) loss on sale of available-for-sale securities	3	(17)	**(14)**	(8)
(Increase)/decrease in operating assets:				
Share based payments reserve	34	(27)	**7**	31
Trading securities	(2,701)	(4,624)	**(7,325)**	(1,681)
Liquid assets - greater than three months	(2,546)	905	**(1,641)**	(1,300)
Due from other banks-more than 90 days	(53)	(357)	**(410)**	1,318
Loans and advances	(24,083)	(13,320)	**(37,403)**	(26,848)
Regulatory deposits	(29)	(25)	**(54)**	(42)
Interest receivable	25	(81)	**(56)**	(119)
Net tax assets	6	(209)	**(203)**	297
Increase/(decrease) in operating liabilities:				
Deposits and other borrowings	26,172	7,792	**33,964**	16,129
Due to other financial institutions	3,333	993	**4,326**	1,859
Payables and other liabilities	574	(665)	**(91)**	541
Interest payable	382	(15)	**367**	482
Other	(240)	(82)	**(322)**	(229)
Net cash provided by/(used in) operating activities	3,440	(7,477)	**(4,037)**	(5,155)

(b) Reconciliation of cash and cash equivalents

	Half year Sep 07 $M	Half year Mar 07 $M	Full year Sep 07 $M	Full year Sep 06 $M
Reconciliation of cash and cash equivalents				
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows				
Liquid assets - less than 3 months	12,307	13,089	**12,307**	11,633
Due from other financial institutions - less than 3 months	6,767	5,165	**6,767**	8,711
	19,074	18,254	**19,074**	20,344
Non-cash financing and investment activities				
Share capital issues				
Dividend reinvestment plan	340	102	**442**	165

17. Changes in composition of the Group

Acquisition of material controlled entities

On 24 April 2007, ANZ obtained a controlling interest in ETRADE Australia Limited. The Group has since obtained 100% ownership of the shares in ETRADE Australia Limited. The cost of this acquisition to the Group was $319 million.

In addition, the Group obtained a 100% interest in Stadium Australia. The cost of this acquisition to the Group was $174 million.

There were no material controlled entities acquired during the year to 30 September 2006.

Disposal of material controlled entities

On 31 October 2006, the controlled entities Fleet Partners Pty Limited and Truck Leasing Limited were sold. The profit before tax on disposal was $195 million (tax impact: $nil). The after tax contribution prior to disposal during 2006 was $19 million.

There were no material controlled entities disposed of during the year to 30 September 2006.

18. Associates, joint venture entities and investments

	Half year Sep 07 $M	Half year Mar 07 $M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 $M	Full year Sep 06 $M	Movt Sep 07 v. Sep 06 %
Profit after income tax	138	121	14%	**259**	194	34%

Key contributions to profit[1]

	Contribution to Group profit				Ownership interest held by Group		
	Half year Sep 07	Half year Mar 07	Full year Sep 07	Full year Sep 06	As at Sep 07	As at Mar 07	As at Sep 06
Associates	$M	$M	$M	$M	%	%	%
P.T. Bank Pan Indonesia	14	12	**26**	22	**30**	30	29
Metrobank Card Corporation Inc	4	3	**7**	7	**40**	40	40
Bank of Tianjin (formerly Tianjin City Commercial Bank)[2]	9	10	**19**	5	**20**	20	20
AMMB Holdings Berhad[3]	14	-	**14**	-	**19**	-	-
Joint ventures							
ING Australia Limited	78	74	**152**	119	**49**	49	49
ING (NZ) Holdings Limited	11	9	**20**	19	**49**	49	49

1. *The results may differ from the published results of these entities due to the application of AIFRS, Group Policies and acquisition adjustments*
2. *An associate from 13 June 2006*
3. *An associate from 18 May 2007. ANZ also acquired exchangeable bonds which, when converted to shares, will increase ANZ's ownership interest to 25%*

19. Exchange rates

Major exchange rates used in translation of results of offshore controlled entities and branches into the Group's accounts for each reporting period were as follows:

	Balance sheet			Profit & Loss Average			
	As at Sep 07	As at Mar 07	As at Sep 06	Half year Sep 07	Half year Mar 07	Full year Sep 07	Full year Sep 06
Euro	0.6223	0.6054	0.5882	0.6161	0.5983	0.6072	0.6071
Great British pound	0.4355	0.4113	0.3982	0.4186	0.4020	0.4103	0.4150
New Zealand dollar	1.1643	1.1312	1.1455	1.1301	1.1359	1.1330	1.1433
United States dollar	0.8816	0.8077	0.7476	0.8386	0.7780	0.8084	0.7468

20. Significant events since balance date

There have been no significant events from 30 September 2007 to the date of this report.

The directors of Australia and New Zealand Banking Group Limited confirm that the financial information and notes of the consolidated entity set out on pages 65 to 95 are in the process of being audited.

Charles Goode
Chairman

Michael R.P. Smith
Director

24 October 2007

Capital management

Qualifying Capital		As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Tier 1						
Shareholders' equity and outside equity interests		**22,048**	20,910	19,906	5%	11%
Prudential adjustments to shareholders' equity	Table 1	**(2,318)**	(2,120)	(2,333)	9%	-1%
Fundamental Tier 1 capital		**19,730**	18,790	17,573	5%	12%
Non-innovative Tier 1 capital instrument		**1,033**	**-**	-	n/a	n/a
Innovative Tier 1 capital instruments		**3,119**	3,233	3,342	-4%	-7%
Gross Tier 1 capital		**23,882**	22,023	20,915	8%	14%
Deductions	Table 2	**(6,170)**	(5,943)	(5,274)	4%	17%
Transitional Tier 1 capital relief		**716**	716	716	0%	0%
Tier 1 capital		**18,428**	16,796	16,357	10%	13%
Tier 2						
Upper Tier 2 capital	Table 3	**2,296**	2,320	1,946	-1%	18%
Subordinated notes	Table 4	**8,826**	8,398	8,177	5%	8%
Tier 2 capital		**11,122**	10,718	10,123	4%	10%
Deductions	Table 5	**(1,837)**	(1,810)	(1,073)	1%	71%
Total qualifying capital		**27,713**	25,704	25,407	8%	9%
Adjusted Common Equity						
Tier 1 capital		**18,428**	16,796	16,357	10%	13%
Less: Non-innovative Tier 1 capital instrument[1]		**(1,033)**	-	-	n/a	n/a
Innovative Tier 1 capital instruments[1]	Table 6	**(3,052)**	(3,188)	(3,321)	-4%	-8%
Transitional Tier 1 capital relief		**(716)**	(716)	(716)	0%	0%
Deductions		**(1,837)**	(1,810)	(1,073)	1%	71%
Adjusted Common Equity (ACE)		**11,790**	11,082	11,247	6%	5%
Capital adequacy ratios						
Tier 1		**6.7%**	6.7%	6.8%	0%	-1%
Tier 2		**4.1%**	4.3%	4.2%	-5%	-2%
		10.8%	11.0%	11.0%	-2%	-2%
Deductions		**-0.7%**	-0.7%	-0.4%	0%	75%
Total		**10.1%**	10.3%	10.6%	-2%	-5%
Adjusted Common Equity		**4.3%**	4.4%	4.7%	-2%	-9%
Risk Weighted Assets		**275,018**	250,485	240,219	10%	14%

1. *Converted at balance date spot rates*

Capital management, cont'd

	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Table 1: Prudential adjustments to shareholders' equity					
Reclassification of preference share capital	**(871)**	(871)	(871)	0%	0%
Accumulated retained profits and reserves of insurance, funds management and securitisation entities and associates	**(398)**	(386)	(289)	3%	38%
Deferred fee revenue and expenses including fees deferred under AIFRS forming part of loan yields	**306**	314	343	-3%	-11%
Hedging reserve	**(153)**	(140)	(227)	9%	-33%
Available-for-sale reserve	**(97)**	(2)	(2)	large	large
Dividend not provided for	**(1,381)**	(1,144)	(1,267)	21%	9%
Accrual for Dividend Reinvestment Plans	**276**	109	-	large	n/a
Other adjustments	**-**	-	(20)	n/a	-100%
Total	**(2,318)**	(2,120)	(2,333)	9%	-1%
Table 2: Deductions from Tier 1 capital					
Unamortised goodwill & other intangibles	**(4,911)**	(4,039)	(3,996)	22%	23%
Capitalised software	**(462)**	(425)	(397)	9%	16%
Capitalised expenses including loan and lease origination fees, capitalised securitisation establishment costs and costs associated with debt raisings	**(602)**	(575)	(569)	5%	6%
Applicable deferred tax assets (excluding the component relating to the general reserve for impairment of financial assets)	**(57)**	(85)	(290)	-33%	-80%
Investment in ANZ Lenders Mortgage Insurance	**(101)**	(31)	(31)	large	large
Current estimate of goodwill component of purchase commitments	**-**	(792)	-	-100%	n/a
Other adjustments	**(37)**	4	9	large	large
Total	**(6,170)**	(5,943)	(5,274)	4%	17%
Table 3: Upper Tier 2 capital					
Eligible component of post acquisition earnings and reserves in associates and joint ventures	**197**	210	184	-6%	7%
Perpetual subordinated notes	**690**	721	401	-4%	72%
General reserve for impairment of financial assets net of attributable deferred tax asset	**1,392**	1,372	1,344	1%	4%
Transitional Upper Tier 2 capital relief	**17**	17	17	0%	0%
Total	**2,296**	2,320	1,946	-1%	18%

Table 4: Subordinated notes

For capital adequacy calculation purposes, subordinated note issues are reduced by 20% of the original amount over the last four years to maturity and are limited to 50% of Tier 1 capital.

	As at Sep 07 $M	As at Mar 07 $M	As at Sep 06 $M	Movt Sep 07 v. Mar 07 %	Movt Sep 07 v. Sep 06 %
Table 5: Deductions from Total capital					
Investment in Funds Management and Securitisation entities	**(85)**	(88)	(86)	-3%	-1%
Investment in joint ventures with ING in Australia and New Zealand	**(525)**	(526)	(526)	0%	0%
Investment in other Authorised Deposit Taking Institutions and overseas equivalents	**(1,025)**	(386)	(370)	large	large
Investment in other commercial operations	**(124)**	(88)	-	41%	n/a
Current estimate of purchase commitments	**-**	(627)	-	-100%	n/a
Other	**(78)**	(95)	(91)	-18%	-14%
Total	**(1,837)**	(1,810)	(1,073)	1%	71%
Table 6: Innovative Tier 1 capital instruments					
Euro hybrid (converted at current rates)	**(804)**	(826)	(850)	-3%	-5%
US Stapled Trust Security	**(1,248)**	(1,362)	(1,471)	-8%	-15%
ANZ StEPS	**(1,000)**	(1,000)	(1,000)	0%	0%
Total	**(3,052)**	(3,188)	(3,321)	-4%	-8%

Capital management, cont'd

	Assets		Risk Weighted Assets	
	Sep 2007	Sep 2006	Sep 2007	Sep 2006
Balance Sheet	$M	$M	$M	$M
Zero risk weighted assets[1]	52,703	34,115	-	-
Claims on approved banks and local governments	24,190	19,584	4,838	3,917
Advances secured by mortgages and other assets eligible for 50% risk weighting	145,054	131,134	72,527	65,567
Other assets - credit risk[2]	158,731	138,119	159,518	138,119
Total statement of financial position assets - credit risk	380,678	322,952	236,883	207,603
Trading assets - market risk	11,935	11,688	n/a	n/a
Total balance sheet	392,613	334,640	236,883	207,603

	Notional Amount		Credit Equivalent		Risk Weighted Assets	
	Sep 2007	Sep 2006	Sep 2007	Sep 2006	Sep 2007	Sep 2006
Off-balance sheet exposures[3]	$M	$M	$M	$M	$M	$M
Direct credit substitutes	8,114	7,588	8,114	7,588	5,796	5,432
Trade and performance related items	15,909	14,788	6,983	6,470	6,222	5,657
Commitments	107,269	98,554	18,445	17,030	15,791	14,611
Foreign exchange, interest rate and other market related transactions	1,692,885	1,169,553	29,019	18,010	8,379	5,240
Total off balance sheet exposures - credit risk	1,824,177	1,290,483	62,561	49,098	36,188	30,940
Risk weighted assets - credit risk					273,071	238,543
Risk weighted assets - market risk					1,947	1,676
Total risk weighted assets					275,018	240,219

1. *Includes $2,069 million (Sep 2006: $1,938 million) in assets of controlled entities consolidated on adoption of AIFRS excluded for risk weighting calculations for APRA reporting purposes*
2. *In 2007, risk weighted assets includes Intragroup assets with entities deconsolidated for prudential purposes*
3. *Excludes off balance sheet exposures in subsidiaries consolidated on adoption of AIFRS from 1 October 2004 as required by APRA*

AAS - Australian Accounting Standards (also known as AIFRS).

AASB - Australian Accounting Standards Board.

Adjusted Common Equity (ACE) is Tier 1 capital less preference shares and other Hybrid Capital at current exchange rates, regulatory deductions from total capital and transitional capital relief as approved by the Australian Prudential Regulation Authority (APRA).

AIFRS - Australian Equivalents to International Financial Reporting Standards (also known as AAS).

Business Unit description:

Personal

Personal is a division comprising Regional, Rural and Small Business Banking, Banking Products, Mortgages, Consumer Finance, Investments and Insurance Products, Esanda, Pacific and a number of other areas, including the branch network and marketing and support costs in Australia.

- **Mortgages** provides housing finance to consumers in Australia for both owner occupied and investment purposes.
- **Banking Products** provides transaction banking and savings products, such as term deposits, V2+ and cash management accounts.
- **Consumer Finance** provides consumer and commercial credit cards, ePayment products, personal loans, merchant payment facilities in Australia and ATM facilities.
- **Rural Commercial & Agribusiness Products** provides a full range of banking services to personal customers and to small business and agribusiness customers in rural and regional Australia.
- **Small Business Banking Products** provides a full range of banking services for metropolitan-based small businesses in Australia with unsecured loans up to $100,000.
- **Esanda** provides motor vehicle and equipment finance, operating leases and investment products.
- **Pacific** provides retail and corporate banking services to customers in the Pacific Region.
- **Investments and Insurance Products** comprises ANZ Australia’s Financial Planning, Margin Lending, insurance distribution and Trustees businesses in addition to ETrade Australia, an online broking business.

Institutional

Institutional division provides a full range of financial services principally to ANZ Australia and New Zealand corporate and institutional customers in all geographies. Institutional has a major presence in Australia and New Zealand and also has operations in Europe, USA and Asia.

- **Working Capital** consists of Trade & Transaction Services and Relationship Lending. Trade & Transaction Services provides working capital solutions including lending and deposit products, cash transaction banking management, trade finance, international payments, clearing and custodian services principally to institutional and corporate customers. Relationship Lending manages the Institutional and Corporate balance sheets with a particular focus on credit quality, diversification and maximising risk adjusted returns.
- **Markets** provides risk management services to corporate and institutional clients globally in relation to foreign exchange, interest rates, credit and commodities. This includes the business providing origination, underwriting, structuring and risk management services, advice and sale of credit and derivative products globally. Markets also manages the Group’s interest rate risk position.
- **Business Banking** provides a full range of banking services, including risk management, to metropolitan based small to medium sized business clients with up to $50 million turnover.
- **Corporate Finance** provides complex financing and advisory services, structured financial products, leasing, private equity finance, project finance, leveraged finance and infrastructure investment products to our global client set.
- **Relationships & Infrastructure** includes Institutional Banking, Financial Institutions and Corporate Banking. These units are our client relationship teams for our global Institutional and Financial Institutions customers, and our Corporate customers in Australia.

New Zealand Businesses

New Zealand Businesses includes the following:

- **ANZ Retail**, operating under the ANZ brand in New Zealand, provides a full range of banking services to personal and business banking customers.
- **National Bank Retail**, operating under the National Bank brand in New Zealand, provides a full range of banking services to personal and business banking customers.
- **Corporate & Commercial Banking** incorporates the ANZ and National Bank brands and provides financial solutions through a relationship management model for medium-sized businesses with a turnover up to NZD100 million.
- **Rural Banking** provides a full range of banking services to rural and agribusiness customers.
- **Private Banking and Retail Specialist Units** includes ANZ’s 49% stake in ING New Zealand, Private Banking operating under the ANZ and National Bank brands and Bonus Bonds.
- **UDC** provides motor vehicle and equipment finance, operating leases and investment products.

Partnerships & Private Bank

Partnerships & Private Bank is responsible for ANZ’s partnerships with other institutions in Australia and Asia, along with our Private Bank business, and includes the following:

- **INGA** includes the equity accounted earnings from our 49% stake in ING Australia Ltd, a joint venture between ANZ and ING.
- **International Partnership** - ANZ continues to develop a portfolio of strategic retail partnerships in Asia. ANZ currently has partnerships in Indonesia with PT Panin Bank, in the Philippines with Metrobank, in Cambodia with the Royal Group, in China with Bank of Tianjin and Shanghai Rural Commercial Bank, in Malaysia with AMMB Holdings Berhad and in Vietnam with an investment in Sacombank. These partnerships are focused on leveraging ANZ Australia's capabilities into faster growing personal and small business banking markets via the established client bases of the local partners.
- **Other** includes Private Bank, Personal and Private Banking Asia and support units within the division.

Group Centre

Group Centre division includes Operations, Technology & Shared Services, Treasury (funding component), Group People Capital, Group Strategic Development, Group Financial Management, Group Risk Management, Capital Funding and Group Items.

Collective provision is the Provision for Credit Losses that are inherent in the portfolio but not able to be individually identified; presently unidentified impaired assets. A collective provision may only be recognised when a loss event has already occurred. Losses expected as a result of future events, no matter how likely, are not recognised.

Customer deposits represent term deposits, other deposits bearing interest, deposits not bearing interest and borrowing corporations debt excluding collateralised loan obligation and securitisation vehicle funding.

Expected loss is determined based on the expected average annual loss of principal over the economic cycle for the current risk profile of the lending portfolio.

Equity standardisation Economic Value Added (EVA™) principles are in use throughout the Group, whereby risk adjusted capital is allocated and charged against business units. Equity standardised profit is determined by eliminating the impact of earnings on each business unit's book capital and attributing earnings on the business unit's risk adjusted capital. This enhances comparability of business unit performance. Geographic results are not equity standardised.

Impaired assets are those whose carrying value is greater than the amount expected to be recovered over their lives. More specifically, in relation to loans or other credit facilities, impairment may arise where there is reasonable doubt about the collectability of interest, fees (past and future) or principal outstanding, or where concessional terms have been provided because of the financial difficulties of the customer.

Individual provision charge is the amount of impairment on those loans and advances assessed for impairment on an individual basis (as opposed to on a collective basis). It takes into account expected cash flow over the lives of those loans and advances.

Liquid assets are cash and cash equivalent assets. Cash equivalent assets are highly liquid investments with short periods to maturity, are readily convertible to cash at ANZ's option and are subject to an insignificant risk of changes in value.

Net advances includes **gross** loans and advances and acceptances and capitalised brokerage/mortgage origination fees, less income yet to mature and allowances for credit on impairment.

Net inter business unit expenses (also known as Service Transfer Pricing) consists of the charges made between business units for the provision of support services. Both payments and receipts by business units are shown as net inter business unit expenses.

Net interest average margin is net interest income as a percentage of average interest earning assets. Non-assessable interest income is grossed up to the equivalent before tax amount for the purpose of these calculations.

Net interest spread is the average interest rate received on interest earning assets less the average interest rate paid on interest bearing liabilities. Non-assessable interest income is grossed up to the equivalent before tax amount for the purpose of these calculations.

Net non-interest bearing items which are referred to in the analysis of interest spread and net interest average margin, include shareholders' equity, provision for impairment of loans and advances, deposits not bearing interest and other liabilities not bearing interest, offset by premises and equipment and other non-interest earning assets. Non-performing loans are included within interest bearing loans, advances and bills discounted.

Net tangible assets equals share capital and reserves attributable to shareholders of the Group less preference share capital and unamortised intangible assets (including software).

Non-performing loans comprises loans where there is reasonable doubt about the collectability of interest, fees (past and future) or principal outstanding, or where concessional terms have been provided because of financial difficulties of the customer.

Operating expenses excludes the provision for impairment of loans and advances charge.

Operating income in business segments includes equity standardised net interest and other operating income.

Overseas includes the results of all operations outside Australia, except if New Zealand is separately identified.

Overseas Markets includes all operations outside of Australia and New Zealand. The Group's geographic segments are Australia, New Zealand and Overseas Markets.

Return on asset ratios include net intra group assets which are risk weighted at 0% for return on risk weighted assets calculations.

Revenue includes net interest income and other operating income.

Segment assets represents total external assets excluding deferred tax assets.

Segment result represents equity standardised profit before income tax expense.

Segment revenue includes equity standardised net interest income and other operating income.

Significant items are items that typically have a substantial impact on profit after tax, or the earnings used in the earnings per share calculation. Significant items also do not arise in the normal course of business and are infrequent in nature. Divestments are typically defined as significant items.

Unproductive facilities comprises off balance sheet facilities (such as standby letters of credit, bill endorsements, documentary letters of credit, guarantees to third parties, foreign currency and interest rate products) and undrawn on balance sheet facilities where the customer is defined as impaired.

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