Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Full Year

30 September 2009

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 2009 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 2009

			A$ million
Operating income	⇧ 12%*	to	**13,610**
Net statutory profit attributable to shareholders	⇩ 11%*	to	**2,943**
Underlying profit^	⇧ 10%*	to	**3,772**
Proposed final dividend per ordinary share, fully franked at 30% tax rate			**56 cents**
Interim dividend per ordinary share, fully franked at 30% tax rate			46 cents
Record date for determining entitlements to the proposed final dividend			11 November 2009
Payment date for the proposed final dividend			18 December 2009

* Compared to September 2008

^ Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 13 to 15 of the ANZ Consolidated Results, Dividend Announcement and Appendix 4E for the full year 30 September 2009.

CONSOLIDATED RESULTS, DIVIDEND ANNOUNCEMENT and APPENDIX 4E
Full year ended 30 September 2009

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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 the Condensed Consolidated Financial Information 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 28 October 2009.

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. 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.

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Media Release

For Release: 29 October 2009

ANZ 2009 Annual Result

Australia and New Zealand Banking Group Limited (ANZ) today announced an underlying profit for the year ended 30 September 2009 of $3,772 million up 10% on the prior year.

Underlying profit reflects the net impact on statutory profit of $829 million from one-off items, hedging timing differences and non-continuing businesses. Statutory profit decreased 11% to $2,943 million. The final dividend of 56 cents per share fully franked is 25% lower than 2008, in line with guidance.

Overview [1]

Group - Strong underlying business performance

- Revenue up 17%. Costs up 12% including costs associated with expansion in the Asia Pacific region, remediation and growth in Institutional and Group transformation.
- Underlying EPS decreased 4%. A 16% increase in the weighted average number of shares coupled with reduced statutory profit led to a reduction in statutory EPS of 23%.
- Net Interest Margin[2] up 16 basis points with higher funding costs partially offsetting improvements in asset margins.
- Customer deposit growth up 14%, net loans and advances flat (FX adjusted) with growth in the Retail book offset by a decrease in the Institutional book.

Business Units - Good performance from Australia, strong growth in Asia Pacific, challenging conditions impact New Zealand, Institutional income up significantly

- Australia region profit up 13% - strong contributions from Retail (up 13%) and Institutional (up just over 100%).
- The Asia Pacific, Europe & America (APEA) region profit up 81% - strong contributions from Asia Partnerships and Institutional.
- New Zealand region profit decreased 34% - good contribution from Institutional, challenging economic conditions impacted margins in Retail and Commercial and drove higher provisions.
- Institutional division profit up 82% - income up 37% driven largely by Global Markets business.

Credit - Strong provision coverage, growth in impaired loans slowing

- Total credit impairment charge up 46% to $3,056 million. Increases across all regions but highest percentage growth in New Zealand.
- Collective provision coverage ratio[3] 1.31%. Total provisions coverage ratio 1.97%.
- Gross impaired loans $4,392 million; rate of growth slowed in the second half.
- Significant reduction in the credit charge related to the credit intermediation trades in the second half.

ANZ Chief Executive Officer Mike Smith said: "While 2009 has been the most difficult year in many decades for financial services around the world, ANZ has remained financially robust, with a clear growth strategy led by an experienced team of bankers. This has allowed us to deliver a strong result and a better outcome for shareholders and for customers.

"This result highlights the momentum we now have which is assisting us to deliver on the priorities we set for ANZ in December 2007. We've made good progress with the turnaround of Institutional, revenue is growing faster than costs, we are delivering excellent results in Asia and our largest franchise - Australia - is performing well.

1. Numbers are provided on an underlying basis and all comparisons are year on year unless otherwise stated
2. Excluding net interest income impact of cash flow on derivatives
3. Collective provisions as a proportion of credit risk weighted assets (CRWA). Total provision coverage ratio is individual plus collective provisions as a proportion of CRWA

"Importantly, we've been able to work from a position of strength to take advantage of strategic growth opportunities in our core geographies in Australia, New Zealand and Asia. In Wealth, we are moving to full ownership of ING Australia and ING New Zealand. And in Asia, we've agreed to acquire RBS businesses in six countries.

"In a year that started off only weeks after the collapse of Lehman Brothers, the high-water mark of the global financial crisis, we have continued to support our customers, delivered a good result for shareholders and made meaningful progress in delivering on our strategy to build a super regional bank," Mr Smith said.

PERFORMANCE BY GEOGRAPHIC REGION

Australia

The Australia region performed well producing a 13% increase in profit after tax (PAT) to $2,560 million.

The standout performers were the Retail and Institutional businesses, with PAT growth of 13% and just over 100% respectively. Given the difficult year experienced by middle market and small business owners, Commercial produced a creditable result, with PAT up 2%. Weaker equity markets heavily impacted the Wealth business with PAT down 85%.

The Retail business grew revenue three times faster than costs. In the Institutional business very strong revenue growth (up 28%) was reinvested in their rebuild and refocus program which is gaining significant traction. Deposit growth has been a feature this year with customer deposits up 16% to $153 billion. Growth in net loans and advances in the Retail business of 10%, largely in the mortgage business, was offset by a 20% decrease in Institutional loans and advances, reflecting a repositioning of the book, lower demand in line with the cycle and a repayment focus by clients.

Credit provision charges trended in line with expectations, up 23% with Retail up 43%, Commercial up 83% and Institutional stabilising (up 4%). While provisions grew in Retail, off a low base, the business' focus on responsible lending can be seen in leading 60 day delinquency trends in both the mortgages and credit card portfolios which are well contained.

ANZ's Australian Retail business had the largest increase in net customer numbers of any bank during the year and remains the highest rated of the major banks for customer satisfaction.

Asia Pacific, Europe & America (APEA)

Asia Pacific, Europe & America (APEA) region PAT increased 81% to $699 million, representing 18.5% of group earnings. Strong contributions from Partnerships and Institutional drove most of this growth. PAT from partnerships grew 78% to $331 million, which includes some favourable reassessment of credit provisioning requirements.

An increase in total credit provisions to $276 million was mainly due to changes to risk grades to reflect the changed economic conditions.

The Group has continued to invest significantly in the region, including deepening the Institutional business and advancing the Retail and Wealth platforms, continuing to build out branch networks in Indonesia, Vietnam and China complemented by the agreement to acquire certain RBS assets announced in August. There are now 8,555 staff in the Asia Pacific, Europe & America region, excluding RBS, up from 6,769 a year ago, including a significant investment in front line staff.

New Zealand (all figures in this section are in NZD)

New Zealand's economic downturn has been more pronounced and protracted than that in Australia. The same challenging economic conditions that enabled a very strong result in the Global Markets trading and sales businesses also drove margin reduction resulting from deposit competition and slower system growth across the Retail, Commercial and Rural businesses. Profit before Provisions (PBP) increased 8%, while an almost three-fold increase in credit provisions drove a 32% decrease in PAT.

An increase in credit provision charges to $889 million was the result of general deterioration across the book with the largest increase in the Commercial business albeit from very low levels in 2008.

Margins across the Retail, Commercial and rural businesses experienced a significant contraction of 26 basis points impacted by intensified deposit competition, higher wholesale funding costs and higher costs from increased early mortgage payouts.

Customer deposits and lending growth were largely flat for the year, in line with the domestic economic conditions. Customer deposits increased in both the Retail and Institutional businesses while Commercial deposits declined with overall tightening of business cash flows.

Costs are being well managed, up 4% for the year, with strong transformation savings coupled with investment in the business.

While up 30% year on year, Institutional profit decreased half on half (down 48%) primarily reflecting a return to more normal trading volumes in the Global Markets business.

INSTITUTIONAL

Institutional division profit, across the geographic regions, was a highlight for the Group, up 82%. Revenue rose 37% to finish the year just under $5 billion, almost half of which came from the Global Markets business. The Institutional team leveraged their strong revenue growth to make investments in improved systems and processes and to grow frontline staff numbers. There are now 5,149 employees in the Institutional business up 9% on 2008, of which 936 are in the Asia Pacific, Europe & Americas business.

Interest rate and general market volatility coupled with increased customer penetration drove a significant increase in both customer related and trading revenue within the Global Markets business, resulting in revenue growth of 77% to $2.2 billion. Transaction Banking revenue grew 12% and Specialised Lending (including Relationship Lending) by 23%.

Customer deposits grew 19%, while reduced demand associated with the economic climate, some repositioning of the loan book and a repayments focus by clients accessing the equity markets drove an 18% decrease in Net Lending Assets.

Australian exposures in the property, securities lending and agribusiness sectors and a limited number of single name exposures were largely responsible for the 10% increase in the credit provision charge for the year. Total provisions dropped 4% half on half and the rate of growth in non-performing loans slowed significantly in the second half.

NON-CORE ITEMS

ANZ adjusts statutory profit for non-core items to calculate underlying profit. Separating out non-core items assists with analysis of the underlying trends in the business, as the items are related either to non-continuing businesses, economic hedging or significant items that sit outside the ongoing business activities of the Group. A reconciliation table is included on the last page of this announcement.

There was a net $829 million in non-core items in 2009. The key items related to one-off provisions (New Zealand tax on conduit transactions, ANZ's share of the ING NZ investor settlement), organisational transformation costs (One ANZ), losses from non-continuing businesses (Credit Intermediation Trades and the Private Equity and Alternative Assets businesses) and amounts related to the accounting treatment of currency and interest rate hedge valuations which reverse as the instruments move towards maturity (Economic Hedging).

The credit risk adjustment charge on the Group's Structured Credit Intermediation Trades reduced $595 million after tax in the second half as credit spreads tightened significantly, to be $69 million after tax for the year.

CREDIT ENVIRONMENT

While the credit cycle is playing out largely as expected and there are signs of stabilisation, particularly in Australia, ANZ believes it is prudent to maintain strong provision coverage levels. The collective provision as a proportion of Credit Risk Weighted Assets (CRWA) now sits at 1.31% while the total provision as a proportion of CRWA is now 1.97%.

The total credit provision charge for the year was $3.06 billion, up 46% for the year but only 13% in the second half. While the individual provision charge increased across all regions the collective provision was much lower than the prior year. The largest proportionate increase in provisions occurred in New Zealand.

The rate of growth in Gross Impaired Loans declined half on half with a total at 30 September of $4.4 billion.

CAPITAL AND FUNDING

ANZ took early and measured steps to manage its capital and funding programs throughout the global financial crisis. This included initiatives to strengthen the balance sheet, boost liquidity and the quantity and composition of capital, to stay ahead of changes in the cycle and to allow the Group to capitalise on opportunities that have and will arise.

ANZ's capital base has been progressively strengthened since late 2007 but most recently through the raising of $5.7 billion of ordinary equity[4]. The Group's Tier 1 capital ratio was 10.6% at the end of September 2009 compared to 7.7% a year ago. Adjusting for the announced acquisitions of certain RBS assets in Asia and the ING Group's share of the ING Australia and ING New Zealand joint ventures, the pro-forma Tier 1 ratio reduces to 9.5%.

Global liquidity conditions have improved over the year. Deposit growth has been strong with the proportion of total funding from customers increasing from 50% to 55%. ANZ executed its full year term wholesale funding requirements well ahead of schedule raising a total of $25.8 billion. A combination of stronger deposit growth and consistent term debt issuance has reduced the reliance on short term wholesale funding from 22% to 17%.

OUTLOOK

Mr Smith said: "The economic slow-down is continuing to play out much as we expected. In this phase, we have seen bad debts emerge from highly leveraged entities and more recently from the commercial sector and higher risk personal customers. We expect this will continue into 2010. However, given the resilience of the Australian economy, the stabilisation we are beginning to see in the New Zealand economy and the strength of the Asian economies, particularly China, we believe credit quality has now stabilised.

"It's prudent however to be cautious. The global economy is still facing many difficulties and the Australian economy remains fragile.

"For ANZ, we are also facing a number of headwinds in 2010. This includes the strength of the Australian dollar and a less favourable markets environment.

"I'm confident however we can maintain the performance momentum we now have in the Group and that we will continue to have opportunities to grow and to advance our super regional strategy in 2010 to deliver value for our shareholders."

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4. Institutional placement $2.5 billion, Share Purchase Plan $2.2 billion and final 2008 DRP underwrite

	Full Year 2009					Full Year 2008					Growth Rate				
	Revenue	Expenses	PBP	Credit	NPAT	Revenue	Expenses	PBP	Credit	NPAT	Revenue	Expenses	PBP	Credit	NPAT
Underlying business performance	**14,367**	**6,068**	**8,299**	**3,056**	**3,772**	**12,295**	**5,406**	**6,889**	**2,090**	**3,426**	**17%**	**12%**	**20%**	**46%**	**10%**
Tax on New Zealand Conduits	-	-	-	-	(196)	-	-	-	-	-					
One ANZ restructuring costs	-	118	(118)	-	(83)	-	-	-	-	-					
ANZ share of ING New Zealand investor settlement	(173)	-	(173)	-	(121)	-	-	-	-	-					
Structured transaction	-	-	-	-	-	(127)	-	(127)	-						
Credit risk on impaired derivatives	(82)	-	(82)	(82)	-	(156)	-	(156)	(156)	-					
Non-continuing businesses (including Credit intermediation trades)	(172)	15	(187)	31	(185)	(517)	38	(555)	14	(397)					
Gains on Visa shares	-	-	-	-	-	353	-	353	-	248					
Organisational transformation costs	-	24	(24)	-	(17)	-	218	(218)	-	(152)					
Impairment of intangible - Origin Australia	-	-	-	-	-	-	34	(34)	-	(24)					
New Zealand tax rate change	-	-	-	-	-	-	-	-	-	1					
Economic hedging - fair value gains/losses	(360)	-	(360)	-	(248)	348	-	348	-	243					
Revenue and net investment hedges	30	-	30	-	21	(37)	-	(37)	-	(26)					
Profit attributable to shareholders of the Company	**13,610**	**6,225**	**7,385**	**3,005**	**2,943**	**12,159**	**5,696**	**6,463**	**1,948**	**3,319**	**12%**	**9%**	**14%**	**54%**	**-11%**

	Half Year Sep 2009					Half Year Mar 2009					Growth Rate				
	Revenue	Expenses	PBP	Credit	NPAT	Revenue	Expenses	PBP	Credit	NPAT	Revenue	Expenses	PBP	Credit	NPAT
Underlying business performance	**7,327**	**3,124**	**4,203**	**1,621**	**1,864**	**7,040**	**2,944**	**4,096**	**1,435**	**1,908**	**4%**	**6%**	**3%**	**13%**	**-2%**
Tax on New Zealand Conduits	-	-	-	-	(196)	-	-	-	-	-					
One ANZ restructuring costs	-	5	(5)	-	(4)	-	113	(113)	-	(79)					
ANZ share of ING New Zealand investor settlement	(35)		(35)	-	(24)	(138)	-	(138)	-	(97)					
Credit risk on impaired derivatives	10		10	10	-	(92)	-	(92)	(92)	-					
Non-continuing businesses (including Credit intermediation trades)	754	6	748	1	593	(926)	9	(935)	30	(778)					
Organisational transformation costs	-	-	-		-	-	24	(24)	-	(17)					
Economic hedging - fair value gains/losses	(1,016)	-	(1,016)	-	(709)	656	-	656	-	461					
Revenue and net investment hedges	3	-	3	-	2	27	-	27	-	19					
Profit attributable to shareholders of the Company	**7,043**	**3,135**	**3,908**	**1,632**	**1,526**	**6,567**	**3,090**	**3,477**	**1,373**	**1,417**	**7%**	**1%**	**12%**	**19%**	**8%**

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Profit

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	4,986	4,822	3%	**9,808**	7,850	25%
Other operating income[1]	2,057	1,745	18%	**3,802**	4,309	-12%
Operating income	7,043	6,567	7%	**13,610**	12,159	12%
Operating expenses	(3,135)	(3,090)	1%	**(6,225)**	(5,696)	9%
Profit before credit impairment and income tax	3,908	3,477	12%	**7,385**	6,463	14%
Provision for credit impairment	(1,632)	(1,373)	19%	**(3,005)**	(1,948)	54%
Profit before income tax	2,276	2,104	8%	**4,380**	4,515	-3%
Income tax expense	(752)	(683)	10%	**(1,435)**	(1,188)	21%
Minority interest	2	(4)	large	**(2)**	(8)	-75%
Profit attributable to shareholders of the Company	1,526	1,417	8%	**2,943**	3,319	-11%

1. *Includes share of joint venture and associates profit*

Underlying profit

Profit has been adjusted to exclude non-core items to arrive at underlying profit, the result for the ongoing business activities of the Group. The principles set out in the Australian Institute of Company Directors' (AICD's) and the Financial Services Institute of Australasia's (Finsia's) joint recommendations "Principles for reporting of non-statutory profit information" have been adopted in determining underlying profit. These adjustments have been determined on a consistent basis with those made in the March 2009 half year. Throughout this document figures and ratios that are calculated on an 'underlying' basis have been shaded to distinguish them from figures calculated on a statutory basis.

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Statutory profit attributable to shareholders of the Company	1,526	1,417	8%	**2,943**	3,319	-11%
Adjust for the following gains/(losses) included in statutory profit (net of tax)[1]						
Tax on New Zealand Conduits	(196)	-	n/a	**(196)**	-	n/a
Economic hedging - fair value gains/(losses)	(709)	461	large	**(248)**	243	large
Revenue and net investment hedges	2	19	-89%	**21**	(26)	large
Gain on Visa shares	-	-	n/a	**-**	248	-100%
Organisational transformation costs	-	(17)	-100%	**(17)**	(152)	-89%
Impairment of intangible - Origin Australia	-	-	n/a	**-**	(24)	-100%
New Zealand tax rate change	-	-	n/a	**-**	1	-100%
Cash profit[2]	2,429	954	large	**3,383**	3,029	12%
One ANZ restructuring costs	(4)	(79)	-95%	**(83)**	-	n/a
ANZ share of ING NZ investor settlement	(24)	(97)	-75%	**(121)**	-	n/a
Non continuing businesses						
Credit intermediation trades	595	(664)	large	**(69)**	(371)	-81%
Other	(2)	(114)	-98%	**(116)**	(26)	large
Underlying profit	1,864	1,908	-2%	**3,772**	3,426	10%

1. *For detailed explanation of adjustments refer pages 13 to 15*
2. *As per market convention and using the definition adopted in prior periods*

Underlying profit by key line item

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	4,988	4,822	3%	**9,810**	7,855	25%
Other operating income[1]	2,339	2,218	5%	**4,557**	4,440	3%
Operating income	7,327	7,040	4%	**14,367**	12,295	17%
Operating expenses	(3,124)	(2,944)	6%	**(6,068)**	(5,406)	12%
Profit before credit impairment and income tax	4,203	4,096	3%	**8,299**	6,889	20%
Provision for credit impairment[1]	(1,621)	(1,435)	13%	**(3,056)**	(2,090)	46%
Profit before income tax	2,582	2,661	-3%	**5,243**	4,799	9%
Income tax expense	(720)	(749)	-4%	**(1,469)**	(1,365)	8%
Minority interest	2	(4)	large	**(2)**	(8)	-75%
Profit attributable to shareholders of the Company	1,864	1,908	-2%	**3,772**	3,426	10%

1. *Credit valuation adjustments on defaulted or impaired exposures of $82 million are reclassified as provision for credit impairment (Sep 2008 full year: $156 million; Sep 2009 half: $10 million reversal; Mar 2009 half: $92 million)*

Earnings per share

Earnings per ordinary share (cents)	Half year Sep 09	Half year Mar 09	Movt Sep 09 v. Mar 09	Full year Sep 09	Full year Sep 08	Movt Sep 09 v. Sep 08
Basic	64.8	66.3	-2%	**131.0**	170.4	-23%
Diluted	63.8	63.4	1%	**129.6**	162.2	-20%
Underlying[1]	79.2	89.7	-12%	**168.3**	175.9	-4%
Cash (Basic adjusted for significant items and economic hedges)	103.3	44.3	large	**150.8**	155.3	-3%
Number of fully paid ordinary shares on issue (M)	2,504.5	2,158.1	16%	**2,504.5**	2,040.7	23%
Weighted average number of ordinary shares (M)	2,341.8	2,100.7	11%	**2,221.6**	1,921.1	16%
Adjusted weighted average number of shares - diluted (M)	2,467.2	2,315.4	7%	**2,346.9**	2,116.6	11%

1. *Underlying Basic reflects adjustments between statutory profit and underlying profit. Refer pages 13 to 15 for an explanation of the adjustments*

Condensed balance sheet

	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Assets					
Liquid assets	**25,317**	26,743	25,030	-5%	1%
Due from other financial institutions	**4,985**	5,354	9,862	-7%	-49%
Trading and available-for-sale assets	**47,566**	37,494	32,657	27%	46%
Derivative financial instruments	**37,404**	57,445	36,941	-35%	1%
Net loans and advances including acceptances	**345,769**	356,800	349,851	-3%	-1%
Other	**15,946**	18,962	15,952	-16%	0%
Total assets	**476,987**	502,798	470,293	-5%	1%
Liabilities					
Due to other financial institutions	**19,924**	18,314	20,092	9%	-1%
Deposits and other borrowings	**294,370**	293,598	283,966	0%	4%
Derivative financial instruments	**36,516**	49,439	31,927	-26%	14%
Liability for acceptances	**13,762**	15,017	15,297	-8%	-10%
Bonds and notes	**57,260**	73,138	67,323	-22%	-15%
Other	**22,726**	24,925	25,136	-9%	-10%
Total liabilities	**444,558**	474,431	443,741	-6%	0%
Total equity	**32,429**	28,367	26,552	14%	22%

Financial ratios

	Half year Sep 09 $M	Half year Mar 09 $M	Full year Sep 09 $M	Full year Sep 08 $M
Profit attributable to shareholders of the Company	1,526	1,417	**2,943**	3,319
Underlying[1] profit	1,864	1,908	**3,772**	3,426
Profitability ratios				
Return on:				
Average ordinary shareholders' equity[2]	10.3%	10.4%	**10.3%**	14.5%
Average ordinary shareholders' equity[2] (underlying[1] profit basis)	12.5%	14.1%	**13.3%**	15.1%
Average assets	0.63%	0.54%	**0.58%**	0.76%
Average assets (underlying[1] profit basis)	0.76%	0.73%	**0.75%**	0.79%
Total income	11.2%	8.5%	**9.7%**	8.9%
Net interest margin	2.37%	2.22%	**2.29%**	2.01%
Net interest margin (excluding cash flow on derivatives)	2.33%	2.15%	**2.24%**	2.08%
Underlying profit per average FTE ($)	48,710	51,584	**100,821**	96,730
Efficiency ratios				
Operating expenses to operating income	44.5%	47.0%	**45.7%**	46.8%
Operating expenses to average assets	1.29%	1.18%	**1.23%**	1.31%
Operating expenses to operating income (underlying[1])	42.6%	41.8%	**42.2%**	44.0%
Operating expenses to average assets (underlying[1])	1.28%	1.12%	**1.20%**	1.24%
Credit impairment provisioning				
Collective provision charge	331	(96)	**235**	818
Individual provision charge	1,301	1,469	**2,770**	1,130
Total provision charge	1,632	1,373	**3,005**	1,948
Individual provision charge[4] as a % of average net advances	0.75%	0.81%	**0.78%**	0.31%
Total provision charge[4] as a % of average net advances	0.94%	0.76%	**0.85%**	0.56%
Underlying collective provision charge	338	(96)	**242**	818
Underlying individual provision charge[3]	1,283	1,531	**2,814**	1,272
Total underlying provision charge	1,621	1,435	**3,056**	2,090
Individual provision charge[4] as a % of average net advances	0.74%	0.85%	**0.79%**	0.36%
Total provision charge[4] as a % of average net advances	0.93%	0.79%	**0.86%**	0.61%
Credit risk on derivatives - credit intermediation trade related	(759)	812	**53**	531
Ordinary share dividends (cents)				
Interim - 100% franked (Mar 2008: 100% franked)	n/a	46	**46**	62
Final - 100% franked (Sep 2008: 100% franked)	56	n/a	**56**	74
Ordinary share dividend payout ratio[5]	92.5%	71.3%	**82.3%**	82.7%
Underlying[1] ordinary share dividend payout ratio[5]	75.6%	52.7%	**64.1%**	80.1%
Preference share dividend ($M)				
Dividend paid[6]	9	24	**33**	46

1. *Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 13 to 15 for explanation of adjustments*
2. *Average ordinary shareholders' equity excludes minority interest and preference share dividend*
3. *Includes credit valuation adjustments on defaulted or impaired exposures of $82 million (Sep 2008 full year: $156 million; Sep 2009 half: $10 million reversal; Mar 2009 half: $92 million) impairment expense on available-for-sale assets of $20 million (Sep 2008 full year: $98 million; Sep 2009 half: $nil; Mar 2009 half: $20 million) and excludes non continuing businesses of $38 million (Sep 2008 full year: $14 million; Sep 2009 half: $8 million; Mar 2009 half: $30 million)*
4. *For the purposes of this ratio the individual provision charge excludes impairment expense on available-for-sale assets*
5. *Dividend payout ratio is calculated using the 31 March 2009 interim, 30 September 2008 final and the 31 March 2008 interim dividends and the proposed 30 September 2009 final dividend*
6. *Represents dividends paid on Euro Trust Securities issued on 13 December 2004*

Financial ratios, cont'd

	As at Sep 09	As at Mar 09	As at Sep 08	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Net Assets					
Net tangible assets[1] per ordinary share ($)	**11.02**	10.94	10.72	1%	3%
Net tangible assets[1] attributable to ordinary shareholders ($M)	**27,597**	23,608	21,878	17%	26%
Total number of ordinary shares (M)	**2,504.5**	2,158.1	2,040.7	16%	23%
Capital adequacy ratio (%)					
Tier 1	**10.6%**	8.2%	7.7%		
Tier 2	**3.1%**	2.8%	3.4%		
Total capital ratio	**13.7%**	11.0%	11.1%		
Risk weighted assets ($M)	**252,069**	280,882	275,434	-10%	-8%
Impaired assets					
Collective provision ($M)	**3,000**	2,742	2,821	9%	6%
Collective provision as a % of credit risk weighted assets	**1.31%**	1.06%	1.13%	24%	16%
Gross impaired loans[2] ($M)	**4,392**	3,691	1,750	19%	large
Individual provisions on impaired loans[2] ($M)	**(1,512)**	(1,332)	(646)	14%	large
Net impaired loans ($M)	**2,880**	2,359	1,104	22%	large
Net impaired commitments and contingencies ($M)[3]	**516**	441	48	17%	large
Restructured items[4]	**673**	17	846	large	-20%
Individual provision as a % of gross impaired loans[2]	**34.4%**	36.1%	36.9%	-5%	-7%
Gross impaired loans as % of net advances[2]	**1.27%**	1.03%	0.50%	23%	large
Net impaired loans as a % of net advances[2]	**0.83%**	0.66%	0.32%	26%	large
Net impaired loans, commitments and contingencies as a % of shareholders' equity[5]	**10.5%**	9.9%	4.4%	6%	large
Other information					
Full time equivalent staff (FTE)	**37,687**	37,046	36,925	2%	2%
Assets per FTE ($M)	**12.7**	13.6	12.7	-7%	0%
Market capitalisation of ordinary shares ($M)	**61,085**	33,990	38,263	80%	60%

1. *Equals shareholders' equity less preference share capital, minority interest, unamortised goodwill and other intangibles*
2. *Excludes impaired commitments and contingencies*
3. *Net of individual provisions of $14 million (Mar 2009: $9 million; Sep 2008: $29 million)*
4. *Restructured items are facilities in which the original contractual terms have been modified to provide for concessions of interest, or principal, or other payments due, or for an extension in maturity for a non-commercial period for reasons related to the financial difficulties of a customer, and are not considered impaired. Includes both on and off balance sheet exposures*
5. *Includes minority interest*

Segment analysis

ANZ is managed principally along the geographic regions of Australia, New Zealand and Asia Pacific, Europe & America, and its global institutional client business. Within the divisional structure, Institutional Asia Pacific, Europe & America is included in both Institutional and Asia Pacific, Europe & America divisions, consistent with how this business is internally managed. Prior period results are consistently reported to ensure comparability.

Segment view (refer pages 39 to 64)

Profit after tax by region	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Australia	1,476	1,084	36%	**2,560**	2,267	13%
Asia Pacific, Europe & America	285	414	-31%	**699**	386	81%
New Zealand	103	410	-75%	**513**	773	-34%
Underlying profit	1,864	1,908	-2%	**3,772**	3,426	10%
Adjustments between statutory profit and underlying profit[1]	(338)	(491)	-31%	**(829)**	(107)	large
Profit attributable to shareholders of the Company	1,526	1,417	8%	**2,943**	3,319	-11%
Profit before credit impairment and income tax by region						
Australia	3,093	2,635	17%	**5,728**	4,849	18%
Asia Pacific, Europe & America	477	638	-25%	**1,115**	655	70%
New Zealand	633	823	-23%	**1,456**	1,385	5%
Underlying profit before credit impairment and income tax	4,203	4,096	3%	**8,299**	6,889	20%
Adjustments between statutory profit and underlying profit[1]	(295)	(619)	-52%	**(914)**	(426)	large
Profit before credit impairment and income tax	3,908	3,477	12%	**7,385**	6,463	14%

1. *Refer pages 13 to 15 for explanation of adjustments*

Net loans and advances including acceptances by region	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Australia	**247,210**	252,600	246,537	-2%	0%
Asia Pacific, Europe & America	**18,952**	22,583	21,331	-16%	-11%
New Zealand	**79,607**	81,617	81,983	-2%	-3%
Net loans and advances including acceptances	**345,769**	356,800	349,851	-3%	-1%

Customer deposits by region	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Australia	**153,481**	147,464	132,665	4%	16%
Asia Pacific, Europe & America	**30,487**	29,627	22,530	3%	35%
New Zealand	**49,173**	49,353	49,534	0%	-1%
Customer deposits	**233,141**	226,444	204,729	3%	14%

Segment analysis, cont'd

Divisional view

Profit after tax by business unit	**Half year Sep 09 $M**	**Half year Mar 09 $M**	**Movt Sep 09 v. Mar 09 %**	**Full year Sep 09 $M**	**Full year Sep 08 $M**	**Movt Sep 09 v. Sep 08 %**
Australia	1,083	938	15%	**2,021**	1,984	2%
Asia Pacific, Europe & America	290	412	-30%	**702**	433	62%
Institutional	652	749	-13%	**1,401**	771	82%
New Zealand Businesses	47	263	-82%	**310**	659	-53%
Group Centre	(49)	(162)	-70%	**(211)**	(210)	0%
less: Institutional Asia Pacific, Europe & America	(159)	(292)	-46%	**(451)**	(211)	large
Underlying profit	1,864	1,908	-2%	**3,772**	3,426	10%
Adjustments between statutory profit and underlying profit[1]	(338)	(491)	-31%	**(829)**	(107)	large
Profit attributable to shareholders of the Company	1,526	1,417	8%	**2,943**	3,319	-11%

Profit before credit impairment and income tax by business unit						
Australia	1,967	1,777	11%	**3,744**	3,300	13%
Asia Pacific, Europe & America	474	644	-26%	**1,118**	715	56%
Institutional	1,590	1,775	-10%	**3,365**	2,379	41%
New Zealand Businesses	492	576	-15%	**1,068**	1,212	-12%
Group Centre	(43)	(199)	-78%	**(242)**	(292)	-17%
less: Institutional Asia Pacific, Europe & America	(277)	(477)	-42%	**(754)**	(425)	77%
Underlying profit before credit impairment and income tax	4,203	4,096	3%	**8,299**	6,889	20%
Adjustments between statutory profit and underlying profit[1]	(295)	(619)	-52%	**(914)**	(426)	large
Profit before credit impairment and income tax	3,908	3,477	12%	**7,385**	6,463	14%

1. *Refer pages 13 to 15 for explanation of adjustments*

Review of Group Results

ANZ recorded a profit after tax of $2,943 million for the year ended 30 September 2009, a decrease of $376 million (11%) compared to the year ended 30 September 2008. Earnings per ordinary share decreased 23% to 131.0 cents reflecting the lower statutory profit and the dilutionary impact of a 16% increase in the weighted average number of ordinary shares from equity raisings. Compared to the March 2009 half, September 2009 half year profit increased $109 million or 8% and earnings per share decreased 2%.

This result includes a number of significant and non-recurring items which sit outside the ongoing business activities of the Group. Statutory profit has been adjusted to assist readers to understand the Group's underlying performance.

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Statutory profit attributable to shareholders of the Company	1,526	1,417	8%	**2,943**	3,319	-11%
Adjust for the following gains/(losses) included in statutory profit (net of tax)						
Tax on New Zealand Conduits	(196)	-	n/a	**(196)**	-	n/a
Economic hedging - fair value gains/(losses)	(709)	461	large	**(248)**	243	large
Revenue and net investment hedges	2	19	-89%	**21**	(26)	large
Gain on Visa shares	-	-	n/a	**-**	248	-100%
Organisational transformation costs	-	(17)	-100%	**(17)**	(152)	-89%
Impairment of intangible - Origin Australia	-	-	n/a	**-**	(24)	-100%
New Zealand tax rate change	-	-	n/a	**-**	1	-100%
Cash profit[1]	2,429	954	large	**3,383**	3,029	12%
One ANZ restructuring costs	(4)	(79)	-95%	**(83)**	-	n/a
ANZ share of ING NZ investor settlement	(24)	(97)	-75%	**(121)**	-	n/a
Non continuing businesses						
Credit intermediation trades	595	(664)	large	**(69)**	(371)	-81%
Other	(2)	(114)	-98%	**(116)**	(26)	large
Underlying profit	1,864	1,908	-2%	**3,772**	3,426	10%

1. *As per market convention and using the definition adopted in prior periods*

Refer pages 98 to 99 within Supplementary Information for a detailed reconciliation of statutory profit to underlying profit.

Explanation of adjustments between statutory profit and underlying profit

- Tax on New Zealand Conduits

  The New Zealand Inland Revenue Department (IRD) is conducting an industry-wide review of the taxation treatment of a number of structured finance transactions. Similar transactions by other financial institutions in New Zealand have recently been brought before the courts with decisions in favour of the IRD. As a result, a further provision of $196 million (NZD240 million) has been recognised net of indemnities provided by Lloyds Banking Group plc.

- Economic hedging – fair value gains/(losses) and mark-to-market adjustments on revenue hedges

  The Group enters into economic hedges to manage its interest rate and foreign exchange risk. The application of AASB 139: Financial Instruments – Recognition and Measurement results in 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 and USD revenue
  - income/(loss) arising from the use of the fair value option (principally arising from the valuation of the 'own name' credit spread on debt issues designated at fair value), and
  - ineffectiveness from designated accounting cash flow, fair value and net investment hedges.

  ANZ separately reports the impact of volatility due to economic hedging as an adjustment to statutory profit, as the profit or loss resulting from the transactions outlined above will reverse over time to be matched with the profit or loss from the economically hedged item as part of underlying profit.

  Funding swaps hedged by derivatives are foreign exchange rate swaps which are being used to convert the proceeds of foreign currency debt issuances into floating rate Australian Dollar and New Zealand Dollar debt ('funding swaps'). As these swaps do not qualify for hedge accounting movements in the fair values are recorded in the Income Statement. The main drivers of these fair values are currency basis spreads and the Australian Dollar and New Zealand Dollar fluctuation against other major funding currencies. The stabilisation of global financial markets has seen a normalisation of currency basis spreads. As expected, the large mark-to-market gain seen in the first half of the year of $377 million on these funding swaps has largely reversed with a loss ($426 million in the September 2009 half) as funding and currency markets stabilised. On a life to date basis, the cumulative unrealised loss on the hedges was $8 million (pre-tax) as at 30 September 2009.

Explanation of adjustments between statutory profit and underlying profit, cont'd

In the case of volatility arising from the use of the fair value option or own debt hedged by derivatives, the mark-to-market gain recorded in the March 2009 half and in prior periods on ANZ's own issued paper has more than reversed as credit spreads contracted to pre-Lehmans levels. On a life to date basis the cumulative unrealised loss on these contracts was $17 million (pre-tax) as at 30 September 2009.

The decrease in the ineffective portion of cash flow and fair value hedges in the second half September 2009 of $58 million (31 Mar 2009: $21 million loss) largely relates to the valuation of floating legs of swaps.

Impact on income statement	**Half year Sep 09 $M**	**Half year Mar 09 $M**	**Full year Sep 09 $M**	**Full year Sep 08 $M**
Timing differences where IFRS results in asymmetry between the hedge and hedged items				
Funding swaps hedged by derivatives	(426)	377	(49)	58
Use of the fair value option on own debt hedged by derivatives	(529)	299	(230)	193
Revenue and net investment hedges	3	27	30	(37)
Ineffective portion of cash flow and fair value hedges	(58)	(21)	(79)	97
Profit before tax	(1,010)	682	(328)	311
Profit after tax	(707)	480	(227)	217

Cumulative pre-tax timing differences relating to economic hedging	**As at Sep 09 $M**	**As at Mar 09 $M**	**As at Sep 08 $M**	**As at Mar 08 $M**
Timing differences where IFRS results in asymmetry between the hedge and hedged items				
Funding swaps hedged by derivatives	(8)	418	41	(50)
Use of the fair value option on own debt hedged by derivatives	(17)	512	213	142
Revenue and net investment hedges	12	9	(18)	5
Ineffective portion of cash flow and fair value hedges	21	79	100	10
	8	1,018	336	107

- Gain on Visa shares - 2008

  ANZ acquired shares in Visa Inc. preceding the initial public offering in 2008, resulting in a gain of $353 million ($248 million after tax) being the fair value of the shares issued to ANZ. Visa shares not sold into the initial public offering are held as an available-for-sale asset.

- Organisational transformation initiatives

  ANZ continued an organisational transformation program which commenced in the September 2008 half, including process re-engineering and transitioning roles to Bangalore. In 2008, costs of $218 million ($152 million after tax) were incurred relating to process re-engineering within Operations, Technology and Shared Services, an ATM write-off relating to a network upgrade and organisational transformation within our New Zealand business. In 2009, ANZ incurred costs of $24 million ($17 million after tax) relating to the projects, including project team costs and associated travel. It is estimated benefits approaching $100 million from these transformations have flowed through our results in 2009, with full annualised benefits approaching $130 million by 2010.

- Impairment of intangible - Origin Australia - 2008

  In 2008 an expense of $34 million ($24 million after tax) has been recognised on an Origin Australia intangible asset reflecting the winding back of the mortgage origination business.

- Impact of NZ tax rate change - 2008

  In May 2007, the New Zealand Government announced a reduction in company tax rate from 33% to 30%. For ANZ, this took effect from 1 October 2008 and resulted in an adjustment of $1 million in 2008 in relation to restatement of net deferred tax asset balances.

- One ANZ restructuring costs

  On 9 September 2008, ANZ announced a new business model and organisation structure to accelerate progress with its strategy to become a super regional bank, lift customer focus and drive performance improvement. The new structure became effective on 1 October 2008, with the new business model being progressively established. As a result, restructuring costs of $118 million ($83 million after tax) were incurred. It is estimated benefits approaching $100 million from these transformations have flowed through our results, predominantly in the second half of 2009, with full annualised benefits approaching $150 million.

Explanation of adjustments between statutory profit and underlying profit, cont'd

- ANZ share of ING NZ investor settlement (refer Note 15)

  Trading in the ING Diversified Yield Fund and the ING Regular Income Fund ("the Funds") was suspended on 13 March 2008 due to deterioration in the liquidity and credit markets. These funds are managed by the joint venture partner (ING (NZ) Limited). Some of these funds were sold to ANZ National Bank customers. On 5 June 2009, ING (NZ) Limited made an offer to investors in the Funds. The offer closed on 13 July 2009. Investors holding approximately 99% of the funds accepted the offer to receive a payment of 60 cents per unit in the ING Diversified Yield Fund or 62 cents per unit in the ING Regular Income Fund, either (i) in cash, or (ii) by way of deposit in an on-call account with ANZ National, paying 8.30% per annum fixed for up to five years.

  Acceptance of this offer was conditional on investors waiving all claims. However, ANZ National Bank customers were offered an additional opportunity, for a limited period of time, to ask the ANZ National Bank customer complaints team (and, where still unsatisfied, the New Zealand Banking Ombudsman) to consider requests for additional compensation. The estimated cost to the Group of $173 million ($121 million after tax) has been recognised as a reduction to Other operating income in the Income Statement. This includes $138 million ($97 million after tax) in the March 2009 half and a further $35 million ($24 million after tax) in the September 2009 half following the take up of the offer.

- Credit risk on impaired derivatives (nil profit after tax impact)

  Reclassification of a reduction of $82 million from other operating income to provision for credit impairment (2008 full year: $156 million; Sep 2009 half: $10 million reversal; Mar 2009 half: $92 million) in relation to credit valuation adjustments on defaulted and impaired derivative exposures.

- Structured transaction (nil profit after tax impact)

  In 2008 the Group entered into a structured transaction which caused a reduction of $127 million in other operating income offset by a similar reduction in income tax expense.

- Non Continuing Business

  As part of the new business model for ANZ established in the first half, Institutional reviewed its existing business portfolio in light of its new strategic and business goals to determine the optimal structure for the division. As a result, new business has ceased in several product areas, including the Alternative Assets and Private Equity businesses. The Group's structured credit intermediation trades are also included within non continuing businesses. A summary of the impact of non continuing businesses follows:

Non continuing businesses	**Half year Sep 09 $M**	**Half year Mar 09 $M**	**Movt Sep 09 v. Mar 09 %**	**Full year Sep 09 $M**	**Full year Sep 08 $M**	**Movt Sep 09 v. Sep 08 %**
Net interest income	1	(1)	large	**-**	(5)	-100%
Other operating income	753	(925)	large	**(172)**	(512)	-66%
Operating income	754	(926)	large	**(172)**	(517)	-67%
Operating expenses	(6)	(9)	-33%	**(15)**	(38)	-61%
Profit before credit impairment and income tax	748	(935)	large	**(187)**	(555)	-66%
Provision for credit impairment	(1)	(30)	-97%	**(31)**	(14)	large
Profit before income tax	747	(965)	large	**(218)**	(569)	-62%
Income tax expense	(154)	187	large	**33**	172	-81%
Profit/(Loss)	593	(778)	large	**(185)**	(397)	-53%

Underlying profit

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	4,988	4,822	3%	**9,810**	7,855	25%
Other operating income[1,2]	2,339	2,218	5%	**4,557**	4,440	3%
Operating income	7,327	7,040	4%	**14,367**	12,295	17%
Operating expenses	(3,124)	(2,944)	6%	**(6,068)**	(5,406)	12%
Profit before credit impairment and income tax	4,203	4,096	3%	**8,299**	6,889	20%
Provision for credit impairment[1]	(1,621)	(1,435)	13%	**(3,056)**	(2,090)	46%
Profit before income tax	2,582	2,661	-3%	**5,243**	4,799	9%
Income tax expense[2]	(720)	(749)	-4%	**(1,469)**	(1,365)	8%
Minority interest	2	(4)	large	**(2)**	(8)	-75%
Profit attributable to shareholders of the Company	1,864	1,908	-2%	**3,772**	3,426	10%

1. *Credit valuation adjustments on defaulted or impaired exposures of $82 million are reclassified as provision for credit impairment (2008 full year: $156 million; Sep 2009 half: $10 million reversal; Mar 2009 half: $92 million)*
2. *In 2008 a structured transaction of $127 million is reclassified from a reduction in other operating income to income tax expense*

- **2009 result**

Underlying profit increased by $346 million (10%) to $3,772 million for the full year ended 30 September 2009.

Operating income was up 17% with Institutional benefiting from volatility in global markets. Net interest income was up 25% with an increase in average interest earning assets of 9% and an increase in customer deposits of 14%. Net interest margin (excluding cash flow on derivatives) increased 16 basis points reflecting the return to more normal levels and a repricing for risk.

Operating expenses grew 12% with the increases concentrated in our strategic growth area of Asia Pacific, Europe & America. Within the Australia and New Zealand regions, Institutional drove the majority of the cost growth through an increase in frontline staff and remuneration costs associated with attracting and retaining staff. Cost growth in New Zealand was limited to only 1%.

Provision for credit impairment increased $966 million to $3,056 million with the increase mainly across Australia and New Zealand reflecting the deteriorating economic conditions experienced in these regions.

- **Comparison with March 2009 half**

Underlying profit decreased by $44 million (2%) to $1,864 million for the half year ended 30 September 2009. Excluding exchange rate impacts, underlying profit was up 1%.

Operating income growth of 4% reflected growth in net interest income following an increase in net interest margin (excluding cash flow on derivatives) of 18 basis points partly offset by a reduction in average interest earning assets of 3% and higher earnings from our Asian partnerships. Growth was also impacted 2% by a reversal of first half mark-to-market gains on credit default swap contracts hedging credit risk in large institutional customers.

Operating expenses grew 6% largely from increased remuneration costs, particularly in Institutional and increased project expenditure on transformation initiatives.

Provision for credit impairment increased $186 million (13%) with further deterioration in the New Zealand economy.

Cash profit

The table below shows cash profit as per previous market convention and using definitions adopted in prior periods.

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	4,989	4,821	3%	**9,810**	7,850	25%
Other operating income	3,067	1,063	large	**4,130**	3,645	13%
Operating income	8,056	5,884	37%	**13,940**	11,495	21%
Operating expenses	(3,135)	(3,066)	2%	**(6,201)**	(5,444)	14%
Profit before credit impairment and income tax	4,921	2,818	75%	**7,739**	6,051	28%
Provision for credit impairment	(1,632)	(1,373)	19%	**(3,005)**	(1,948)	54%
Profit before income tax	3,289	1,445	large	**4,734**	4,103	15%
Income tax expense	(862)	(487)	77%	**(1,349)**	(1,066)	27%
Minority interest	2	(4)	large	**(2)**	(8)	-75%
Cash profit	2,429	954	large	**3,383**	3,029	12%

Income and expenses

Net Interest Income

Group	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	4,986	4,822	3%	**9,808**	7,850	25%
Average interest earning assets	419,867	435,103	-4%	**427,464**	390,775	9%
Net interest margin (%)	2.37	2.22	7%	**2.29**	2.01	14%
Group (excluding cash flow on derivatives)						
Net interest income	4,911	4,657	5%	**9,568**	8,143	17%
Average interest earning assets	419,867	435,103	-4%	**427,464**	390,775	9%
Net interest margin (%)	2.33	2.15	8%	**2.24**	2.08	7%

- **2009 result**

Net interest income at $9,808 million was 25% ($1,958 million) higher than in the September 2008 year.

Volume

Average interest earning assets increased $36.7 billion (9%):

- Net advances grew by $23.0 billion (7%). Australia region grew by $16.7 billion (7%), primarily in Mortgages ($15.1 billion) reflecting increased market share and customer demand, and Specialised Lending ($1.4 billion). New Zealand grew $1.8 billion or 2%, however excluding the impact of exchange rate movements growth was $3.9 billion or 5%, due mainly in the Rural, Retail and Commercial Banking businesses. Asia Pacific, Europe & America region grew by $4.5 billion or 26%. Growth, excluding the impact of exchange rate movements, was $1.1 billion, mainly in Asia reflecting the ongoing business expansion in the region.
- Other interest earning assets increased by $13.7 billion or 22%. Excluding the impact of exchange rate movements, growth was $8.0 billion driven by increases in trading and available-for-sale assets ($6.2 billion), interbank lending ($1.6 billion) and higher liquid assets ($1.5 billion).

Average deposits and other borrowings increased $31.6 billion (12%):

- Customer deposits grew by $31.1 billion (16%). Australia region grew by $19.8 billion (16%) due primarily to an uplift in term deposits driven by competitive pricing and customer acquisition. New Zealand region grew by $0.6 billion (1%, or $1.9 billion, 4% excluding the impact of exchange rate movements), largely in the Retail and Markets businesses. Asia Pacific, Europe & America region grew by $10.7 billion (57% or $6.7 billion, 29% excluding the impact of exchange rate movements), across all countries driven by deposit raising strategies and customer acquisitions.
- Wholesale funding increased by $0.5 billion. Excluding the impact of exchange rate movements, wholesale funding decreased by $1.6 billion or 2%, driven mainly by a decrease in commercial paper as a result of the global credit market conditions and growth in customer deposits.

Loan capital and Bonds and notes increased by $1.1 billion (1%), in part due to the switch from shorter term wholesale funding.

Margin

Net interest margin increased by 16 basis points to 2.29% after adjusting for the impact of funding benefits associated with unrealised trading gains and losses on derivatives (+12 basis points, $524 million directly offset in profit on trading instruments). The main drivers of improved margin performance were:

- Improved asset margin from repricing activities and rate adjustments (+45 basis points) which were required to offset higher funding costs and increased risk in the loan book as a result of the flow through effects of the global credit crisis. Higher funding costs came through as an increase in wholesale funding costs (-6 basis points), lower margin on deposits (-28 basis points) and lower interest on capital (-7 basis points).
- Markets (+5 basis points) continued to perform strongly in their balance sheet businesses (+8 basis points) partly offset by the mix impact of Markets balance sheet on the Group (-3 basis points).
- Additional capital raised during 2009, mainly through the share purchase and share placement plans, had a +4 basis points mix impact on margin.
- Other Asset and Funding mix changes (+4 basis point) were as a result of a lower proportion of wholesale funding (+7 basis points), favourable benefit from non interest bearing items (-3 basis point). Asset mix impact was neutral.
- Other items (-1 basis point) include New Zealand lower mortgage prepayment income (-1 basis point) driven by the downward movement in New Zealand market rates, higher sub-debt premiums (-1 basis point) and other net impacts (+1 basis point).

Income and expenses, cont'd

Net Interest Income, cont'd

- **Comparison with March 2009 half**

Net interest income at $4,986 million for the September 2009 half was 3% ($164 million) higher than the March 2009 half.

Volume

Average interest earning assets decreased $15.2 billion (4%):

- Net advances decreased by $11.7 billion (3%). Australia decreased by $3.3 billion (1%), primarily in Relationship & Specialised Lending ($8.2 billion), reflecting corporate capital raisings during the second half used to repay bank debt as credit markets recovered. This was partly offset by an increase in Mortgages ($5.7 billion), due to strong customer demand and market growth. New Zealand decreased by $3.9 billion or 5% however excluding the impact of exchange rate movements, decreased $1.1 billion or 1%, primarily from a reduction in Corporate Loans in Relationship & Specialised Lending. Asia Pacific, Europe & America region decreased by $4.5 billion (18% or a decline of $0.7 billion, 4% excluding exchange rate movements), primarily through reductions in the United Kingdom ($0.8 billion) and America ($0.4 billion), partially offset by growth in Asia ($0.4 billion).
- Other interest earning assets decreased by $3.5 billion or 5%. Excluding the impact of exchange rate movements, other interest earning assets increased by $1.0 billion or 1%, due primarily to an increase in trading and investment securities ($6.5 billion). This was partly offset by a reduction in liquid assets ($3.0 billion) and interbank lending ($2.8 billion), in part due to a decrease in cash held as collateral for derivatives.

Average deposits and other borrowings decreased $8.7 billion (3%):

- Customer deposits grew by $12.8 billion (6%). Australia grew by $7.9 billion (5%) as a result of competitive pricing and customer acquisition. New Zealand decreased by $0.7 billion or 1% due to impact of exchange rate movements. Excluding the impact of exchange rate movements, deposits increased by $1.0 billion or 2%, mainly in the Retail businesses. Asia Pacific, Europe & America region increased by $5.6 billion (21% or $9.8 billion, 44% excluding exchange rate movements), driven by deposit raising strategies and customer acquisitions.
- Wholesale funding decreased by $21.5 billion (28%, or $18.6 billion, 25% excluding the impact of exchange rate movements), driven mainly by a decrease in commercial paper and certificate of deposits, following the growth in customer deposits and a switch from short-term to long-term funding.

Loan capital and Bonds and notes increased by $0.2 billion.

Margin

Net interest margin increased by 21 basis points to 2.37% after adjusting for the impact of funding costs associated with unrealised trading gains on derivatives (-6 basis points, -$124 million directly offset in Trading Income). The improved margin performance was driven by actions taken to recover higher funding costs incurred due to the global credit crisis and repricing for risk inherent in the loan book:

- Asset repricing had a +29 basis points impact partly offset by higher wholesale funding costs (-6 basis points), lower deposit margin (-11 basis points) due to strong competition to attract customer deposits and lower returns on rate insensitive deposits, and lower interest on capital (-6 basis points) in line with the declining rate environment.
- Markets (+8 basis points) margin contribution includes stronger results from the balance sheet businesses (+9 basis points) partly offset by the mix impact of Markets balance sheet on the Group (-1 basis points).
- Additional capital raised during the second half of 2009, mainly through the share purchase and share placement plans, had a +4 basis points mix impact on margin.
- Other Asset and Funding mix changes (+6 basis points) were impacted by a reduction in the proportion of low margin wholesale funding (+2 basis points), increase in non-interest bearing deposits and other non interest bearing items (+2 basis points) and favourable Asset mix change (+2 basis point).
- Other items (-3 basis points) include New Zealand lower mortgage prepayment income (-1 basis point) driven by a downward movement in New Zealand market rates and higher brokerage costs (-1 basis point). Net other impacts (-1 basis point).

Income and expenses, cont'd

Other Operating Income

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Fee income	1,378	1,324	4%	**2,702**	2,622	3%
Foreign exchange earnings	393	539	-27%	**932**	689	35%
Profit on trading instruments	222	90	large	**312**	506	-38%
Other	346	265	31%	**611**	623	-2%
Underlying other operating income	2,339	2,218	5%	**4,557**	4,440	3%
Economic hedging - fair value gains/(losses)	(1,013)	655	large	**(358)**	348	large
Revenue and net investment hedges	3	27	-89%	**30**	(37)	large
Gain on Visa Shares	-	-	n/a	**-**	353	-100%
ANZ share of ING NZ investor settlement	(35)	(138)	-75%	**(173)**	-	n/a
Credit risk on impaired derivatives[1]	10	(92)	large	**(82)**	(156)	-47%
Structured transaction	-	-	n/a	**-**	(127)	-100%
Non continuing businesses						
Credit intermediation trades	759	(812)	large	**(53)**	(531)	-90%
Other	(6)	(113)	-95%	**(119)**	19	large
Other operating income	2,057	1,745	18%	**3,802**	4,309	-12%

Composition of Global Markets Underlying income

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	445	493	-10%	**938**	83	large
Foreign exchange earnings	297	475	-37%	**772**	526	47%
Profit on trading instruments	292	33	large	**325**	493	-34%
Fee and other income	91	65	40%	**156**	139	12%
Total Markets income	1,125	1,066	6%	**2,191**	1,241	77%

1. *Reclassified to credit provisions on page 23*

- **2009 result**

Other operating income decreased $507 million (12%). Excluding the adjustments between statutory profit and underlying profit (refer pages 13 to 15), underlying other operating income increased $117 million (3%).

The following movements relate to underlying other operating income:

- Fee income increased $80 million (3%):
  - Lending fee income increased $169 million (28%) due mainly to the Institutional businesses across the regions. Australia increased $110 million: Markets increased $36 million with higher fees in the securitisation business, growth in volumes drove a $24 million increase in Relationship Lending. Transaction Banking increased $11 million and Consumer Cards and Unsecured Lending increased $9 million primarily reflecting volume growth. Asia Pacific, Europe & America increased $39 million due to a $26 million increase in North Asia driven mainly by Hong Kong and a $10 million increase in South Asia due to pricing initiatives. New Zealand increased $20 million primarily reflecting volume growth.
  - Non-lending fee income decreased $89 million (4%). Australia decreased $102 million with Investment & Insurance Products decreasing $48 million due to a decline in earnings as a result of the downturn in investment markets. Relationship Banking decreased $18 million and Specialised Lending reduced $17 million both driven by lower volumes. New Zealand decreased $21 million, however excluding the impact of exchange rates, the decrease was $11 million with a $9 million reduction in Retail primarily as a result of lower transactional volumes. Asia Pacific, Europe & America increased $34 million as a result of growth in card fees driven by higher Indonesian volumes and an increase in Singapore due to volume growth in Specialised Lending.
- Foreign exchange earnings increased $243 million (35%). Australia increased $114 million with a $134 million increase in Markets as a result of volatility in global currency markets and higher sales volumes, an $18 million increase in Transaction Banking driven by exchange rate market volatility offset by a $30 million reduction in Group Centre as a result of lower revenue hedge gains. Asia Pacific, Europe & America grew $103 million with North Asia up $33 million reflecting increased earnings in Taiwan and Korea, UK & Europe increased $27 million as a result of volatility in global currency markets and higher sales volumes, South Asia was $25 million higher due to market volatility resulting in increased earnings in Indonesia, and Pacific was $12 million higher due to increased earnings in Papua New Guinea. New Zealand increased $26 million due to strong Institutional earnings.

Income and expenses, cont'd

Other Operating Income, cont'd

- Profit on trading instruments decreased $194 million which included a $524 million decrease in unrealised trading gains directly offset by an increase in net interest income. Excluding this offset, the Markets business has performed strongly, benefiting from increased volatility in the interest rate market and higher sales volumes.
- Other income decreased $12 million (2%).
  - Asia Pacific, Europe & America increased $123 million with North Asia $170 million higher principally as a result of higher equity accounted income from our investments in Shanghai Rural Commercial Bank (SRCB) and Bank of Tianjin (BoT). ANZ's equity accounted earnings benefited by approximately $95 million from adjustments relating to an improved assessment of credit provisioning requirements. South Asia decreased $35 million due to a $40 million turnaround in the mark-to-market on Panin Warrants ($14 million loss in 2009 and a $26 million gain in 2008), a $25 million write-down of the investment in Saigon Securities Incorporation (SSI) and a non recurrence of a $17 million mark-to-market gain on SSI options in 2008 offset by $47 million higher equity accounted earnings from our investment in AMMB Holdings Berhad (AMMB) following the increase in ownership to 24% from 19%
  - Australia decreased $141 million with Group Centre $56 million lower principally due to property sale profits booked in 2008. INGA earnings reduced $51 million as a result of the downturn in investment markets. Markets decreased $31 million due mainly to the deconsolidation of Stadium Australia during 2008.
- Movements in average exchange rates increased total other operating income by $42 million.

Total Global Markets income is affected by mix impacts between the categories within other operating income and net interest income. Total Global Markets income increased $950 million, including a $95 million increase in other operating income, with strong sales, trading and balance sheet revenue generated in a volatile market.

▪ **Comparison with March 2009 half**

Other operating income increased $312 million (18%) from the March 2009 half. Excluding the adjustments between statutory profit and underlying profit, underlying other operating income increased $121 million (5%).

The following movements relate to underlying other operating income:

- Fee income increased $54 million (4%)
  - Lending fee income increased $42 million (12%):
    - Australia increased $29 million due mainly to pricing initiatives in Relationship Lending and Transaction Banking.
  - Non-lending fee income increased $12 million (1%):
    - Australia increased $30 million (4%). Specialised Lending grew $23 million due mainly to higher termination fees. Markets increased $13 million as a result of a strong performance from the Syndication business.
    - Asia Pacific, Europe & America decreased $9 million (10%). Pacific decreased $5 million largely in Fiji.
    - New Zealand decreased $9 million, however excluding the impact of exchange rates, the decrease was $2 million.
- Foreign exchange earnings decreased $146 million. Asia Pacific, Europe & America decreased $91 million with Europe $30 million lower as a result of reduced market volatility, South Asia reduced $22 million due to lower earnings in Indonesia, North Asia was $18 million lower reflecting reduced earnings in Hong Kong and Taiwan, and Pacific decreased $18 million due to lower earnings in Papua New Guinea. Australia decreased $34 million due to a $71 million reduction in Markets as a result of lower market volatility and a $45 million increase in Group Centre due to higher revenue hedge gains. New Zealand decreased $21 million given lower market volatility.
- Profit on trading instruments increased $132 million which included a $124 million increase in unrealised trading gains directly offset by a decrease in net interest income. Balance Sheet Management decreased $128 million due primarily to mark-to-market impacts of credit derivatives used to hedge existing customer exposures as a result of contracting spreads. Excluding these impacts, the Markets business has benefited from volatility in the interest rate market and higher sales volumes.
- Other income increased $81 million (31%):
  - Asia Pacific, Europe & America increased $54 million with South Asia $103 million higher due mainly to a $56 million turnaround in the mark-to-market on Panin Warrants (Mar 2009 half: $35 million loss; Sep 2009 half: $21 million gain), a $25 million write-down of the investment in SSI during the first half, $18 million higher equity accounted earnings from our investment in AMMB and a $13 million change in the mark-to-market on SSI options. North Asia decreased $47 million due primarily to lower equity accounted earnings from SRCB of $58 million partly offset by higher earnings from BoT of $11 million. The impact of the improved assessment of credit provisioning in SRCB and BoT benefited the March half by $27 million more than the September half.
  - Australia increased $46 million due to increased INGA earnings of $27 million as a result of improved investment markets. Investment and Insurance Products increased $16 million due to increased volumes in ETrade.
  - New Zealand reduced $24 million mainly as a result of the sale of 16 bank branches in the March 2009 half.
- Movements in average exchange rates decreased total other operating income $65 million.

Total Global Markets income is affected by mix impacts between the categories within other operating income and net interest income. Total Global Markets income increased $59 million.

Income and expenses, cont'd

Expenses

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Personnel expenses	1,824	1,769	3%	**3,593**	3,244	11%
Premises expenses	275	281	-2%	**556**	511	9%
Computer expenses	413	351	18%	**764**	607	26%
Other expenses	612	543	13%	**1,155**	1,044	11%
Underlying operating expenses	3,124	2,944	6%	**6,068**	5,406	12%
Impairment of intangible - Origin Australia	-	-	n/a	**-**	34	-100%
One ANZ restructuring costs	5	113	-96%	**118**	-	n/a
Non continuing businesses						
Other	6	9	-33%	**15**	38	-61%
Organisational transformation costs[1]	-	24	-100%	**24**	218	-89%
Total operating expenses	3,135	3,090	1%	**6,225**	5,696	9%
Total employees	37,687	37,046	2%	**37,687**	36,925	2%

1. *Mar 2009 comprises personnel costs of $6 million, computer costs of $3 million and other costs of $15 million (2008 comprises personnel costs of $172 million, computer costs of $2 million and other costs of $44 million) (refer page 14)*

- **2009 result**

Operating expenses increased $529 million (9%). Excluding the adjustments between statutory profit and underlying profit (refer pages 13 to 15), underlying operating expenses increased $662 million (12%). Across the Group, movements in exchange rates contributed 1% of the increase. Excluding this, around 35% of the dollar cost growth was attributable to Asia Pacific, Europe & America (costs up 54%) with substantial investment in expanding branch networks across the region, increased resources to drive the growth agenda. Within the Australia and New Zealand regions, Institutional drove the majority of the cost growth, up 19% and representing 32% of the Group's total cost growth through investment in the "Rebuild and Refocus" program and increased remuneration costs. Elsewhere in Australia, costs in the Australian division were up only 4%, however there was an increase in centrally funded transformation projects and infrastructure investment in the Group Centre. Cost growth was limited to 1% (or 4% in NZD) in New Zealand region.

The following movements relate to underlying operating expenses:

- Personnel costs were up $349 million (11%) as a result of growth in remuneration costs associated with attracting and retaining talent and additional bankers and specialists to support growth. Increases in staff numbers were in Asia Pacific, Europe & America with North Asia increasing 259 employees and South Asia up 568 employees due to continued growth in the business.
- Premises costs increased $45 million (9%), driven mainly by a $30 million higher rental expense reflecting additional space requirements, the impact of the sale and leaseback program and market rental growth.
- Computer costs grew $157 million (26%), due to increased software purchased of $50 million including higher licence costs and increasing technology initiatives, higher amortisation charges of $31 million, a $24 million increase in software written-off, a $15 million increase on computer contractors, $11 million increased rentals and repairs, $8 million higher data communications costs and a $23 million increase in other computer costs which include super regional network costs.
- Other expenses increased $111 million (11%). Professional fees grew $21 million including an increase in Group Centre due to various project work. Advertising costs increased $13 million due mainly to increased marketing costs in South Asia. Card processing costs increased $9 million reflecting increased volumes. Stamp and other duties grew $8 million due mainly to a $5 million increase in Esanda. Loss on sale of furniture and fittings increased $8 million, due to write-offs. Depreciation of furniture and fittings increased $6 million, insurance costs grew $5 million and telephone costs increased $5 million. New Zealand other expenses increased $26 million including the full half impact from the acquisition of a controlled entity during the second half of 2008. Travel costs reduced $22 million due to increased focus on cost management.
- Movements in exchange rates increased costs $62 million.

Income and expenses, cont'd

Expenses, cont'd

- **Comparison with March 2009 half**

Operating expenses increased $45 million (1%) from the March 2009 half. Excluding the adjustments between statutory profit and underlying profit (refer pages 13 to 15), underlying operating expenses increased $180 million (6%). Movements in exchange rates decreased costs by 3%. Most cost growth in the second half was in the Australian region (up 10%) with cost growth of 20% in Institutional driven by higher remuneration costs and investment in the "Rebuild and Refocus" program. Group Centre costs were up substantially reflecting costs associated with Group transformation programs and infrastructure investment. Asia Pacific, Europe & America growth of 14% (foreign exchange adjusted) reflected continued investment in expanding distribution across the region and increased resources to support the growth agenda. Costs were flat in New Zealand.

The following movements relate to underlying operating expenses:

- Personnel expenses increased $55 million (3%) as a result of higher remuneration costs associated with attracting and retaining staff and a 2% increase in employee numbers in growth businesses. Increases in staff numbers were in Asia Pacific, Europe & America with North Asia increasing 170 employees and South Asia up 163 employees due to continued growth in the business, partially offset by staff reductions due to the One ANZ restructure.
- Premises costs decreased $6 million (2%) with an $11 million reduction in rental expense with small decreases spread throughout Asia Pacific, Europe & America.
- Computer costs increased $62 million (18%), due to a $16 million increase in other computer costs which include super regional network costs, a $14 million increase in software purchased due to increasing technology initiatives, a $13 million increase in software written-off and an $11 million increase in computer contractors.
- Other expenses increased $69 million (13%). Professional fees increased $23 million including an increase in Group Centre and Australia. Non lending losses increased $24 million due to an increase in Australia. Advertising costs increased $13 million due to seasonality of spend in Australia.
- Movements in exchange rates decreased costs $86 million.

Credit risk (including credit risk on derivatives)

Provision for credit impairment charge

Total credit impairment charge relating to lending assets, commitments and debt securities classified as available-for-sale assets increased $1,057 million from September 2008 to $3,005 million. The underlying credit impairment charge increased $966 million to $3,056 million. The challenging economic environment, reducing business confidence and rising levels of commercial losses combined to put pressure on the provisioning levels. The individual provision charge increased across all regions partially offset by a decrease in collective provision charge, primarily as a result of a release of concentration risk provision taken up in 2008 as losses were crystallised, a lower economic cycle adjustment charge and reduced lending volumes.

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Australia	981	1,072	-8%	**2,053**	1,663	23%
Asia Pacific, Europe & America	154	122	26%	**276**	176	57%
New Zealand	486	241	large	**727**	251	large
Underlying provision for credit impairment charge	1,621	1,435	13%	**3,056**	2,090	46%
Non continuing businesses	1	30	-97%	**31**	14	large
Credit risk on impaired derivatives[1]	10	(92)	large	**(82)**	(156)	-47%
Provision for credit impairment charge	1,632	1,373	19%	**3,005**	1,948	54%

1. *Credit valuation adjustments on defaulted or impaired exposures of $82 million are reclassified as provision for credit impairment (2008 full year: $156 million; Sep 2009 half: $10 million reversal; Mar 2009 half: $92 million). Refer page 15*

Individual provision charge

Total individual provision charge increased $1,640 million to $2,770 million from September 2008.

The underlying individual provision charge increased $1,542 million to $2,814 million. The increase in Australia of $1,199 million was driven by higher loss rates across all portfolios within the region, and rising levels of bankruptcies and commercial losses in line with higher business liquidations and lower realisable asset values as well as the large single provisions raised for customers within the Commercial Property, Finance and Brokering Services portfolios in Institutional Australia. The increase in New Zealand of $349 million occurred across all segments as weaker global and local economic conditions impacted export, household incomes, consumer spending and business sectors. The Asia Pacific, Europe & America increase of $72 million was due to higher losses in South Asia, Indonesia Cards as well as commercial property downgrades in Cambodia and North Asia.

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Australia	897	1,290	-30%	**2,187**	988	large
Asia Pacific, Europe & America	58	43	35%	**101**	29	large
New Zealand	328	178	84%	**506**	157	large
Underlying individual provision charge for loans and advances	1,283	1,511	-15%	**2,794**	1,174	large
Individual provision charge as a % of average net advances	0.74%	0.85%		**0.79%**	0.36%	
Impairment on AFS assets[1]	-	20	-100%	**20**	98	-80%
Total underlying individual provision charge	1,283	1,531	-16%	**2,814**	1,272	large
Non continuing businesses	8	30	-73%	**38**	14	large
Credit risk on impaired derivatives	10	(92)	large	**(82)**	(156)	-47%
Total individual provision charge	1,301	1,469	-11%	**2,770**	1,130	large

1. *Impairment on AFS assets impacts on Asia Pacific, Europe & America.*

Credit risk (including credit risk on derivatives), cont'd

Individual provision charge, cont'd

Underlying new and increased provisions	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Australia	1,033	1,389	-26%	**2,422**	1,142	large
Asia Pacific, Europe & America	66	51	29%	**117**	42	large
New Zealand	356	190	87%	**546**	185	large
New and increased provisions for loans and advances	1,455	1,630	-11%	**3,085**	1,369	large

Underlying recoveries and writebacks						
Australia	(136)	(99)	37%	**(235)**	(154)	53%
Asia Pacific, Europe & America	(8)	(8)	0%	**(16)**	(13)	23%
New Zealand	(28)	(12)	large	**(40)**	(28)	43%
Recoveries and writebacks	(172)	(119)	45%	**(291)**	(195)	49%

Collective provision charge

The collective provision charge decreased $583 million during the year to $235 million, with a decrease in Australia partially offset by increases in New Zealand and Asia Pacific, Europe & America. The decrease in Australia was due mainly to lower institutional lending and concentration provision releases following defaults by a number of large customers within Institutional crystallising losses which were provided for in 2008. This was partly offset by increases within the Cards portfolio due to higher delinquencies and bankruptcies, and risk deterioration in Esanda and Investment and Insurance Products. The New Zealand charge increased $127 million reflecting a rise in unsecured consumer delinquencies and a weakening risk profile across the portfolio. Unfavourable risk movements were also experienced in Asia Pacific, Europe & America, particularly across Europe and America and this, coupled with refinements to methodology, resulted in increased charges of $106 million.

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

Collective provision charge by source	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Lending growth	(69)	67	large	**(2)**	197	large
Risk profile	110	141	-22%	**251**	200	26%
Portfolio mix	(15)	2	large	**(13)**	(36)	-64%
Economic cycle adjustment	111	(78)	large	**33**	225	-85%
Concentration risk	194	(228)	large	**(34)**	300	large
Other[1]	-	-	n/a	**-**	(68)	-100%
Collective provision charge	331	(96)	large	**235**	818	-71%

Underlying collective provision charge by region						
Australia	84	(218)	large	**(134)**	675	large
Asia Pacific, Europe & America	96	59	63%	**155**	49	large
New Zealand	158	63	large	**221**	94	large
Collective provision charge	338	(96)	large	**242**	818	-70%
Non continuing businesses	(7)	-	n/a	**(7)**	-	n/a
Collective provision charge	331	(96)	large	**235**	818	-71%

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*

Credit risk (including credit risk on derivatives), cont'd

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 IFRS credit loss provisioning. The expected loss methodology is used internally for return on equity analysis and reporting. Expected loss was $1,627 million, an increase of $65 million over the September 2008 full year.

	% of Group exposure at default	Full year Sep 09	Full year Sep 08
Australia	68%	0.32%	0.31%
Asia Pacific, Europe & America	11%	0.36%	0.28%
New Zealand	21%	0.28%	0.25%
Total	**100%**	**0.31%**	**0.29%**
Expected loss ($million)		1,627	1,562

Credit risk loss/(gain) on derivatives

ANZ recognised an expense of $135 million on credit risk on derivatives (comprising structured credit intermediation trades and impaired derivatives transacted with corporate customers) during the year ended 30 September 2009 (2008: $687 million).

Credit risk on derivatives	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Credit intermediation trade related[1]	(759)	812	large	**53**	531	-90%
Credit risk on impaired derivatives	(10)	92	large	**82**	156	-47%
Credit risk on derivatives	(769)	904	large	**135**	687	-80%

1. In 2009 ANZ partially hedged the foreign currency exposure relating to structured credit intermediation trades. Included in the charge is a $155 million loss on foreign currency hedges (Sep 2009 half: $150 million; Mar 2009 half: $5 million)

Structured credit intermediation trades

ANZ entered into a series of structured credit intermediation trades from 2004 to 2007. The underlying structures involve credit default swaps (CDS) over synthetic collateralised debt obligations (CDOs) (78%), portfolios of external collateralised loan obligations (CLOs) (13%) or specific bonds/floating rate notes (FRNs) (9%) for the deals outstanding at 30 September 2009. ANZ sold protection using credit default swaps over these structures and then to mitigate risk purchased protection via credit default swaps over the same trades from eight US financial guarantors.

Financial impacts on credit intermediation	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Mark-to-market credit exposure	1,010	3,268	1,693	-69%	-40%
Risk weighted assets relating to financial guarantors	3,572	5,335	2,238	-33%	60%
Credit risk adjustments (cumulative)	584	1,343	531	-57%	10%

As derivatives, both the sold protection and purchased protection are marked-to-market. Prior to the commencement of the global credit crisis, gains and losses were not significant and largely offset each other in income. At 30 September 2009, the value of the obligation under the sold protection is USD897 million, for which the purchased protection has provided only a partial offset as:

- one of the purchased protection counterparties has defaulted and many of the remaining were downgraded, and
- ANZ makes a credit valuation adjustment on the remaining counterparties reflective of changes to credit spreads.

The current charge includes $85 million in realised losses relating to restructuring trades to reduce risks which were unhedged due to default by the purchased protection counterparty. It also includes net foreign exchange hedging losses.

The credit risk expense on structured credit derivatives is very volatile reflecting the impact of market movements in credit spreads and USD/AUD rates. It is likely there will continue to be substantial volatility in this market value.

Further information regarding the credit risk on derivatives is available on the ANZ website in the analysts' toolkit.

Credit risk (including credit risk on derivatives), cont'd

Gross impaired loans

Gross impaired loans at $4,392 million represent a $2,642 million increase over 30 September 2008, driven mainly by increases in Australia and New Zealand. The increase in Australia was predominantly across entities within the Institutional Relationships, Corporate Banking and Financial Institution portfolios, with the ten largest impaired loan customers representing 60% of the total Australia gross impaired loans balance. There was an increase in Australia division across most businesses, as deterioration in the economic environment resulted in higher levels of default, particularly within Esanda, Business Banking and Investment and Insurance Products. The New Zealand increase of $699 million was driven primarily by customer downgrades in the small business, commercial, agribusiness segments and mortgages portfolios. Asia Pacific, Europe & America increased slightly, driven by increases in Europe and America.

Net impaired loans

Net impaired loans at $2,880 million represent a $1,776 million increase over 30 September 2008. The Group has an individual provision coverage ratio of 34%.

	As at Sep 09	As at Mar 09	As at Sep 08	Movt Sep 09 v. Mar 09	Movt Sep 09 v. Sep 08
Gross impaired loans	**$M**	**$M**	**$M**	**%**	**%**
Australia	**3,232**	2,969	1,306	9%	large
Asia Pacific, Europe & America	**187**	218	170	-14%	10%
New Zealand	**973**	504	274	93%	large
Total gross impaired assets	**4,392**	3,691	1,750	19%	large
Net impaired loans					
Australia	**2,184**	1,906	819	15%	large
Asia Pacific, Europe & America	**112**	173	122	-35%	-8%
New Zealand	**584**	280	163	large	large
Total net impaired loans	**2,880**	2,359	1,104	22%	large
Individual provision coverage	**34%**	36%	37%		

Credit risk (including credit risk on derivatives), cont'd

Net impaired loans, cont'd

New and increased impaired loans	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Australia	1,723	2,762	-38%	**4,485**	2,211	large
Asia Pacific, Europe & America	127	129	-2%	**256**	199	29%
New Zealand	970	422	large	**1,392**	379	large
Total new and increased impaired loans	2,820	3,313	-15%	**6,133**	2,789	large

Restructured items[1]	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Australia	**298**	-	846	n/a	-65%
Asia Pacific, Europe & America	**374**	-	-	n/a	n/a
New Zealand	**1**	17	-	-94%	n/a
Total restructured items	**673**	17	846	large	-20%

1. *Restructured items are facilities in which the original contractual terms have been modified to provide for concessions of interest, or principal, or other payments due, or for an extension in maturity for a non-commercial period for reasons related to the financial difficulties of a customer, and are not considered impaired. Includes both on and off balance sheet exposures*

Net impaired commitments and contingencies	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Australia	**491**	431	43	14%	large
Asia Pacific, Europe & America	**-**	-	-	n/a	n/a
New Zealand	**25**	10	5	large	large
Net impaired commitments and contingencies	**516**	441	48	17%	large

Income tax expense

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Income tax expense charged in the income statement	752	683	10%	**1,435**	1,188	21%
Effective tax rate	33.0%	32.5%		**32.8%**	26.3%	
Income tax expense on underlying profit[1]	720	749	-4%	**1,469**	1,365	8%
Effective tax rate (underlying profit[1])	27.9%	28.1%		**28.0%**	28.4%	

1. *Refer pages 13 to 15 for explanation of adjustments between statutory profit and underlying profit*

- **2009 result**

The Group's effective tax rate was 32.8%, up 6.5%. The increase was due primarily to the New Zealand conduit tax provision, the impact of unrealised losses associated with the Offshore Banking Unit (OBU) and non-deductible mark-to-market losses on fair valued investments related to associate entities. These increases were offset by higher equity accounted earnings and a lower overseas tax rate differential, mainly as a result of the reduced New Zealand tax rate. The underlying effective tax rate decreased 0.4%.

- **Comparison with March 2009 half**

The Group's effective tax rate increased by 0.5% due primarily to the New Zealand conduit tax provision, offset by the reduction in both unrealised losses associated with the OBU and non-deductible mark-to-market losses on fair valued investments related to associate entities. The underlying effective tax rate decreased 0.2%.

Earnings per share[1] (cents)

	Half year Sep 09	Half year Mar 09	Movt Sep 09 v. Mar 09 %	Full year Sep 09	Full year Sep 08	Movt Sep 09 v. Sep 08 %
Basic	64.8	66.3	-2%	**131.0**	170.4	-23%
Diluted	63.8	63.4	1%	**129.6**	162.2	-20%
Underlying earnings per share						
Profit attributable to shareholders of the Company ($M)	1,526	1,417	8%	**2,943**	3,319	-11%
Less: Adjustments between statutory profit and underlying profit ($M)	(338)	(491)	-31%	**(829)**	(107)	large
Underlying profit ($M)	1,864	1,908	-2%	**3,772**	3,426	10%
Preference share dividend[2] ($M)	(9)	(24)	-63%	**(33)**	(46)	-28%
Underlying earnings ($M)	1,855	1,884	-2%	**3,739**	3,380	11%
Weighted average number of ordinary shares (M)	2,341.8	2,100.7	11%	**2,221.6**	1,921.1	16%
Underlying earnings per share (cents)	79.2	89.7	-12%	**168.3**	175.9	-4%

1. *Refer page 81 for full calculation*
2. *The earnings per share calculation excludes the Euro Hybrid preference shares*

2009 full year basic earnings per share decreased by 23.1% (39.4 cents) to 131.0 cents over full year 2008. Underlying EPS for the Group decreased by 4.3% or 7.6 cents over full year 2008. The main drivers of the decline in Underlying EPS on September 2008 were:

- an after tax increase in the credit impairment charge (20.3%)
- dilution from an increase in the weighted average number of shares (15.0%)
- partly offset by growth in profit before credit impairment (after tax), which contributed 31.0%.

September 2009 half year basic earnings per share were down 2.3% (1.5 cents) on the March 2009 half. Underlying EPS for the Group decreased 11.7% or 10.5 cents on the March 2009 half. The main drivers of the decline in Underlying EPS on the March 2009 half were:

- an after tax increase in the credit impairment charge (7.2%)
- dilution from an increase in the weighted average number of shares (10.1%)
- partly offset by growth in profit before credit impairment (after tax), which contributed 5.6%.

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 NZD and USD revenue.

Movements in exchange rates have resulted in a $22 million increase in underlying profit for the year, principally due to gains in translation from Asian Pacific currency earnings and USD earnings net of associated hedges, offset by losses in translation of NZD earnings net of associated revenue hedges which are booked in Australia as foreign exchange earnings. NZD earnings were translated at effective exchange rates of 1.1889 (2009) and 1.1470 (2008). USD earnings were translated at effective exchange rates of 0.7256 (2009) and 0.8945 (2008).

	Half Year Sep 2009 v. Half Year Mar 2009			Full Year Sep 2009 v. Full Year Sep 2008		
	FX unadjusted % growth	FX adjusted % growth	FX Impact $M	FX unadjusted % growth	FX adjusted % growth	FX Impact $M
Net interest income	4%	6%	(116)	25%	24%	68
Other operating income	5%	8%	(65)	3%	2%	42
Operating income	4%	7%	(181)	17%	16%	110
Operating expenses	-6%	-9%	(86)	-12%	-11%	62
Profit before credit impairment and income tax	3%	5%	(95)	21%	20%	48
Provision for credit impairment	-13%	-15%	(26)	-46%	-44%	28
Profit before income tax	-3%	1%	(69)	9%	9%	20
Income tax expense	4%	3%	(9)	-8%	-8%	(3)
Minority interest	large	large	-	76%	78%	1
Underlying profit	-3%	1%	(60)	10%	9%	22
Adjustments between statutory profit and underlying profit[2]	31%	30%	4	large	large	3
Profit	8%	12%	(56)	-11%	-12%	25

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 31*
2. *Refer pages 13 to 15 for explanation of adjustments*

Dividends

Dividend per ordinary share (cents)	Half year Sep 09	Half year Mar 09	Movt Sep 09 v. Mar 09	Full year Sep 09	Full year Sep 08	Movt Sep 09 v. Sep 08
Interim (fully franked)	n/a	46	n/a	**46**	62	-26%
Final (fully franked)	56	n/a	n/a	**56**	74	-24%
Total				**102**	136	-25%
Ordinary share dividend payout ratio[1] (%)	92.5%	71.3%		**82.3%**	82.7%	
Ordinary share dividends used in payout ratio[1] ($M)	1,403	993	41%	**2,396**	2,706	-11%
Profit after tax ($M)	1,526	1,417	8%	**2,943**	3,319	-11%
Less: Adjustments between statutory profit and underlying profit ($M)	(338)	(491)	-31%	**(829)**	(107)	large
Underlying profit ($M)	1,864	1,908	-2%	**3,772**	3,426	10%
Ordinary share dividend payout ratio[1] (underlying basis)	75.6%	52.7%		**64.1%**	80.1%	

1. *Dividend payout ratio for the September 2009 half year and September 2009 full year calculated using proposed 2009 final dividend of $1,403 million. The proposed 2009 final dividend of $1,403 million is based on the number of ordinary shares on issue at 30 September 2009. Dividend payout ratios for the March 2009 half year and September 2008 full year calculated using actual dividend paid of $993 million and $2,706 million respectively*
2. *Refer pages 13 to 15 for explanation of adjustments*

The Directors propose that a final dividend of 56 cents be paid on 18 December 2009 on each eligible ordinary share. The proposed 2009 final dividend will be fully franked for Australian tax purposes and brings the total dividends for 2009 to 102 cents.

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the 2009 final dividend. For the 2009 final dividend, ANZ intends to provide shares under the DRP and BOP through the issue of new shares. The "Acquisition Price" to be used in determining the number of shares to be provided under the DRP and BOP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of fully paid ANZ ordinary shares sold on the ASX during the seven trading days commencing 13 November 2009 less a 1.5% discount, and then rounded to the nearest whole cent. Shares provided under the DRP and BOP will rank equally in all respects with existing fully paid ANZ ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2009 final dividend must be received by ANZ's Share Registrar by 5.00 pm (Melbourne time) on 11 November 2009. 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 pounds sterling and New Zealand dollars respectively at ANZ's exchange rate at 5.00 pm (Melbourne time) on 13 November 2009.

Market risk

Traded 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. The VaR exposures do not include foreign exchange translation exposure on the mark-to-market for credit risk on structured credit derivatives as this is not a traded position.

- **97.5% confidence level (1 day holding period)**

	As at Sep 09 $M	High for year Sep 09 $M	Low for year Sep 09 $M	Avg for year Sep 09 $M	As at Sep 08 $M	High for year Sep 08 $M	Low for year Sep 08 $M	Avg for year Sep 08 $M
Value at Risk at 97.5% confidence								
Foreign exchange	3.5	4.6	0.9	2.0	2.4	2.4	0.4	0.8
Interest rate	9.6	10.8	2.4	6.6	2.8	3.6	1.2	1.9
Credit Spread	2.4	3.2	1.2	1.8	1.2	2.6	0.6	1.0
Commodities	1.2	4.3	0.6	1.4	1.3	1.5	0.4	1.0
Diversification benefit	(7.1)	n/a	n/a	(4.4)	(3.6)	n/a	n/a	(2.2)
Total VaR	9.6	13.2	3.6	7.4	4.1	4.7	1.4	2.5

- **99% confidence level (1 day holding period)**

	As at Sep 09 $M	High for year Sep 09 $M	Low for year Sep 09 $M	Avg for year Sep 09 $M	As at Sep 08 $M	High for year Sep 08 $M	Low for year Sep 08 $M	Avg for year Sep 08 $M
Value at Risk at 99% confidence								
Foreign exchange	4.8	7.0	1.3	3.2	3.2	3.2	0.5	1.2
Interest rate	19.0	19.5	3.7	10.6	5.0	5.4	1.3	2.7
Credit Spread	3.1	5.3	1.6	2.4	1.8	3.9	0.9	1.6
Commodities	1.7	8.0	0.8	2.3	2.0	2.3	0.6	1.4
Diversification benefit	(10.8)	n/a	n/a	(6.7)	(6.1)	n/a	n/a	(3.4)
Total VaR	17.8	25.9	4.5	11.8	5.9	8.2	1.7	3.5

Non-Traded Interest Rate Risk

Non-traded interest rate risk relates to the potential adverse impact of changes in market interest rates on future net interest income. Interest rate risk is reported using various techniques including VaR and scenario analysis to a 1% rate shock.

- **97.5% confidence level (1 day holding period)**

	As at Sep 09 $M	High for year Sep 09 $M	Low for year Sep 09 $M	Avg for year Sep 09 $M	As at Sep 08 $M	High for year Sep 08 $M	Low for year Sep 08 $M	Avg for year Sep 08 $M
Value at Risk at 97.5% confidence								
Australia	18.3	20.7	12.5	17.6	11.7	11.7	5.6	8.3
New Zealand	9.3	9.3	2.8	6.0	3.4	3.4	1.8	2.7
Overseas Markets	6.4	7.9	3.3	6.0	3.1	3.6	1.7	2.7
Diversification benefit	(8.0)	n/a	n/a	(5.7)	(2.8)	n/a	n/a	(2.9)
Total VaR	26.0	27.1	13.8	23.9	15.4	15.4	7.9	10.8

- **Impact of 1% rate shock on the next 12 months' net interest income[1]**

	As at Sep 09	As at Sep 08
As at period end	0.10%	0.94%
Maximum exposure	1.03%	0.94%
Minimum exposure	0.10%	(0.55%)
Average exposure (in absolute terms)	0.55%	0.47%

1. *The impact is expressed as a percentage of net interest income. A positive result indicates that a rate increase is positive for net interest income. Conversely, a negative indicates a rate increase is negative for net interest income*

Market risk, cont'd

Revenue related hedges

The Group uses derivative instruments to economically 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 increase of $22 million in the Group's underlying profit after tax for 2009 when compared to 2008 (Mar 2009 half: decrease $60 million). This included the impact on earnings (underlying basis) from associated revenue hedges, which decreased by $30 million (before tax) from 2008 (Mar 2009 half: an increase of $45 million). Hedge revenue is booked in the Group Centre.

The Group has taken out economic hedges against New Zealand Dollar and United States Dollar revenue streams. New Zealand Dollar exposure is the most significant, covering the New Zealand geography (refer page 54) and the debt component of New Zealand Dollar intra-group funding of this business, which amounted to NZD1.77 billion at 30 September 2009. Details of revenue hedges are set out below.

NZD Economic hedges	Half year Sep 09 $M	Half year Mar 09 $M	Full year Sep 09 $M	Full year Sep 08 $M
Net open NZD position (notional principal)	953	1,265	**953**	1,474
Amount taken to income (pre tax)	15	21	**36**	15
Amount taken to income (pre tax underlying basis)	9	10	**19**	42
USD Economic hedges				
Net open USD position (notional principal)	-	175	**-**	69
Amount taken to income (pre tax)	20	(14)	**6**	(4)
Amount taken to income (pre tax underlying basis)	22	(24)	**(2)**	5

In the September 2009 year:

- NZD1 billion of economic hedges matured and a realised gain of $19 million (pre-tax) was booked to the income statement.
- NZD1.2 billion of economic hedges are in place at a forward rate of approximately NZD1.19/AUD partially hedging 2010 and 2011 earnings.
- USD0.2 billion of economic hedges matured and a realised loss of $2 million (pre-tax) was booked to the income statement.
- An unrealised gain of $13 million (pre-tax) on the outstanding NZD1.2 billion of economic hedges was booked to the income statement and has been treated as an adjustment to statutory profit as these are hedges of future years' NZD revenues.

Balance sheet

Total assets increased by $6.7 billion (1%) from 30 September 2008 to $477.0 billion at 30 September 2009. From 31 March 2009 to 30 September 2009 total assets decreased $25.8 billion (5%). Movements in exchange rates have resulted in a decrease of $6.7 billion for the year ended 30 September 2009 and a decrease of $10.5 billion since 31 March 2009.

	Half Year Sep 2009 v. Half Year Mar 2009			Full Year Sep 2009 v. Full Year Sep 2008		
Assets	**FX unadjusted % growth**	**FX adjusted % growth**	**FX Impact $M**	**FX unadjusted % growth**	**FX adjusted % growth**	**FX Impact $M**
Liquid assets	-5%	5%	(2,662)	1%	6%	(1,176)
Due from other financial institutions	-7%	7%	(692)	-49%	-47%	(489)
Trading and available-for-sale assets	27%	30%	(1,022)	46%	49%	(628)
Derivative financial instruments	-35%	-35%	(343)	1%	2%	(409)
Net loans and advances including acceptances	-3%	-2%	(5,348)	-1%	0%	(3,734)
Other	-16%	-14%	(405)	0%	1%	(229)
Total assets	-5%	-3%	(10,472)	1%	3%	(6,665)

Excluding the impact of exchange rate movements, Australia increased $4.1 billion (1%), New Zealand increased $3.3 billion (3%) and Asia Pacific, Europe & America increased $6.0 billion (14%) over the year ended 30 September 2009. The explanations below describe the major movements for the year ended 30 September 2009 and where material, movements from 31 March 2009 to 30 September 2009.

Liquid assets ⇧1% *(Excl Exchange Rates* ⇧6%)

Liquid assets increased $0.3 billion to $25.3 billion at 30 September 2009 (excluding the impact of exchange rates, increased $1.5 billion or 6%). Strong growth was evident in America (up $4.5 billion) due primarily to an increase in Bills receivable and Singapore (up $2.2 billion) within bank certificates of deposits where funds were redeployed from interbank placements for better yields. This was partially offset by reductions in the United Kingdom of $2.9 billion, New Zealand of $1.4 billion and Group Treasury of $0.9 as a result of liquidity requirements.

Due from other financial institutions ⇩49% *(Excl Exchange Rates* ⇩47%)

Due from other financial institutions decreased $4.9 billion to $5.0 billion at 30 September 2009 due mainly to a reduction in interbank lending volumes in Transaction Banking in Australia and Singapore.

Trading and available-for-sale assets ⇧46% *(Excl Exchange Rates* ⇧49%)

Trading and available-for-sale assets increased $14.9 billion to $47.6 billion at 30 September 2009, primarily in trading securities within the Markets business in Australia due to an increase in liquidity requirements. These securities are high quality paper.

Derivative Financial Instruments ⇧1% *(Excl Exchange Rates* ⇧2%)

Derivative assets increased $0.5 billion to $37.4 billion at 30 September 2009 driven by volatility in the foreign exchange, interest rate and credit derivative markets. Derivative balances have decreased since 31 March 2009 following the appreciation of the AUD against other currencies during the second half of 2009.

Net loans and advances including acceptances ⇩1% *(Excl Exchange Rates* flat)

Net loans and advances including acceptances growth contracted slightly by 1% to $345.8 billion at 30 September 2009. Excluding exchange rate movements, growth was flat.

- Australia grew by $0.7 billion, with housing loans in Mortgages increasing by $12.7 billion (10%), partially offset by reduced lending in Institutional, primarily in Specialised Lending and Markets, of $12.1 billion (20%).
- New Zealand declined by $2.4 billion or 3%. Excluding the impact of exchange rates the contraction was smaller at $0.7 billion (1%), with growth in Rural Banking of $1.2 billion (8%) being offset by reductions in the Institutional business of $0.9 billion (13%) and Corporate & Commercial Banking of $0.6 billion (5%).
- Asia Pacific, Europe & America decreased $2.4 billion (11%). Excluding the impact of exchange rates, lending decreased by $0.4 billion (2%) as solid growth across both Asia of $0.9 billion (9%) and Pacific of $0.2 billion (11%) was offset by a reduction in the United Kingdom and America of $1.4 billion (18%).

Exchange rate movements have significantly impacted movements since 31 March 2009. Excluding exchange rate movements, net loans and advances including acceptances decreased by $5.5 billion or 2%, with growth of $4.8 billion (4%) in Mortgages Australia and continued solid momentum in Asia (up $1.9 billion or 23%) offset by loan pay downs in the Institutional business across all geographies.

Balance sheet, cont'd

Total liabilities increased by $0.8 billion (flat) from 30 September 2008 to $444.6 billion at 30 September 2009. From 31 March 2009 to 30 September 2009 total liabilities decreased $29.9 billion (6%). Movements in exchange rates have resulted in a decrease of $5.7 billion for the year ended 30 September 2009 and a decrease of $10.3 billion since 31 March 2009.

	Half Year Sep 2009 v. Half Year Mar 2009			Full Year Sep 2009 v. Full Year Sep 2008		
Liabilities	**FX unadjusted % growth**	**FX adjusted % growth**	**FX Impact $M**	**FX unadjusted % growth**	**FX adjusted % growth**	**FX Impact $M**
Due to other financial institutions	9%	22%	(1,910)	-1%	4%	(895)
Deposits and other borrowings	0%	3%	(9,004)	4%	5%	(4,167)
Derivative financial instruments	-26%	-28%	1,192	14%	15%	(53)
Liability for acceptances	-8%	-8%	(78)	-10%	-10%	(58)
Bonds and notes[1]	-22%	-22%	(155)	-15%	-15%	(318)
Other	-9%	-7%	(370)	-10%	-9%	(211)
Total liabilities	-6%	-4%	(10,325)	0%	1%	(5,702)

1. *Foreign exchange impact is calculated using the issuer's functional currency*

Excluding the impact of exchange rate movements, Australia increased $4.5 billion (2%) and Asia Pacific, Europe & America increased $6.2 billion (14%) partially offset by a reduction in New Zealand of $4.2 billion (5%) over the year ended 30 September 2009. The explanations below describe the major movements over the year ended 30 September 2009 and where material, movements from 31 March 2009 to 30 September 2009.

Due to other financial institutions ⇩1% *(Excl Exchange Rates* ⇧4%)

Due to other financial institutions decreased $0.1 billion to $19.9 billion at 30 September 2009. Excluding the impact of exchange rates, this liability increased $0.7 billion or 4% primarily with reduced funding requirements from customers in Transaction Banking in Australia and New Zealand.

Deposits and other borrowings ⇧4% *(Excl Exchange Rates* ⇧5%)

Deposits and other borrowings increased $10.4 billion to $294.4 billion at 30 September 2009. Excluding the impact of exchange rate movements, deposits and other borrowing increased $14.6 billion (5%), driven by an increase in customer deposits of $29.4 billion (14%), partly offset by a decrease in wholesale funding of $14.8 billion (19%).

Australia increased $10.6 billion (6%) predominantly driven by the robust growth in retail deposits due to the enhanced safety of bank deposits following the Federal Government deposit guarantee. Growth was mainly in Deposits ($15.5 billion), Business Banking and Small Business Banking ($3.1 billion), Markets ($2.6 billion) and Transaction Banking ($1.9 billion) partly offset by decreases in Esanda of $9.1 billion following the winding back of debentures and Group Treasury ($5.4 billion).

New Zealand Businesses decreased $5.9 billion (9%). Excluding the impact of exchange rates, the decrease was $4.5 billion (7%) driven by a reduction in commercial paper issued by Treasury.

Asia Pacific, Europe & America increased $5.7 billion (16%). Excluding the impact of exchange rates, the increase was $8.5 billion (26%) primarily from Singapore through successful initiatives to raise deposit levels and additional certificates of deposit issued in the United Kingdom for funding requirements.

Exchange rate movements have heavily impacted growth since 31 March 2009. Excluding exchange rate movements, deposits and other borrowings increased $9.8 billion (3%) with growth in Australia of $1.8 billion (1%) and Asia Pacific, Europe & America of $8.7 billion (27%) partly offset by a reduction in New Zealand of $0.7 billion.

Derivative Financial Instruments ⇧14% *(Excl Exchange Rates* ⇧15%)

Derivative liabilities increased $4.6 billion to $36.5 billion at 30 September 2009. The increase was driven principally by volatility in foreign exchange, interest rate and credit derivative markets. Derivative balances have decreased since 31 March 2009 following the appreciation of the AUD against other currencies during the second half of 2009.

Bonds and notes ⇩15% *(Excl Exchange Rates* Flat)

Bonds and notes decreased $10.1 billion to $57.3 billion at 30 September 2009. The appreciation of AUD from 31 March 2009 resulted in the decrease in the value of bonds and notes when translated from the original currency to AUD at end of period rates (as opposed to the issuer's functional currency).

Liquidity risk

Liquidity risk is the risk that the Group has insufficient capacity to fund increases in assets or is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Group.

Market liquidity improved during the second half as a result of the stabilisation of the global financial system. ANZ has continued to manage liquidity risks by maintaining a strong funding profile that is supported by a portfolio of liquid assets that provides coverage of offshore wholesale debt maturities for at least one year.

The management of the Group's liquidity and funding risk incorporates the following key components.

- Scenario Modelling

  The Global financial crisis highlighted the importance of differentiating between: stressed and normal market conditions in a name-specific crisis; and the different behaviour that offshore and domestic wholesale funding markets can exhibit during market stress events. Scenario modelling stresses site and total bank cash flow projections against multiple 'survival horizons'. (A 'Survival Horizon' is the period that the Group is required to remain cash flow positive under a specific scenario or stress.) Scenarios modelled are either prudential requirements, i.e. a 'going-concern' scenario, or 'name crisis' scenario; or Board approved events including 'Name-specific' stresses and 'Funding market' events. Under these scenarios, customer and wholesale balance sheet asset/liability flows are stressed.

- Funding metrics

  ANZ actively uses balance sheet disciplines to prudently manage funding requirements. The Group also employs funding metrics to ensure that an appropriate proportion of the Group's assets are funded by stable funding sources including core customer deposits, longer-dated wholesale debt (with a remaining term exceeding one year) and equity. ANZ's funding profile strengthened further during the financial year as a result of solid growth in customer deposits and the issuance of $25.8 billion of term wholesale debt.

  Customer deposits and other funding liabilities increased by 12% to $242.4 billion at 30 September 2009 (55% of total funding) from $215.6 billion (50% of total funding) at 30 September 2008. As a result, the Group's proportional reliance on short term wholesale funding decreased to 17% from 22%.

- Wholesale funding

  ANZ maintained access to all major wholesale funding markets to meet its borrowing requirement in full. Benchmark term debt issues were executed in AUD, USD, JPY, EUR and CHF. Short-term wholesale funding markets continue to function effectively, both locally and offshore.

  In aggregate during 2009 the Group raised $25.8 billion of new term funding (greater than one year at the end of the financial year):

  - The weighted average tenor of new term debt issuance was 3.9 years.
  - The marginal cost of term funding has declined from the peaks established in early calendar 2009, however funding costs remain high by historical standards. The weighted average cost of new term debt issuance increased by 69 basis points in 2009 (including the cost of the Government Guarantee) as a result of market conditions.

  ANZ continues to build and maintain strong, long-term relationships with wholesale debt investors. The Group's wholesale debt issuance program was supported by debt investor meetings held in Australia, New Zealand, United Kingdom, America, Europe, Asia and the Middle East.

  ANZ also undertook the following actions to improve its funding capabilities, specifically:

  - established a licensed banking branch in New Zealand in January 2009. The branch structure expands the range of funding options available to our New Zealand business; and
  - transitioned Esanda Finance Corporation Limited (Esanda) from a wholly owned subsidiary towards a division of ANZ, including the launch of Esanda Term Deposits.

- Liquidity portfolio

  The Group holds a diversified portfolio of cash and high-quality, highly-liquid securities that may be sold or pledged to provide same-day liquidity. This portfolio helps protect the Group's liquidity position by providing cash in a severely stressed environment. All assets held in this portfolio are securities eligible for repurchase, under agreements with the applicable central bank (repo eligible).

  At 30 September 2009 the volume of eligible securities available, post any repurchase (i.e. "repo") discounts applied by the applicable central bank, was $60.2 billion. In addition, the liquidity portfolio provided cover against over one year of offshore wholesale debt maturities.

  The Liquidity portfolio is well diversified by counterparty, currency, and tenor. Under the liquidity policy framework securities purchased must be of a similar or better credit quality to ANZ's external long-term or short-term credit ratings and continue to be repo eligible. Currently securities issued by approximately 84 separate counterparties - comprising bank, government and agency issuers - are held in the portfolio.

  Supplementing the prime liquid asset portfolio the Group holds additional cash and liquid asset balances. Our Markets business also holds secondary sources of liquidity in the form of highly liquid instruments in its trading portfolios. These other assets are not included in the prime liquidity portfolio outlined on the following page.

Liquidity risk, cont'd

Eligible securities (Market Values[1])	As at Sep 09 AUD $M	As at Mar 09 AUD $M	As at Sep 08 AUD $M
Australia	18,694	21,750	12,899
New Zealand	8,771	7,376	6,620
United States	1,301	1,186	2,739
United Kingdom	2,939	3,469	4,157
Asia	1,984	-	-
Internal RMBS (Australia)	24,508	22,876	8,305
Internal RMBS (New Zealand)	1,954	3,444	-
Total	**60,151**	**60,101**	**34,720**

Counterparty credit ratings

Long term counterparty Credit Rating[2]	Market Value AUD $M	No. of counterparties
AAA	43,827	51
AA+	3,043	4
AA	10,849	11
AA-	1,867	9
A+	264	5
A	301	4
Total	60,151	84

1. *Market value is post the repo discount applied by the applicable central bank*
2. *Where available, based on Standard & Poor's long-term credit ratings*

The following table shows the Group's funding composition.

	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Customer deposits and other liabilities[1]					
Australia	**153,481**	147,464	132,665	4%	16%
Asia Pacific, Europe & America	**30,487**	29,627	22,530	3%	35%
New Zealand	**49,173**	49,353	49,534	0%	-1%
Total customer deposits	**233,141**	226,444	204,729	3%	14%
Other[2]	**9,297**	10,359	10,870	-10%	-14%
Total customer deposits and other liabilities (funding)	**242,438**	236,803	215,599	2%	12%
Wholesale funding					
Bonds and notes	**57,260**	73,138	67,323	-22%	-15%
Loan Capital	**13,429**	14,660	14,266	-8%	-6%
Certificates of deposit (wholesale)	**44,711**	46,405	52,346	-4%	-15%
Commercial paper	**14,227**	16,156	22,422	-12%	-37%
Liability for acceptances	**13,762**	15,017	15,297	-8%	-10%
Due to other financial institutions	**19,924**	18,314	20,092	9%	-1%
Other wholesale borrowings[3]	**1,572**	(7,544)	(3,532)	large	large
Total wholesale funding	**164,885**	176,146	188,214	-6%	-12%
Shareholders' equity[5]	**31,558**	27,496	25,681	15%	23%
Total funding maturity					
Short term wholesale funding	**14%**	15%	18%		
Liability for acceptances	**3%**	3%	4%		
Long term wholesale funding[4]					
- Less than 1 year residual maturity	**5%**	6%	7%		
- Greater than 1 year residual maturity	**15%**	15%	14%		
Total customer deposits and other liabilities (funding)	**55%**	54%	50%		
Shareholders' equity and hybrid debt[5]	**8%**	7%	7%		
Total funding and shareholders' equity[5]	**100%**	100%	100%		

1. *Includes term deposits, other deposits excluding Collateralised Loan Obligation and securitisation deposits*
2. *Includes interest accruals, payables and other liabilities, provisions and net tax provisions*
3. *Includes net derivative balances, special purpose vehicles, other borrowings and preference share capital Euro hybrids*
4. *Long term wholesale funding amounts are stated at original hedged exchange rates. Movements due to currency fluctuations in actual amounts borrowed are classified as short term wholesale funding*
5. *Shareholders' equity excludes preference share capital*

Capital management

	As at Sep 09	As at Mar 09	As at Sep 08
Core Tier 1[1]	9.0%	6.4%	5.9%
Tier 1	10.6%	8.2%	7.7%
Tier 2	3.1%	2.8%	3.4%
Total Capital	13.7%	11.0%	11.1%
Target Core Tier 1	in excess of 6.0%	in excess of 6.0%	n/a
Target Tier 1	in excess of 7.5%	in excess of 7.5%	minimum 7.0%
Risk Weighted Assets $M	252,069	280,882	275,434

1. *Core Tier 1 is Tier 1 excluding hybrid Tier 1 capital instruments*

Further details of the components of capital and the capital adequacy calculation are set out on pages 101 to 103

The Basel II Accord principles took effect in Australia and New Zealand from 1 January 2008. For calculation of minimum capital requirements under Pillar 1 (Capital Requirements) of the Basel II Accord, ANZ has been accredited by Australian Prudential Regulation Authority (APRA) to use Advanced Internal Ratings Based (AIRB) methodology for credit risk weighted assets and Advanced Measurement Approach (AMA) for the operational risk weighted asset equivalent.

Tier 1 Ratio (Basel II)

ANZ has adopted the Core Tier 1 capital ratio (Core Tier 1) and the Tier 1 capital ratio (Tier 1) as its principal capital management targets. ANZ has set operating target ranges of 6.0% to 6.5% and 7.5% to 8.0% respectively. Given difficult economic and financial markets conditions, ANZ has maintained a significant buffer against these target ratios and accordingly, both the Core Tier 1 and Tier 1 capital ratios are significantly higher than the stated target ranges.

The Tier 1 ratio at September 2009 of 10.56% represents an increase from September 2008 of 285 basis points. The key contributors to the increase were:

- additional ordinary share issuances of $5.7 billion (+207 basis points) used to strengthen the balance sheet through an institutional placement ($2.5 billion) in June 2009; a Share Purchase Plan issuance to existing shareholders ($2.2 billion) in July 2009, and an under write of the non-participation in the Dividend Reinvestment Plan (DRP) and Bonus Option Plan (BOP) for the final 2008 dividend ($1.0 billion) in December 2008
- statutory profit after preference share dividends of $2.9 billion (+106 basis points) which included non-core and one-off items of -$0.8 billion (-30 basis points)
- ordinary share dividend commitments net of expected reinvestment through the DRP and BOP of $1.6 billion (-59 basis points)
- decrease in Risk Weighted Assets (RWA), excluding the impact of exchange rate movements was $19.2 billion due to:
  - portfolio decrease and mix (+36 basis points)
  - risk migration incorporating growth in RWA and Expected Loss versus Eligible Provision shortfall (-34 basis points)
  - portfolio data review (+52 basis points)
  - lower non-credit risk RWA (+9 basis points)
- increase in investment/profit retention in funds management businesses, associates and commercial operations excluding the impact of exchange rate movements (-14 basis points)
- changes in the prudential treatment of a number of items (+29 basis points), principally notional goodwill in associates and other equity investments changing from a Tier 1 capital deduction to a 50/50 deduction from Tier 1 and Tier 2 capital
- redemption of $600 million of hybrid Tier 1 capital (-22 basis points)
- other items (net -25 basis points) including impact of exchange rate movements (-15 basis points) principally on hybrid Tier 1 instruments, movement in capitalised software expense (-8 basis points), net deferred tax assets (-8 basis points), pension deficit (-5 basis points), lower mark-to-market of ANZ credit spread (+6 basis points) and other deductions (+5 basis points).

In August 2009, ANZ announced its intention to purchase selected Asian assets from Royal Bank of Scotland. Based on the application of the Basel II standardised methodology for RWA and the transaction costs, the Tier 1 capital base would be reduced by approximately 34 basis points. These transactions are subject to regulatory approval in each jurisdiction and are expected to be completed progressively from late 2009.

In September 2009, ANZ announced its agreement with ING Group to acquire full ownership of its 51% share in the ANZ-ING wealth management and life insurance joint venture in Australia and New Zealand. Based upon a purchase price of $1,760 million (including transaction costs), the reduction in Tier 1 capital would be approximately 76 basis points, or $1.9 billion of Tier 1 capital, including the re-mix of capital deductions. The transaction is subject to regulatory approvals in Australia and New Zealand and is expected to be completed in the fourth quarter of 2009.

Had these transactions been completed prior to 30 September 2009, ANZ's pro-forma Tier 1 ratio would be 9.5% and the pro-forma Total Capital ratio would be 12.4%.

Capital management, cont'd

Hybrid Capital and Tier 1 Capital

ANZ raises hybrid Tier 1 capital to further strengthen the Group's capital base and supplement its Core Tier 1 capital position, ensuring compliance with APRA's prudential capital requirements and meeting Group operating targets for Tier 1. The total amount of qualifying hybrid capital is known as Residual Tier 1 capital which is limited to 25% of Tier 1 capital. Innovative Tier 1 capital, a sub category of Residual Tier 1 capital, is limited to 15% of Tier 1 capital. As at 30 September 2009, ANZ's hybrid usage and instrument details were as follows:

Instrument	$M	% of Net Tier 1 capital	Limit	Amount in issue currency	Accounting classification	Interest rate
UK Hybrid	820			£450 million	Debt	Coupon 6.540%
ANZ Convertible Preference Shares	1,081			$1,081 million	Debt	90 day BBSW + 2.500% (gross pay equivalent)
Non-innovative instruments	**1,901**					
Euro Trust Securities	871			€500 million	Equity	Euribor (3 month) + 0.660%
US Stapled Trust Security	1,251			USD1,100 million	Debt	Tranche 1 (USD350 million) Coupon: 4.484% Tranche 2 (USD750 million) Coupon: 5.360%
Innovative instruments	**2,122**	**8.0%**	**15%**			
Residual Tier 1 capital	**4,023**	**15.1%**	**25%**			

Deferred acquisition costs and deferred income

The Group recognises deferred acquisition costs relating to the acquisition of interest earning assets as assets. The Group also recognised deferred income that is integral to the yield of an originated financial instrument, net of any direct incremental costs. 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'.

The balances of deferred acquisition costs and deferred income were:

	Deferred Acquisition Costs[1]			Deferred Income		
	Sep 09 $M	Mar 09 $M	Sep 08 $M	Sep 09 $M	Mar 09 $M	Sep 08 $M
Australia[2]	530	562	548	310	308	262
New Zealand	64	78	91	43	45	46
Asia Pacific, Europe & America	3	3	3	38	50	43
Total	597	643	642	391	403	351

1. *Deferred acquisition costs largely include the amounts of brokerage capitalised and amortised in the Business segments: Australia and New Zealand Businesses. Deferred acquisition costs also include capitalised debt raising expenses*
2. *Includes deferred acquisition costs of $288 million for Esanda (Mar 2009: $311 million: Sep 2008: $312 million) and deferred income of $52 million for Esanda (Mar 2009: $51 million; Sep 2008: $51 million)*

Deferred acquisition costs analysis:

	Full Year Sep 2009		Full Year Sep 2008	
	Amortisation Charge $M	Capitalised Costs[1] $M	Amortisation Charge $M	Capitalised Costs[1] $M
Australia[2]	326	308	283	334
New Zealand Businesses	46	19	48	36
Asia Pacific, Europe & America	2	2	1	2
Total	374	329	332	372

1. *Costs capitalised during the year exclude brokerage trailer commissions paid*
2. *Includes amortisation charge of $217 million for Esanda including a $19 million provision following a refinement of the amortisation methodology (Sep 2008: $195 million) and capitalised costs of $193 million for Esanda (Sep 2008: $208 million)*

Software capitalisation

At 30 September 2009, the Group's intangibles included $849 million in relation to costs incurred in acquiring and developing software. The growth reflects investment in core infrastructure such as our Cash Management Platform, Asia Banking systems, Retail Lending Automation and Money Laundering system. Details are set out in the table below:

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Balance at start of period	723	625	16%	**625**	462	35%
Software capitalised during the period	223	188	19%	**411**	286	44%
Amortisation during the period	(77)	(83)	-7%	**(160)**	(121)	32%
Software written-off	(20)	(7)	large	**(27)**	(2)	large
Total software capitalisation	849	723	17%	**849**	625	36%

Segment performance

Profit	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Australia	1,416	668	large	**2,084**	2,107	-1%
Asia Pacific, Europe & America	301	399	-25%	**700**	381	84%
New Zealand	(191)	350	large	**159**	831	-81%
	1,526	1,417	8%	**2,943**	3,319	-11%

Underlying Profit	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Australia	1,476	1,084	36%	**2,560**	2,267	13%
Asia Pacific, Europe & America	285	414	-31%	**699**	386	81%
New Zealand	103	410	-75%	**513**	773	-34%
	1,864	1,908	-2%	**3,772**	3,426	10%

Income statement (prior period figures adjusted to remove the impact of exchange rate movements)

Underlying profit	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Australia	1,476	1,112	33%	**2,560**	2,246	14%
Asia Pacific, Europe & America	285	340	-16%	**699**	450	55%
New Zealand	103	396	-74%	**513**	752	-32%
Underlying profit	1,864	1,848	1%	**3,772**	3,448	9%
Adjustments between statutory profit and underlying profit[1]	(338)	(487)	-31%	**(829)**	(104)	large
Profit	1,526	1,361	12%	**2,943**	3,344	-12%
FX impact on reported profit[2]	-	56	-100%	**-**	(25)	-100%
Reported profit	1,526	1,417	8%	**2,943**	3,319	-11%

Comparison to Full Year Sep 2008

	Full Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[3]	Credit[4]	NPAT	Income	Expenses	PBP[3]	Credit[4]	NPAT
Australia	9,762	4,034	5,728	2,053	2,560	14%	10%	18%	23%	13%
Asia Pacific, Europe & America	1,967	852	1,115	276	699	63%	54%	70%	57%	81%
New Zealand	2,638	1,182	1,456	727	513	3%	1%	5%	large	-34%
Total	**14,367**	**6,068**	**8,299**	**3,056**	**3,772**	**17%**	**12%**	**20%**	**46%**	**10%**
New Zealand (NZD)	3,231	1,448	1,783	889	628	6%	4%	8%	large	-32%

Comparison to Half Year Mar 2009

	Half Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[3]	Credit[4]	NPAT	Income	Expenses	PBP[3]	Credit[4]	NPAT
Australia	5,209	2,116	3,093	981	1,476	14%	10%	17%	-8%	36%
Asia Pacific, Europe & America	896	419	477	154	285	-16%	-3%	-25%	26%	-31%
New Zealand	1,222	589	633	486	103	-14%	-1%	-23%	large	-75%
Total	**7,327**	**3,124**	**4,203**	**1,621**	**1,864**	**4%**	**6%**	**3%**	**13%**	**-2%**
New Zealand (NZD)	1,527	734	793	598	134	-10%	3%	-20%	large	-73%

1. *Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 13 to 15 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included within Supplementary Information at page 100*
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*
3. *PBP (profit before provisions) is profit before credit impairment and income tax*
4. *Credit impairment expense*

Australia region
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	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	3,697	3,388	9%	**7,085**	5,677	25%
Other external operating income	1,512	1,165	30%	**2,677**	2,849	-6%
Operating income	5,209	4,553	14%	**9,762**	8,526	14%
Operating expenses	(2,116)	(1,918)	10%	**(4,034)**	(3,677)	10%
Profit before credit impairment and income tax	3,093	2,635	17%	**5,728**	4,849	18%
Provision for credit impairment	(981)	(1,072)	-8%	**(2,053)**	(1,663)	23%
Profit before income tax	2,112	1,563	35%	**3,675**	3,186	15%
Income tax expense	(637)	(476)	34%	**(1,113)**	(917)	21%
Minority interest	1	(3)	large	**(2)**	(2)	0%
Underlying profit	1,476	1,084	36%	**2,560**	2,267	13%
Adjustments between statutory profit and underlying profit[1]	(60)	(416)	-86%	**(476)**	(160)	large
Profit	1,416	668	large	**2,084**	2,107	-1%
Consisting of:						
Retail	747	620	20%	**1,367**	1,213	13%
Commercial	329	302	9%	**631**	618	2%
Wealth	7	16	-56%	**23**	153	-85%
Other	-	-	n/a	**-**	-	n/a
Australia Division	1,083	938	15%	**2,021**	1,984	2%
Institutional	396	259	53%	**655**	325	large
Group Centre	(3)	(113)	-97%	**(116)**	(42)	large
Underlying profit	1,476	1,084	36%	**2,560**	2,267	13%
Adjustments between statutory profit and underlying profit[1]	(60)	(416)	-86%	**(476)**	(160)	large
Profit	1,416	668	large	**2,084**	2,107	-1%
Balance Sheet						
Net loans & advances including acceptances	247,148	252,479	-2%	**247,148**	246,387	0%
Other external assets	77,594	90,551	-14%	**77,594**	74,152	5%
External assets	324,742	343,030	-5%	**324,742**	320,539	1%
Customer deposits	153,481	147,464	4%	**153,481**	132,665	16%
Other deposits and borrowings	40,769	45,005	-9%	**40,769**	50,975	-20%
Deposits and other borrowings	194,250	192,469	1%	**194,250**	183,640	6%
Other external liabilities	118,338	142,181	-17%	**118,338**	124,140	-5%
External liabilities	312,588	334,650	-7%	**312,588**	307,780	2%
Risk weighted assets	163,902	185,571	-12%	163,902	180,273	-9%
Average net loans and advances including acceptances	248,628	251,946	-1%	**250,283**	233,643	7%
Average deposits and other borrowings	188,680	191,473	-1%	**190,072**	170,732	11%
Ratios						
Net interest average margin	2.48%	2.28%		**2.38%**	2.09%	
Net interest average margin (excluding cashflow on derivatives)	2.42%	2.20%		**2.31%**	2.13%	
Operating expenses to operating income	40.6%	42.1%		**41.3%**	43.1%	
Operating expenses to average assets	1.23%	1.06%		**1.14%**	1.22%	
Individual provision charge[2]	897	1,290	-30%	**2,187**	988	large
Individual provision charge[2] as a % of average net advances	0.72%	1.03%		**0.87%**	0.42%	
Collective provision charge	84	(218)	large	**(134)**	675	large
Collective provision charge as a % of average net advances	0.07%	-0.17%		**-0.05%**	0.29%	
Net impaired loans	2,171	1,889	15%	**2,171**	819	large
Net impaired loans as a % of net advances	0.88%	0.75%		**0.88%**	0.33%	
Total employees	20,231	19,877	2%	**20,231**	20,278	0%

1. *Refer pages 13 to 15 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included within Supplementary Information at page 100*
2. *Includes credit valuation adjustments on defaulted or impaired exposures of $76 million (Sep 2008 full year: $185 million; Sep 2009 half: $15 million reversal; Mar 2009 half: $91 million)*

Australia region
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Comparison to Full Year Sep 2008

	Full Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[1]	Credit[2]	NPAT	Income	Expenses	PBP[1]	Credit[2]	NPAT
Retail	4,060	1,669	2,391	437	1,367	12%	4%	17%	43%	13%
Commercial	2,084	799	1,285	380	631	13%	6%	17%	83%	2%
Wealth	347	279	68	67	23	-21%	2%	-59%	large	-85%
Other	10	10	-	-	-	-33%	-29%	-100%	-100%	n/a
Australia Division	6,501	2,757	3,744	884	2,021	9%	4%	13%	71%	2%
Institutional	3,145	1,025	2,120	1,191	655	28%	21%	32%	4%	large
Group Centre	116	252	(136)	(22)	(116)	-9%	34%	large	n/a	large
Underlying Profit	**9,762**	**4,034**	**5,728**	**2,053**	**2,560**	**14%**	**10%**	**18%**	**23%**	**13%**
Adjustments b/t stat profit & underlying profit	(540)	139	(679)	(44)	(476)	large	-46%	35%	-75%	large
Australia	**9,222**	**4,173**	**5,049**	**2,009**	**2,084**	**11%**	**6%**	**16%**	**35%**	**-1%**

Comparison to Half Year Mar 2009

	Half Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[1]	Credit[2]	NPAT	Income	Expenses	PBP[1]	Credit[2]	NPAT
Retail	2,115	839	1,276	209	747	9%	1%	14%	-8%	20%
Commercial	1,047	401	646	174	329	1%	1%	1%	-16%	9%
Wealth	198	153	45	55	7	33%	21%	96%	large	-56%
Other	4	4	-	-	-	-33%	-33%	n/a	n/a	n/a
Australia Division	3,364	1,397	1,967	438	1,083	7%	3%	11%	-2%	15%
Institutional	1,681	559	1,122	565	396	15%	20%	12%	-10%	53%
Group Centre	164	160	4	(22)	(3)	large	74%	large	n/a	-97%
Underlying Profit	**5,209**	**2,116**	**3,093**	**981**	**1,476**	**14%**	**10%**	**17%**	**-8%**	**36%**
Adjustments b/t stat profit & underlying profit	(158)	13	(171)	15	(60)	-59%	-90%	-66%	large	-86%
Australia	**5,051**	**2,129**	**2,922**	**996**	**1,416**	**21%**	**4%**	**37%**	**-2%**	**large**

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*

Individual provision charge	**Half year Sep 09 $M**	**Half year Mar 09 $M**	**Movt Sep 09 v. Mar 09 %**	**Full year Sep 09 $M**	**Full year Sep 08 $M**	**Movt Sep 09 v. Sep 08 %**
Retail	**204**	**181**	**13%**	**385**	**275**	**40%**
Deposits	7	10	-30%	17	14	21%
Mortgages	17	19	-11%	36	19	89%
Consumer Cards and Unsecured Lending	165	147	12%	312	237	32%
Other	15	5	large	20	5	large
Commercial	**171**	**146**	**17%**	**317**	**144**	**large**
Esanda	79	80	-1%	159	82	94%
Regional Commercial Banking	14	11	27%	25	10	large
Business Banking	46	32	44%	78	30	large
Small Business Banking	32	23	39%	55	22	large
Wealth	**26**	**11**	**large**	**37**	**4**	**large**
Institutional	**496**	**952**	**-48%**	**1,448**	**565**	**large**
Transaction Banking	70	90	-22%	160	111	44%
Specialised Lending (including Relationship Lending)	440	771	-43%	1,211	236	large
Global Markets	(14)	91	large	77	126	-39%
Other	-	-	n/a	-	92	-100%
	897	**1,290**	**-30%**	**2,187**	**988**	**large**

Australia region
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Collective provision charge	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**5**	**47**	-89%	**52**	**31**	68%
Deposits	-	1	-100%	1	-	n/a
Mortgages	15	2	large	17	3	large
Consumer Cards and Unsecured Lending	(2)	40	large	38	24	58%
Other	(8)	4	large	(4)	4	large
Commercial	**3**	**60**	**-95%**	**63**	**64**	**-2%**
Esanda	10	33	-70%	43	1	large
Regional Commercial Banking	6	8	-25%	14	15	-7%
Business Banking	(8)	11	large	3	34	-91%
Small Business Banking	(5)	8	large	3	14	-79%
Wealth	**29**	**1**	**large**	**30**	**-**	**n/a**
Institutional	**69**	**(326)**	**large**	**(257)**	**580**	**large**
Transaction Banking	40	(100)	large	(60)	100	large
Specialised Lending (including Relationship Lending)	23	(223)	large	(200)	448	large
Global Markets	6	(3)	large	3	32	-91%
Group Centre	**(22)**	**-**	**n/a**	**(22)**	**-**	**n/a**
	84	**(218)**	**large**	**(134)**	**675**	**large**

Net loans & advances including acceptances	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**151,129**	**145,899**	**4%**	**151,129**	**137,772**	**10%**
Mortgages	141,367	136,534	4%	141,367	128,691	10%
Consumer Cards & Unsecured Lending	9,258	8,932	4%	9,258	8,658	7%
Other	504	433	16%	504	423	19%
Commercial	**43,817**	**43,752**	**0%**	**43,817**	**43,798**	**0%**
Esanda	14,716	14,820	-1%	14,716	15,112	-3%
Regional Commercial Banking	11,320	10,846	4%	11,320	10,776	5%
Business Banking	14,494	15,025	-4%	14,494	15,147	-4%
Small Business Banking	3,287	3,061	7%	3,287	2,763	19%
Wealth	**2,810**	**2,603**	**8%**	**2,810**	**3,311**	**-15%**
Institutional	**49,392**	**60,225**	**-18%**	**49,392**	**61,506**	**-20%**
Transaction Banking	1,650	2,090	-21%	1,650	2,580	-36%
Specialised Lending (including Relationship Lending)	45,907	54,030	-15%	45,907	53,745	-15%
Global Markets	1,835	4,105	-55%	1,835	5,181	-65%
	247,148	**252,479**	**-2%**	**247,148**	**246,387**	**0%**

Australia region
Graham Hodges

Customer deposits	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**76,046**	**69,196**	**10%**	**76,046**	**59,405**	**28%**
Mortgages	9,049	8,520	6%	9,049	7,996	13%
Consumer Cards and Unsecured Lending	350	305	15%	350	306	14%
Deposits	66,567	60,318	10%	66,567	51,051	30%
Other	80	53	51%	80	52	54%
Commercial	**27,116**	**28,604**	**-5%**	**27,116**	**29,566**	**-8%**
Esanda	2,041	6,051	-66%	2,041	8,306	-75%
Regional Commercial Banking	4,174	3,755	11%	4,174	3,502	19%
Business Banking	12,002	10,988	9%	12,002	10,862	10%
Small Business Banking	8,899	7,810	14%	8,899	6,896	29%
Wealth	**1,348**	**1,175**	**15%**	**1,348**	**1,180**	**14%**
Institutional	**48,945**	**48,409**	**1%**	**48,945**	**42,270**	**16%**
Transaction Banking	36,475	33,741	8%	36,475	32,470	12%
Global Markets	11,978	14,097	-15%	11,978	9,338	28%
Other	492	571	-14%	492	462	6%
Group Centre	**26**	**80**	**-68%**	**26**	**244**	**-89%**
	153,481	**147,464**	**4%**	**153,481**	**132,665**	**16%**

Australia division
Graham Hodges

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	2,519	2,358	7%	**4,877**	4,244	15%
Other external operating income	845	779	8%	**1,624**	1,699	-4%
Operating income	3,364	3,137	7%	**6,501**	5,943	9%
Operating expenses	(1,397)	(1,360)	3%	**(2,757)**	(2,643)	4%
Profit before credit impairment and income tax	1,967	1,777	11%	**3,744**	3,300	13%
Provision for credit impairment	(438)	(446)	-2%	**(884)**	(518)	71%
Profit before income tax	1,529	1,331	15%	**2,860**	2,782	3%
Income tax expense and minority interest	(446)	(393)	13%	**(839)**	(798)	5%
Underlying profit	1,083	938	15%	**2,021**	1,984	2%
Risk weighted assets	74,248	77,195	-4%	74,248	75,360	-1%
Average net loans & advances including acceptances	194,979	189,090	3%	**192,042**	175,112	10%
Average deposits and other borrowings	101,182	98,018	3%	**99,605**	88,649	12%
Ratios						
Net interest margin	2.56%	2.48%		**2.52%**	2.40%	
Return on average assets	1.08%	0.97%		**1.03%**	1.10%	
Operating expenses to operating income	41.5%	43.4%		**42.4%**	44.5%	
Operating expenses to average assets	1.40%	1.41%		**1.40%**	1.47%	
Individual provision charge	400	339	18%	**739**	423	75%
Individual provision charge as a % of average net advances	0.41%	0.36%		**0.38%**	0.24%	
Collective provision charge	38	107	-64%	**145**	95	53%
Collective provision charge as a % of average net advances	0.04%	0.11%		**0.08%**	0.05%	
Net impaired loans	424	292	45%	**424**	194	large
Net impaired loans as a % of net advances	0.21%	0.15%		**0.21%**	0.10%	
Total employees	14,306	14,373	0%	**14,306**	14,535	-2%
Net loans and advances including acceptances	197,757	192,254	3%	**197,757**	184,880	7%
Deposits and other borrowings	104,876	100,927	4%	**104,876**	93,366	12%

Australia
Graham Hodges

2009 result

Profit for Australia region decreased by 1%. After adjusting statutory profit to reflect the ongoing business activities, underlying profit increased 13%.

Significant influences on underlying profit were:

- Net interest income increased 25% driven by an increase in net interest margin of 29 basis points, while average net loans and advances grew by 7% and average deposits grew by 11%. Higher funding benefits associated with unrealised trading gains (offset by a decrease in trading income) had an 11 basis point positive impact. Excluding this, margin improved by 18 basis points with higher margins in Australia division in Retail and Commercial reflecting repricing for risk and recouping higher funding costs and increased margins in Institutional Australia reflecting repricing on the corporate lending book and management of interest rate risk in Markets. Growth in balance sheet volume was driven by Australia division, with Retail customer deposits up 28% reflecting increased market share and net loans and advances up 10% in Mortgages.
- Other external operating income decreased 6%. Excluding the offset to the derivative funding benefit in net interest income, other external operating income increased 5% driven by strong trading and sales revenues generated in a volatile market and favourable growth in Retail driven by fee revenue mainly in Deposits. This was partially offset by a decline in income in Wealth from lower investment and advisory income and a lower contribution from the INGA business (refer pages 46 to 47).
- Operating expenses increased 10% or $357 million. Institutional Australia increased 21% or $178 million due primarily to investment in frontline staff and systems, salary inflation and remuneration costs. Australia division increased 4% or $114 million with increased volume growth related personnel in service delivery and collections areas, salary inflation, premises costs and investment in systems, partly offset by savings due to productivity, restructuring and offshoring activities. Increases of $61 million within Group Centre include increased expenditure on transformation activity.
- Provision for credit impairment increased $390 million (23%). The individual provision charge increased by $1,199 million driven by higher loss rates across all portfolios and increased bankruptcies, liquidations and a significant reduction in Retail resale options. In addition, Institutional Australia experienced several large single name provisions. The collective provision charge decreased by $809 million with the release of collective provision provided in 2008 as actual losses crystallised and flowed through the 2009 individual provision charge within Institutional Australia, partly offset by increases within the Cards portfolio due to higher delinquencies and bankruptcies and Esanda and Wealth due to risk deterioration.

Comparison with March 2009 half

Profit increased by $748 million or 112%. Underlying profit increased 36%.

Net interest income increased 9% driven by a 20 basis point increase in net interest margin. Australia division net interest margin increased 8 basis points reflecting higher margins in Retail and Commercial reflecting repricing for risk and decisions to offset the cost of increasing deposit volumes, partly offset by lower margins in Deposits resulting from competitive pressure. Institutional Australia net interest margin increased on the back of repricing of the loan book. Average net loans and advances reduced by 1% overall, with growth in Australia division of 3%, primarily in Mortgages, offset by a reduction in Institutional Australia of 15%, mainly in Specialised Lending driven by equity raisings in capital markets and widespread deleveraging prompting pay down of loan balances.

Other external operating income increased 30% driven by an improved trading result in Markets Australia. In addition, Australia division increased 8% due mainly to the improved market conditions in the Wealth business that increased investment and advisory income and an improved contribution from the INGA business (refer pages 46 to 47). Growth in Mortgages drove strong fee revenue from higher account volumes and higher predetermination fee volumes in Esanda has been mostly offset by reduced fee income from the industry move to introduce ATM direct charging in March 2009.

Operating expenses increased 10%. Institutional Australia increased by 20% due to investment in key initiatives, additional staff and remuneration costs. Australia division costs increased by 3% largely due to key projects and volume growth. Group Centre increased due to transformation costs.

Provision for credit impairment decreased 8%. The individual provision charge decreased $393 million with the high level of provisions incurred in the first half in Institutional Australia not repeated in the September 2009 half, partly offset by modest increases in individual provision charge observed across segments within Australia division. The collective provision charge increased $302 million in the September 2009 half. This increase was driven principally by an allowance for the inherent concentration in higher risk sectors particularly structured investment vehicles including legacy custodial services, managed investment schemes and margin lending related activities with other Financial Institutions.

INGA
Graham Hodges

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Wealth management income	211	191	10%	**402**	497	-19%
Insurance income						
- planned margin	168	161	4%	**329**	303	9%
- experience profit[1]	(15)	14	large	**(1)**	17	large
- assumption changes[1]	-	19	-100%	**19**	8	large
Operating income	364	385	-5%	**749**	825	-9%
Wealth management expenses	(144)	(144)	0%	**(288)**	(303)	-5%
Insurance expenses	(75)	(75)	0%	**(150)**	(157)	-4%
Remediation expenses[2]	(4)	(2)	100%	**(6)**	(8)	-25%
Capitalised software write-offs	-	(25)	-100%	**(25)**	-	n/a
Gross tax on operating profit	(41)	(43)	-5%	**(84)**	(86)	-2%
Profit after tax, before capital investment earnings	100	96	4%	**196**	271	-28%
Capital investment earnings after tax[3]	2	(50)	large	**(48)**	(18)	large
Profit after tax before minority interest	102	46	large	**148**	253	-42%
Minority interest	-	1	-100%	**1**	-	n/a
Profit	102	47	large	**149**	253	-41%
ANZ share						
ANZ share @ 49%	50	23	large	**73**	124	-41%
Net funding	(13)	(15)	-13%	**(28)**	(29)	-3%
Net return to ANZ	37	8	large	**45**	95	-53%
Carrying value of investment[4]	1,649	1,619	2%	**1,649**	1,589	4%
Annualised return on ANZ investment	4.5%	1.0%		**2.7%**	6.0%	
Performance measures at 100%						
Value of new business[5]	60	52	15%	**112**	107	5%
Cost to income[6]	60.2%	56.9%		**58.5%**	55.8%	
Wealth Management: (FUM)						
Retail & Mezzanine	24,125	21,126	14%	**24,125**	26,726	-10%
Employer Super	11,211	9,325	20%	**11,211**	10,490	7%
Oasis	5,383	3,574	51%	**5,383**	4,674	15%
Wealth Management netflows	1,820	248	large	**2,068**	886	large
Insurance: (In-Force)						
Group risk	410	427	-4%	**410**	374	10%
Individual risk	581	542	7%	**581**	501	16%
New premiums	121	123	-2%	**244**	230	6%

Wealth Management cashflows	**Sep 09 $M**	**In-flows**	**Out-flows**	**Other flows[7]**	**Sep 08 $M**
OneAnswer	16,687	2,390	(2,182)	(1,476)	17,955
Other Personal Investment	5,950	313	(790)	(308)	6,735
Mezzanine	1,488	350	(688)	(210)	2,036
Employer Super	11,211	2,518	(854)	(943)	10,490
Oasis	5,383	1,645	(634)	(304)	4,676
Total	40,719	7,216	(5,148)	(3,241)	41,892

1. *Experience profit 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 to correct operational deficiencies*
3. *Capital investment earnings after tax includes mark-to-market gains/(losses) on shareholder investment assets, annuity and capital-guaranteed products, and interest on shareholder loans*
4. *The carrying value of investment in INGA has been tested for impairment against the recoverable amount of INGA. INGA performed an actuarial assessment of the Economic Value (EV) of INGA as at 31 December 2008. The economic valuation was based on a discounted cash flow approach (which may differ from fair value). The Group engaged Ernst & Young ABC Pty Limited to provide an independent review of the reasonableness of INGA's valuation (including reasonableness of methodologies, assumptions, calculations and the valuation results). The EV was in excess of the Group's carrying value*
5. *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. Note prior period comparatives are reported using a consistent discount rate to that applicable in the 2009 financial year*
6. *Cost to income ratio is management expenses (excluding remediation expenses & capitalised software write-offs) / total income*
7. *Other Flows includes investment income net of taxes, fees and charges, distributions and timing*

INGA
Graham Hodges

2009 result

INGA showed resilience through the diversity of its operations in 2009. Continued investment market volatility in the wake of the global credit crisis served to adversely impact revenue in the form of both lower fee income from Wealth Management operations and lower capital investment earnings. However, Insurance operations performed strongly in a competitive market, showing solid growth.

Core expenses were well contained following the implementation of various initiatives including an external recruitment freeze, restructure of teams and general restraint on discretionary expenditure.

In Wealth Management, client funds under management (FUM) fell 3% over the course of the year, attributable to weaker underlying investment asset prices, while net flows remained positive. The fall in the value of average client FUM balances adversely impacted fee income and consequently operating profit. INGA increased its FUM market share in a contracting market to 8.5%[1]. INGA retained its number 1 ranking amongst employer super providers (as rated by Heron Partnership) with its Corporate Super product for the 6th consecutive year.

The Insurance operations enjoyed a 6% growth in new business (despite the inclusion of significant group life one-offs in the prior year), while in-force premiums grew 13%. The in-force premium growth was achieved across Group and Individual life business as well as consumer credit insurance.

Following the acquisition by MLC of Aviva Australia Holdings' wealth management and insurance operations, INGA ranks number 3 in the industry (previously number 2) for total in-force premiums, behind MLC and CBA respectively. INGA has nonetheless maintained a position of leadership in the life insurance industry, being named overall Risk Company of the Year at the 2008 Money Management / Dexx&r Adviser Choice Risk Awards and 2009 AFR Smart Investor's Life Company of the Year for the 2nd successive year.

Capital investment earnings were significantly reduced due to mark-to-market losses incurred in meeting legacy closed book capital-guaranteed obligations. Other contributing factors were realised losses on the sale of equity and listed property trust components of shareholder capital incurred in the course of de-risking the portfolio, and lower yields on interest-bearing securities in the de-risked portfolio contributed to the decline in CIE. The majority of the decline was experienced in the March half.

As noted on page 96, on 25 September 2009, the Group announced it had reached agreement with ING Groep to acquire ING Groep's 51% shareholdings in the ANZ-ING wealth management and life insurance joint ventures in Australia and New Zealand for $1,760 million, taking its ownership interest to 100%. Completion is subject to various conditions, including regulatory approval, and is expected to occur during the fourth quarter of calendar 2009.

1. *Source of market statistics: Plan For Life – June 2009*

Comparison with March 2009 half

Profit was 117% higher in the September 2009 half year, due primarily to the non-recurrence of most of the issues which adversely impacted capital investment earnings in the March half. Operating profit after tax was also higher, with Wealth Management operations achieving 10% income growth in a still cautious investor environment. Insurance income was lower due to an exceptional reserve release in the March half.

Wealth Management income was higher in the September half due to a partial recovery in the average value of funds under management, as positive investor sentiment towards platform investments and appetite for risk slowly began to return, despite the Federal Government's guarantee on bank deposits remaining in place.

Income from Insurance operations reflected normal seasonality in which first half earnings are traditionally stronger. In addition, reserves were strengthened based on recent adverse claims experience in the group life and group income protection books. Re-insurance costs were also higher in the September 2009 half (timing and repricing). The March half included a $19 million release of reserves from the annual review of risk assumptions. In-force premium growth at 2% reflects the acquisition of a large group scheme ($12 million) in the March half, with nothing comparable in the September half.

Expenses were well contained when compared to income growth over the same period (after excluding the impact of experience variations in Insurance income).

Capital investment earnings were significantly higher in the September half as markets recovered, although still below normalised levels due to lower average yield on investment assets, interest rate change impacts on reserve revaluations and minor capital-guaranteed book mark-to-market adjustments. There were no further realised losses on the sale of equities and listed property trusts which were incurred in the course of de-risking the shareholder portfolio during the March half.

Asia Pacific, Europe & America region
Alex Thursby

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	399	447	-11%	**846**	473	79%
Other external operating income	497	624	-20%	**1,121**	736	52%
Operating income	896	1,071	-16%	**1,967**	1,209	63%
Operating expenses	(419)	(433)	-3%	**(852)**	(554)	54%
Profit before credit impairment and income tax	477	638	-25%	**1,115**	655	70%
Provision for credit impairment	(154)	(122)	26%	**(276)**	(176)	57%
Profit before income tax	323	516	-37%	**839**	479	75%
Income tax expense	(39)	(101)	-61%	**(140)**	(87)	61%
Minority interest	1	(1)	large	**-**	(6)	-100%
Underlying profit	285	414	-31%	**699**	386	81%
Adjustments between statutory profit and underlying profit[1]	16	(15)	large	**1**	(5)	large
Profit	301	399	-25%	**700**	381	84%
Consisting of:						
Retail	10	8	25%	**18**	41	-56%
Asia Partnerships	186	145	28%	**331**	186	78%
Institutional	159	292	-46%	**451**	211	large
Wealth	(1)	(5)	-80%	**(6)**	7	large
Operations and Support	(64)	(28)	large	**(92)**	(12)	large
Asia Pacific, Europe & America Division	290	412	-30%	**702**	433	62%
Other	(5)	2	large	**(3)**	(47)	-94%
Underlying profit	285	414	-31%	**699**	386	81%
Adjustments between statutory profit and underlying profit[1]	16	(15)	large	**1**	(5)	large
Profit	301	399	-25%	**700**	381	84%
Geographic segments:						
Asia	180	198	-9%	**378**	235	61%
Pacific	64	90	-29%	**154**	133	16%
Europe & America	41	126	-67%	**167**	18	large
Underlying profit	285	414	-31%	**699**	386	81%
Adjustments between statutory profit and underlying profit[1]	16	(15)	large	**1**	(5)	large
Profit	301	399	-25%	**700**	381	84%
Balance Sheet						
Net loans & advances including acceptances	18,952	22,622	-16%	**18,952**	21,364	-11%
Other external assets	31,448	30,050	5%	**31,448**	27,504	14%
External assets	50,400	52,672	-4%	**50,400**	48,868	3%
Customer deposits	30,487	29,627	3%	**30,487**	22,530	35%
Other deposits and borrowings	10,754	11,322	-5%	**10,754**	13,028	-17%
Deposits and other borrowings	41,241	40,949	1%	**41,241**	35,558	16%
Other external liabilities	8,370	8,937	-6%	**8,370**	11,555	-28%
External liabilities	49,611	49,886	-1%	**49,611**	47,113	5%
Risk weighted assets	33,259	40,063	-17%	33,259	39,434	-16%
Average net loans and advances including acceptances	19,832	24,310	-18%	**22,065**	17,569	26%
Average deposits and other borrowings	41,227	41,401	0%	**41,314**	28,366	46%
Ratios						
Net interest average margin	1.70%	1.69%		**1.70%**	1.23%	
Net interest average margin (excluding cashflow on derivatives)	1.72%	1.70%		**1.71%**	1.53%	
Operating expenses to operating income	46.8%	40.4%		**43.3%**	45.8%	
Operating expenses to average assets	1.53%	1.44%		**1.48%**	1.24%	
Individual provision[2] charge	58	63	-8%	**121**	127	-5%
Individual provision[3] charge as a % of average net advances	0.58%	0.35%		**0.46%**	0.17%	
Collective provision charge	96	59	63%	**155**	49	large
Collective provision charge as a % of average net advances	0.97%	0.49%		**0.70%**	0.28%	
Net impaired loans	112	173	-35%	**112**	122	-8%
Net impaired loans as a % of net advances	0.59%	0.76%		**0.59%**	0.57%	
Total employees	8,555	7,610	12%	**8,555**	6,769	26%

1. *Refer pages 13 to 15 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included at page 100*
2. *Includes impairment expense on available-for-sale assets of $20 million (Sep 2008 full year: $98 million; Sep 2009 half: $nil; Mar 2009 half: $20 million)*
3. *For the purposes of this ratio the individual provision charge excludes impairment expense on available-for-sale assets*

Asia Pacific, Europe & America region
Alex Thursby

Comparison to Full Year Sep 2008

	Full Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[1]	Credit[2]	NPAT	Income	Expenses	PBP[1]	Credit[2]	NPAT
Retail	445	331	114	86	18	23%	29%	8%	large	-56%
Asia Partnerships	347	10	337	-	331	74%	11%	77%	n/a	78%
Institutional	1,172	418	754	140	451	69%	56%	77%	11%	large
Wealth	57	57	-	7	(6)	43%	large	-100%	large	large
Operations & Support	(12)	75	(87)	19	(92)	large	large	large	n/a	large
Asia Pacifc, Europe and America division	2,009	891	1,118	252	702	54%	51%	56%	48%	62%
Other	(42)	(39)	(3)	24	(3)	-56%	8%	-95%	large	-94%
Underlying Profit	**1,967**	**852**	**1,115**	**276**	**699**	**63%**	**54%**	**70%**	**57%**	**81%**
Adjustments b/t stat profit & underlying profit	(7)	(2)	(5)	(1)	1	large	100%	large	large	large
Profit	**1,960**	**850**	**1,110**	**275**	**700**	**59%**	**54%**	**63%**	**34%**	**84%**

Comparison to Full Year Sep 2008

	Full Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[1]	Credit[2]	NPAT	Income	Expenses	PBP[1]	Credit[2]	NPAT
Asia	1,082	557	525	123	378	85%	93%	77%	large	61%
Pacific	419	169	250	32	154	17%	9%	23%	100%	16%
Europe & America	466	126	340	121	167	75%	15%	large	7%	large
Underlying Profit	**1,967**	**852**	**1,115**	**276**	**699**	**63%**	**54%**	**70%**	**57%**	**81%**
Adjustments b/t stat profit & underlying profit	(7)	(2)	(5)	(1)	1	large	100%	large	large	large
Profit	**1,960**	**850**	**1,110**	**275**	**700**	**59%**	**54%**	**63%**	**34%**	**84%**

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*

Comparison to Half Year Mar 2009

	Half Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[1]	Credit[2]	NPAT	Income	Expenses	PBP[1]	Credit[2]	NPAT
Retail	209	153	56	40	10	-11%	-14%	-3%	-13%	25%
Asia Partnerships	194	6	188	-	186	27%	50%	26%	n/a	28%
Institutional	488	211	277	69	159	-29%	2%	-42%	-3%	-46%
Wealth	28	27	1	2	(1)	-3%	-10%	large	-60%	-80%
Operations & Support	(6)	42	(48)	19	(64)	0%	27%	23%	n/a	large
Asia Pacifc, Europe and America division	913	439	474	130	290	-17%	-3%	-26%	7%	-30%
Other	(17)	(20)	3	24	(5)	-32%	5%	large	n/a	large
Underlying Profit	**896**	**419**	**477**	**154**	**285**	**-16%**	**-3%**	**-25%**	**26%**	**-31%**
Adjustments b/t stat profit & underlying profit	20	(1)	21	-	16	large	0%	large	-100%	large
Profit	**916**	**418**	**498**	**154**	**301**	**-12%**	**-3%**	**-19%**	**27%**	**-25%**

Comparison to Half Year Mar 2009

	Half Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[1]	Credit[2]	NPAT	Income	Expenses	PBP[1]	Credit[2]	NPAT
Asia	543	290	253	73	180	1%	9%	-7%	46%	-9%
Pacific	184	76	108	17	64	-22%	-18%	-24%	13%	-29%
Europe & America	169	53	116	64	41	-43%	-27%	-48%	12%	-67%
Underlying Profit	**896**	**419**	**477**	**154**	**285**	**-16%**	**-3%**	**-25%**	**26%**	**-31%**
Adjustments b/t stat profit & underlying profit	20	(1)	21	-	16	large	0%	large	-100%	large
Profit	**916**	**418**	**498**	**154**	**301**	**-12%**	**-3%**	**-19%**	**27%**	**-25%**

1. *PBP (contribution before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*

Asia Pacific, Europe & America region
Alex Thursby

Individual provision charge	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**30**	**33**	**-9%**	**63**	**34**	**85%**
Asia	22	24	-8%	46	22	large
Pacific	8	9	-11%	17	12	42%
Institutional	**26**	**29**	**-10%**	**55**	**87**	**-37%**
Transaction Banking	13	-	n/a	13	(3)	large
Specialised Lending (including Relationship Lending)	15	6	large	21	23	-9%
Global Markets	(2)	23	large	21	67	-69%
Wealth	**2**	**1**	**100%**	**3**	**-**	**n/a**
Other	**-**	**-**	**n/a**	**-**	**6**	**-100%**
	58	**63**	**-8%**	**121**	**127**	**-5%**

Individual provision charge						
Asia	48	25	92%	73	19	large
Pacific	9	9	0%	18	12	50%
Europe & America	1	29	-97%	30	96	-69%
	58	**63**	**-8%**	**121**	**127**	**-5%**

Collective provision charge	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**10**	**13**	**-23%**	**23**	**8**	**large**
Asia	1	7	-86%	8	4	100%
Pacific	9	6	50%	15	4	large
Institutional	**43**	**42**	**2%**	**85**	**39**	**large**
Transaction Banking	3	1	large	4	4	0%
Specialised Lending (including Relationship Lending)	29	38	-24%	67	34	97%
Global Markets	11	3	large	14	1	large
Wealth	**-**	**4**	**-100%**	**4**	**2**	**100%**
Operations & Support	**19**	**-**	**n/a**	**19**	**-**	**n/a**
Other	**24**	**-**	**n/a**	**24**	**-**	**n/a**
	96	**59**	**63%**	**155**	**49**	**large**

Collective provision charge						
Asia	26	25	4%	51	28	82%
Pacific	8	6	33%	14	4	large
Europe & America	62	28	large	90	17	large
	96	**59**	**63%**	**155**	**49**	**large**

Asia Pacific, Europe & America region
Alex Thursby

Net loans & advances including acceptances	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**3,009**	**3,618**	**-17%**	**3,009**	**3,113**	**-3%**
Asia	726	844	-14%	726	719	1%
Pacific	2,283	2,774	-18%	2,283	2,394	-5%
Institutional	**14,670**	**17,536**	**-16%**	**14,670**	**16,938**	**-13%**
Transaction Banking	3,362	2,527	33%	3,362	3,991	-16%
Specialised Lending (including Relationship Lending)	10,785	14,267	-24%	10,785	12,616	-15%
Other	523	742	-30%	523	331	58%
Wealth	**1,268**	**1,462**	**-13%**	**1,268**	**1,308**	**-3%**
Other	**5**	**6**	**-17%**	**5**	**5**	**0%**
	18,952	**22,622**	**-16%**	**18,952**	**21,364**	**-11%**

Net loans & advances including acceptances						
Asia	10,099	10,156	-1%	10,099	10,087	0%
Pacific	2,283	2,774	-18%	2,283	2,394	-5%
Europe & America	6,570	9,692	-32%	6,570	8,883	-26%
	18,952	**22,622**	**-16%**	**18,952**	**21,364**	**-11%**

Customer deposits	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**5,620**	**6,059**	**-7%**	**5,620**	**5,166**	**9%**
Asia	2,240	2,055	9%	2,240	1,569	43%
Pacific	3,380	4,004	-16%	3,380	3,597	-6%
Institutional	**21,435**	**19,716**	**9%**	**21,435**	**13,715**	**56%**
Transaction Banking	7,608	4,242	79%	7,608	338	large
Global Markets	13,443	14,843	-9%	13,443	12,329	9%
Other	384	631	-39%	384	1,048	-63%
Wealth	**3,428**	**3,847**	**-11%**	**3,428**	**3,644**	**-6%**
Other	**4**	**5**	**-20%**	**4**	**5**	**-20%**
	30,487	**29,627**	**3%**	**30,487**	**22,530**	**35%**

Customer deposits						
Asia	18,084	15,897	14%	18,084	12,129	49%
Pacific	3,379	4,004	-16%	3,379	3,597	-6%
Europe & America	9,024	9,726	-7%	9,024	6,804	33%
	30,487	**29,627**	**3%**	**30,487**	**22,530**	**35%**

Asia Pacific, Europe & America division
Alex Thursby

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	420	471	-11%	**891**	570	56%
Other external operating income	493	625	-21%	**1,118**	735	52%
Operating income	913	1,096	-17%	**2,009**	1,305	54%
Operating expenses	(439)	(452)	-3%	**(891)**	(590)	51%
Profit before credit impairment and income tax	474	644	-26%	**1,118**	715	56%
Provision for credit impairment	(130)	(122)	7%	**(252)**	(170)	48%
Profit before income tax	344	522	-34%	**866**	545	59%
Income tax expense and minority interest	(54)	(110)	-51%	**(164)**	(112)	46%
Underlying profit	290	412	-30%	**702**	433	62%
Risk weighted assets	32,976	39,374	-16%	32,976	38,857	-15%
Average net loans & advances including acceptances	19,832	24,310	-18%	**22,065**	17,564	26%
Average deposits and other borrowings	41,226	41,400	0%	**41,313**	28,365	46%
Ratios						
Net interest margin	1.90%	1.85%		**1.87%**	1.52%	
Return on average assets	1.15%	1.43%		**1.30%**	1.02%	
Operating expenses to operating income	48.1%	41.2%		**44.4%**	45.2%	
Operating expenses to average assets	1.74%	1.57%		**1.65%**	1.39%	
Individual provision[1] charge	59	62	-5%	**121**	122	-1%
Individual provision[2] charge as a % of average net advances	0.59%	0.35%		**0.46%**	0.14%	
Collective provision charge	71	60	18%	**131**	48	large
Collective provision charge as a % of average net advances	0.71%	0.49%		**0.59%**	0.27%	
Net impaired loans	112	172	-35%	**112**	122	-8%
Net impaired loans as a % of net advances	0.59%	0.76%		**0.59%**	0.57%	
Total employees	5,703	5,247	9%	**5,703**	4,718	21%
Net loans and advances including acceptances	18,951	22,622	-16%	**18,951**	21,364	-11%
Deposits and other borrowings	41,237	40,943	1%	**41,237**	35,552	16%

1. *Includes impairment expense on available-for-sale assets of $20 million (Sep 2008 full year: $98 million; Sep 2009 half: $nil; Mar 2009 half: $20 million) and in September 2008 includes credit valuation adjustments on defaulted or impaired exposures of $29 million reclassified from Other external operating income to provision for credit impairment.*
2. *For the purpose of this ratio the individual provision charge excludes impairment expense on available-for-sale assets*

Asia Pacific, Europe & America
Alex Thursby

2009 result

Profit grew 84% (55% excluding the exchange rate impacts) with strong growth in the Institutional business driven by the high currency volatility in the region particularly in the early part of the year. Continued investment in front office sales capability generated a significant increase in trade sales. Our Asia Partnerships also contributed significantly to the result driven by increased equity accounted earnings, particularly from Shanghai Rural Commercial Bank (SRCB) and Bank of Tianjin (BoT) in China and AMMB Holdings Berhad (AMMB) in Malaysia (including adjustments to ANZ's share of earnings from prior periods principally from an improved assessment of credit provisioning requirements), offsetting an impairment charge relating to the carrying value of our investment in Saigon Securities Incorporation (SSI) in Vietnam booked in the March 2009 half.

Operating expenses increased as a result of our continued investment in the key strategic markets of Indonesia, Vietnam and China as well as building our regions operating and support capabilities.

Key factors affecting the result were:

- Net interest income increased by 79% (43% excluding exchange rate impacts) due to significant increases in our Global Markets business. While net loans and advances were down 11% year on year as we de-risked our balance sheet, overall external assets were up 3% due primarily to increased Markets activities. Customer deposits grew a healthy 35% improving our deposits to loans ratio to 160%. Margins increased by 47 basis points to 170 basis points.
- Other external operating income grew by 52% (40% excluding exchange rate impacts), of which more than half was contributed by equity accounted earnings from our Asia Partnerships which included benefit from reassessed credit provisioning requirements. Fee and other income were significantly higher in the Markets businesses leveraging off volatility in the currency markets.
- Operating expenses increased 54% (32% excluding exchange rate impacts) through a combination of new investments, and growth across the region in employee numbers. Employees increased by 1,786 as we continue to build core capability in the region and increase our operations and technology support staff in Bangalore.
- Provision for credit impairment increased by 57% ($100 million) due primarily to risk grade decreases and an additional $43 million as a result of a refinement to the collective provision calculation in the September 2009 half. This additional charge has been held centrally within the region.

Comparison with March 2009 half

While profit decreased by 25% in the September 2009 half it was 57% higher than the corresponding half in 2008. Exchange rates have unfavourably impacted the September 2009 half with the appreciation of the AUD against other currencies since 31 March 2009. Excluding the impact of exchange rates, profit decreased by 8%. The first half of 2009 included significant additional earnings from the Institutional business caused by increased market volatility not repeated in the second half. The Asian Partnerships benefited from increased earnings compared to the March 2009 half which was impacted by an impairment charge on SSI. While the remaining Asian business remained flat over the second half, reduction in foreign exchange trading income in the Pacific and trade sales in Europe and America contributed to the decline half on half.

Operating expenses reduced by 3% however, excluding the exchange rate impacts, were up 14%, reflecting continued investment in expanding distribution across the region and increased resources to support the growth agenda. Employees increased by 945 including an increase of 534 attributable to operations and technology support staff in Bangalore.

New Zealand region
Jenny Fagg

Table reflects NZD results for New Zealand region AUD results shown on page 57	Half year Sep 09 NZD M	Half year Mar 09 NZD M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 NZD M	Full year Sep 08 NZD M	Movt Sep 09 v. Sep 08 %
Net interest income	1,114	1,188	-6%	**2,302**	2,031	13%
Other external operating income	413	516	-20%	**929**	1,018	-9%
Operating income	1,527	1,704	-10%	**3,231**	3,049	6%
Operating expenses	(734)	(714)	3%	**(1,448)**	(1,398)	4%
Profit before credit impairment and income tax	793	990	-20%	**1,783**	1,651	8%
Provision for credit impairment	(598)	(291)	large	**(889)**	(300)	large
Profit before income tax	195	699	-72%	**894**	1,351	-34%
Income tax expense	(61)	(205)	-70%	**(266)**	(430)	-38%
Underlying profit	134	494	-73%	**628**	921	-32%
Adjustments between statutory profit and underlying profit[1]	(361)	(73)	large	**(434)**	69	large
Profit/(Loss)	(227)	421	large	**194**	990	-80%
Consisting of:						
Retail	72	168	-57%	**240**	422	-43%
Commercial	(14)	133	large	**119**	329	-64%
Wealth	5	6	-17%	**11**	29	-62%
Operations & Support	-	10	-100%	**10**	6	67%
New Zealand Businesses	63	317	-80%	**380**	786	-52%
Institutional	124	238	-48%	**362**	279	30%
Other	(53)	(61)	-13%	**(114)**	(144)	-21%
Underlying profit	134	494	-73%	**628**	921	-32%
Adjustments between statutory profit and underlying profit[1]	(361)	(73)	large	**(434)**	69	large
Profit/(Loss)	(227)	421	large	**194**	990	-80%
Balance Sheet						
Net loans & advances including acceptances	97,023	98,484	-1%	**97,023**	97,836	-1%
Other external assets	26,464	30,248	-13%	**26,464**	21,876	21%
External assets	123,487	128,732	-4%	**123,487**	119,712	3%
Customer deposits	59,931	59,553	1%	**59,931**	59,113	1%
Other deposits and borrowings	11,829	13,066	-9%	**11,829**	18,180	-35%
Deposits and other borrowings	71,760	72,619	-1%	**71,760**	77,293	-7%
Other external liabilities	28,824	35,789	-19%	**28,824**	28,671	1%
External liabilities	100,584	108,408	-7%	**100,584**	105,964	-5%
Risk weighted assets	66,922	66,668	0%	66,922	66,504	1%
Average net loans and advances including acceptances	96,754	97,991	-1%	**97,371**	92,546	5%
Average deposits and other borrowings	72,222	76,561	-6%	**74,386**	73,165	2%
Ratios						
Net interest average margin	2.03%	2.14%		**2.09%**	1.96%	
Net interest average margin (excluding cashflow on derivatives)	2.05%	2.04%		**2.04%**	2.04%	
Operating expenses to operating income	48.1%	41.9%		**44.8%**	45.9%	
Operating expenses to average assets	1.15%	1.09%		**1.12%**	1.24%	
Individual provision[2] charge	404	214	89%	**618**	188	large
Individual provision charge as a % of average net advances	0.83%	0.44%		**0.63%**	0.20%	
Collective provision charge	194	77	large	**271**	112	large
Collective provision charge as a % of average net advances	0.40%	0.16%		**0.28%**	0.12%	
Net impaired loans	711	337	large	**711**	195	large
Net impaired loans as a % of net advances	0.73%	0.34%		**0.73%**	0.20%	
Total employees	8,879	9,028	-2%	**8,879**	9,515	-7%

1. *Refer pages 13 to 15 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included within Supplementary Information at page 100*
2. *Includes credit valuation adjustments on defaulted or impaired exposures of NZD7 million (Sep 2008 full year: $nil; Sep 2009 half: NZD6 million; Mar 2009 half: NZD1 million)*

New Zealand region
Jenny Fagg

Comparison to Full Year Sep 2008

	Full Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[1]	Credit[2]	NPAT	Income	Expenses	PBP[1]	Credit[2]	NPAT
Retail	1,612	916	696	354	240	-7%	-1%	-14%	99%	-43%
Commercial	862	274	588	419	119	0%	2%	-1%	large	-64%
Wealth	55	41	14	5	11	-26%	0%	-58%	n/a	-62%
Operations & Support	26	16	10	-	10	large	large	0%	n/a	67%
New Zealand Businesses	2,555	1,247	1,308	778	380	-4%	2%	-9%	large	-52%
Institutional	773	171	602	95	362	36%	10%	46%	large	30%
Other	(97)	30	(127)	16	(114)	-49%	88%	-38%	n/a	-21%
Underlying profit	**3,231**	**1,448**	**1,783**	**889**	**628**	**6%**	**4%**	**8%**	**large**	**-32%**
Adjustments b/t stat profit & underlying profit	(258)	25	(283)	(8)	(434)	large	-39%	large	large	large
New Zealand	**2,973**	**1,473**	**1,500**	**881**	**194**	**-6%**	**2%**	**-12%**	**large**	**-80%**

Comparison to Half Year Mar 2009

	Half Year Sep 2009					Growth Rate				
	Income	Expenses	PBP[1]	Credit[2]	NPAT	Income	Expenses	PBP[1]	Credit[2]	NPAT
Retail	799	468	331	229	72	-2%	4%	-9%	83%	-57%
Commercial	417	137	280	299	(14)	-6%	0%	-9%	large	large
Wealth	26	21	5	3	5	-10%	5%	-44%	50%	-17%
Operations & Support	(2)	(1)	(1)	-	-	large	large	large	n/a	-100%
New Zealand Businesses	1,240	625	615	531	63	-6%	0%	-11%	large	-80%
Institutional	330	88	242	70	124	-26%	6%	-33%	large	-48%
Other	(43)	21	(64)	(3)	(53)	-20%	large	2%	large	-13%
Underlying profit	**1,527**	**734**	**793**	**598**	**134**	**-10%**	**3%**	**-20%**	**large**	**-73%**
Adjustments b/t stat profit & underlying profit	(178)	-	(178)	(6)	(361)	large	-100%	70%	large	large
New Zealand	**1,349**	**734**	**615**	**592**	**(227)**	**-17%**	**-1%**	**-31%**	**large**	**large**

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*

Individual provision charge	**Half year Sep 09 NZD M**	**Half year Mar 09 NZD M**	**Movt Sep 09 v. Mar 09 %**	**Full year Sep 09 NZD M**	**Full year Sep 08 NZD M**	**Movt Sep 09 v. Sep 08 %**
Retail	**186**	**106**	**75%**	**292**	**127**	**large**
Commercial	**165**	**104**	**59%**	**269**	**61**	**large**
Corporate & Commercial Banking	107	74	45%	181	43	large
Rural Banking	40	12	large	52	4	large
Other	18	18	0%	36	14	large
Institutional	**50**	**2**	**large**	**52**	**-**	**n/a**
Transaction Banking	45	-	n/a	45	-	n/a
Global Markets	5	2	large	7	-	n/a
Wealth	**3**	**2**	**50%**	**5**	**-**	**n/a**
	404	**214**	**89%**	**618**	**188**	**large**

New Zealand region
Jenny Fagg

Collective provision charge	Half year Sep 09 NZD M	Half year Mar 09 NZD M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 NZD M	Full year Sep 08 NZD M	Movt Sep 09 v. Sep 08 %
Retail	**43**	**19**	**large**	**62**	**51**	**22%**
Commercial	**134**	**16**	**large**	**150**	**47**	**large**
Corporate & Commercial Banking	68	12	large	80	35	large
Rural Banking	69	1	large	70	4	large
Other	(3)	3	large	-	8	-100%
Institutional	**20**	**23**	**-13%**	**43**	**14**	**large**
Transaction Banking	10	-	n/a	10	-	n/a
Global Markets	2	1	100%	3	1	large
Other	8	22	-64%	30	13	large
Other	**(3)**	**19**	**large**	**16**	**-**	**n/a**
	194	**77**	**large**	**271**	**112**	**large**

Net loans & advances including acceptances	Half year Sep 09 NZD M	Half year Mar 09 NZD M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 NZD M	Full year Sep 08 NZD M	Movt Sep 09 v. Sep 08 %
Retail	**52,443**	**52,688**	**0%**	**52,443**	**52,700**	**0%**
Commercial	**35,942**	**36,009**	**0%**	**35,942**	**35,458**	**1%**
Corporate & Commercial Banking	14,730	15,404	-4%	14,730	15,506	-5%
Rural	19,383	18,681	4%	19,383	17,950	8%
Other	1,829	1,924	-5%	1,829	2,002	-9%
Institutional	**7,671**	**8,846**	**-13%**	**7,671**	**8,795**	**-13%**
Specialised Lending (including Relationship Lending)	6,405	6,871	-7%	6,405	7,339	-13%
Global Markets	967	1,454	-33%	967	710	36%
Other	299	521	-43%	299	746	-60%
Wealth	**967**	**941**	**3%**	**967**	**883**	**10%**
	97,023	**98,484**	**-1%**	**97,023**	**97,836**	**-1%**

Customer deposits	Half year Sep 09 NZD M	Half year Mar 09 NZD M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 NZD M	Full year Sep 08 NZD M	Movt Sep 09 v. Sep 08 %
Retail	**33,661**	**33,836**	**-1%**	**33,661**	**32,674**	**3%**
Commercial	**10,364**	**11,145**	**-7%**	**10,364**	**11,466**	**-10%**
Corporate & Commercial Banking	6,599	6,993	-6%	6,599	7,065	-7%
Rural Banking	2,228	2,450	-9%	2,228	2,718	-18%
Other	1,537	1,702	-10%	1,537	1,683	-9%
Institutional	**11,144**	**10,241**	**9%**	**11,144**	**10,573**	**5%**
Transaction Banking	5,479	5,735	-4%	5,479	6,044	-9%
Global Markets	5,665	4,506	26%	5,665	4,529	25%
Wealth	**4,688**	**4,247**	**10%**	**4,688**	**4,315**	**9%**
Other	**74**	**84**	**-12%**	**74**	**85**	**-13%**
	59,931	**59,553**	**1%**	**59,931**	**59,113**	**1%**

New Zealand region
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Table reflects AUD results for New Zealand region NZD results shown on page 54	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	892	987	-10%	**1,879**	1,705	10%
Other external operating income	330	429	-23%	**759**	855	-11%
Operating income	1,222	1,416	-14%	**2,638**	2,560	3%
Operating expenses	(589)	(593)	-1%	**(1,182)**	(1,175)	1%
Profit before credit impairment and income tax	633	823	-23%	**1,456**	1,385	5%
Provision for credit impairment	(486)	(241)	large	**(727)**	(251)	large
Profit before income tax	147	582	-75%	**729**	1,134	-36%
Income tax expense	(44)	(172)	-74%	**(216)**	(361)	-40%
Underlying profit	103	410	-75%	**513**	773	-34%
Adjustments between statutory profit and underlying profit[1]	(294)	(60)	large	**(354)**	58	large
Profit/(Loss)	(191)	350	large	**159**	831	-81%
Consisting of:						
Retail	57	139	-59%	**196**	354	-45%
Commercial	(13)	110	large	**97**	276	-65%
Wealth	3	6	-50%	**9**	24	-63%
Operations & Support	-	8	-100%	**8**	5	60%
New Zealand Businesses	47	263	-82%	**310**	659	-53%
Institutional	97	198	-51%	**295**	235	26%
Other	(41)	(51)	-20%	**(92)**	(121)	-24%
Underlying profit	103	410	-75%	**513**	773	-34%
Adjustments between statutory profit and underlying profit[1]	(294)	(60)	large	**(354)**	58	large
Profit/(Loss)	(191)	350	large	**159**	831	-81%
Balance Sheet						
Net loans & advances including acceptances	79,605	81,614	-2%	**79,605**	81,981	-3%
Other external assets	21,714	25,068	-13%	**21,714**	18,330	18%
External assets	101,319	106,682	-5%	**101,319**	100,311	1%
Customer deposits	49,173	49,353	0%	**49,173**	49,534	-1%
Other deposits and borrowings	9,705	10,827	-10%	**9,705**	15,233	-36%
Deposits and other borrowings	58,878	60,180	-2%	**58,878**	64,767	-9%
Other external liabilities	23,650	29,659	-20%	**23,650**	24,025	-2%
External liabilities	82,528	89,839	-8%	**82,528**	88,792	-7%
Risk weighted assets	54,908	55,248	-1%	54,908	55,727	-1%
Average net loans and advances including acceptances	77,566	81,442	-5%	**79,499**	77,652	2%
Average deposits and other borrowings	57,850	63,631	-9%	**60,733**	61,391	-1%
Ratios						
Net interest average margin	2.03%	2.14%		**2.09%**	1.96%	
Net interest average margin (excluding cashflow on derivatives)	2.05%	2.04%		**2.04%**	2.04%	
Operating expenses[1] to operating income	48.1%	41.9%		**44.8%**	45.9%	
Operating expenses[1] to average assets	1.15%	1.09%		**1.12%**	1.24%	
Individual provision[2] charge	328	178	84%	**506**	157	large
Individual provision charge as a % of average net advances	0.84%	0.44%		**0.64%**	0.20%	
Collective provision charge	158	63	large	**221**	94	large
Collective provision charge as a % of average net advances	0.41%	0.16%		**0.28%**	0.12%	
Net impaired loans	584	280	large	**584**	163	large
Net impaired loans as a % of net advances	0.73%	0.34%		**0.73%**	0.20%	
Total employees	8,879	9,028	-2%	**8,879**	9,515	-7%

1. *Refer pages 13 to 15 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included within Supplementary Information at page 100*
2. *Includes credit valuation adjustments on defaulted or impaired exposures of $6 million (Sep 2008 full year: $nil; Sep 2009 half: $5 million; Mar 2009 half: $1 million)*

New Zealand Businesses
Jenny Fagg

	Half year Sep 09 NZD M	Half year Mar 09 NZD M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 NZD M	Full year Sep 08 NZD M	Movt Sep 09 v. Sep 08 %
Net interest income	944	992	-5%	**1,936**	2,060	-6%
Other external operating income	296	323	-8%	**619**	611	1%
Operating income	1,240	1,315	-6%	**2,555**	2,671	-4%
Operating expenses	(625)	(622)	0%	**(1,247)**	(1,226)	2%
Profit before credit impairment and income tax	615	693	-11%	**1,308**	1,445	-9%
Provision for credit impairment	(531)	(247)	large	**(778)**	(286)	large
Profit before income tax	84	446	-81%	**530**	1,159	-54%
Income tax expense and minority interest	(21)	(129)	-84%	**(150)**	(373)	-60%
Underlying profit (NZD)	63	317	-80%	**380**	786	-52%
Risk weighted assets	53,459	51,330	4%	53,459	51,075	5%
Average net loans & advances including acceptances	89,508	89,448	0%	**89,478**	85,059	5%
Average deposits and other borrowings	55,828	59,690	-6%	**57,754**	58,005	0%
Ratios						
Net interest margin	2.08%	2.20%		**2.14%**	2.40%	
Return on average assets	0.13%	0.69%		**0.41%**	0.90%	
Operating expenses to operating income	50.4%	47.3%		**48.8%**	45.9%	
Operating expenses to average assets	1.33%	1.35%		**1.34%**	1.41%	
Individual provision charge	356	212	68%	**568**	187	large
Individual provision charge as a % of average net advances	0.79%	0.48%		**0.63%**	0.22%	
Collective provision charge	175	35	large	**210**	99	large
Collective provision charge as a % of average net advances	0.39%	0.08%		**0.23%**	0.12%	
Net impaired loans	672	334	large	**672**	191	large
Net impaired loans as a % of net advances	0.75%	0.37%		**0.75%**	0.21%	
Total employees	8,633	8,595	0%	**8,633**	8,996	-4%
Net loans and advances including acceptances	89,352	89,647	0%	**89,352**	89,042	0%
Deposits and other borrowings	56,106	55,373	1%	**56,106**	61,108	-8%

New Zealand
Jenny Fagg

2009 result

The economic downturn in New Zealand has been more pronounced and protracted than that experienced in Australia. The banking environment has remained difficult throughout 2009, significantly impacting financial performance in the Retail, Commercial and Wealth businesses both in terms of revenue growth and provisioning. Global market volatility has, however, enabled a very strong result in the Institutional Markets business.

Profit decreased 80% impacted by negative adjustments between statutory profit and underlying profit of NZD194 million, principally tax provisioning on Conduits (refer page 13) and the ING investor settlement. After excluding adjustments to arrive at statutory profit, underlying profit reduced 32%, largely driven by a NZD421 million after tax increase in credit impairment expense, with credit cycle impacts felt across all businesses. Operating Income in the New Zealand Businesses declined 4%, with lending growth constrained by de-leveraging underway in the consumer and business sectors, and net interest margin contracting as a result of deposit competition. The Institutional business, however, delivered a 36% increase in revenue, with Markets taking advantage of opportunities presented by volatility during the first half.

- Net interest income increased 13%, or by 2%, after adjusting for a NZD226 million increase in net interest income from derivative and liquidity positions that was offset by a decrease in trading income. The result was driven by a strong contribution from positioning the balance sheet (mismatch earnings) and earnings on higher levels of retained capital, moderated by margin contraction of 26 basis points in our core Retail and Commercial businesses. Margin contraction reflected intensified competition for deposits driven by increased wholesale funding spreads, and the delay in passing these costs on due to the predominance of fixed rate mortgages in the lending book, as well as adverse break costs on mortgages as customers take advantage of falling interest rates.
- Excluding the change in composition of the derivative and liquidity result referred to above, other external operating income increased 14%, largely reflecting a strong Markets result. Other income for NZ Businesses increased 1%, assisted by the sale and leaseback of bank branches (NZD17 million). Retail fees were generally weak with a fall off in transactional volumes driven by lower consumer spend in a slowing economy.
- Operating expenses increased 4%. Costs have been well managed, reflecting benefits from business transformation strategies that have been in place over the last year, as well as from strong control of discretionary expenditure. These have offset the increase in costs from the acquisition of a subsidiary as part of a debt restructure, higher remuneration costs in Institutional and higher business transformation costs.
- Provision for credit impairment charge increased NZD589 million as a result of credit cycle impacts across the businesses. The individual provision charge increased NZD430 million, reflecting an increase in loss rate from the relatively low level of 20 basis points in the 2008 year to 63 basis points in 2009. This was largely from general deterioration across the book, with the largest increase in the Commercial businesses, albeit from relatively low levels in 2008. An increase of NZD52 million in Institutional largely related to a single name exposure. The collective provision charge increased NZD159 million with largest increases in the Commercial businesses (NZD103 million) as a result of economic cycle risk adjustments booked in the second half. The total provision coverage (ratio of total provisions held to credit risk weighted assets) at September 2009 was strong at 2.12%, up from 1.11% in 2008.

Comparison with March 2009 half

Business conditions became increasingly difficult during 2009. This has driven a weaker result in the September 2009 half, with a loss of NZD227 million. After excluding adjustments between statutory profit and underlying profit, underlying profit declined 73%, driven by Markets revenue normalising from the exceptional levels of the first half, the impact of intensified deposit competition on margins and continued pressure on credit quality.

Net interest income decreased 2% after adjusting for a NZD51 million decrease in net interest income from derivative and liquidity positions that was offset by an increase in trading income. The result reflected net interest margin contraction in the New Zealand Businesses of 12 basis points, driven by higher wholesale funding costs, competition for customer deposits, and higher break costs on mortgages. This was partly offset by a strong result from positioning the balance sheet (mismatch earnings) and higher levels of retained capital.

Excluding the impact of the change in composition of the derivatives result, other external operating income declined 25%. This mainly reflected performance in Markets, with the exceptional result in the March 2009 half not being matched in the second half. Retail fees were weaker as a result of the economic slow down, and the March 2009 half benefited from the sale of bank branches (NZD17 million).

Operating expenses increased 3%, with costs well managed across all businesses. Cost growth reflects remuneration costs in Institutional and higher business transformation and technology costs which more than offset reduced costs due to staff reductions from business transformation.

Provision for credit impairment charge increased NZD307 million. The individual provision charge increased NZD190 million, with households and businesses continuing to face financial stress in the downturn. The charge in Institutional increased NZD48 million, largely from a single name exposure. The collective provision charge increased NZD117 million, mainly comprising economic cycle risk adjustments in the Commercial businesses to reflect the adverse outlook in the corporate and rural sectors of the economy.

Institutional division
Shayne Elliott

Institutional division is included as a separate segment as it operates across all three regions offering specialist products and services within Transaction Banking, Specialised Lending and Global Markets to customers in Australia, New Zealand and Asia Pacific, Europe & America. The results for Institutional are also reported in the applicable region, consistent with how this segment is internally managed.

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	1,478	1,563	-5%	**3,041**	1,823	67%
Other external operating income	953	954	0%	**1,907**	1,801	6%
Operating income	2,431	2,517	-3%	**4,948**	3,624	37%
Operating expenses	(841)	(742)	13%	**(1,583)**	(1,245)	27%
Profit before credit impairment and income tax	1,590	1,775	-10%	**3,365**	2,379	41%
Provision for credit impairment	(690)	(718)	-4%	**(1,408)**	(1,281)	10%
Profit before income tax	900	1,057	-15%	**1,957**	1,098	78%
Income tax expense and minority interest	(248)	(308)	-19%	**(556)**	(327)	70%
Underlying profit	652	749	-13%	**1,401**	771	82%
Consisting of:						
Transaction Banking	68	268	-75%	**336**	244	38%
Specialised Lending (including Relationship Lending)	224	96	large	**320**	371	-14%
Global Markets	595	494	20%	**1,089**	409	large
Balance Sheet Management	(60)	40	large	**(20)**	(59)	-66%
Relationship & Infrastructure	(175)	(149)	17%	**(324)**	(194)	67%
Underlying Profit	652	749	-13%	**1,401**	771	82%
Geographic segments:						
Australia	396	259	53%	**655**	325	large
New Zealand	97	198	-51%	**295**	235	26%
Asia Pacific, Europe and America	159	292	-46%	**451**	211	large
Underlying profit	652	749	-13%	**1,401**	771	82%
Balance Sheet						
Net loans & advances including acceptances	70,356	85,090	-17%	**70,356**	85,814	-18%
Other external assets	113,494	123,694	-8%	**113,494**	101,528	12%
External assets	183,850	208,784	-12%	**183,850**	187,342	-2%
Customer deposits	77,380	76,610	1%	**77,380**	64,847	19%
Other deposits and borrowings	18,460	21,086	-12%	**18,460**	21,713	-15%
Deposits and other borrowings	95,840	97,696	-2%	**95,840**	86,560	11%
Other external liabilities	66,563	79,803	-17%	**66,563**	68,497	-3%
External liabilities	162,403	177,499	-9%	**162,403**	155,057	5%
Risk weighted assets	124,968	149,855	-17%	124,968	145,978	-14%
Average net loans & advances including acceptances	74,597	89,093	-16%	**81,825**	79,128	3%
Average deposits and other borrowings	96,557	94,994	2%	**95,776**	77,287	24%
Ratios						
Net interest margin	2.12%	1.99%		**2.05%**	1.36%	
Net interest margin (excluding cashflow on derivatives)	2.04%	1.78%		**1.90%**	1.58%	
Operating expenses to operating income	34.6%	29.5%		**32.0%**	34.4%	
Operating expenses to average assets	0.90%	0.65%		**0.77%**	0.76%	
Individual provision charge[1]	560	984	-43%	**1,544**	653	large
Individual provision charge[2] as a % of average net advances	1.50%	2.17%		**1.86%**	0.70%	
Collective provision charge	130	(266)	large	**(136)**	628	large
Collective provision charge as a % of average net advances	0.35%	(0.60%)		**(0.17%)**	0.79%	
Net impaired loans	1,852	1,738	7%	**1,852**	733	large
Net impaired loans as a % of net advances	2.63%	2.04%		**2.63%**	0.85%	
Total employees	5,149	4,876	6%	**5,149**	4,733	9%

1. *Includes credit valuation adjustments on defaulted or impaired exposures of $82 million (Sep 2008 full year: $156 million; Sep 2009 half: $10 million reversal; Mar 2009 half: $92 million) and impairment expense on available-for-sale assets of $20 million (Sep 2008 full year: $98 million; Sep 2009 half: $nil; Mar 2009 half: $20 million)*
2. *For the purpose of this ratio the individual provision charge excludes impairment expense on available-for-sale assets*

Institutional
Shayne Elliott

2009 result

Institutional's underlying profit grew by 82%, driven by strong revenue growth across all businesses.

The refocus on our global client segment propositions drove revenue in areas of core client demand. Interest rate and general market volatility and increased customer focus delivered Global Markets trading and sales revenue growth of 77%. Transaction Banking revenue grew by 12% and Specialised Lending revenue grew by 23%. Net lending assets fell by 18% during the year, where an increase in equity raisings in capital markets and a general response to the economic environment prompted the pay down of lending. Net interest margin (excluding cash flow on derivatives) increased by 32 basis points in response to widening credit spreads and repricing for risk. Customer deposits increased by $12.5 billion during the year reflecting our focus on core client needs in a volatile environment while reducing reliance on wholesale borrowing. Expenses grew by 27% reflecting the investment in the "Rebuild and Refocus" program and building our client franchises particularly in Asia where employee numbers increased by 188 to support business growth in that region. In addition, remuneration costs increased associated with attracting experienced bankers and specialist staff.

Provision for credit impairment was up 10%. Individual provisions of $1.5 billion were predominantly in Australia in the first half, largely related to securities lending, property exposures, agribusiness and a limited number of corporate names. This was offset in part by a net release of collective provision of $136 million, reflecting the release of some of the $300 million concentration risk and economic cycle collective provision booked in the prior financial year for exposures to financial services and property sectors which crystallised during the first half, lower volumes and allowance for concentration risks at the end of the year. Net non performing loans grew to $1.8 billion, although the rate of growth slowed significantly in the second half.

Significant factors affecting the result were as follows:

- Global Markets revenue increased 77% to $2.2 billion with strong trading and sales revenues generated in a volatile market.
- Net interest margin increased by 69 basis points to 2.05%. Excluding the impact of higher funding benefits associated with unrealised trading gains (offset by an equivalent decrease in trading income), net interest margin increased 32 basis points reflecting widening spreads and repricing for risk.
- Asia Pacific, Europe & America revenue increased reflecting strategic investment in the region.
- New Zealand revenue growth was 33%, despite poor local economic conditions. Revenue growth was driven mainly by Global Markets.

Comparison with March 2009 half

Underlying profit for the half decreased $97 million with revenue down by 3%. Global Markets trading revenue, and Specialised Lending repricing continued the momentum from the first half. Transaction Banking was adversely impacted by competition on deposit margins and higher provisioning. Balance Sheet Management's result was lower due mainly to credit portfolio management which suffered losses of $70 million on credit protection as credit spreads tightened during the September 2009 half compared to profits of $58 million in the March 2009 half.

Overall, the provision for credit impairment charge was lower compared to first half with a decrease in the individual provisions offset by an increase in the collective provision including concentration risk adjustments.

Net interest margin increased 13 basis points off the back of repricing. Excluding the impact of cash flow on derivatives, margins improved to 2.04% from 1.78%. Net lending assets decreased 17% driven by equity raisings in capital markets while customer deposits increased by 1%.

The Division continued with investment in technology and people, with costs associated with the "Rebuild and Refocus" program and higher remuneration costs associated with retaining and attracting specialist staff.

Institutional Asia Pacific, Europe & America
Alex Thursby

The contribution from Institutional Asia Pacific, Europe & America is included in both the Institutional results (pages 60 to 61) and the Asia Pacific, Europe & America results (page 52). This is consistent with how this business is internally managed. The following information is presented purely for reconciliation purposes.

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	258	287	-10%	**545**	282	93%
Other external operating income[1]	230	397	-42%	**627**	411	53%
Operating income	488	684	-29%	**1,172**	693	69%
Operating expenses	(211)	(207)	2%	**(418)**	(268)	56%
Profit before credit impairment and income tax	277	477	-42%	**754**	425	77%
Provision for credit impairment[1]	(68)	(72)	-6%	**(140)**	(126)	11%
Profit before income tax	209	405	-48%	**614**	299	large
Income tax expense and minority interest	(50)	(113)	-56%	**(163)**	(88)	85%
Underlying profit	159	292	-46%	**451**	211	large
Consisting of:						
Institutional Asia	96	151	-36%	**247**	110	large
Institutional Pacific	39	50	-22%	**89**	80	11%
Institutional Europe & America	24	91	-74%	**115**	21	large
	159	292	-46%	**451**	211	large
Balance Sheet						
Net loans & advances including acceptances	14,669	17,536	-16%	**14,669**	16,938	-13%
Other external assets	28,146	25,089	12%	**28,146**	25,017	13%
External assets	42,815	42,625	0%	**42,815**	41,955	2%
Customer deposits	21,436	19,715	9%	**21,436**	13,715	56%
Other deposits and borrowings	10,696	11,215	-5%	**10,696**	12,963	-17%
Deposits and other borrowings	32,132	30,930	4%	**32,132**	26,678	20%
Other external liabilities	9,533	7,826	22%	**9,533**	12,541	-24%
External liabilities	41,665	38,756	8%	**41,665**	39,219	6%
Risk weighted assets	27,671	32,712	-15%	27,671	32,428	-15%
Total employees	936	857	9%	**936**	806	16%

1. *In September 2008, credit valuation adjustments on defaulted or impaired exposures of $29 million have been reclassified as provision for credit impairment*

Group Centre[1]

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Net interest income	73	(107)	large	**(34)**	(229)	-85%
Other external operating income	41	(12)	large	**29**	104	-72%
Operating income	114	(119)	large	**(5)**	(125)	-96%
Operating expenses	(157)	(80)	96%	**(237)**	(167)	42%
Profit before credit impairment and income tax	(43)	(199)	-78%	**(242)**	(292)	-17%
Provision for credit impairment	(1)	(16)	-94%	**(17)**	(7)	large
Profit before income tax	(44)	(215)	-80%	**(259)**	(299)	-13%
Income tax expense and minority interest	(5)	53	large	**48**	89	-46%
Underlying profit/(loss)	(49)	(162)	-70%	**(211)**	(210)	0%
Total employees	4,810	4,282	12%	**4,810**	4,386	10%

1. *Group Centre comprises Operations, Technology & Shared Services, Group Human Resources, Group Risk Management, Group Treasury (includes the funding component of Treasury results, with the mismatch component being included in Institutional Division's Global Markets business), Group Strategy and Marketing, Corporate Affairs, Corporate Communications, Group Financial Management and Shareholder Functions*

2009 results

The underlying loss of $211 million was in line with the prior year with a number of offsetting factors impacting the result.

- Operating income improved $120 million due primarily to higher capital earnings (up $196 million) following the conversion of $1.0 billion of ANZ StEPS to equity, the $2.5 billion Institutional share placement, the $2.2 billion retail share purchase plan, dividend reinvestment plans and underwriting of the 2008 final dividend. These were partly offset by increased capital allocated to the businesses and the impacts of reduced interest rates earned on the capital. Profits on the sale of properties of $54 million in 2008 were not repeated in 2009, profits on matured revenue hedges reduced by $30 million and earnings from the central treasury function reduced by $20 million.
- Operating expenses increased $70 million in 2009 due mainly to higher project costs associated with ANZ's transformation programs, higher property costs, annual salary reviews, a write-down of software and lower cost recoveries by the Operations and Technology area.

Comparison with March 2009 half

The underlying loss of $49 million in the September 2009 half year reduced from a loss of $162 million in the March 2009 half.

- Operating income improved $233 million due primarily to higher capital earnings following the $2.5 billion Institutional share placement, the $2.2 billion retail share purchase plan, dividend reinvestment plans and a full half's impact from underwriting of the 2008 final dividend and reduced capital allocated to the businesses. These factors were partially offset by the impacts of reduced interest rates earned on the capital. Earnings on matured revenue hedges improved from a loss of $14 million in the March half to a profit of $31 million in the September half.
- Operating expenses increased $77 million in the September 2009 half year due mainly to higher project costs associated with ANZ's transformation programs and a write-down of software.

Global Customer review

Underlying operating income	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**3,159**	**3,009**	**5%**	**6,168**	**5,657**	**9%**
Australia	2,115	1,945	9%	4,060	3,640	12%
Asia Pacific, Europe & America	403	389	4%	792	561	41%
New Zealand	641	675	-5%	1,316	1,456	-10%
Commercial	**1,381**	**1,407**	**-2%**	**2,788**	**2,572**	**8%**
Australia	1,047	1,037	1%	2,084	1,847	13%
New Zealand	334	370	-10%	704	725	-3%
Institutional	**2,431**	**2,517**	**-3%**	**4,948**	**3,624**	**37%**
Australia	1,681	1,464	15%	3,145	2,456	28%
Asia Pacific, Europe & America	488	684	-29%	1,172	693	69%
New Zealand	262	369	-29%	631	475	33%
Group Centre, Wealth, Support and Operations	**356**	**107**	**large**	**463**	**442**	**5%**
	7,327	**7,040**	**4%**	**14,367**	**12,295**	**17%**

Underlying profit	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**1,000**	**912**	**10%**	**1,912**	**1,793**	**7%**
Australia	747	620	20%	1,367	1,213	13%
Asia Pacific, Europe & America	196	153	28%	349	227	54%
New Zealand	57	139	-59%	196	353	-44%
Commercial	**316**	**412**	**-23%**	**728**	**894**	**-19%**
Australia	329	302	9%	631	618	2%
New Zealand	(13)	110	large	97	276	-65%
Institutional	**652**	**749**	**-13%**	**1,401**	**771**	**82%**
Australia	396	259	53%	655	325	large
Asia Pacific, Europe & America	159	292	-46%	451	211	large
New Zealand	97	198	-51%	295	235	26%
Group Centre, Wealth, Support and Operations	**(104)**	**(165)**	**-37%**	**(269)**	**(32)**	**large**
	1,864	**1,908**	**-2%**	**3,772**	**3,426**	**10%**

Net loans and advances and acceptances	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Retail	**197,164**	**193,190**	**2%**	**197,164**	**185,045**	**7%**
Australia	151,128	145,901	4%	151,128	137,772	10%
Asia Pacific	3,008	3,618	-17%	3,008	3,113	-3%
New Zealand	43,028	43,671	-1%	43,028	44,160	-3%
Commercial	**73,308**	**73,592**	**0%**	**73,308**	**73,509**	**0%**
Australia	43,818	43,752	0%	43,818	43,797	0%
New Zealand	29,490	29,840	-1%	29,490	29,712	-1%
Institutional	**70,355**	**85,092**	**-17%**	**70,355**	**85,815**	**-18%**
Australia	49,392	60,225	-18%	49,392	61,508	-20%
Asia Pacific, Europe & America	14,669	17,536	-16%	14,669	16,938	-13%
New Zealand	6,294	7,331	-14%	6,294	7,369	-15%
Group Centre, Wealth, Support and Operations	**4,942**	**4,926**	**0%**	**4,942**	**5,482**	**-10%**
	345,769	**356,800**	**-3%**	**345,769**	**349,851**	**-1%**

	Sep 09 $M	Sep 08 $M	Sep 07 $M	Sep 06 $M	Sep 05 $M
Income Statement					
Net interest income	9,810	7,855	7,302	6,943	6,371
Other operating income	4,557	4,440	3,765	3,146	2,935
Operating expenses	(6,068)	(5,406)	(4,953)	(4,605)	(4,340)
Provision for credit impairment	(3,056)	(2,090)	(567)	(407)	(565)
Profit before income tax	5,243	4,799	5,547	5,077	4,401
Income tax expense	(1,469)	(1,365)	(1,616)	(1,486)	(1,247)
Minority interest	(2)	(8)	(7)	(4)	(3)
Underlying profit[1]	3,772	3,426	3,924	3,587	3,151
Adjustments between statutory profit and underlying profit[1]	(829)	(107)	256	101	24
Profit attributable to shareholders of the Company	2,943	3,319	4,180	3,688	3,175
Balance Sheet					
Assets	476,987	470,293	392,773	334,640	300,885
Net assets	32,429	26,552	22,048	19,906	19,538
Ratios					
Return on average ordinary equity[2]	10.3%	14.5%	20.9%	20.7%	18.3%
Return on average assets	0.6%	0.8%	1.2%	1.1%	1.1%
Tier 1 capital ratio[3]	10.6%	7.7%	6.7%	6.8%	6.9%
Total capital ratio[3]	13.7%	11.1%	10.1%	10.6%	10.5%
Operating expenses to operating income	45.7%	46.8%	43.7%	44.6%	47.0%
Operating expenses to operating income (underlying)[1]	42.2%	44.0%	44.9%	45.6%	46.6%
Shareholder value - ordinary shares					
Total return to shareholders					
(share price movement plus dividends)	40.3%	-33.5%	15.6%	17.1%	32.6%
Market capitalisation	61,085	38,263	55,382	49,331	43,834
Dividend	102 cents	136 cents	136 cents	125 cents	110 cents
Franked portion	100%	100%	100%	100%	100%
Share price					
- high	$24.99	$31.74	$31.50	$28.66	$24.45
- low	$11.83	$15.07	$25.75	$22.70	$19.02
- closing	$24.39	$18.75	$29.70	$26.86	$24.00
Share information (per fully paid)					
Earnings per share - basic	131.0c	170.4c	224.1c	200.0c	169.5c
Dividend payout ratio	82.3%	82.7%	60.9%	62.6%	65.0%
Net tangible assets	$11.02	$10.72	$9.36	$8.53	$7.77
Number of fully paid ordinary shares (M)	2,504.5	2,040.7	1,864.7	1,836.6	1,826.4
Other information					
Permanent employees (FTE)	36,094	35,423	33,004	30,644	29,471
Temporary employees (FTE)	1,593	1,502	1,349	1,612	1,505
Total employees (FTE)	37,687	36,925	34,353	32,256	30,976
Points of representation	1,352	1,340	1,327	1,265	1,223
Number of shareholders[4]	396,181	376,813	327,703	291,262	263,467

1. *For 2008 and 2009, adjusted to reflect result for the ongoing business activities of the Group. Refer pages 13 to 15 for explanation of adjustments. For 2005 to 2007, the income statement has been adjusted for one-off significant items and non-core income arising from the use of derivatives in economic hedges and fair value through profit and loss. This measure, known as Cash Profit, has been superseded by Underlying Profit.*
2. *Average ordinary shareholders' equity excludes minority interest and preference share dividend*
3. *Prior to March 2008, values were calculated using Basel I methodology*
4. *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 2009

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Australia and New Zealand Banking Group Limited

	Note	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Total income	3	13,563	16,445	-18%	**30,008**	36,913	-19%
Interest income		11,506	14,700	-22%	**26,206**	32,604	-20%
Interest expense		(6,520)	(9,878)	-34%	**(16,398)**	(24,754)	-34%
Net interest income	3	4,986	4,822	3%	**9,808**	7,850	25%
Other operating income	3	1,830	1,507	21%	**3,337**	3,948	-15%
Share of joint venture profit from ING Australia and ING New Zealand		54	29	86%	**83**	143	-42%
Share of associates' profit		173	209	-17%	**382**	218	75%
Operating income		7,043	6,567	7%	**13,610**	12,159	12%
Operating expenses	4	(3,135)	(3,090)	1%	**(6,225)**	(5,696)	9%
Profit before credit impairment and income tax		3,908	3,477	12%	**7,385**	6,463	14%
Provision for credit impairment	10	(1,632)	(1,373)	19%	**(3,005)**	(1,948)	54%
Profit before income tax		2,276	2,104	8%	**4,380**	4,515	-3%
Income tax expense	5	(752)	(683)	10%	**(1,435)**	(1,188)	21%
Profit for the period		1,524	1,421	7%	**2,945**	3,327	-11%
Comprising:							
Profit attributable to minority interest		(2)	4	large	**2**	8	-75%
Profit attributable to shareholders of the Company		1,526	1,417	8%	**2,943**	3,319	-11%
Earnings per ordinary share (cents)							
Basic	7	64.8	66.3	-2%	**131.0**	170.4	-23%
Diluted	7	63.8	63.4	1%	**129.6**	162.2	-20%
Dividend per ordinary share (cents)	6	56.0	46.0	22%	**102**	136	-25%

The notes appearing on pages 73 to 96 form an integral part of the Condensed Consolidated Financial Information and Other Disclosures

Australia and New Zealand Banking Group Limited

Assets	Note	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Liquid assets		**25,317**	26,743	25,030	-5%	1%
Due from other financial institutions		**4,985**	5,354	9,862	-7%	-49%
Trading securities		**30,991**	21,312	15,177	45%	large
Derivative financial instruments		**37,404**	57,445	36,941	-35%	1%
Current tax assets		**693**	327	809	large	-14%
Available-for-sale assets		**16,575**	16,182	17,480	2%	-5%
Net loans and advances	8	**332,007**	341,783	334,554	-3%	-1%
Customers' liability for acceptances		**13,762**	15,017	15,297	-8%	-10%
Shares in associates and joint venture entities		**4,565**	4,712	4,375	-3%	4%
Deferred tax assets		**503**	1,495	357	-66%	41%
Goodwill and other intangible assets[1]		**3,896**	3,816	3,741	2%	4%
Other assets		**4,227**	6,757	5,078	-37%	-17%
Premises and equipment		**2,062**	1,855	1,592	11%	30%
Total assets		**476,987**	502,798	470,293	-5%	1%
Liabilities						
Due to other financial institutions		**19,924**	18,314	20,092	9%	-1%
Deposits and other borrowings	11	**294,370**	293,598	283,966	0%	4%
Derivative financial instruments		**36,516**	49,439	31,927	-26%	14%
Liability for acceptances		**13,762**	15,017	15,297	-8%	-10%
Current tax liabilities		**99**	1,123	61	-91%	62%
Deferred tax liabilities		**111**	173	149	-36%	-26%
Payables and other liabilities		**7,775**	7,710	9,443	1%	-18%
Provisions		**1,312**	1,259	1,217	4%	8%
Bonds and notes		**57,260**	73,138	67,323	-22%	-15%
Loan capital	12	**13,429**	14,660	14,266	-8%	-6%
Total liabilities		**444,558**	474,431	443,741	-6%	0%
Net assets		**32,429**	28,367	26,552	14%	22%
Shareholders' equity						
Ordinary share capital	13,14	**19,151**	14,138	12,589	35%	52%
Preference share capital	13,14	**871**	871	871	0%	0%
Reserves	14	**(1,787)**	(334)	(742)	large	large
Retained earnings	14	**14,129**	13,620	13,772	4%	3%
Share capital and reserves attributable to shareholders of the Company		**32,364**	28,295	26,490	14%	22%
Minority interest		**65**	72	62	-10%	5%
Total equity		**32,429**	28,367	26,552	14%	22%

1. *Excludes notional goodwill in equity accounted entities*

The notes appearing on pages 73 to 96 form an integral part of the Condensed Consolidated Financial Information and Other Disclosures

Australia and New Zealand Banking Group Limited

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Items recognised directly in equity[1]						
Currency translation adjustments						
Exchange differences taken to equity	(1,352)	443	large	**(909)**	393	large
Available-for-sale assets						
Valuation gain/(loss) taken to equity	84	(55)	large	**29**	(305)	large
Cumulative (gain)/loss transferred to the income statement	5	13	-62%	**18**	60	-70%
Transfer on step acquisition of associate	-	-	n/a	**-**	60	-100%
Cash flow hedges						
Valuation gain/(loss) taken to equity	(141)	35	large	**(106)**	(39)	large
Transferred to income statement for the period	(48)	(15)	large	**(63)**	(35)	80%
Actuarial gain/(loss) on defined benefit plans	(37)	(87)	-57%	**(124)**	(79)	57%
Adjustment on step acquisition of associate	-	-	n/a	**-**	1	-100%
Income/(expense) recognised directly in equity	(1,489)	334	large	**(1,155)**	56	large
Profit for the period	1,524	1,421	7%	**2,945**	3,327	-11%
Total recognised income and expense for the period	35	1,755	-98%	**1,790**	3,383	-47%
Comprising:						
Total recognised income and expense attributable to minority interest	(2)	4	large	**2**	8	-75%
Total recognised income and expense attributable to shareholders of the company	37	1,751	-98%	**1,788**	3,375	-47%

1. *These items are disclosed net of tax*

The notes appearing on pages 73 to 96 form an integral part of the Condensed Consolidated Financial Information and Other Disclosures

Australia and New Zealand Banking Group Limited

	Note	Half year Sep 09 Inflows (Outflows) $M	Half year Mar 09 Inflows (Outflows) $M	Full year Sep 09 Inflows (Outflows) $M	Full year Sep 08 Inflows (Outflows) $M
Cash flows from operating activities					
Interest received		11,754	15,041	**26,795**	32,189
Dividends received		27	22	**49**	84
Fee income received		1,451	1,348	**2,799**	2,696
Other income received		669	295	**964**	692
Interest paid		(6,689)	(10,665)	**(17,354)**	(24,186)
Personnel expenses paid		(1,790)	(1,862)	**(3,652)**	(3,156)
Premises expenses paid		(246)	(257)	**(503)**	(465)
Other operating expenses paid		(502)	(431)	**(933)**	(1,284)
Net cash (paid)/received on derivatives		(5,641)	(2,113)	**(7,754)**	(1,628)
Income taxes (paid)/refunds received					
Australia		(1,083)	232	**(851)**	(2,006)
Overseas		(146)	(293)	**(439)**	(464)
Goods and Services Tax paid		(22)	(7)	**(29)**	(10)
(Increase)/decrease in operating assets:					
Liquid assets - greater than three months		1,818	435	**2,253**	(4,692)
Due from other financial institutions - greater than three months		4	1,398	**1,402**	(739)
Trading securities		(8,382)	(7,589)	**(15,971)**	31
Loans and advances		3,853	(5,750)	**(1,897)**	(46,855)
Increase/(decrease) in operating liabilities					
Deposits and other borrowings		4,238	8,363	**12,601**	49,796
Due to other financial institutions		1,610	(1,778)	**(168)**	976
Payables and other liabilities		760	(1,754)	**(994)**	(1,189)
Net cash provided by/(used in) operating activities	16(a)	1,683	(5,365)	**(3,682)**	(210)
Cash flows from investing activities					
Net decrease/(increase)					
Available-for-sale assets					
Purchases		(14,328)	(16,652)	**(30,980)**	(30,228)
Proceeds from sale or maturity		13,888	17,671	**31,559**	26,914
Controlled entities and associates					
Purchased (net of cash acquired)		(205)	(58)	**(263)**	(450)
Proceeds from sale (net of cash disposed)		3	12	**15**	128
Premises and equipment					
Purchases		(330)	(379)	**(709)**	(559)
Proceeds from sale		-	27	**27**	98
Other assets		286	(336)	**(50)**	(1,333)
Net cash provided by/(used in) investing activities		(686)	285	**(401)**	(5,430)
Cash flows from financing activities					
Net (decrease)/increase					
Bonds and notes					
Issue proceeds		6,608	13,809	**20,417**	29,200
Redemptions		(10,656)	(9,992)	**(20,648)**	(21,091)
Loan capital					
Issue proceeds		1,287	-	**1,287**	3,823
Redemptions		(1,330)	(14)	**(1,344)**	(1,975)
Net dividends paid		(673)	(24)	**(697)**	(46)
Share capital issues		4,655	25	**4,680**	67
Net cash provided by financing activities		(109)	3,804	**3,695**	9,978
Net cash provided by/(used in) operating activities		1,683	(5,365)	**(3,682)**	(210)
Net cash provided by/(used in) investing activities		(686)	285	**(401)**	(5,430)
Net cash provided by financing activities		(109)	3,804	**3,695**	9,978
Net increase/(decrease) in cash and cash equivalents		888	(1,276)	**(388)**	4,338
Cash and cash equivalents at beginning of period		22,380	23,487	**23,487**	19,074
Foreign currency translation		(463)	169	**(294)**	75
Cash and cash equivalents at end of period	16(b)	22,805	22,380	**22,805**	23,487

The notes appearing on pages 73 to 96 form an integral part of the Condensed Consolidated Financial Information and Other Disclosures

1. Basis of preparation

The Condensed Consolidated Financial Information and Other Disclosures:

- should be read in conjunction with the ANZ Annual Report for the year ended 30 September 2009, when released, and any public announcements made by the Parent Entity and its controlled entities (the Group) for the year ended 30 September 2009 in accordance with the continuous disclosure obligations under the Corporations Act 2001 (as amended) and the ASX Listing Rules;
- does not include all notes of the type normally included in the annual financial report;
- are presented in Australian dollars unless otherwise stated; and
- was approved by the Board of Directors on 28 October, 2009.

i) Statement of compliance

The Condensed Consolidated Financial Information and Other Disclosures have been prepared in accordance with the accounts provisions of the Banking Act 1959 (as amended), Australian Accounting Standards (AASs), Australian Accounting Standards Board (AASB), Interpretations, other authoritative pronouncements of the AASB and the Corporations Act 2001.

ii) Use of estimates and assumptions

The preparation of this financial information 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. Discussion of these critical accounting treatments, which include complex or subjective decisions or assessments, are covered in Note 2. Such estimates may require review in future periods.

iii) Basis of measurement

The financial information has been prepared in accordance with the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, including in the case of fair value hedging 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.

iv) Changes in Accounting Policy and early adoptions

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Information are consistent with those adopted and disclosed in the ANZ Annual Report for the year ended 30 September 2008 with the following exceptions:

- AASB 8: Operating Segments has been early adopted by the Group for the 2009 financial year. AASB 8 replaces AASB 114: Segment Reporting and requires the use of a 'management approach' to segment reporting. Segment information is therefore presented on the same basis as that used for internal reporting purposes. Adoption of this standard and the restructure of the Group has resulted in a revision to the Group's reportable segments.
- AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 makes consequential amendments to various standards which arise as a result of the issuance of AASB 8. This standard is required to be applied when an entity applies AASB8 and as such this standard has also been early adopted in the current financial year.
- AASB 2008-10: Amendments to Australian Accounting Standards - Reclassification of Financial Assets resulted in amendments to AASB 139: Financial Instruments - Recognition and Measurement permitting reclassification of Financial Assets in certain limited circumstances. This standard also resulted in amendments to AASB 7: Financial Instruments - Disclosure. The Group has applied this standard from 1 October 2008 and reclassified $415 million of available-for-sale financial assets to loans and advances as at 1 November 2008.
- Various AASB Interpretations became effective and thus applicable to the Group for the first time from 1 October 2008 with no material impact. These are as follows:
  - AASB Interpretation 13 "Customer Loyalty Programs" which requires the deferral of revenue associated with such programs and the recognition over the redemption period. The Group offers such programs through many of its credit card arrangements, however, a thorough review of the underlying arrangements has not resulted in any material adjustment. This is predominantly due to the fact that ANZ acts as an agent in these relationships.
  - AASB Interpretation 14 "AASB 119 - The Limit on a Defined Benefit Asset, Minimum funding Requirements and their interaction" which provides guidance on the amount of surplus that can be recognised as an asset by an employer sponsor of a defined benefit scheme. No adjustment is required as a result of this Interpretation.
  - AASB Interpretation 16 "Hedges of a Net Investment in a Foreign Operation" clarifies certain aspects of hedge accounting for net investments in foreign operations. The Group's existing hedges are in compliance with the requirements thus no adjustment was required.

There has been no other change in accounting policy during the year.

v) Rounding

The Parent Entity is an entity of the kind referred to in Australian Securities and Investments Commission class order 98/100 dated 10 July 1998 (as amended). Consequently, amounts in the Condensed Consolidated Financial Information and Other Disclosures have been rounded to the nearest million dollars, except where otherwise indicated.

1. Basis of preparation, cont'd

vi) Comparatives

Certain amounts in the comparative information have been reclassified to conform to current financial statement presentations.

2. Critical estimates and judgements used in applying Accounting Policies

The Group prepares its consolidated financial information in accordance with policies which are based on Australian Accounting Standards (AAS), other authoritative accounting pronouncements of the Australian Accounting Standards Board (AASB), AASB Interpretations and the Corporations Act 2001. This involves the Group making estimates and assumptions that affect the reported amounts within the financial information. Estimates and judgements are continually evaluated and are based on historical factors, including expectations of future events that are believed to be reasonable under the circumstances. All material changes to accounting policies and estimates and the application of these policies and judgements are approved by the Audit Committee of the Board.

A brief explanation of critical estimates and judgements, and their impact on the Group, follows.

Critical accounting estimates and assumptions

- **Provisions for credit impairment**

  The Group's accounting policy relating to measuring the impairment of loans and advances requires the Group to assess impairment at least at each reporting date. The credit provisions raised (individual and collective) represent management's best estimate of the losses incurred in the loan portfolio at balance date based on experienced judgement.

  The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data and events and an assessment of the impact of model risk. The provision also takes into account the impact of large concentrated losses within the portfolio and the stage of the economic cycle.

  The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and does not impact on reliability.

  Individual provisioning is applied when the full collectibility of a loan is identified as being doubtful.

  Individual and collective provisioning is calculated using discounted expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are revised regularly to reduce any differences between loss estimates and actual loss experience.

Critical judgements in applying the entity's accounting policies

- **Special purpose and off-balance sheet entities**

  The Group may invest in or establish special purpose entities (SPEs) to enable it to undertake specific types of transactions. The main types of these SPEs are securitisation vehicles, structured finance entities, and entities used to sell credit protection.

  Where the Group has established SPEs which are controlled by the Group, they are consolidated in the Group's financial statements.

  The Group does not consolidate SPEs that it does not control. As it can be complex to determine whether the Group has control of an SPE, the Group makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question.

  The table below summarises the main types of SPEs with which the Group is involved, the reason for their establishment, and the control factors associated with ANZ's interest in them. Although there may be some indicators of control, ANZ does not bear the majority of residual risks and rewards of the SPEs which are not consolidated.

Type of SPE	Reason for establishment	Control factors
Securitisation vehicles	Securitisation is a financing technique whereby assets are transferred to an SPE which funds the purchase by issuing securities. This enables ANZ (in the case where transferred assets originate within ANZ) or customers to increase diversity of funding sources.	ANZ may manage these securitisation vehicles, service assets in the vehicle or provide liquidity or other support. ANZ retains the risks associated with the provision of these services. For any SPE which is not consolidated, credit and market risks associated with the underlying assets are not retained or assumed by ANZ except to the limited extent that ANZ provides arm's length services and facilities.

2. Critical estimates and judgements used in applying Accounting Policies, cont'd

Type of SPE	Reason for establishment	Control factors
Structured finance entities	These entities are set up to assist the structuring of client financing. The resulting lending arrangements are at arms length and ANZ typically has limited ongoing involvement with the entity.	ANZ may manage these vehicles, hold minor amounts of capital, provide financing or provide derivatives.
Credit protection	The SPEs in this category are created to allow ANZ to purchase credit protection.	ANZ may manage these vehicles.

- **Significant joint ventures**

  The Group adopts the equity accounting method for its 49% interest in the joint ventures:
  - ING Australia Limited (INGA); and
  - ING (NZ) Holdings Limited (ING NZ).

  As at 30 September 2009, the carrying amount of the Group's investment in INGA was $1,649 million (Sep 2008: $1,589 million; Mar 2009: $1,619 million) and in ING NZ was $204 million (Sep 2008: $178 million; Mar 2009: $201 million).

  The carrying value of these investments is subject to an annual impairment test to ensure that their carrying value does not exceed their recoverable amount at balance sheet date. Any excess of carrying value over recoverable amount is taken to the income statement as an impairment write-down.

  A valuation of the Group's investment in INGA and ING NZ, based on a value-in-use methodology, was performed as part of the planned acquisition of the remaining interest in these entities (refer Note 20). The review concluded that the estimated recoverable amount of the investments based on a discounted cash flow approach (which may differ from a fair value assessment) exceeded their carrying amount and accordingly no write-down was required. Changes in the assumptions upon which these valuations were based, together with changes in future cash flows, could materially impact the valuations undertaken.

- **Significant Associates**

  The carrying values of all significant investments in associates are subject to an annual recoverable amount test. This assessment involves ensuring that the investment's fair value less costs to sell or its value in use is greater than its carrying amount. Judgement is applied when determining the assumptions supporting these calculations. This exercise resulted in the recognition of an impairment charge of $25 million in relation to the Group's investment in Saigon Securities Inc. (SSI), in the March 2009 half.

  As at 30 September 2009, the Group reviewed all investments in associates against the following impairment indicators:
  - actual financial performance against budgeted financial performance;
  - any material unfavourable operational factors and regulatory factors;
  - any material unfavourable economic outlook and market competitive factors;
  - carrying value against market value (supported by third-party broker valuation where possible); and
  - carrying value against market capitalisation (for listed investments).

  Where appropriate, additional potential impairment indicators are reviewed which are more specific to the respective investment.

  As at 30 September 2009 no impairment of associates was identified as a result of either the review of impairment indicators listed above or the recoverable amount test performed on longer term investments, beyond the March 2009 impairment charge in relation to SSI.

- **Available-for-sale assets**

  The accounting policy for impairment of available-for-sale financial assets requires the Group to assess whether there is objective evidence of impairment. This requires judgement when considering whether such evidence exists and if so, in reliably determining the impact of such events on the estimated cash flows of the asset.

2. Critical estimates and judgements used in applying Accounting Policies, cont'd

- **Financial Instruments at Fair Value**

  A significant portion of financial instruments are carried on the balance sheet at fair value.

  The best evidence of fair value is a quoted price in an active market. Accordingly, wherever possible fair value is based on quoted market prices for the financial instrument. In the event that there is no active market for the instrument, fair values are based on present value estimates or other market accepted valuation techniques.

  The majority of valuation techniques employ only observable market data, however, for certain financial instruments the fair value cannot be determined with reference to current market transactions or valuation techniques whose variables only include data from observable markets.

  In respect of the valuation component where market observable data is not available, the fair value is determined using data derived and extrapolated from market data and tested against historic transactions and observed market trends. These valuations are based upon assumptions established by application of professional judgement to analyse the data available to support each assumption. Changing the assumptions changes the resulting estimate of fair value.

  The valuation models incorporate the impact of factors that would influence the fair value determined by a market participant. Principal inputs used in the determination of fair value of financial instruments based on valuation techniques include data inputs such as statistical data on delinquency rates, foreclosure rates, actual losses, counterparty credit spreads, recovery rates, implied default probabilities, credit index tranche prices and correlation curves.

  The majority of outstanding derivative positions are transacted over-the-counter and therefore need to be valued using valuation techniques. Included in the determination of the fair value of derivatives is a credit valuation adjustment to reflect the credit worthiness of the counterparty, representing the credit risk component of the overall fair value increment on a particular derivative asset. The total valuation adjustment is influenced by the mark-to-market of the derivative trades and by movement in the current market cost of credit.

- **Goodwill**

  The carrying value of goodwill is reviewed at each balance date and is written-down, to the extent that it is no longer supported by probable future benefits.

  Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management reporting purposes. The CGUs for the Group have been revised during the year to align with the Group's new reportable segments (refer Note 1iv)

  Impairment testing of purchased goodwill is performed annually, or more frequently when there is an indication that the goodwill may be impaired, by comparing the recoverable amount of the CGU with the current carrying amount of its net assets, including goodwill. Where the current carrying value is greater than recoverable amount, a charge for impairment of goodwill will be recognised in the income statement.

  As at 30 September 2009, the balance of goodwill recorded as an asset in ANZ National Bank Limited was $2,657 million (Sep 2008: $2,713 million; Mar 2009: $2,683 million). This represents the most significant component of the Group's goodwill balance.

  In determining the recoverable amount of the CGU for testing of the goodwill in ANZ National Bank Limited, an independent valuation was obtained during the year based on a discounted cash flow approach. Changes in assumptions upon which the valuation is based together with changes in future cash flows, could materially impact the valuation obtained. The results of the independent valuation showed a value-in-use in excess of the current carrying amount of the CGU (including goodwill).

  At 30 September 2009, impairment testing by management review was conducted for all material goodwill balances. This assessment involves applying judgement and reviews against the following indicators:
  - Performance
  - Operational and Regulatory factors
  - Economic and industry factors

  The assessment did not reveal any impairment indicators and accordingly no write-down was required.

3. Income

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Interest income	11,506	14,700	-22%	**26,206**	32,604	-20%
Interest expense	(6,520)	(9,878)	-34%	**(16,398)**	(24,754)	-34%
Net interest income	4,986	4,822	3%	**9,808**	7,850	25%
i) Fee and commission income						
Lending fees	403	361	12%	**764**	595	28%
Non-lending fees and commissions	1,109	1,103	1%	**2,212**	2,317	-5%
Total fee and commission income	1,512	1,464	3%	**2,976**	2,912	2%
Fee and commission expense[1]	(133)	(136)	-2%	**(269)**	(256)	5%
Net fee and commission income	1,379	1,328	4%	**2,707**	2,656	2%
ii) Other income						
Foreign exchange earnings[2]	396	566	-30%	**962**	708	36%
Net gains from trading securities and derivatives	220	83	large	**303**	310	-2%
Credit risk on derivatives[3]	769	(904)	large	**(135)**	(687)	-80%
Movement on financial instruments measured at fair value through profit & loss[4]	(1,013)	655	large	**(358)**	348	large
Brokerage income	46	30	53%	**76**	78	-3%
Gain on Visa shares[5]	-	-	n/a	**-**	281	-100%
Profit on sale of premises	-	15	-100%	**15**	57	-74%
Stadium Australia income[6]	-	-	n/a	**-**	19	-100%
ANZ share of ING NZ frozen funds investor settlement	(35)	(138)	-75%	**(173)**	-	n/a
Write-down on assets in non continuing businesses	(7)	(105)	-93%	**(112)**	(32)	large
Mark to market (loss)/gain on Panin warrants	21	(35)	large	**(14)**	26	large
Mark to market (loss)/gain on Saigon Securities Incorporation options	6	(7)	large	**(1)**	17	large
Write-down of investment in Saigon Securities Incorporation	-	(25)	-100%	**(25)**	-	n/a
Private equity and infrastructure earnings	1	(2)	large	**(1)**	49	large
Other	47	46	2%	**93**	118	-21%
Total other income	451	179	large	**630**	1,292	-51%
Total other operating income	1,830	1,507	21%	**3,337**	3,948	-15%
Share of joint venture and associates' profit[7,8]	227	238	-5%	**465**	361	29%
Total income	13,563	16,445	-18%	**30,008**	36,913	-19%
Profit before income tax as a % of total income	16.78%	12.79%		**14.60%**	12.23%	

1. *Includes interchange fees paid*
2. *2009 comprises underlying foreign exchange earnings $932 million and $30 million non-underlying revenue and net investment hedges volatility profit (2008 full year: $689 million underlying and $19 million non-underlying revenue; Sep 2009 half: $393 million underlying and $3 million non-underlying revenue; Mar 2009 half: $539 million underlying and $27 million non-underlying revenue)*
3. *2009 comprises credit intermediation trades $53 million (2008 full year: $531 million; Sep 2009 half: $759 million credit; Mar 2009 half: $812 million) and credit risk on impaired derivatives $82 million (2008 full year: $156 million; Sep 2009 half: $10 million reversal; Mar 2009 half: $92 million)*
4. *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*
5. *Comprises gain arising from the allocation of shares in Visa Inc. measured at fair value. In addition, the Group has recognised a $72 million gain through its associate, Cards NZ Limited, on that associate's allocation of Visa Inc. shares (see footnote 7 below), bringing the total benefit to the Group on the Visa Inc. share allocation in the half year to $353 million*
6. *Deconsolidated after March 2008*
7. *2008 includes a $72 million equity accounted gain arising from the allocation of shares in Visa Inc. through the Group's associate, Cards NZ Limited, on Visa shares in New Zealand*
8. *Refer note 18*

4. Operating expenses

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Personnel						
Employee entitlements and taxes	118	124	-5%	**242**	256	-5%
Salaries and wages	1,109	1,129	-2%	**2,238**	2,067	8%
Superannuation costs - defined benefit plans	8	2	large	**10**	5	100%
Superannuation costs - defined contribution plans	115	123	-7%	**238**	208	14%
Equity-settled share-based payments	51	52	-2%	**103**	84	23%
Temporary staff	78	77	1%	**155**	148	5%
Other	350	262	34%	**612**	493	24%
Total personnel expenses	1,829	1,769	3%	**3,598**	3,261	10%
Premises						
Depreciation and amortisation	29	27	7%	**56**	49	14%
Rent	162	173	-6%	**335**	305	10%
Utilities and other outgoings	65	69	-6%	**134**	136	-1%
Other	19	15	27%	**34**	24	42%
Total premises expenses	275	284	-3%	**559**	514	9%
Computer						
Computer contractors	55	42	31%	**97**	76	28%
Data communications	37	40	-8%	**77**	69	12%
Depreciation and amortisation	123	116	6%	**239**	208	15%
Rentals and repairs	48	44	9%	**92**	81	14%
Software purchased	98	83	18%	**181**	131	38%
Software written-off	20	6	large	**26**	2	large
Other	32	24	33%	**56**	42	33%
Total computer expenses	413	355	16%	**768**	609	26%
Other						
Advertising and public relations	104	91	14%	**195**	182	7%
Audit fees	6	4	50%	**10**	9	11%
Depreciation of furniture and equipment	36	36	0%	**72**	66	9%
Impairment of intangible - Origin Australia	-	-	n/a	**-**	34	-100%
Freight and cartage	34	30	13%	**64**	54	19%
Non-lending losses, frauds and forgeries	49	25	96%	**74**	72	3%
Postage and stationery	57	61	-7%	**118**	122	-3%
Professional fees	108	89	21%	**197**	185	6%
Telephone	32	31	3%	**63**	58	9%
Travel	71	78	-9%	**149**	169	-12%
Other	112	116	-3%	**228**	180	27%
Total other expenses	609	561	9%	**1,170**	1,131	3%
Restructuring						
Organisational transformation costs	-	-	n/a	**-**	131	-100%
One ANZ	5	113	-96%	**118**	-	n/a
Other	4	8	-50%	**12**	50	-76%
Total restructuring expenses	9	121	-93%	**130**	181	-28%
Operating expenses	3,135	3,090	1%	**6,225**	5,696	9%

5. 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 09 $M**	**Half year Mar 09 $M**	**Movt Sep 09 v. Mar 09 %**	**Full year Sep 09 $M**	**Full year Sep 08 $M**	**Movt Sep 09 v. Sep 08 %**
Profit before income tax	2,276	2,104	8%	**4,380**	4,515	-3%
Prima facie income tax expense at 30%	683	631	8%	**1,314**	1,355	-3%
Tax effect of permanent differences:						
Overseas tax rate differential	(13)	(3)	large	**(16)**	23	large
Rebateable and non-assessable dividends	(3)	(5)	-40%	**(8)**	(9)	-11%
Profit from associates and joint venture entities	(70)	(71)	-1%	**(141)**	(112)	26%
Restatement of deferred tax balances for announced New Zealand tax rate change	-	-	n/a	**-**	(1)	-100%
Mark-to-market (gains)/losses on fair valued investments related to associated entities	(8)	13	large	**5**	(12)	large
Impairment of investment in associate company	-	7	-100%	**7**	-	n/a
Offshore Banking Unit	(63)	95	large	**32**	(90)	large
New Zealand Conduits	196	-	n/a	**196**	-	n/a
Other[1]	30	16	88%	**46**	33	39%
	752	683	10%	**1,435**	1,187	21%
Income tax (over) provided in previous years	-	-	n/a	**-**	1	-100%
Total income tax expense charged in the income statement	752	683	10%	**1,435**	1,188	21%
Australia	511	446	15%	**957**	751	27%
Overseas	241	237	2%	**478**	437	9%
	752	683	10%	**1,435**	1,188	21%
Effective Tax Rate - Group	33.0%	32.5%		**32.8%**	26.3%	

1. *2008 includes $21 million of Australian tax on the equity accounted profits of Cards NZ Limited relating to the gain on the allocation of shares in Visa Inc. which was not taxable in New Zealand*

6. Dividends

Ordinary Shares

Dividend per ordinary share (cents)	Half year Sep 09	Half year Mar 09	Movt Sep 09 v. Mar 09	Full year Sep 09	Full year Sep 08	Movt Sep 09 v. Sep 08
Interim (fully franked)	n/a	46	n/a	**46**	62	-26%
Final (fully franked)	56	n/a	n/a	**56**	74	-24%
Total				**102**	136	-25%
Ordinary share dividend	**$M**	**$M**	**%**	**$M**	**$M**	**%**
Interim dividend	993	-	n/a	**993**	1,192	-17%
Final dividend	-	1,514	n/a	**1,514**	1,381	10%
Bonus option plan adjustment	(17)	(38)	-55%	**(55)**	(67)	-18%
Total[1]	976	1,476	-34%	**2,452**	2,506	-2%
Ordinary share dividend payout ratio[2] (%)	92.5%	71.3%		**82.3%**	82.7%	

1. *Dividends recorded when paid*
2. *Dividend payout ratio calculated using proposed 2009 final dividend of $1,403 million not included in the above table. The proposed 2009 final dividend of $1,403 million is based on the number of ordinary shares on issue at 30 September 2009. Dividend payout ratios for the March 2009 half year and September 2008 full year calculated using actual dividend paid of $993 million and $2,706 million respectively*

For the 2009 final dividend, a discount of 1.5% will be applied when calculating the "Acquisition Price" used in determining the number of shares to be provided under ANZ's Dividend Reinvestment Plan (DRP) and Bonus Option Plan (BOP), which shares will rank equally in all respects with existing fully paid ANZ ordinary shares. For further details, refer to the DRP and BOP terms and conditions. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2009 final dividend must be received by ANZ's Share Registrar by 5.00 pm (Melbourne time) on 11 November 2009.

Preference Shares

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Preference share dividend						
Euro Trust Securities	9	24	-63%	**33**	46	-28%
Dividend per preference share						
Euro Trust Securities	€ 10.79	€ 24.28	-56%	**€ 35.07**	€ 55.31	-37%

7. Earnings per share

	Half year Sep 09	Half year Mar 09	Movt Sep 09 v. Mar 09 %	Full year Sep 09	Full year Sep 08	Movt Sep 09 v. Sep 08 %
Number of fully paid ordinary shares on issue (M)	2,504.5	2,158.1	16%	**2,504.5**	2,040.7	23%
Basic						
Profit attributable to shareholders of the Company ($M)	1,526	1,417	8%	**2,943**	3,319	-11%
Less Preference share dividends ($M)	(9)	(24)	-63%	**(33)**	(46)	-28%
Profit excluding preference share dividends ($M)	1,517	1,393	9%	**2,910**	3,273	-11%
Weighted average number of ordinary shares (M)	2,341.8	2,100.7	11%	**2,221.6**	1,921.1	16%
Basic earnings per share (cents)	64.8	66.3	-2%	**131.0**	170.4	-23%
Diluted						
Profit excluding preference share dividends ($M)	1,517	1,393	9%	**2,910**	3,273	-11%
Interest on US Trust securities[1] ($M)	24	30	-20%	**54**	41	32%
Interest on ANZ StEPS[2] ($M)	-	-	n/a	**-**	55	-100%
Interest on UK Hybrid securities[3] ($M)	-	-	n/a	**-**	63	-100%
Interest on Convertible Preference Shares[4] ($M)	22	30	-27%	**52**	-	n/a
Interest on Convertible Notes[5] ($M)	11	14	-21%	**25**	1	large
Profit attributable to shareholders of the Company excluding interest on US Trust securities, ANZ StEPS, UK Hybrid, Convertible Preference Shares and Convertible Perpetual Notes ($M)	1,574	1,467	7%	**3,041**	3,433	-11%
Weighted average number of shares on issue (M)	2,341.8	2,100.7	11%	**2,221.6**	1,921.1	16%
Weighted average number of convertible options (M)	4.0	3.9	3%	**3.8**	6.7	-43%
Weighted average number of convertible US Trust securities at current market price[1] (M)	51.3	101.9	-50%	**51.3**	73.4	-30%
Weighted average number of convertible ANZ StEPS[2] securities (M)	-	-	n/a	**-**	57.9	-100%
Weighted average number of convertible UK Hybrid[3] securities (M)	-	-	n/a	**-**	56.9	-100%
Weighted average number of convertible preference shares[4] (M)	45.5	70.4	-35%	**45.5**	0.2	large
Weighted average number of convertible notes[5] (M)	24.6	38.5	-36%	**24.7**	0.4	large
Adjusted weighted average number of shares - diluted (M)	2,467.2	2,315.4	7%	**2,346.9**	2,116.6	11%
Diluted earnings per share (cents)	63.8	63.4	1%	**129.6**	162.2	-20%

1. *The US Stapled Trust securities issued on 27 November 2003 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 51.3 million for the year ended 30 September 2009*
2. *ANZ StEPS (issued on 23 September 2003) were converted to ordinary shares on 15 September 2008*
3. *UK Hybrid (issued on 15 June 2007) is a GBP denominated stapled security that 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 considered in the calculation of diluted EPS. However, the conversion of this UK Hybrid does not have any dilutive impact in 2009 and therefore has been excluded. The historical comparative remains, as it did have a dilutive impact in 2008*
4. *Convertible preference shares (issued on 30 September 2008) convert to ordinary shares on the fifth anniversary of the issue date at the market price of ANZ ordinary shares less 2.5% (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 45.5 million for the year ended 30 September 2009*
5. *Convertible notes (issued on 26 September 2008) may be converted to a number of ordinary shares calculated at the market price of ANZ ordinary shares, plus 1% conversion premium shares if the instruments are not redeemed by ANZ. These were fully redeemed by ANZ for cash at face value on 28 September 2009*

8. Net loans and advances

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Australia						
Overdrafts	6,447	6,288	3%	**6,447**	6,157	5%
Credit card outstandings	7,902	7,614	4%	**7,902**	7,412	7%
Term loans - housing	141,652	137,239	3%	**141,652**	128,809	10%
Term loans - non-housing	68,309	76,766	-11%	**68,309**	79,149	-14%
Lease finance	1,656	2,018	-18%	**1,656**	1,772	-7%
Hire purchase	10,390	10,520	-1%	**10,390**	10,731	-3%
Other	2,025	2,179	-7%	**2,025**	2,234	-9%
	238,381	242,624	-2%	**238,381**	236,264	1%
New Zealand						
Overdrafts	1,444	1,463	-1%	**1,444**	1,636	-12%
Credit card outstandings	1,151	1,184	-3%	**1,151**	1,201	-4%
Term loans - housing	44,689	45,573	-2%	**44,689**	45,307	-1%
Term loans - non-housing	32,657	33,368	-2%	**32,657**	33,628	-3%
Lease finance	184	201	-8%	**184**	208	-12%
Hire purchase	376	412	-9%	**376**	443	-15%
Other	352	357	-1%	**352**	363	-3%
	80,853	82,558	-2%	**80,853**	82,786	-2%
Overseas Markets						
Overdrafts	456	549	-17%	**456**	489	-7%
Credit card outstandings	323	306	6%	**323**	279	16%
Term loans - housing	1,749	2,067	-15%	**1,749**	1,710	2%
Term loans - non-housing	15,946	18,959	-16%	**15,946**	17,978	-11%
Lease finance	224	291	-23%	**224**	254	-12%
Other	413	441	-6%	**413**	290	42%
	19,111	22,613	-15%	**19,111**	21,000	-9%
Total gross loans and advances	338,345	347,795	-3%	**338,345**	340,050	-1%
Provisions for credit impairment (refer note 10)	(4,526)	(4,083)	11%	**(4,526)**	(3,496)	29%
Less income yet to mature[1]	(2,372)	(2,530)	-6%	**(2,372)**	(2,600)	-9%
Capitalised brokerage/mortgage origination fees	560	601	-7%	**560**	600	-7%
	(6,338)	(6,012)	5%	**(6,338)**	(5,496)	15%
Total net loans and advances	332,007	341,783	-3%	**332,007**	334,554	-1%

[1] *Includes fees and expenses capitalised and amortised using the effective interest method of $391 million (Mar 2009: $403 million; Sep 2008: $351 million)*

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

New Zealand	Half year Sep 09 NZD M	Half year Mar 09 NZD M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 NZD M	Full year Sep 08 NZD M	Movt Sep 09 v. Sep 08 %
Overdrafts	1,760	1,765	0%	**1,760**	1,953	-10%
Credit card outstandings	1,402	1,429	-2%	**1,402**	1,434	-2%
Term loans - housing	54,466	54,992	-1%	**54,466**	54,070	1%
Term loans - non-housing	39,802	40,265	-1%	**39,802**	40,131	-1%
Lease finance	224	243	-8%	**224**	248	-10%
Hire purchase	458	498	-8%	**458**	529	-13%
Other	431	431	0%	**431**	431	0%
	98,543	99,623	-1%	**98,543**	98,796	0%

8. Net loans and advances, cont'd

As a consequence of the turmoil in global financial markets, significant difficulty arises in determining appropriate fair value estimates by reference to quoted market prices for certain financial instruments reported at fair value on the balance sheet, increasing the subjectivity inherent in valuations. This has affected some mortgage backed securities held by the Group which were originally classified for financial reporting purposes as Available-For-Sale.

In November 2008, the Group reclassified these mortgage backed securities, issued in America, into loans and advances measured at amortised cost. The reclassification was applied only to securities that were no longer traded in an active market. It is the Group's intention to hold these assets for the foreseeable future in order to recover the initial investment through a stream of contractual repayments.

Below is an analysis of the impact on the financial position of ANZ:

	Fair value $M	Carrying amount $M	AFS revaluation reserve in equity $M
Values on reclassification date	415	415	233
Exchange rate fluctuations	n/a	(89)	(49)
Impairment loss recognised in the year	-	-	(20)
Principal repayments	(61)	(61)	-
Amortisation to face value[1]	n/a	8	(7)
Changes in fair value including exchange rate fluctuations	(138)	n/a	n/a
Closing balance at end of year	216	273	157
Impairment loss recognised in the year	-	20	-

1. *The weighted average effective interest rate for the reclassified assets approximates 1.3%*

9. Credit quality

Maximum exposure to credit risk

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount. In certain circumstances, there may be differences between the carrying amounts reported on the balance sheet and the amounts reported in the table below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as equity investments which are primarily subject to market risk, or bank notes and coins. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For undrawn facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The following table presents the maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments before taking account of any collateral held or other credit enhancements.

	Reported		Excluded[1]		Maximum exposure to credit risk	
	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08
Maximum exposure to credit risk	$M	$M	$M	$M	$M	$M
Liquid assets	25,317	25,030	3,108	4,849	22,209	20,181
Due from other financial institutions	4,985	9,862	-	-	4,985	9,862
Trading securities	30,991	15,177	-	20	30,991	15,157
Derivative financial instruments	37,404	36,941	-	-	37,404	36,941
Available-for-sale assets	16,575	17,480	459	446	16,116	17,034
Net loans, advances and acceptances	345,769	349,851	-	-	345,769	349,851
Other financial assets	3,265	4,273	-	-	3,265	4,273
	464,306	458,614	3,567	5,315	460,739	453,299
Undrawn facilities	106,644	111,265	-	-	106,644	111,265
Contingent facilities	25,218	30,006	-	-	25,218	30,006
	131,862	141,271	-	-	131,862	141,271
Total	596,168	599,885	3,567	5,315	592,601	594,570

1. *Includes bank notes and coins and cash at bank for liquid assets and equity instruments within trading securities and available-for-sale financial assets*

9. Credit quality, cont'd

Distribution of financial instruments by credit quality

	Neither past due nor impaired		Past due but not impaired		Restructured		Impaired		Total	
	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Liquid assets	22,209	20,181	-	-	-	-	-	-	22,209	20,181
Due from financial institutions	4,985	9,862	-	-	-	-	-	-	4,985	9,862
Trading securities	30,991	15,157	-	-	-	-	-	-	30,991	15,157
Derivative financial instruments[1]	37,272	36,886	-	-	5	55	127	-	37,404	36,941
Available-for-sale assets[2]	16,116	17,019	-	-	-	-	-	15	16,116	17,034
Net loans, advances and acceptances	330,340	334,484	10,369	12,884	668	733	4,392	1,750	345,769	349,851
Other financial assets	3,265	4,273	-	-	-	-	-	-	3,265	4,273
Credit related commitments[3]	131,459	141,159	-	-	-	35	403	77	131,862	141,271
	576,637	579,021	10,369	12,884	673	823	4,922	1,842	592,601	594,570

1. *Derivative assets, considered impaired, net of credit valuation adjustments*
2. *Impaired available-for-sale debt security where the cumulative mark-to-market loss has been transferred from equity to the Income Statement*
3. *Comprises undrawn facilities and customer contingent liabilities*

Credit quality of financial assets neither past due nor impaired

The credit quality of financial assets is managed by ANZ using internal ratings which aim to reflect the relative ability of counterparties to fulfil, on time, their credit-related obligations, and is based on their current probability of default.

	Strong credit[1] profile		Satisfactory risk[2]		Sub-standard[3] but not past due or impaired		Total	
	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08
	$M	$M	$M	$M	$M	$M	$M	$M
Liquid assets	21,631	18,526	368	1,496	210	159	22,209	20,181
Due from financial institutions	4,959	9,146	20	578	6	138	4,985	9,862
Trading securities	30,570	14,304	421	840	-	13	30,991	15,157
Derivative financial instruments	35,317	34,511	1,336	1,870	619	505	37,272	36,886
Available-for-sale assets	15,181	15,842	931	1,077	4	100	16,116	17,019
Net loans, advances and acceptances	229,712	235,911	82,045	85,250	18,583	13,323	330,340	334,484
Other financial assets	3,254	4,246	7	27	4	-	3,265	4,273
Credit related commitments	105,167	110,390	23,072	27,397	3,220	3,372	131,459	141,159
	445,791	442,876	108,200	118,535	22,646	17,610	576,637	579,021

1. *Customers that have demonstrated superior stability in their operating and financial performance over the long-term, and whose debt servicing capacity is not significantly vulnerable to foreseeable events. This rating broadly corresponds to ratings "Aaa" to "Baa3" and "AAA" to "BBB-" of Moody's and Standard & Poor respectively*
2. *Customers that have consistently demonstrated sound operational and financial stability over the medium to long term, even though some may be susceptible to cyclical trends or variability in earnings. This rating broadly corresponds to ratings "Ba1" to "Ba3" and "BB+" to "BB-" of Moody's and Standard & Poor respectively*
3. *Customers that have demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term. This rating broadly corresponds to ratings "B1" to "Caa" and "B+" to "CCC" of Moody's and Standard & Poor respectively*

9. Credit quality, cont'd

Credit quality of financial assets that are past due but not impaired

Ageing analysis of past due financial instruments that are not impaired	As at 30 September 2009 1-5 days $M	6-29 days $M	30-59 days $M	60-89 days $M	> 90 days $M	Total $M
Liquid assets	-	-	-	-	-	-
Due from financial institutions	-	-	-	-	-	-
Trading securities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Net loans, advances and acceptances	2,143	4,518	1,425	686	1,597	10,369
Other financial assets	-	-	-	-	-	-
Credit related commitments	-	-	-	-	-	-
	2,143	4,518	1,425	686	1,597	10,369

Ageing analysis of past due financial instruments that are not impaired	As at 30 September 2008 1-5 days $M	6-29 days $M	30-59 days $M	60-89 days $M	> 90 days $M	Total $M
Liquid assets	-	-	-	-	-	-
Due from financial institutions	-	-	-	-	-	-
Trading securities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Net loans, advances and acceptances	3,096	6,120	1,504	1,104	1,060	12,884
Other financial assets	-	-	-	-	-	-
Credit related commitments	-	-	-	-	-	-
	3,096	6,120	1,504	1,104	1,060	12,884

Ageing analysis of past due loans is used by the Group to measure and manage emerging credit risks. Financial assets that are past due but not impaired include those which are assessed, approved and managed on a portfolio basis within a centralised environment (for example credit cards and personal loans), those which can be held on a productive basis until they are 180 days past due and those which are managed on an individual basis.

A large portion of credit exposures is generally well secured, such as residential mortgages and other secured lending facilities. That is, the fair value of associated security is sufficient to ensure that ANZ will recover the entire amount owing over the life of the facility and there is reasonable assurance that collection efforts will result in payment of the amounts due in a timely manner.

9. Credit Quality, cont'd

Credit quality of financial assets that are individually impaired

ANZ regularly reviews its portfolio and monitors adherence to contractual terms. When doubt arises as to the collectability of a credit facility, the financial instrument (or 'the facility') is classified and reported as individually impaired and an individual provision is allocated against it.

As described in the summary of significant accounting policies in the ANZ 2008 Annual Report, provisions are recorded using allowance accounts for financial instruments that are reported on the balance sheet at amortised cost. For instruments reported at fair value, impairment provisions are treated as part of overall change in fair value and directly reduce the reported carrying amounts.

	Impaired instruments		Individual provision balances	
	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08
	$M	$M	$M	$M
Liquid assets	-	-	-	-
Due from other financial institutions	-	-	-	-
Trading securities	-	-	-	-
Derivative financial instruments	127	-	-	-
Available-for-sale assets	-	15	-	-
Net loans, advances and acceptances	4,392	1,750	1,512	646
Other financial assets	-	-	-	-
Credit related commitments	403	77	14	29
Total	4,922	1,842	1,526	675

	As at Sep 09	As at Sep 08
Impaired Assets and Restructured Items by size of loan	$M	$M
Less than $5 million	1,379	569
$5 million to $10 million	325	67
$10 million to $100 million	1,330	527
Greater than $100 million	2,561	1,510
Gross impaired assets[1]	5,595	2,673
Less individually assessed provisions for impairment	(1,526)	(675)
Net impaired assets	4,069	1,998

1. *Includes $673 million restructured items (Sep 2008: $846 million)*

10. Provision for credit impairment

Collective provision	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Balance at start of period	2,742	2,821	-3%	**2,821**	1,992	42%
Charge/(Credit) to income statement	331	(96)	large	**235**	818	-71%
Adjustment for exchange rate fluctuations	(73)	17	large	**(56)**	11	large
Total collective provision[1]	3,000	2,742	9%	**3,000**	2,821	6%
Individual provision						
Balance at start of period	1,341	675	99%	**675**	270	large
Charge to income statement for loans and advances	1,301	1,449	-10%	**2,750**	1,032	large
Adjustment for exchange rate fluctuations	(16)	(6)	large	**(22)**	-	n/a
Discount unwind	(37)	(36)	3%	**(73)**	(28)	large
Bad debts written-off	(1,106)	(783)	41%	**(1,889)**	(699)	large
Recoveries of amounts previously written-off	43	42	2%	**85**	100	-15%
Total individual provision	1,526	1,341	14%	**1,526**	675	large
Total provision for credit impairment	4,526	4,083	11%	**4,526**	3,496	29%

1. *The Collective Provision includes amounts for off-balance sheet credit exposures: $397 million at 30 September 2009 (Mar 2009: $322 million; Sep 2008: $353 million). The impact on the income statement for the year ended 30 September 2009 was a $25 million charge (Sep 2008 full year: $86 million charge; Sep 2009 half year: $59 million charge; Mar 2009 half year: $34 million release)*

Provision movement analysis	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
New and increased provisions						
Australia	1,055	1,332	-21%	**2,387**	880	large
New Zealand	352	188	87%	**540**	187	large
Overseas Markets	68	50	36%	**118**	170	-31%
	1,475	1,570	-6%	**3,045**	1,237	large
Provision releases	(131)	(79)	66%	**(210)**	(105)	100%
	1,344	1,491	-10%	**2,835**	1,132	large
Recoveries of amounts previously written-off	(43)	(42)	2%	**(85)**	(100)	-15%
Individual provision charge for loans and advances	1,301	1,449	-10%	**2,750**	1,032	large
Impairment on available-for-sale assets	-	20	-100%	**20**	98	-80%
Charge/(Credit) to income statement	331	(96)	large	**235**	818	-71%
Charge to Income Statement	1,632	1,373	19%	**3,005**	1,948	54%

Individual provision balance	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09 %	Movt Sep 09 v. Sep 08 %
Australia	**1,060**	1,072	516	-1%	large
New Zealand	**391**	224	111	75%	large
Domestic Markets	**1,451**	1,296	627	12%	large
Overseas Markets	**75**	45	48	67%	56%
Total individual provision	**1,526**	1,341	675	14%	large

11. Deposits and other borrowings

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Certificates of deposit	44,711	46,405	-4%	**44,711**	52,346	-15%
Term Deposits	108,367	99,252	9%	**108,367**	89,225	21%
Other deposits bearing interest	111,299	111,570	0%	**111,299**	98,566	13%
Deposits not bearing interest	10,174	10,122	1%	**10,174**	9,367	9%
Commercial paper	14,227	16,156	-12%	**14,227**	22,422	-37%
Borrowing corporations' debt	3,587	7,972	-55%	**3,587**	10,031	-64%
Other borrowings	2,005	2,121	-5%	**2,005**	2,009	0%
Total deposits and other borrowings	294,370	293,598	0%	**294,370**	283,966	4%

12. Loan capital

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Innovative hybrid loan capital						
US stapled trust security issue[1]	1,330	1,734	-23%	**1,330**	1,376	-3%
Convertible Notes (ANZ CN)[2]	-	600	-100%	**-**	600	-100%
Non-innovative hybrid loan capital						
ANZ Convertible Preference Shares[3]	1,081	1,081	0%	**1,081**	1,081	0%
UK Hybrid[4]	820	938	-13%	**820**	1,014	-19%
Perpetual subordinated notes	1,026	1,130	-9%	**1,026**	1,075	-5%
Subordinated notes	9,172	9,177	0%	**9,172**	9,120	1%
Total Loan Capital	13,429	14,660	-8%	**13,429**	14,266	-6%

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. This instrument constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*
2. *On 28 September 2009 ANZ redeemed the convertible perpetual notes (issued on 26 September 2008). These notes were convertible to a number of ordinary shares calculated at the market price of ANZ ordinary shares, plus 1% conversion premium shares if the instruments were not redeemed by ANZ. This instrument constituted Tier 1 capital as defined by APRA for capital adequacy purposes*
3. *Convertible preference shares (issued on 30 September 2008) convert to ordinary shares on the fifth anniversary of the issue date at the market price of ANZ ordinary shares less 2.5% (subject to certain conversion conditions). This instrument constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*
4. *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. This instrument constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*

13. Share capital

Issued and quoted securities

	Number quoted	Issue price per share	Amount paid up per share
Ordinary shares			
As at 30 September 2009	2,504,540,925		
Issued during the year	463,884,441		
Preference shares			
As at 30 September 2009			
Euro Trust Securities[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 preference share with a liquidation preference of €1,000 each, issued by Australia and New Zealand Banking Group Limited*

	Half year Sep 09	Half year Mar 09	Full year Sep 09	Full year Sep 08
Profit[1] as a % of shareholders' equity including preference shares at end of period (annualised)	9.4%	10.0%	**9.1%**	12.5%

1. *Profit attributable to shareholders*

14. Shareholders' equity

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Share capital						
Balance at start of period	15,009	13,460	12%	**13,460**	9,817	37%
Ordinary share capital						
Share placement	4,661	-	n/a	**4,661**	-	n/a
Dividend reinvestment plan[1]	293	1,495	-80%	**1,788**	2,506	-29%
Group employee share acquisition scheme	52	47	11%	**99**	80	24%
Treasury shares[2,3]	-	-	n/a	**-**	(10)	-100%
Group share option scheme	7	7	0%	**14**	67	-79%
Conversion of StEPS	-	-	n/a	**-**	1,000	-100%
Total share capital	20,022	15,009	33%	**20,022**	13,460	49%
Foreign currency translation reserve						
Balance at start of period	(373)	(816)	-54%	**(816)**	(1,209)	-33%
Currency translation adjustments net of hedges after tax	(1,352)	443	large	**(909)**	393	large
Total foreign currency translation reserve	(1,725)	(373)	large	**(1,725)**	(816)	large
Share option reserve[4]						
Balance at start of period	70	83	-16%	**83**	70	19%
Share-based payments	4	5	-20%	**9**	14	-36%
Transfer of options lapsed to retained earnings	(5)	(18)	-72%	**(23)**	(1)	large
Total share option reserve	69	70	-1%	**69**	83	-17%

1. *Includes 75,000,000 ordinary shares issued at $13.95 in March 2009 to UBS AG, Australia Branch in accordance with the dividend reinvestment plan underwriting agreement*
2. *On-market purchase of shares for settlement of amounts due under share-based compensation plans*
3. *As at 30 September 2009, there were 7,721,314 treasury shares outstanding (Mar 2009: 7,869,128; Sep 2008: 4,374,248)*
4. *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*

14. Shareholders' equity, cont'd

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Available-for-sale revaluation reserve[5]						
Balance at start of period	(130)	(88)	48%	**(88)**	97	large
Valuation gain (loss) recognised after tax	84	(55)	large	**29**	(305)	large
Cumulative (gain) loss transferred to the income statement	5	13	-62%	**18**	60	-70%
Transfer on step acquisition of associate	-	-	n/a	**-**	60	-100%
Total available-for-sale revaluation reserve	(41)	(130)	-68%	**(41)**	(88)	-53%
Hedging reserve[6]						
Balance at start of period	99	79	25%	**79**	153	-48%
Gain (loss) recognised after tax	(141)	35	large	**(106)**	(39)	large
Transferred to income statement	(48)	(15)	large	**(63)**	(35)	80%
Total hedging reserve	(90)	99	large	**(90)**	79	large
Total reserves	(1,787)	(334)	large	**(1,787)**	(742)	large
Retained earnings						
Balance at start of period	13,620	13,772	-1%	**13,772**	13,082	5%
Profit attributable to shareholders of the Company	1,526	1,417	8%	**2,943**	3,319	-11%
Adjustment on step acquisition of associate	-	-	n/a	**-**	1	-100%
Transfer of options lapsed from share option reserve	5	18	-72%	**23**	1	large
Total available for appropriation	15,151	15,207	0%	**16,738**	16,403	2%
Actuarial gain (loss) on defined benefit plans after tax[7]	(37)	(87)	-57%	**(124)**	(79)	57%
Ordinary share dividends paid	(976)	(1,476)	-34%	**(2,452)**	(2,506)	-2%
Preference share dividends paid	(9)	(24)	-63%	**(33)**	(46)	-28%
Retained earnings at end of period	14,129	13,620	4%	**14,129**	13,772	3%
Share capital and reserves attributable to shareholders of the Company	32,364	28,295	14%	**32,364**	26,490	22%
Minority interest	65	72	-10%	**65**	62	5%
Total equity	32,429	28,367	14%	**32,429**	26,552	22%

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*
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. *ANZ has taken the option available under AASB 119 to recognise actuarial gains/losses on defined benefit superannuation plans directly in retained earnings*

15. Contingent liabilities and contingent assets

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.

- **Securities Lending**

ANZ had entered into Australian Master Securities Lending Agreements (AMSLAs) with Opes Prime and a related company. Under the AMSLAs, ANZ acquired shares in various companies listed on the Australian Stock Exchange. On 27 March 2008, ANZ appointed a receiver and manager to Opes Prime and related companies.

In August 2009, the Federal Court of Australia approved a scheme of arrangement which provides a commercial resolution of claims against ANZ and Merrill Lynch by Opes Prime creditors, the liquidators of Opes Prime, and the Australian Securities and Investments Commission. ANZ, Merrill Lynch and the receiver of Opes Prime contributed assets and cash totalling approximately $253 million. Provision has been made for ANZ’s share of the cost in these financial statements.

A US class action was commenced against ANZ and certain directors and executives in December 2008 on behalf of holders of ANZ's American Depositary Receipts (ADRs). The claim alleges that ANZ and the named individuals failed to disclose information regarding internal controls in ANZ's securities lending business and that this affected the value of the ADRs. The proceedings are at an early stage and are being defended.

ANZ had also entered into an AMSLA with Primebroker Securities Limited. On 4 July 2008, ANZ appointed a receiver and manager to Primebroker. On 31 August 2009, a court found that ANZ's appointment of the receiver to Primebroker was invalid. The receiver is appealing the decision. ANZ has joined in the appeal.

There are ongoing developments concerning the events surrounding ANZ’s securities lending business which may continue for some time. There is a risk that further actions (court proceedings or regulatory actions) may be commenced against various parties, including ANZ. The potential impact or outcome of future claims (if any) cannot presently be ascertained. ANZ would review and defend any claim, as appropriate.

- **Contingent tax liability**

The Australian Taxation Office (ATO) is reviewing the taxation treatment of certain transactions, including structured finance transactions, undertaken by the Group in the course of normal business activities. Some assessments have been received which are being challenged in the normal manner.

The New Zealand Inland Revenue Department ("IRD") is reviewing a number of structured finance transactions as part of an audit of the 2000 to 2005 tax years. A number of cases are before the courts and two decisions have been issued in the High Court, on 16 July 2009 and 7 October 2009, in favour of the IRD in respect of proceedings taken against other Banks.

The Group has a provision which covers its exposure to primary tax and interest (tax–effected), net of an amount receivable from Lloyds Banking Group plc (“Lloyds”) reflecting an indemnity given by Lloyds under the agreement by which the Group acquired the NBNZ Holdings Limited Group.

All of these transactions have now either matured or been terminated.

Other audits and risk reviews are being undertaken by the ATO, 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.

- **Nominee activities**

The Group will indemnify each customer of controlled entities engaged in nominee activities against loss suffered by reason of such entities failing to perform any obligation undertaken by them to a customer in accordance with the terms of the applicable agreement.

15. Contingent liabilities and contingent assets, cont'd

- **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.

- **New Zealand Commerce Commission**

  In November 2006, the 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 Commerce 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 Limited and the other abovementioned defendants seeking unquantified damages, based on allegations similar to those contained in the Commerce Commission proceedings. ANZ National Bank Limited settled the claims with the Commission and the retailers without any admission of liability. Similar settlements were reached by the other parties. The proceedings against all parties were discontinued in October 2009.

  In addition, ANZ is aware that the Commerce Commission is looking closely at credit contract fees under the Credit Contracts and Consumer Finance Act 2003 ("CCCFA"). In its 2008-2011 Statement of Intent the Commission stated that: "The Commission is turning more to litigation under the Credit Contracts and Consumer Finance Act to ensure credit contract fees are reasonable and disclosed. Currently the credit industry is not fully compliant with the legislation and taking more action through the courts will encourage better compliance and clarify any areas of the law that may be uncertain."

  In particular ANZ is aware that the Commerce Commission is investigating the level of default fees charged on credit cards and the level of currency conversion charges on overseas transactions using credit cards under the CCCFA. The Commission is also investigating early repayment charges on fixed rate mortgages. At this stage the possible outcome of these investigations and any liability or impact on fees cannot be determined with any certainty.

- **ING New Zealand Funds**

  Trading in the ING Diversified Yield Fund and the ING Regular Income Fund ("the Funds") was suspended on 13 March 2008 due to deterioration in the liquidity and credit markets. These funds are managed by the joint venture partner (ING (NZ) Limited). Some of these funds were sold to ANZ National Bank customers.

  On 5 June 2009, ING NZ AUT Investments Limited, a subsidiary of ING (NZ) Limited, made an offer to investors in the Funds. The offer closed on 13 July 2009. Investors holding approximately 99% of the funds accepted the offer to receive a payment of 60 cents per unit in the ING Diversified Yield Fund or 62 cents per unit in the ING Regular Income Fund, as applicable, either (i) in cash no later than 28 August 2009, or (ii) by way of deposit in an on-call account with ANZ National, paying 8.30% per annum fixed for up to five years.

  Acceptance of this offer was conditional on investors waiving all claims. However, ANZ National Bank customers were offered an additional opportunity, for a limited period of time, to ask the ANZ National Bank customer complaints team (and, where still unsatisfied, the New Zealand Banking Ombudsman) to consider requests for additional compensation.

  The Group considers it has adequately provided for these obligations at this time. Allowance for the estimated cost of this offer is recognised as a reduction in "other operating income" in the income statement for the nine months ended 30 June 2009 with a corresponding provision in the balance sheet.

  The ultimate cost to ANZ National Bank will depend on the final value of units in the Funds, any recoveries under insurance, the number of complaints and the results of any litigation and regulatory proceedings that may be brought in connection with the Funds or their sale. The Commerce Commission has sought information regarding the Funds and the sale of units in the Funds and is investigating this matter. At this stage it is not possible to predict the outcome of any investigation.

15. Contingent liabilities and contingent assets, cont'd

- **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 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, also with no material impact on the Group expected.

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. The Special Court passed an order in late 2007 scaling down the Income Taxation Department's priority, however, the order has been partially set aside on appeal by the Supreme Court of India. The matter has been remanded to the Special Court for redeliberation on certain issues.

16. Note to the Cash Flow Statement

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

	Half year Sep 09 Inflows (Outflows) $M	Half year Mar 09 Inflows (Outflows) $M	Full year Sep 09 Inflows (Outflows) $M	Full year Sep 08 Inflows (Outflows) $M
Profit after income tax	1,526	1,417	**2,943**	3,319
Adjustments to reconcile to net cash provided by operating activities				
Provision for credit impairment	1,632	1,373	**3,005**	1,948
Credit risk on derivatives	(769)	904	**135**	687
Depreciation and amortisation	191	184	**375**	330
(Profit)/Loss on sale of businesses	-	3	**3**	(2)
Provision for employee entitlements, restructuring and other provisions	267	408	**675**	584
Payments from provisions	(202)	(369)	**(571)**	(402)
(Profit)/loss on sale of premises and equipment	5	(10)	**(5)**	(32)
(Profit)/loss on sale of available-for-sale securities	(5)	4	**(1)**	(361)
Amortisation of discounts/premiums included in interest income	(52)	(110)	**(162)**	(176)
Share based payments reserve	4	5	**9**	14
Net foreign exchange earnings	(396)	(566)	**(962)**	(708)
Net gains/losses on trading derivatives	(547)	123	**(424)**	(310)
Net derivatives/foreign exchange adjustment	2,019	(140)	**1,879**	(166)
(Increase)/decrease in operating assets:				
Trading securities	(8,382)	(7,589)	**(15,971)**	31
Liquid assets - greater than three months	1,818	435	**2,253**	(4,692)
Due from other banks - greater than three months	4	1,398	**1,402**	(739)
Loans and advances	3,853	(5,750)	**(1,897)**	(46,855)
Net derivative financial instruments	(5,641)	(2,113)	**(7,754)**	(1,628)
Interest receivable	278	444	**722**	(248)
Accrued income	72	20	**92**	40
Net tax assets	(478)	622	**144**	(1,282)
Increase/(decrease) in operating liabilities:				
Deposits and other borrowings	4,238	8,363	**12,601**	49,796
Due to other financial institutions	1,610	(1,778)	**(168)**	976
Payables and other liabilities	760	(1,754)	**(994)**	(1,189)
Interest payable	(260)	(855)	**(1,115)**	754
Accrued expenses	247	47	**294**	115
Other	(109)	(81)	**(190)**	(14)
Net cash provided by/(used in) operating activities	1,683	(5,365)	**(3,682)**	(210)

(b) Reconciliation of cash and cash equivalents

	Half year Sep 09	Half year Mar 09	Full year Sep 09	Full year Sep 08
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 three months	18,393	17,673	**18,393**	15,645
Due from other financial institutions - less than three months	4,412	4,707	**4,412**	7,842
	22,805	22,380	**22,805**	23,487
Non-cash financing activities				
Share capital issues				
Dividend reinvestment plan	976	1,476	**2,452**	2,506

17. Changes in composition of the Group

Acquisition of material controlled entities

There were no material controlled entities acquired during the year ended 30 September 2009 or 30 September 2008.

Disposal of material controlled entities

There were no material controlled entities disposed of during the year ended 30 September 2009.

On 1 March 2008 the Group disposed of 46% of its investment in Diversified Infrastructure Trust (Stadium Australia). Due to the distribution of voting power to non-ANZ unit holders, ANZ no longer holds a controlling interest.

Refer Note 20 Significant events since balance date.

18. Associates, joint venture entities and investments

	Half year Sep 09 $M	Half year Mar 09 $M	Movt Sep 09 v. Mar 09 %	Full year Sep 09 $M	Full year Sep 08 $M	Movt Sep 09 v. Sep 08 %
Profit after income tax	227	238	-5%	**465**	361	29%

Key contributions to profit[1]

	Contribution to Group profit				Ownership interest held by Group		
Associates	Half year Sep 09 $M	Half year Mar 09 $M	Full year Sep 09 $M	Full year Sep 08 $M	As at Sep 09 %	As at Mar 09 %	As at Sep 08 %
P.T. Bank Pan Indonesia	21	24	**45**	36	39	39	30
Metrobank Card Corporation Inc	4	4	**8**	9	40	40	40
Bank of Tianjin	56	45	**101**	20	20	20	20
AMMB Holdings Berhad	59	41	**100**	53	24	19	19
Shanghai Rural Commercial Bank	30	88	**118**	29	20	20	20
Cards NZ Limited[2]	1	1	**2**	74	15	15	15
Saigon Securities Inc.[3]	2	4	**6**	-	18	18	18
Other associates	-	2	**2**	(3)	n/a	n/a	n/a
Joint ventures							
ING Australia Limited	50	23	**73**	124	49	49	49
ING (NZ) Holdings Limited	4	6	**10**	19	49	49	49

1. *The results may differ from the published results of these entities due to the application of IFRS, Group Policies and acquisition adjustments. This amounted to $162 million in 2009 (2008 full year: -$4 million; Sep 2009 half; $60 million; Mar 2009 half: $102 million)*
2. *2008: equity accounted gain arising from the allocation of shares in Visa Inc. through the Group's associate, Cards NZ Limited, on Visa shares in New Zealand*
3. *An associate from July 2008*

19. Exchange rates

Major exchange rates used in translation of results of offshore controlled entities and branches and investments in Associates and joint venture entities were as follows:

	Balance sheet			Profit & Loss Average			
	As at Sep 09	As at Mar 09	As at Sep 08	Half year Sep 09	Half year Mar 09	Full year Sep 09	Full year Sep 08
Euro	0.6014	0.5178	0.5568	0.5696	0.5086	0.5392	0.6030
Great British Pound	0.5486	0.4795	0.4440	0.4988	0.4448	0.4719	0.4601
New Zealand Dollar	1.2188	1.2067	1.1934	1.2463	1.2032	1.2248	1.1918
United States Dollar	0.8792	0.6855	0.7995	0.7957	0.6677	0.7319	0.9069
Chinese Yuan	6.0026	4.6865	5.4723	5.4351	4.5661	5.0018	6.4356
Indonesian Rupiah	8506.3	7934.7	7538.8	8147.2	7527.0	7837.9	8382.5
Malaysian Ringgit	3.0548	2.5028	2.7641	2.8109	2.3948	2.6034	2.9755
Papua New Guinea Kina	2.4154	2.0162	2.0765	2.2041	1.7984	2.0018	2.4754

20. Significant events since balance date

On 25 September 2009, the Company announced it had reached agreement with ING Groep to acquire ING Groep's 51% shareholdings in the ANZ-ING wealth management and life insurance joint ventures in Australia and New Zealand for $1,760 million, taking its ownership interest to 100%. Completion is subject to various conditions, including regulatory approval, and is expected to occur during the fourth quarter of calendar 2009.

Once completed, the acquisition will result in the Group fully consolidating the assets, liabilities and operations of ING Australia Limited ("INGA") and ING (NZ) Holdings Limited ("INGNZ") and its subsidiary companies into the Group's results. At acquisition date, under the step acquisition provisions of AASB3R Business Combinations (Revised), the Group will remeasure its existing 49% interests which are accounted for under the equity method at acquisition date fair values and will recognise the resulting gain or loss in the income statement.

The 49% interests in INGA and INGNZ were accounted for as joint venture entities at 30 September 2009 to which equity accounting is applied. These investments were assessed for impairment by comparing the carrying values to both the fair market value and the value in use, which is based on a discounted cash flow analysis. The investments were not considered impaired as the value in use for these associates exceeds the carrying value.

On 4 August 2009 the Company announced it had reached agreement with Royal Bank of Scotland Group plc to acquire selected businesses in Taiwan, Singapore, Indonesia[1], Hong Kong, Phillipines and Vietnam. The purchase price is based on the fully recapitalised net tangible book value of these businesses plus a premium of USD50 million and whilst the ultimate purchase price is not determinable until completion it is estimated to amount to approximately USD550 million (AUD626 million). Each acquisition is subject to regulatory approval in the relevant jurisdictions, which is expected to occur from late 2009 through 2010. Accordingly these acquisitions will be progressively consolidated into the 2010 results including the impacts of acquisition accounting, integration and acquisition costs.

1. *The Indonesian business will be acquired through ANZ's 85% owned subsidiary P.T. Bank Pan Indonesia*

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 69 to 96 are in the process of being audited.

Charles B Goode
Chairman

Michael R P Smith
Director

28 October 2009

Reconciliation of statutory profit to underlying profit

September 2009

	Statutory profit	Adjustments between statutory profit and underlying profit						
		Tax on New Zealand Conduits	Gain on Visa shares	Organisat'l transform'n costs	Impairment of intangible - Origin Aust.	New Zealand restated tax balance	Economic hedging - fair value gains/ losses	Revenue and investment hedges - MtM
	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	9,808	-	-	-	-	-	(2)	-
Other operating income	3,802	-	-	-	-	-	(358)	30
Operating income	13,610	-	-	-	-	-	(360)	30
Operating expenses	(6,225)	-	-	(24)	-	-	-	-
Profit before credit impair't and tax	7,385	-	-	(24)	-	-	(360)	30
Provision for credit impairment	(3,005)	-	-	-	-	-	-	-
Profit before income tax	4,380	-	-	(24)	-	-	(360)	30
Income tax expense	(1,435)	(196)	-	7	-	-	112	(9)
Minority interest	(2)	-	-	-	-	-	-	-
Profit	2,943	(196)	-	(17)	-	-	(248)	21

September 2008

	Statutory profit	Adjustments between statutory profit and underlying profit						
		Tax on New Zealand Conduits	Gain on Visa shares	Organisat'l transform'n costs	Impairment of intangible - Origin Aust.	New Zealand restated tax balance	Economic hedging - fair value gains/ losses	Revenue and investment hedges - MtM
	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	7,850	-	-	-	-	-	-	-
Other operating income	4,309	-	353	-	-	-	348	(37)
Operating income	12,159	-	353	-	-	-	348	(37)
Operating expenses	(5,696)	-	-	(218)	(34)	-	-	-
Profit before credit impair't and tax	6,463	-	353	(218)	(34)	-	348	(37)
Provision for credit impairment	(1,948)	-	-	-	-	-	-	-
Profit before income tax	4,515	-	353	(218)	(34)	-	348	(37)
Income tax expense	(1,188)	-	(105)	66	10	1	(105)	11
Minority interest	(8)	-	-	-	-	-	-	-
Profit	3,319	-	248	(152)	(24)	1	243	(26)

September 2009

Cash profit	Adjustments between statutory profit and underlying profit							Underlying profit
	One ANZ restructing costs	ANZ share of ING NZ investor settlement	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Structured transaction	Credit risk on impaired derivatives	Adjustments to statutory profits	
$M	$M	$M	$M	$M	$M	$M	$M	$M
9,810	-	-	-	-	-	-	(2)	9,810
4,130	-	(173)	(53)	(119)	-	(82)	(755)	4,557
13,940	-	(173)	(53)	(119)	-	(82)	(757)	14,367
(6,201)	(118)	-	-	(15)	-	-	(157)	(6,068)
7,739	(118)	(173)	(53)	(134)	-	(82)	(914)	8,299
(3,005)	-	-	-	(31)	-	82	51	(3,056)
4,734	(118)	(173)	(53)	(165)	-	-	(863)	5,243
(1,349)	35	52	(16)	49	-	-	34	(1,469)
(2)	-	-	-	-	-	-	-	(2)
3,383	(83)	(121)	(69)	(116)	-	-	(829)	3,772

September 2008

Cash profit	Adjustments between statutory profit and underlying profit							Underlying profit
	One ANZ restructing costs	ANZ share of ING NZ investor settlement	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Structured transaction	Credit risk on impaired derivatives	Adjustments to statutory profits	
$M	$M	$M	$M	$M	$M	$M	$M	$M
7,850	-	-	-	(5)	-	-	(5)	7,855
3,645	-	-	(531)	19	(127)	(156)	(131)	4,440
11,495	-	-	(531)	14	(127)	(156)	(136)	12,295
(5,444)	-	-	-	(38)	-	-	(290)	(5,406)
6,051	-	-	(531)	(24)	(127)	(156)	(426)	6,889
(1,948)	-	-	-	(14)	-	156	142	(2,090)
4,103	-	-	(531)	(38)	(127)	-	(284)	4,799
(1,066)	-	-	160	12	127	-	177	(1,365)
(8)	-	-	-	-	-	-	-	(8)
3,029	-	-	(371)	(26)	-	-	(107)	3,426

Reconciliation of statutory profit to underlying profit by geography, cont'd

September 2009

	Group	Australia	Asia Pacific, Europe & America	New Zealand
Statutory profit	2,943	2,084	700	159
Adjust for the following gains/(losses) included in statutory profit (net of tax)				
Tax on New Zealand Conduits	(196)	-	-	(196)
Economic hedging - fair value gains/(losses)	(248)	(229)	-	(19)
Revenue and net investment hedges	21	21	-	-
Organisational transformation costs	(17)	(14)	1	(4)
Cash profit	3,383	2,306	699	378
One ANZ restructuring costs	(83)	(73)	-	(10)
ANZ share of ING NZ investor settlement	(121)	-	-	(121)
Non continuing businesses				
Credit intermediation trades	(69)	(69)	-	-
Other	(116)	(112)	-	(4)
Underlying profit	3,772	2,560	699	513

September 2008

	Group	Australia	Asia Pacific, Europe & America	New Zealand
Statutory profit	3,319	2,107	381	831
Adjust for the following gains/(losses) included in statutory profit (net of tax)				
Tax on New Zealand Conduits	-	-	-	-
Economic hedging - fair value gains/(losses)	243	238	(5)	10
Revenue and net investment hedges	(26)	(26)	-	-
Gain on Visa shares	248	174	-	74
Organisational transformation costs	(152)	(129)	-	(23)
Impairment of intangible - Origin Australia	(24)	(24)	-	-
New Zealand tax rate change	1	-	-	1
Cash profit	3,029	1,874	386	769
Non continuing businesses				
Credit intermediation trades	(371)	(371)	-	-
Other	(26)	(22)	-	(4)
Underlying profit	3,426	2,267	386	773

Capital management

Qualifying Capital		**As at Sep 09 $M**	**As at Mar 09 $M**	**As at Sep 08 $M**	**Movt Sep 09 v. Mar 09 %**	**Movt Sep 09 v. Sep 08 %**
Tier 1						
Shareholders' equity and outside equity interests		**32,429**	28,367	26,552	14%	22%
Prudential adjustments to shareholders' equity	Table 1	**(2,341)**	(2,468)	(2,409)	-5%	-3%
Fundamental Tier 1 capital		**30,088**	25,899	24,143	16%	25%
Non-innovative Tier 1 capital instruments		**1,901**	2,019	2,095	-6%	-9%
Innovative Tier 1 capital instruments		**2,122**	3,076	2,847	-31%	-25%
Gross Tier 1 capital		**34,111**	30,994	29,085	10%	17%
Deductions	Table 2	**(7,492)**	(8,051)	(7,856)	-7%	-5%
Tier 1 capital		**26,619**	22,943	21,229	16%	25%
Tier 2						
Upper Tier 2 capital	Table 3	**1,390**	1,462	1,374	-5%	1%
Subordinated notes	Table 4	**9,082**	9,191	9,170	-1%	-1%
Deductions	Table 2	**(2,661)**	(2,604)	(1,206)	2%	large
Tier 2 capital		**7,811**	8,049	9,338	-3%	-16%
Total qualifying capital		**34,430**	30,992	30,567	11%	13%
Capital adequacy ratios						
Tier 1		**10.6%**	8.2%	7.7%		
Tier 2		**3.1%**	2.8%	3.4%		
Total		**13.7%**	11.0%	11.1%		
Risk weighted assets	Table 5	**252,069**	280,882	275,434	-10%	-8%

Capital management, cont'd

		As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09	Movt Sep 09 v. Sep 08
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		**(1,010)**	(1,336)	(841)	-24%	20%
Deferred fee revenue including fees deferred as part of loan yields		**391**	403	351	-3%	11%
Hedging reserve		**90**	(99)	(78)	large	large
Available-for-sale reserve		**41**	130	88	-68%	-53%
Dividend not provided for		**(1,403)**	(993)	(1,511)	41%	-7%
Accrual for Dividend Reinvestment Plans		**421**	298	453	41%	-7%
Total		**(2,341)**	(2,468)	(2,409)	-5%	-3%
Table 2: Deductions from Tier 1 capital						
Unamortised goodwill & other intangibles		**(3,047)**	(3,093)	(4,889)	-1%	-38%
Capitalised software		**(849)**	(723)	(625)	17%	36%
Capitalised expenses including loan and lease origination fees, capitalised securitisation establishment costs and costs associated with debt raisings		**(602)**	(643)	(642)	-6%	-6%
Applicable deferred tax assets (excluding the component relating to the general reserve for impairment of financial assets)		**(325)**	(524)	(92)	-38%	large
Earnings not recognised for prudential purposes		**-**	-	(117)	n/a	-100%
Mark-to-market impact of own credit spread		**12**	(358)	(149)	large	large
Negative Available-for-sale reserve		**(20)**	(106)	(136)	-81%	-85%
Sub-total		**(4,831)**	(5,447)	(6,650)	-11%	-27%
Deductions taken 50% from Tier 1 and 50% from Tier 2	**Gross**	**50%**	**50%**			
Investment in ANZ insurance subsidiaries	**(321)**	**(161)**	(141)	(65)	14%	large
Investment in funds management entities	**(67)**	**(33)**	(33)	(34)	0%	-3%
Investment in joint ventures with ING in Australia and New Zealand	**(1,474)**	**(737)**	(728)	(262)	1%	large
Investment in other Authorised Deposit Taking Institutions and overseas equivalents	**(1,951)**	**(976)**	(925)	(610)	6%	60%
Expected losses in excess of eligible provisions[1]	**(1,012)**	**(506)**	(508)	(167)	0%	large
Investment in other commercial operations	**(72)**	**(36)**	(36)	(36)	0%	0%
Other deductions	**(424)**	**(212)**	(233)	(32)	-9%	large
Sub-total	**(5,321)**	**(2,661)**	(2,604)	(1,206)	2%	large
Total		**(7,492)**	(8,051)	(7,856)	-7%	-5%
Table 3: Upper Tier 2 capital						
Eligible component of post acquisition earnings and reserves in associates and joint ventures		**269**	271	248	-1%	8%
Perpetual subordinated notes[2]		**1,024**	1,127	1,072	-9%	-4%
General reserve for impairment of financial assets net of attributable deferred tax asset[3]		**97**	64	54	52%	80%
Total		**1,390**	1,462	1,374	-5%	1%

Table 4: Subordinated notes[2]

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.

1. *The gross deduction includes a collective provision component net of tax of $1,875 million, other eligible provisions of $1,642 million less an estimate for regulatory expected loss of $4,529 million*
2. *The fair value adjustment is excluded for prudential purposes as the prudential standard only permits inclusion of cash received and makes no allowance for hedging.*
3. *Under Basel II, this consists of the surplus of the general reserve for impairment of financial assets net of tax and/or the provisions attributable to the standardised portfolio*

Capital management, cont'd

	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09	Movt Sep 09 v. Sep 08
Table 5: Risk weighted assets					
On balance sheet	**170,035**	181,562	177,570	-6%	-4%
Commitments	**37,704**	45,914	47,398	-18%	-20%
Contingents	**12,377**	13,526	14,519	-8%	-15%
Derivatives	**9,695**	16,768	11,263	-42%	-14%
Total credit risk	**229,811**	257,770	250,750	-11%	-8%
Market risk - Traded	**3,553**	5,632	2,609	-37%	36%
Market risk - IRRBB	**2,465**	-	4,058	n/a	-39%
Operational risk	**16,240**	17,480	18,017	-7%	-10%
Total risk weighted assets	**252,069**	280,882	275,434	-10%	-8%

	As at Sep 09 $M	As at Mar 09 $M	As at Sep 08 $M	Movt Sep 09 v. Mar 09	Movt Sep 09 v. Sep 08
Table 6: Credit risk weighted assets by Basel asset class					
Subject to Advanced IRB approach					
Corporate	**116,153**	136,559	127,365	-15%	-9%
Sovereign	**1,408**	1,402	2,079	0%	-32%
Bank	**5,592**	10,374	12,624	-46%	-56%
Residential Mortgage	**36,725**	35,932	33,727	2%	9%
Qualifying revolving retail (credit cards)	**6,852**	8,900	8,703	-23%	-21%
Other retail	**17,108**	14,905	14,218	15%	20%
Credit risk weighted assets subject to Advanced IRB approach	**183,838**	208,072	198,716	-12%	-7%
Credit risk specialised lending exposures subject to slotting criteria	**24,272**	25,362	30,250	-4%	-20%
Subject to Standardised approach					
Corporate	**13,531**	15,594	12,980	-13%	4%
Sovereign	**-**	-	-	n/a	n/a
Bank	**13**	21	21	-38%	-38%
Residential Mortgage	**411**	467	344	-12%	19%
Credit risk weighted assets subject to Standardised approach	**13,955**	16,082	13,345	-13%	5%
Credit risk weighted assets relating to securitisation exposures	**2,658**	3,364	4,271	-21%	-38%
Credit risk weighted assets relating to equity exposures	**1,914**	1,707	1,146	12%	67%
Other assets	**3,174**	3,183	3,022	0%	5%
Total credit risk weighted assets	**229,811**	257,770	250,750	-11%	-8%

	Collective Provision		Regulatory Expected Loss	
	As at Sep 09	As at Sep 08	As at Sep 09	As at Sep 08
Table 7: Collective provision and Regulatory Expected loss by region	$M	$M	$M	$M
Australia	2,001	2,149	3,291	2,327
Asia Pacific, Europe & America	339	225	214	119
New Zealand	660	447	1,024	606
Total	3,000	2,821	4,529	3,052

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 09			Full year Sep 08		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets						
Due from other financial institutions						
Australia	4,501	164	3.6%	3,002	193	6.4%
New Zealand	1,346	49	3.6%	1,390	92	6.6%
Overseas Markets	7,479	100	1.3%	6,171	250	4.1%
Trading and available-for-sale assets						
Australia	27,831	1,243	4.5%	22,733	1,633	7.2%
New Zealand	2,973	166	5.6%	2,316	187	8.1%
Overseas Markets	7,379	258	3.5%	6,223	313	5.0%
Loans and advances						
Australia	238,521	15,852	6.6%	220,367	18,884	8.6%
New Zealand	80,202	5,604	7.0%	78,103	7,491	9.6%
Overseas Markets	21,980	1,089	5.0%	17,299	1,042	6.0%
Customers' liability for acceptances						
Australia	14,670	915	6.2%	15,397	1,347	8.7%
Overseas Markets	425	12	2.8%	463	23	5.0%
Other assets						
Australia	3,828	236	6.2%	4,512	366	8.1%
New Zealand	5,472	287	5.2%	5,152	401	7.8%
Overseas Markets	10,857	231	2.1%	7,647	382	5.0%
Intragroup assets						
Australia	8,323	329	4.0%	5,666	404	7.1%
Overseas Markets	1,727	68	3.9%	563	32	5.7%
	437,514	26,603		397,004	33,040	
Intragroup elimination	(10,050)	(397)		(6,229)	(436)	
	427,464	26,206	6.1%	390,775	32,604	8.3%
Non-interest earning assets						
Derivatives						
Australia	48,062			24,656		
New Zealand	12,063			4,358		
Overseas Markets	795			1,889		
Premises and equipment	1,844			1,513		
Other assets	19,303			15,136		
Provisions for credit impairment						
Australia	(2,826)			(2,040)		
New Zealand	(701)			(442)		
Overseas Markets	(341)			(193)		
	78,199			44,877		
Total average assets	505,663			435,652		

Average balance sheet and related interest, cont'd

	Full year Sep 09			Full year Sep 08		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities						
Time deposits						
Australia	87,556	4,308	4.9%	71,698	5,224	7.3%
New Zealand	30,498	1,695	5.6%	29,653	2,444	8.2%
Overseas Markets	37,258	640	1.7%	25,274	1,016	4.0%
Savings deposits						
Australia	18,779	577	3.1%	18,062	778	4.3%
New Zealand	2,305	62	2.7%	1,819	60	3.3%
Overseas Markets	640	5	0.8%	584	8	1.4%
Other demand deposits						
Australia	63,383	1,952	3.1%	54,900	3,193	5.8%
New Zealand	16,041	568	3.5%	15,720	1,063	6.8%
Overseas Markets	1,860	14	0.8%	1,273	19	1.5%
Due to other financial institutions						
Australia	5,030	171	3.4%	6,234	412	6.6%
New Zealand	2,439	105	4.3%	1,746	106	6.1%
Overseas Markets	10,078	155	1.5%	10,804	447	4.1%
Commercial paper						
Australia	7,709	393	5.1%	11,293	834	7.4%
New Zealand	7,263	337	4.6%	9,282	819	8.8%
Borrowing corporations' debt						
Australia	5,663	381	6.7%	8,637	618	7.2%
New Zealand	1,371	91	6.6%	1,484	123	8.3%
Liability for acceptances						
Australia	14,670	635	4.3%	15,397	1,160	7.5%
Overseas Markets	425	11	2.6%	463	23	5.0%
Loan capital, bonds and notes						
Australia	65,343	3,221	4.9%	62,458	4,653	7.4%
New Zealand	12,668	710	5.6%	14,848	1,322	8.9%
Overseas Markets	717	44	6.2%	359	25	7.0%
Other liabilities[1]						
Australia	3,875	15	n/a	4,495	280	n/a
New Zealand	99	265	n/a	87	95	n/a
Overseas Markets	31	43	n/a	38	32	n/a
Intragroup liabilities						
New Zealand	10,050	397	4.0%	6,229	436	7.0%
	405,751	16,795		372,837	25,190	
Intragroup elimination	(10,050)	(397)		(6,229)	(436)	
	395,701	16,398	4.1%	366,608	24,754	6.8%
Non-interest bearing liabilities						
Deposits						
Australia	4,951			4,787		
New Zealand	3,253			3,432		
Overseas Markets	1,540			1,200		
Derivatives						
Australia	50,399			22,841		
New Zealand	11,958			3,542		
Overseas Markets	(3,147)			(884)		
Other liabilities	11,944			10,603		
	80,898			45,521		
Total average liabilities	476,599			412,129		

1. *Includes foreign exchange swap costs*

Average balance sheet and related interest, cont'd

	Half year Sep 09			Half year Mar 09		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets						
Due from other financial institutions						
Australia	4,312	68	3.1%	4,691	97	4.1%
New Zealand	676	13	3.8%	2,020	36	3.6%
Overseas Markets	6,235	12	0.4%	8,729	88	2.0%
Trading and available-for-sale assets						
Australia	29,223	484	3.3%	26,432	758	5.8%
New Zealand	3,538	85	4.8%	2,405	81	6.8%
Overseas Markets	8,200	109	2.7%	6,553	149	4.6%
Loans and advances						
Australia	236,847	7,194	6.1%	240,205	8,657	7.2%
New Zealand	78,368	2,381	6.1%	82,047	3,223	7.9%
Overseas Markets	19,865	440	4.4%	24,106	649	5.4%
Customers' liability for acceptances						
Australia	14,699	427	5.8%	14,640	488	6.7%
Overseas Markets	323	3	1.9%	528	9	3.4%
Other assets						
Australia	2,690	92	6.8%	4,972	145	5.8%
New Zealand	4,979	108	4.3%	5,967	179	6.0%
Overseas Markets	9,912	90	1.8%	11,808	141	2.4%
Intragroup assets						
Australia	9,265	156	3.4%	7,375	173	4.7%
Overseas Markets	2,212	42	3.8%	1,240	26	4.2%
	431,344	11,704		443,718	14,899	
Intragroup elimination	(11,477)	(198)		(8,615)	(199)	
	419,867	11,506	5.5%	435,103	14,700	6.8%
Non-interest earning assets						
Derivatives						
Australia	37,041			59,143		
New Zealand	11,048			13,085		
Overseas Markets	977			612		
Premises and equipment	1,942			1,746		
Other assets	19,366			19,238		
Provisions for credit impairment						
Australia	(2,844)			(2,809)		
New Zealand	(799)			(602)		
Overseas Markets	(357)			(325)		
	66,374			90,088		
Total average assets	486,241			525,191		

Average balance sheet and related interest, cont'd

	Half year Sep 09			Half year Mar 09		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities						
Time deposits						
Australia	87,592	1,732	3.9%	87,520	2,577	5.9%
New Zealand	30,201	661	4.4%	30,797	1,034	6.7%
Overseas Markets	37,179	211	1.1%	37,338	428	2.3%
Savings deposits						
Australia	18,552	257	2.8%	19,007	320	3.4%
New Zealand	2,325	24	2.1%	2,286	38	3.3%
Overseas Markets	589	3	1.0%	691	3	0.9%
Other demand deposits						
Australia	66,513	849	2.5%	60,235	1,103	3.7%
New Zealand	15,479	194	2.5%	16,606	374	4.5%
Overseas Markets	1,956	7	0.7%	1,764	7	0.8%
Due to other financial institutions						
Australia	5,109	64	2.5%	4,951	107	4.3%
New Zealand	2,292	43	3.7%	2,587	62	4.8%
Overseas Markets	9,578	30	0.6%	10,580	125	2.4%
Commercial paper						
Australia	5,228	83	3.2%	10,205	310	6.1%
New Zealand	5,237	82	3.1%	9,301	254	5.5%
Borrowing corporations' debt						
Australia	3,801	117	6.2%	7,536	264	7.0%
New Zealand	1,301	37	5.7%	1,441	53	7.4%
Liability for acceptances						
Australia	14,699	269	3.7%	14,640	366	5.0%
Overseas Markets	323	2	1.2%	528	9	3.4%
Loan capital, bonds and notes						
Australia	66,088	1,342	4.0%	64,593	1,880	5.8%
New Zealand	11,937	262	4.4%	13,404	448	6.7%
Overseas Markets	813	24	5.9%	621	21	6.8%
Other liabilities[1]						
Australia	3,331	14	n/a	4,422	1	n/a
New Zealand	85	193	n/a	112	71	n/a
Overseas Markets	45	20	n/a	17	23	n/a
Intragroup liabilities						
New Zealand	11,477	198	3.4%	8,615	199	4.6%
	401,730	6,718		409,797	10,077	
Intragroup elimination	(11,477)	(198)		(8,615)	(199)	
	390,253	6,520	3.3%	401,182	9,878	4.9%
Non-interest bearing liabilities						
Deposits						
Australia	4,966			4,936		
New Zealand	3,305			3,201		
Overseas Markets	1,484			1,597		
Derivatives						
Australia	39,109			61,752		
New Zealand	10,827			13,095		
Overseas Markets	(5,633)			(648)		
Other liabilities	11,634			12,254		
	65,692			96,187		
Total average liabilities	455,945			497,369		

1. *Includes foreign exchange swap costs*

Average balance sheet and related interest, cont'd

	Half year Sep 09 $M	Half year Mar 09 $M	Full year Sep 09 $M	Full year Sep 08 $M
Total average assets				
Australia	342,392	365,178	353,755	303,530
New Zealand	101,918	109,121	105,509	94,765
Overseas Markets	53,408	59,507	56,449	43,586
less intragroup elimination	(11,477)	(8,615)	(10,050)	(6,229)
	486,241	525,191	505,663	435,652
% of total average assets attributable to overseas activities	31.5%	31.9%	31.7%	31.6%
Average interest earning assets				
Australia	297,036	298,315	297,674	271,677
New Zealand	87,561	92,439	89,993	86,961
Overseas Markets	46,747	52,964	49,847	38,366
less intragroup elimination	(11,477)	(8,615)	(10,050)	(6,229)
	419,867	435,103	427,464	390,775
Total average liabilities				
Australia	323,297	349,214	336,219	288,656
New Zealand	95,849	102,945	99,387	89,022
Overseas Markets	48,276	53,825	51,043	40,680
less intragroup elimination	(11,477)	(8,615)	(10,050)	(6,229)
	455,945	497,369	476,599	412,129
% of total average liabilities attributable to overseas activities	29.1%	29.8%	29.5%	30.0%
Total average shareholders' equity				
Ordinary share capital, reserves and retained earnings	29,425	26,951	28,193	22,652
Preference share capital	871	871	871	871
	30,296	27,822	29,064	23,523
Total average liabilities and shareholders' equity	486,241	525,191	505,663	435,652

Average balance sheet and related interest, cont'd

	Half year Sep 09 %	Half year Mar 09 %	Full year Sep 09 %	Full year Sep 08 %
Gross earnings rate[1]				
Australia	5.65	6.94	6.30	8.40
New Zealand	5.89	7.63	6.79	9.40
Overseas Markets	2.97	4.02	3.53	5.33
Total Group	5.47	6.78	6.13	8.34

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

	Half year Sep 09 %	Half year Mar 09 %	Full year Sep 09 %	Full year Sep 08 %
Australia				
Net interest spread	2.17	1.85	2.01	1.63
Interest attributable to net non-interest bearing items	0.31	0.43	0.37	0.46
Net interest margin - Australia	2.48	2.28	2.38	2.09
New Zealand				
Net interest spread	1.68	1.67	1.68	1.40
Interest attributable to net non-interest bearing items	0.35	0.47	0.41	0.56
Net interest margin - New Zealand	2.03	2.14	2.09	1.96
Overseas Markets				
Net interest spread	1.80	1.63	1.74	1.27
Interest attributable to net non-interest bearing items	(0.10)	0.06	(0.04)	(0.04)
Net interest margin - Overseas Markets	1.70	1.69	1.70	1.23
Group				
Net interest spread	2.13	1.84	1.98	1.59
Interest attributable to net non-interest bearing items	0.24	0.38	0.31	0.42
Net interest margin	2.37	2.22	2.29	2.01

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

Derivative financial instruments

Derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate contracts, futures, options and combinations of these instruments. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading activities. Derivatives are also used to manage the Group's own exposure to fluctuations in foreign exchange and interest rates as part of its asset and liability management activities. Derivatives are subject to the same types of credit and market risk as other financial instruments, and the Group manages these risks in a consistent manner.

The following table provides an overview of the Group's exchange rate, interest rate, commodity and credit derivatives. It includes all contracts, both trading and hedging.

Notional principal amount is the face value of the contract and represents the volume of outstanding transactions. Fair value is the net position of contracts with positive market values and negative market values.

	As at 30 September 2009			As at 30 September 2008		
	Notional Principal amount	Total fair value		Notional Principal amount	Total fair value	
		Assets	Liabilities		Assets	Liabilities
	$M	$M	$M	$M	$M	$M
Foreign exchange contracts						
Spot and forward contracts	204,830	5,658	(6,795)	222,003	7,740	(7,956)
Swap agreements	168,826	10,317	(13,427)	205,894	16,667	(8,635)
Futures contracts	281	19	(28)	134	72	(17)
Options purchased	7,067	569	-	8,929	899	-
Options sold	14,089	-	(530)	17,761	-	(942)
	395,093	16,563	(20,780)	454,721	25,378	(17,550)
Commodity Contracts						
Derivative contracts	23,195	1,196	(1,472)	27,349	1,609	(1,692)
Interest rate contracts						
Forward rate agreements	75,358	10	(21)	150,302	33	(32)
Swap agreements	1,041,561	18,912	(18,413)	1,087,769	10,837	(11,408)
Futures contracts	105,435	1,492	(1,338)	92,841	1,798	(1,705)
Options purchased	12,468	188	-	23,156	225	-
Options sold	14,699	-	(124)	22,743	-	(115)
	1,249,521	20,602	(19,896)	1,376,811	12,893	(13,260)
Credit default swaps						
Structured credit derivatives purchased[1]	11,303	704	-	12,455	1,212	-
Other credit derivatives purchased[2]	13,071	271	(14)	14,414	201	(32)
Total credit derivatives purchased	24,374	975	(14)	26,869	1,413	(32)
Structured credit derivatives sold[1]	12,454	-	(1,019)	14,060	-	(1,704)
Other credit derivatives sold[2]	9,804	146	(419)	11,256	48	(296)
Total credit derivatives sold	22,258	146	(1,438)	25,316	48	(2,000)
	46,632	1,121	(1,452)	52,185	1,461	(2,032)
Collateral	-	(2,078)	7,084	-	(4,400)	2,607
Total	1,714,441	37,404	(36,516)	1,911,066	36,941	(31,927)

1. *Refer pages 25*
2. *The notional amounts comprise vanilla credit default swap transactions including credit indices such as Itraxx (Europe and Australia) and CDX. In the case of back-to-back deals, where a risk position from one counterparty is "closed out" with another counterparty, the notional amounts are not netted down in the above table. For example, ANZ may sell credit protection over a particular corporate bond (or reference asset) to a counterparty and simultaneously offset that credit exposure by buying credit protection over the same corporate bond (or reference asset) from another counterparty. Netting may only occur where there is an offsetting deal with the same counterparty. These credit default swap trades are transacted in conjunction with other financial instruments by reference to the traded market risk limit framework which includes VaR, name and rating specific concentration limits, sensitivity limits and stress testing limits. VaR disclosures are set out on page 30*

AAS - Australian Accounting Standards

AASB - Australian Accounting Standards Board.

Cash profit represents profit adjusted for one-off significant items and non-core income arising from the use of derivatives in economic hedges and fair value through profit and loss. This measure of performance has been superseded by Underlying profit.

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 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.

IFRS – International Financial Reporting Standards

Impaired assets are those financial assets where doubt exists as to whether the full contractual amount will be received in a timely manner, or where concessional terms have been provided because of the financial difficulties of the customer. Financial Assets are impaired if there is objective evidence of impairment as a result of a loss event that occurred prior to the reporting date, and that loss event has had an impact, which can be reliably estimated, on the expected future cash flows of the individual asset or portfolio of assets.

Impaired commitments and contingencies comprises undrawn facilities and contingent facilities where the customer's status is defined as impaired.

Impaired loans comprises drawn facilities where the customer's status is defined as impaired.

Individual provision charge is the amount of expected credit losses on those financial instruments 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 financial instruments.

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

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, Asia Pacific, Europe & America.

Return on asset ratios include net intra group assets.

Repo discount is a discount applicable on the repurchase by a central bank of an eligible security pursuant to a repurchase agreement.

Restructured items represents customer facilities which for reason of financial difficulty have been re-negotiated on terms which the Bank considers as uncommercial but necessary in the circumstances, and are not considered non-performing. Includes both on and off balance sheet exposures.

Revenue includes net interest income and other operating income.

Segment review description:

The Group is managed along the geographic regions of Australia, New Zealand and Asia Pacific, Europe and America, and the matrix segment of its global institutional client business which is viewed as a separate segment but also impacts each region.

Australia

The Australia region consists of Retail, Commercial, Institutional and Wealth segments together with the Group Centre.

- **Retail**
  - **Retail Distribution** operates the Australian branch network, Australian call centre, specialist businesses (including specialist mortgage sales staff, mortgage broking and franchisees, direct channels (Mortgage Direct and One Direct)) and distribution services.
  - **Retail Products** is responsible for delivering a range of products including mortgages, cards, unsecured lending, transaction banking, savings and deposits:
    - Mortgages provide housing finance to consumers in Australia for both owner occupied and investment purposes.
    - Cards and Unsecured Lending provides consumer credit cards, ePayment products, personal loans and ATM facilities in Australia.
    - Deposits provide transaction banking and savings products, such as term deposits and cash management accounts.
- **Commercial**
  - **Esanda** provides motor vehicle and equipment finance and investment products.
  - **Regional Commercial Banking** provides a full range of banking services to personal customers and to small business and agribusiness customers in rural and regional Australia.
  - **Business Banking** provides a full range of banking services, including risk management, to metropolitan based small to medium sized business clients with a turnover of up to A$50 million.
  - **Small Business Banking Products** provides a full range of banking services for metropolitan-based small businesses in Australia with unsecured loans up to A$100,000.
- **Institutional**
  - A full range of financial services to institutional customers within Australia along the product lines of Transaction Banking, Markets and Specialised Lending. Also includes Balance Sheet Management and Relationship and infrastructure. Refer detailed description of the Institutional business under the paragraph below entitled "Institutional".
- **Wealth**
  - **Private Bank** specialises in assisting high net worth individuals and families to manage, grow and preserve their family assets.
  - **Investments and Insurance Products** comprises Australia's Financial Planning, Margin Lending, Insurance distribution and Trustees businesses in addition to ETrade, an online broking business.
  - **ING Australia Limited** ("**INGA**") is a joint venture between ANZBGL and the ING Group. ANZBGL owns 49% of INGA and receives proportional equity accounted earnings.
- **Group Centre**
  - Group Centre includes the Australian portion of Operations, Technology & Shared Services, Treasury, Group Human Resources, Group Strategy, Group Financial Management, Group Risk Management and Group Items.

Asia Pacific, Europe & America

The Asia Pacific, Europe & America region includes the following:

- **Retail** which provides retail and small business banking services to customers in the Asia Pacific region.
- **Asia Partnerships** which is a portfolio of strategic retail partnerships in Asia. This includes partnerships or joint venture investments in Indonesia with P.T. 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 Sacombank and Saigon Securities Incorporation.
- **Wealth** which includes investment and insurance products and services across Asia Pacific and under the Private Bank banner assisting customers in the Asia Pacific region to manage, grow and preserve their assets.

Segment review description, continued:

Asia Pacific, Europe & America, cont'd

- **Executive & Support** which includes the central support functions for the division.
- **Institutional Asia Pacific, Europe & America** matrix reports to the Asia Pacific, Europe & America division and is referred to in the paragraph below entitled "Institutional".
- **Bangalore** which includes operations, technology and shared services support services across all geographic regions.

In August 2009, ANZ announced it had reached agreement with the Royal Bank of Scotland Group plc to acquire selected RBS businesses in Asia. The acquisition of each business is subject to regulatory approvals, including local prudential regulatory approval, with completion and integration into the Asia Pacific Europe and America Retail, Wealth and Institutional segments anticipated progressively from late-2009.

New Zealand Businesses

New Zealand comprises three customer segments, Retail, Commercial and Institutional, a Wealth segment and an operations and support area which includes Treasury funding:

- **Retail**
  - **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.
  - **ANZ Retail**, operating under the ANZ brand in New Zealand, provides a full range of banking services to personal and business banking customers.
- **Commercial**
  - **Corporate & Commercial Banking** incorporates the ANZBGL and ANZ National Bank brands and provides financial solutions through a relationship management model for medium-sized businesses with a turnover of up to NZ$150 million.
  - **Rural Banking** provides a full range of banking services to rural and agribusiness customers.
  - **UDC** provides motor vehicle and equipment finance, operating leases and investment products.
- **Institutional**
  - A full range of financial services to institutional customers within New Zealand along the product lines of Transaction Banking, Markets and Specialised Lending. Also includes Balance Sheet Management and Relationship and infrastructure. Refer detailed description of the Institutional business under the paragraph below entitled "Institutional".
- **Wealth**
  - **Private Banking** includes the private banking operations under the ANZBGL and ANZ National Bank brands and Bonus Bonds.
  - **ING New Zealand Limited** ("**INGNZ**") is a joint venture between ANZBGL and ING. ANZBGL owns 49% of INGNZ and receives proportional equity accounted earnings.
- **Operations and Support** includes the back-office processing, customer account maintenance, and central support areas including Treasury funding.

Institutional

The Institutional division provides a full range of financial services to institutional customers in all geographies. Multinationals, institutions and corporates with sophisticated needs and multiple relationships are served globally. Institutional has a major presence in Australia and New Zealand and also has operations in Asia, Europe and the United States.

- **Transaction Banking** provides working capital solutions including lending and deposit products, cash transaction banking management, trade finance, international payments, securities lending, clearing and custodian services principally to institutional and corporate customers.
- **Global 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.
- **Specialised Lending** provides complex financing and advisory services, structured financial products, leasing, project finance, leveraged finance and infrastructure investment products to the Group's global client set.
- **Balance Sheet Management** manages the Institutional and Corporate balance sheets with a particular focus on credit quality, diversification and maximising risk adjusted returns.
- **Relationship and infrastructure** includes client relationship teams for global institutional customers and corporate customers in Australia, and central support functions.

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.

Underlying profit represents the directors' assessment of the profit for the ongoing business activities of the Group, and is based on guidelines published by the Australian Institute of Company Directors and the Financial Services Institute of Australasia. ANZ applies this guidance by adjusting statutory profit for material items that are not part of the normal ongoing operations of the Group including one-off gains and losses, gains and losses on the sale of businesses, non-continuing businesses, timing differences on economic hedges, and acquisition related costs.

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