Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Full Year

30 September 2010

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 2010 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 2010

			A$ million
Operating income	⇧ 15%*	to	**15,692**
Net statutory profit attributable to shareholders	⇧ 53%*	to	**4,501**
Underlying profit ^	⇧ 33%*	to	**5,025**
Proposed final dividend per ordinary share, fully franked at 30% tax rate			**74 cents**
Interim dividend per ordinary share, fully franked at 30% tax rate			52 cents
Record date for determining entitlements to the proposed final dividend			10 November 2010
Payment date for the proposed final dividend			17 December 2010

* Compared to September 2009

^ Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 11 to 13 of the ANZ Consolidated Results, Dividend Announcement and Appendix 4E for the full year 30 September 2010.

CONSOLIDATED RESULTS, DIVIDEND ANNOUNCEMENT and APPENDIX 4E
Full year ended 30 September 2010

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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 27 October 2010.

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: 28 October 2010

ANZ 2010 Full Year Result

- profit lifts across the bank -
- strong growth in dividend, leading customer satisfaction -

ANZ today announced an underlying profit[1] for the full year ended 30 September 2010 of $5.0 billion up 33% on the previous year. Statutory profit for the full year was $4.5 billion up 53%.

The proposed final dividend of 74 cents per share is 32% higher than 2009, bringing the total dividend to 126 cents per share.

Key Points

- Strong performance across the bank with all regions and the Institutional Division lifting profit:
  - Tier 1 Capital 10.1% with Core Tier 1 Capital 8.0%.
  - Customer deposits grew 11% (14% FX-adjusted) on strong growth in Australia and Asia Pacific Europe & Americas (APEA).
  - #1 in retail customer satisfaction in Australia, increased market share in key segments.
  - Institutional in Australia and New Zealand ranked #1 on key customer satisfaction categories.
- Underlying profit up 33% driven by a 6% growth in profit before provisions (PBP) and a 40% reduction in the credit impairment charge.
- Underlying EPS increased 18%. The weighted average number of shares increased 14%.[2]
- Underlying income increased 10% with expenses up 15% reflecting acquisitions and continued investment in growth. Adjusting for the impact of acquisitions and FX (pro forma)[3] income grew 7% (10% excluding Global Markets) and expenses 8%.
- Lending grew 4% (7% FX adjusted) largely driven by the retail business in Australia and the Retail and Institutional businesses in APEA.
- Group margins were up 16 basis points (bps)[4] reflecting improved pricing for risk primarily in the Institutional business and some recovery of margins in New Zealand, partly offset by higher funding costs. Margins declined half on half (HOH) in the Australian retail business.
- Second half profit of $2.7 billion was 19% higher HOH. Income and PBP momentum continued in the second half up 9% and 4% respectively HOH. On a pro forma basis PBP was up 2%.
- Total provision coverage[5] remains high at 2.15% of Credit Risk Weighted Assets (CRWA) with the collective provision ratio at 1.35% of CRWA.

Regional and Institutional Division Performance

- Australia profit up 42%, PBP up 14%; strong growth in the contributions from Wealth and Commercial with solid contributions from Retail and Institutional.
- APEA USD profit up 21%, PBP up 2% largely from contributions from Partnerships and Institutional.
- New Zealand NZD profit up 40% driven primarily by a 48% decrease in provisions.
- Institutional profit up 23% provisions down 48%. Income up 10% excluding Global Markets (down 2% including). Global Markets revenue 17% lower following an unusually strong 2009.

ANZ Chief Executive Officer Mike Smith said: "ANZ now has momentum in every area of our business and our 47,000 staff are delivering good outcomes for shareholders while also performing for our customers and the community.

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[1] Underlying profit reflects the net impact on statutory profit of $524 million from one-off items such as acquisition costs and subsequent fair value adjustments and hedging timing differences. All numbers are on an underlying basis and all comparisons are year on year unless otherwise stated.
[2] Weighted average number of ordinary shares on an underlying basis 2,523 million at 30 September 2010.
[3] Pro forma analysis enables readers to understand the estimated current period growth rates of the ongoing business performance of the Group, including adjustments for the financial impact of recent acquisitions and exchange rates.
[4] Up 28 bps excluding Global Markets.
[5] Total provision coverage ratio is individual provisions plus collective provisions as a proportion of credit risk weighted assets (CRWA). Collective provision ratio is collective provisions as a proportion of CRWA

"Three years after announcing our super regional ambitions, we are increasingly distinguished by our geographic diversification which focuses on the world's best performing economies and the increasing linkages that our personal and corporate customers have with the region.

"We've also established the experience and capability throughout the bank to take advantage of growth opportunities and to deliver on our super regional strategy.

"In Australia, we are ranked number one for retail customer satisfaction and have gained market share in key segments. In Institutional, we were rated number one for 'lead domestic bank relationships' in Australia and in New Zealand we were named Bank of the Year by the Institute of Finance Professionals. We were also named the leading sustainable bank globally by the Dow Jones Sustainability Index for the fourth consecutive year.

"Our balance sheet management remains a strength. We have a strong capital position and increasing diversity in our sources of funding. Significantly, continued deposit growth has seen the Group's loan to customer deposit ratio fall to 140% compared to 166% in 2007. We've also continued to deliver well-managed margin outcomes in a highly competitive environment.

"Having weathered the global financial crisis, it's pleasing to start putting some serious runs on the board. ANZ is a more predictable organisation for shareholders and a better place for our customers to do business," Mr Smith said.

PERFORMANCE BY REGION

Australia[6]

Profit growth across all the Australian businesses contributed to a 42% increase in region profit. Both income and expenses were impacted by acquisitions, in particular by the acquisition of ING's 51% share of the wealth management joint venture. On a pro forma basis profit grew 37% with income up 9% and expenses up 7%. ANZ increased investment spend during the year focussed on building future business capability.

While profit growth was assisted by a reduction in the provision charge across all businesses as the economy regained momentum, pre-provision profit growth was strong up 14% (11% pro forma). Mortgage arrears[7] have been stable across the second half of the year with credit card arrears falling in line with seasonal trends.

The Retail business grew profit 8% despite a fall in the net interest margin in the second half due to higher wholesale funding costs and intense deposit pricing competition. Lending growth of 12% was driven primarily by mortgages which grew at 1.4 times system; household customer deposits grew 11% (1.2 times system).

Removing or reducing 27 fees delivered annualised benefits to customers of around $180 million. The "Easy to do Business With" positioning continues to appeal to customers as evidenced by increased customer satisfaction scores and market share growth in key segments.

ANZ was awarded the 2010 CANSTAR CANNEX Best Value Australia Small Business Bank. The Group improved support services to the SME sector, increasing the number of small business specialists across the country. SME deposits and lending both increased by 5% through the year.

Commercial profit grew 34%, with growth driven by repricing for risk and a large decrease in the provision charge. Asset growth at 3% excluding Landmark (8% including) was encouraging against a backdrop of negative system growth.

[6] All comparisons in the performance by region section of the FY10 financial results release use underlying profit unless otherwise noted.
[7] Statement refers to mortgage and credit card 90 day plus delinquency trends.

The acquisition of the Landmark Financial Services loan and deposit book from AWB in December 2009 brought with it around $300 million in deposits and around $2.4 billion in lending taking the ANZ Regional Commercial business into the number two market share position in agri-business.

Profit from the Funds Management and Insurance business[8] grew strongly doubling to $314 million. Core operating profit increased 19% with Wealth Management income up 11%. Funds under Management rose 2% over the course of the year with the business maintaining its FUM market share of 8.4% in challenging market conditions. In force premiums grew 14% while insurance profit was flat in part reflecting an unusual gain in the prior year. The Life business is the number three[9] ranked life insurance company in Australia.

A 58% increase in Institutional Australia profit was assisted by a 40% decrease in provisions. PBP grew 4% impacted by continued investment in the business and lower Global Markets business revenue, down on the above trend performance of second half 2009. Expenses rose 10% with income up 6%. The Institutional business grew deposits $9 billion during the second half.

Asia Pacific, Europe & America (APEA) (all figures in USD)

Earnings from Institutional and Partnerships were the main drivers of APEA profit which grew 21% to $620 million. PBP grew 2% with provisions down 31%. A much higher AUD/USD exchange rate saw profit flat in Australian dollar terms.

The acquisition of the RBS assets significantly impacted income and expense growth. On a pro forma basis income rose 12% with expenses up 23% (underlying up 26% and 58% respectively). While the last tranche of the RBS acquisition was completed in June the integration program is ongoing. As the RBS businesses acquired were on a high cost to income ratio the impact on costs of the acquisition in the first year was greater than the income impact. Costs are being addressed as part of the integration.

Momentum in the underlying business has continued to build. The Institutional profit contribution grew 10% pro forma largely through lower provisions in line with an improving economic outlook and some de-risking of the portfolio. Global Markets revenue reduced to more normal levels following the unusually strong performance in 2009. However, while the average income from the Global Markets business was 10% lower than the previous year, it was up 50% on 2008 as the business has grown. Positive trends emerged from elsewhere in the Institutional business including trade finance, cash management and deposits.

Customer deposits were up 72%, with lending up 45%. Retail deposits doubled to almost $10 billion reflecting the inclusion of the RBS businesses. Deposit growth from the acquired businesses has been stronger than expected with the ANZ brand being favourably regarded by customers.

During 2010 ANZ has announced a number of key strategic milestones including the establishment of a locally incorporated subsidiary in China, the opening of a new main branch and head office in Shanghai, obtaining a qualifying full bank licence in Singapore, the opening of a new operations hub in the Philippines, and foreign bank licence approval in India.

New Zealand (all figures in NZD)

A 48% decline in the provision charge saw profit rise 40% off a low base in 2009. While the New Zealand economy has stabilised, growth is not consistent across all sectors and ongoing customer de-leveraging impacted income. Costs continue to be well managed. Deposit growth was flat with lending down 1%.

There was some margin recovery across the year, up 13bps in the second half (up 9 bps YOY), with lending margin improvements limited by increased costs for both wholesale funding and deposits. Second half momentum from repricing should continue into the 2011 financial year. There has been a shift in the structure of the mortgage book as more customers moved to variable rate mortgages. Fixed rate loans now comprise 63% of the book versus 88% in 2008.

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[8] Formerly ING Australia.
[9] Source – Plan for Life.

Improvement in credit quality has been most evident in the Retail and Institutional sectors, with some uncertainty remaining around the Rural and Commercial sectors. Some economic cycle and concentration risk adjustments have been carried forward to reflect this.

ANZ holds the number one market share position for all banking products and also for the Kiwisaver superannuation product. ANZ was awarded "Best Value Mortgages (fixed rate)" by Cannex and the Private Bank awarded best in class by Euromoney during 2010. The removal or reduction of 29 fees across our two retail banks saved customers an estimated $45 million from December 2009.

INSTITUTIONAL (all figures pro forma and FX adjusted)

Profit in Institutional grew 29%, with a 46% reduction in the credit impairment charge and a good revenue outcome, up 2%, against an exceptional 2009.

While revenue growth was lower largely due to a more normalised contribution from Global Markets, customer revenues grew 9% reflecting the growth in client numbers and the strength of client relationships which together with the greater geographic diversity of the revenue, provides a strong foundation for future growth. The Peter Lee survey in Australia ranked ANZ first or equal first, in 14 of 26 categories[10] up from 8 last year. In New Zealand ANZ ranked outright first in 17 categories. The strength of our super regional strategy is evident through inter-region client flows being up 10% and flows into Asia from elsewhere in the network up 20%.

Global Markets income declined 12%, however looking through the unusually strong 2009 performance, the compound annual growth rate for revenue over the past two financial years has been around 22%. Trading revenues fell while sales revenues were steady with higher volumes offset by a contraction in spreads and the impact of exchange rates on USD referenced spreads. Capital Markets' revenue was up 19% and ANZ is now raising more debt capital for Australian borrowers in the Asian region than any other bank.

Deposits grew strongly up 24% (28% FX adjusted); lending asset declines have moderated however clients continue to be somewhat cautious. The business has made considerable progress strategically, with the increased focus on sustainable income streams from cash management and trade now showing through and the Institutional business is self funding.

CREDIT ENVIRONMENT

The total provision charge reduced 40% to $1.8 billion.

Gross impaired assets were flat HOH, the result of a continued slowdown in the level of new impaired assets. New impaired loans in the second half of the financial year were around 17% lower than the first half. Excluding the RBS assets acquired, impaired assets declined 6% HOH. The RBS assets are well provided for and have been performing within expectations.

In line with the slowdown in the rate of new impaired loans the individual provision charge in the second half was 28% lower. There have been no new large corporate exposures during the second half and the loan book is continuing to behave as expected at this time in the cycle. Delinquency levels appear to have stabilised and in most cases have fallen in the retail book.

The coverage ratios remain strong with the total provision ratio at over 2.15% of CRWA and the collective provision ratio steady at 1.35% of CRWA.

CAPITAL AND FUNDING

The group is strongly capitalised with Tier 1 capital as at 30 September 2010 at 10.1% and Core Tier 1 of 8.0%.

The Basel Committee on Banking Supervision is in the process of releasing its minimum capital standards and we await the Australian Prudential Regulation Authority's interpretation of those standards and timetable for the new regulations. ANZ is well placed to meet any new requirements.

[10] Peter Lee Associates survey of corporate and Institutional clients 2010 ranked first, or equal first on 14 of 26 qualitative relationship categories. Ranked No. 1 in 'overall penetration' (domestic plus offshore). In New Zealand, ANZ ranked first on overall satisfaction, relationship strength and penetration and ranked first across a further 17 measures.

The Group continues to follow a consistent annual funding strategy raising $24 billion[11] of term funding in FY 2010. The 2011 funding task is expected to be similar to 2010 and around 10% of this task has been pre funded. ANZ retained strong access to funding markets and issued benchmark transactions in all major currencies during the year.

The Group's funding profile has improved over the period as stable term funding issuance coupled with growth in deposits, including from APEA, has meant that short term wholesale funding now comprises 12% of the funding base. Offshore wholesale short term debt for the Australian and New Zealand geographies accounts for only 2% of total funding.

NON-CORE ITEMS

ANZ provides underlying profit figures which adjust statutory profit for non-core items. The Group believes that separating out non-core items helps with the analysis of the underlying business trends.

There was a net $524 million in non-core items during the year. The key adjustment of $480 million related to acquisition costs and valuation adjustments. This includes an adjustment of $181 million taken in the first half, required under newly revised accounting rules, to the carrying value of ANZ's existing 49% holding in the ING joint venture.

There was $231 million after tax of acquisition transaction and integration costs related to the ING, Landmark and RBS transactions.

OUTLOOK

Commenting on the outlook, Mr Smith said: "We continued to see momentum in our underlying business in the second half of the year which positions us well for a good start to 2011.

"The backdrop however is continuing uncertainty in the global environment, particularly in the US and European economies which are struggling to achieve 'escape velocity' and to address the major structural challenges they are facing. At the same time, higher funding costs are here to stay and there are regulatory uncertainties associated with new capital and liquidity requirements.

"With global economic growth likely to continue to be soft over the medium term, in all, this remains a challenging environment to navigate.

"In 2011, we expect Asia ex Japan to grow at around 8% compared to less than 2.5% in the US and Europe. Australia is expected to continue to perform well and in New Zealand the recovery is gathering momentum which also gives us upside and positions us well for 2011," Mr Smith said.

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[11] Excludes $2.4 billion hybrid issuance

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Profit

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Net interest income	5,633	5,236	8%	**10,869**	9,888	10%
Other operating income	2,842	1,981	43%	**4,823**	3,722	30%
Operating income	8,475	7,217	17%	**15,692**	13,610	15%
Operating expenses	(3,922)	(3,382)	16%	**(7,304)**	(6,225)	17%
Profit before credit impairment and income tax	4,553	3,835	19%	**8,388**	7,385	14%
Provision for credit impairment	(705)	(1,082)	-35%	**(1,787)**	(3,005)	-41%
Profit before income tax	3,848	2,753	40%	**6,601**	4,380	51%
Income tax expense	(1,270)	(826)	54%	**(2,096)**	(1,435)	46%
Non-controlling interests	(2)	(2)	0%	**(4)**	(2)	100%
Profit attributable to shareholders of the Company	2,576	1,925	34%	**4,501**	2,943	53%

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. These adjustments have been determined on a consistent basis with those made in prior periods. Refer pages 11 to 13 for further details regarding the definition of underlying profit and an explanation of adjustments. 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. Pro forma results (refer page 14) have also been provided and have been shaded in a lighter colour.

	Reference Page	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Statutory profit attributable to shareholders of the Company		2,576	1,925	34%	**4,501**	2,943	53%
Adjust for the following gains/(losses) included in statutory profit (net of tax)							
Acquisition costs and valuation adjustments	11	(158)	(322)	-51%	**(480)**	-	n/a
Treasury shares adjustment	11	20	(52)	large	**(32)**	-	n/a
Tax on New Zealand conduits	11	-	38	-100%	**38**	(196)	large
Changes in New Zealand tax legislation	12	(36)	-	n/a	**(36)**	-	n/a
Economic hedging - fair value gains/(losses)	12	(8)	(138)	-94%	**(146)**	(248)	-41%
Revenue and net investment hedges	12	1	23	-96%	**24**	21	14%
Organisational transformation costs (incl. One ANZ restructuring)	13	-	-	n/a	**-**	(100)	-100%
ANZ share of ING NZ investor settlement	13	9	25	-64%	**34**	(121)	large
Non continuing businesses	13						
Credit intermediation trades		3	51	-94%	**54**	(69)	large
Other		18	2	large	**20**	(116)	large
Underlying profit		2,727	2,298	19%	**5,025**	3,772	33%

Underlying profit by key line item

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Net interest income	5,623	5,239	7%	**10,862**	9,890	10%
Other operating income	2,592	2,328	11%	**4,920**	4,477	10%
Operating income	8,215	7,567	9%	**15,782**	14,367	10%
Operating expenses	(3,722)	(3,249)	15%	**(6,971)**	(6,068)	15%
Profit before credit impairment and income tax	4,493	4,318	4%	**8,811**	8,299	6%
Provision for credit impairment	(722)	(1,098)	-34%	**(1,820)**	(3,056)	-40%
Profit before income tax	3,771	3,220	17%	**6,991**	5,243	33%
Income tax expense	(1,040)	(920)	13%	**(1,960)**	(1,469)	33%
Non-controlling interests	(4)	(2)	100%	**(6)**	(2)	large
Profit attributable to shareholders of the Company	2,727	2,298	19%	**5,025**	3,772	33%

Pro Forma profit excluding exchange rate movements

Pro forma results have been prepared which assume the increase in ownership in Funds Management and Insurance (formerly ING Australia and ING New Zealand) from 49% to 100% and the Landmark and Royal Bank of Scotland (RBS) Asia acquisitions took effect from 1 October 2008, effectively restating the Group's underlying profit for all periods. The pro forma results have also been adjusted for exchange rate movements which have impacted the current year results. This analysis enables readers to understand the estimated growth rates of the ongoing business performance of the Group, including the financial impact of the recent acquisitions. Refer pages 15 to 16 for further details of pro forma adjustments and exchange rate movements.

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Net interest income	5,649	5,413	4%	**11,051**	10,096	9%
Other operating income	2,606	2,579	1%	**5,171**	5,032	3%
Operating income	8,255	7,992	3%	**16,222**	15,128	7%
Operating expenses	(3,752)	(3,558)	5%	**(7,298)**	(6,783)	8%
Profit before credit impairment and income tax	4,503	4,434	2%	**8,924**	8,345	7%
Provision for credit impairment	(737)	(1,141)	-35%	**(1,875)**	(3,065)	-39%
Profit before income tax	3,766	3,293	14%	**7,049**	5,280	34%
Income tax expense	(1,039)	(940)	11%	**(1,977)**	(1,512)	31%
Non-controlling interests	(4)	(2)	100%	**(6)**	(2)	large
Pro forma profit	2,723	2,351	16%	**5,066**	3,766	35%

Earnings per share

Earnings per ordinary share (cents)	Reference Page	Half year Sep 10	Half year Mar 10	Movt Sep 10 v. Mar 10	Full year Sep 10	Full year Sep 09	Movt Sep 10 v. Sep 09
Basic	94	102.1	76.8	33%	**178.9**	131.0	37%
Diluted	94	99.0	75.4	31%	**174.6**	129.6	35%
Underlying[1]	29	107.4	91.3	18%	**198.7**	168.3	18%
Number of fully paid ordinary shares on issue (M)	94	2,559.7	2,533.5	1%	**2,559.7**	2,504.5	2%
Weighted average number of ordinary shares (M)	94	2,518.7	2,499.8	1%	**2,509.3**	2,221.6	13%
Weighted average number of ordinary shares - underlying (M)[2]	29	2,535.4	2,511.0	1%	**2,523.2**	2,221.6	14%
Adjusted weighted average number of shares - diluted (M)	94	2,719.6	2,640.5	3%	**2,697.0**	2,346.9	15%

1. *Underlying Basic reflects adjustments between statutory profit and underlying profit. Refer pages 11 to 13 for an explanation of the adjustments*
2. *Includes Treasury shares held in INGA*

Balance Sheet: Key Items

	Reference Page	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Net loans and advances including acceptances	95	**360,816**	347,862	345,769	4%	4%
Total assets	83	**531,739**	506,708	476,987	5%	11%
Customer deposits	36	**257,964**	238,212	233,141	8%	11%
Total equity	102	**34,155**	32,583	32,429	5%	5%

	Reference Page	Half year Sep 10	Half year Mar 10	Full year Sep 10	Full year Sep 09
Profitability ratios					
Return on:					
Average ordinary shareholders' equity[2]		15.5%	12.2%	**13.9%**	10.3%
Average ordinary shareholders' equity (underlying profit basis)[1,2]		16.4%	14.7%	**15.5%**	13.3%
Average assets		0.94%	0.76%	**0.86%**	0.58%
Average assets (underlying profit basis)[1]		1.00%	0.91%	**0.96%**	0.75%
Total income		15.0%	13.4%	**14.3%**	9.7%
Net interest margin	18	2.50%	2.45%	**2.47%**	2.31%
Net interest margin (excluding Global Markets)	18	2.79%	2.71%	**2.75%**	2.47%
Underlying profit per average FTE ($)		59,937	57,408	**117,486**	100,821
Efficiency ratios					
Operating expenses to operating income		46.3%	46.8%	**46.5%**	45.7%
Operating expenses to average assets		1.44%	1.34%	**1.39%**	1.23%
Operating expenses to operating income (underlying)[1]		45.3%	42.9%	**44.2%**	42.2%
Operating expenses to average assets (underlying)[1]		1.36%	1.29%	**1.33%**	1.20%
Operating expenses to operating income (pro forma)[3]		45.5%	44.5%	**45.0%**	44.8%
Credit impairment provisioning					
Collective provision charge ($M)	24	(40)	36	**(4)**	235
Individual provision charge ($M)	23	745	1,046	**1,791**	2,770
Total provision charge ($M)	23	705	1,082	**1,787**	3,005
Individual provision charge as a % of average net advances[4]		0.41%	0.61%	**0.50%**	0.78%
Total provision charge as a % of average net advances[4]		0.39%	0.63%	**0.50%**	0.85%
Underlying collective provision charge ($M)	24	(40)	36	**(4)**	242
Underlying individual provision charge ($M)	23	762	1,062	**1,824**	2,814
Total underlying provision charge ($M)	23	722	1,098	**1,820**	3,056
Individual provision charge as a % of average net advances[4]		0.42%	0.62%	**0.51%**	0.79%
Total provision charge as a % of average net advances[4]		0.40%	0.64%	**0.51%**	0.86%
Credit risk on derivatives - credit intermediation trade related (loss) / gain ($M)	25	5	64	**69**	(53)
New impaired assets ($M)	27	2,319	3,126	**5,445**	6,635
Ordinary share dividends (cents)					
Interim - 100% franked (Mar 2009: 100% franked)	30	n/a	52	**52**	46
Final - 100% franked (Sep 2009: 100% franked)	30	74	n/a	**74**	56
Ordinary share dividend payout ratio[5]	30	73.7%	68.7%	**71.6%**	82.3%
Underlying ordinary share dividend payout ratio[5]	30	69.7%	57.5%	**64.1%**	64.1%
Preference share dividend ($M)					
Dividend paid[6]		5	6	**11**	33

1. *Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 11 to 13 for explanation of adjustments*
2. *Average ordinary shareholders' equity excludes non-controlling interests, preference shares and includes INGA treasury shares*
3. *Adjusted for the impact of acquisitions and exchange rate movements. Refer pages 14 to 16 for explanation of adjustments*
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 2009 final and the 31 March 2010 interim dividends and the proposed 30 September 2010 final dividend*
6. *Represents dividends paid on Euro Trust Securities issued on 13 December 2004*

Financial ratios, cont'd

	Reference Page	As at Sep 10	As at Mar 10	As at Sep 09	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Net Assets						
Net tangible assets per ordinary share ($)[1]		**10.38**	9.99	11.02	4%	-6%
Net tangible assets attributable to ordinary shareholders ($M)[1]		**26,590**	25,317	27,597	5%	-4%
Capital adequacy ratio (%)						
Core Tier 1	37	**8.0%**	8.5%	9.0%		
Tier 1	37	**10.1%**	10.7%	10.6%		
Tier 2	37	**1.8%**	2.3%	3.1%		
Total capital ratio	37	**11.9%**	13.0%	13.7%		
Credit risk weighted assets ($M)	119	**233,517**	220,375	229,811	-11%	0%
Total risk weighted assets ($M)	119	**264,242**	248,961	252,069	6%	5%
Impaired assets						
Collective provision ($M)	100	**3,153**	3,037	3,000	4%	5%
Collective provision as a % of credit risk weighted assets[2]		**1.35%**	1.38%	1.31%	-2%	3%
Gross impaired assets ($M)	27	**6,561**	6,561	5,595	0%	17%
Net impaired assets ($M)	27	**4,686**	4,968	4,069	-6%	15%
Individual provision as a % of gross impaired loans[2]		**30.4%**	29.3%	34.4%	4%	-12%
Gross impaired loans as % of net advances[2]		**1.68%**	1.53%	1.27%	10%	32%
Net impaired loans as a % of net advances[2]		**1.17%**	1.08%	0.83%	8%	41%
Net impaired assets as a % of shareholders' equity[3]		**13.7%**	15.3%	12.6%	-11%	9%
Other information						
Full time equivalent staff (FTE)		**46,917**	41,855	37,687	12%	24%
Assets per FTE ($M)		**11.3**	12.1	12.7	-7%	-11%
Market capitalisation of ordinary shares ($M)[4]		**60,614**	64,250	61,085	-6%	-1%

1. *Equals shareholders' equity less preference share capital, non-controlling interests, unamortised goodwill and other intangibles*
2. *Excludes impaired commitments and contingencies*
3. *Includes non-controlling interests*
4. *As at period end*

Underlying profit

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 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Statutory profit attributable to shareholders of the Company	2,576	1,925	34%	**4,501**	2,943	53%
Adjust for the following gains/(losses) included in statutory profit (net of tax)						
Acquisition costs and valuation adjustments	(158)	(322)	-51%	**(480)**	-	n/a
Treasury shares adjustment	20	(52)	large	**(32)**	-	n/a
Tax on New Zealand conduits	-	38	-100%	**38**	(196)	large
Impact of changes in New Zealand tax legislation	(36)	-	n/a	**(36)**	-	n/a
Economic hedging - fair value gains/(losses)	(8)	(138)	-94%	**(146)**	(248)	-41%
Revenue and net investment hedges	1	23	-96%	**24**	21	14%
Organisational transformation costs (incl. One ANZ restructuring)	-	-	n/a	**-**	(100)	-100%
ANZ share of ING NZ investor settlement	9	25	-64%	**34**	(121)	large
Non continuing businesses						
Credit intermediation trades	3	51	-94%	**54**	(69)	large
Other	18	2	large	**20**	(116)	large
Underlying profit	2,727	2,298	19%	**5,025**	3,772	33%

Refer pages 112 to 115 within Supplementary Information for a detailed reconciliation of statutory profit to underlying profit.

Explanation of adjustments between statutory profit and underlying profit

- Acquisition costs and valuation adjustments

	Pre-tax			Net of tax		
	Half year Sep 10 $M	Half year Mar 10 $M	Full year Sep 10 $M	Half year Sep 10 $M	Half year Mar10 $M	Full year Sep 10 $M
ING step acquisition[1]	4	181	185	4	181	185
AFS reserve write-off[2]	-	32	32	-	32	32
Integration and transaction costs[3]	167	106	273	136	95	231
Amortisation intangibles relating to acquisition	26	20	46	18	14	32
Total	197	339	536	158	322	480

1. Valuation adjustment following the recalculation of the fair value of the Group's pre-existing 49% interest on acquisition date under the provisions of AASB 3R Business Combinations (Revised)
2. Adjustment to write-off previously equity accounted debit available-for-sale reserves
3. Full year net of tax includes $52 million for ING, $166 million for Royal Bank of Scotland and $13 million for Landmark

- Treasury shares adjustment

  ANZ shares held by ANZ in the consolidated managed funds and life business are deemed to be Treasury shares and realised and unrealised gains and losses from these shares are reversed as these are not permitted to be recognised in income. In deriving underlying profit, these earnings are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares support policyholder liabilities which are revalued in deriving income, accordingly, an adjustment to statutory profit of $35 million loss (Sep 2010 half: $22 million gain; Mar 2010 half: $57 million loss), after tax impact $32 million loss (Sep 2010 half $20 million gain; Mar 2010: $52 million loss) has been recognised.

- Tax on New Zealand Conduits

  The New Zealand Inland Revenue Department (IRD) had disputed the treatment of a number of structured finance transactions as part of an audit of the 2000 to 2005 tax years. During the 2009 full year, a provision of $196 million (NZD240 million) was recognised net of indemnities provided by Lloyds Banking Group plc. During the 2010 full year, the Group reached a settlement with the IRD in respect of all the transactions in dispute, therefore enabling the release of $38 million in tax provisions.

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

- Changes in New Zealand tax legislation

  In May 2010 legislation was passed to reduce the New Zealand corporate tax rate from 30% to 28% and to remove the ability to claim tax depreciation on buildings with an estimated useful life greater than 50 years, effective for the 2011-2012 income tax year. The estimated impact on the value of deferred tax is $36 million.

- Economic hedging – fair value gains/(losses) and mark-to-market adjustments on revenue and net investment 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 primarily 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. This category also includes economic hedges of select structured finance and specialised leasing transactions that do not qualify for hedge accounting.

  Over the first half of 2010, basis spreads remained volatile from those experienced during 2009 with losses in the period driven by a contraction in spreads and a strong AUD against the USD. The second half of 2010 has seen some continuing volatility in the markets, albeit the effects from the movements in spreads being less noteworthy, with the continuing strong Australian dollar driving the losses through the second half of 2010.

  Volatility arising from the use of the fair value option on own debt hedged by derivatives. This has been driven by a widening of credit spreads since September 2009, although they remain significantly less volatile from those witnessed for much of 2009.

  The gain arising from the ineffective portion of cash flow and fair value hedges in the September 2010 full year largely relates to the valuation of floating legs of swaps.

Impact on income statement	**Half year Sep 10 $M**	**Half year Mar 10 $M**	**Full year Sep 10 $M**	**Full year Sep 09 $M**
Timing differences where IFRS results in asymmetry between the hedge and hedged items				
Funding swaps hedged by derivatives	(94)	(159)	(253)	(49)
Use of the fair value option on own debt hedged by derivatives	59	(14)	45	(230)
Revenue and net investment hedges	1	33	34	30
Ineffective portion of cash flow and fair value hedges	25	(19)	6	(79)
Profit before tax	(9)	(159)	(168)	(328)
Profit after tax	(7)	(115)	(122)	(227)

Cumulative pre-tax timing differences relating to economic hedging	**As at Sep 10 $M**	**As at Mar 10 $M**	**As at Sep 09 $M**
Timing differences where IFRS results in asymmetry between the hedge and hedged items			
Funding swaps hedged by derivatives	(261)	(167)	(8)
Use of the fair value option on own debt hedged by derivatives	28	(31)	(17)
Revenue and net investment hedges	46	45	12
Ineffective portion of cash flow and fair value hedges	27	2	21
	(160)	(151)	8

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

- Organisational transformation initiatives (including One ANZ restructuring costs)

  ANZ commenced an organisational transformation program in 2008, including process re-engineering and transitioning roles to Bangalore. In 2009 costs of $24 million ($17 million after tax) were incurred relating to the transition program. In addition, $118 million ($83 million after tax) restructuring costs were incurred during the One ANZ organisational restructure.

- ANZ share of ING NZ investor settlement (refer Note 15. Contingent liabilities and contingent assets).

  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 ING (NZ) Limited of which ANZ moved to full ownership in November 2009. Some of these funds were sold to ANZ National Bank customers. On 5 June 2009, ING NZ AUT Investments Limited, a subsidiary of INZ NZ, made an offer to purchase their units.

  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 cost for the Group included $173 million ($121 million after tax) in 2009 following the take up of the offer. Since the offer was made to investors, the value of the DYF/RIF units held by ANZ has increased in value and the underlying securities have produced earnings resulting in a gain of $34 million after tax in the 2010 full year. In relation to the Commerce Commission, this matter is now settled.

  Refer page 105 for further detail.

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

  Reclassification of a charge to income for credit valuation adjustments on defaulted and impaired derivatives to provision for credit impairment of $34 million (Sep 2010 half: $17 million; Mar 2010 half: $17 million; Sep 2009 full year: $82 million).

- Non Continuing Business

  As part of the new business model for ANZ established in 2009, 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 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 10 $M**	**Half year Mar 10 v. $M**	**Movt Sep 10 Mar 10 %**	**Full year Sep 10 $M**	**Full year Sep 09 v. $M**	**Movt Sep 10 Sep 09 %**
Net interest income	1	1	0%	**2**	-	n/a
Other operating income	38	72	-47%	**110**	(172)	large
Operating income	39	73	-47%	**112**	(172)	large
Operating expenses	(7)	(7)	0%	**(14)**	(15)	-7%
Profit before credit impairment and income tax	32	66	-52%	**98**	(187)	large
Provision for credit impairment	-	(1)	-100%	**(1)**	(31)	-97%
Profit before income tax	32	65	-51%	**97**	(218)	large
Income tax expense	(11)	(12)	-8%	**(23)**	33	large
Profit/(Loss)	21	53	-60%	**74**	(185)	large

Underlying profit

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Net interest income	5,623	5,239	7%	**10,862**	9,890	10%
Other operating income	2,592	2,328	11%	**4,920**	4,477	10%
Operating income	8,215	7,567	9%	**15,782**	14,367	10%
Operating expenses	(3,722)	(3,249)	15%	**(6,971)**	(6,068)	15%
Profit before credit impairment and income tax	4,493	4,318	4%	**8,811**	8,299	6%
Provision for credit impairment	(722)	(1,098)	-34%	**(1,820)**	(3,056)	-40%
Profit before income tax	3,771	3,220	17%	**6,991**	5,243	33%
Income tax expense	(1,040)	(920)	13%	**(1,960)**	(1,469)	33%
Non-controlling interests	(4)	(2)	100%	**(6)**	(2)	large
Profit attributable to shareholders of the Company	2,727	2,298	19%	**5,025**	3,772	33%

Pro Forma review of underlying profit, exchange rate adjusted

To enhance the understanding and comparability of financial information between reporting periods, 'Pro Forma' information has been prepared. The pro forma adjustments assume the increase in ownership in Funds Management and Insurance "FMI" (from ING Australia and ING New Zealand acquisitions) from 49% to 100% and the Landmark and RBS acquisitions took effect from 1 October 2008, effectively restating the Group's underlying profit for the September 2009 full year and the March 2010 and September 2010 half years. This analysis provides the estimated growth rates of the ongoing business performance of the Group including recent acquisitions. The pro forma results below are also adjusted to exclude the impact of exchange rate movements and assumes the acquisitions of FMI entities were funded by an issue of ordinary shares. Details of the impact of exchange rate movements and pro forma adjustments follow on pages 15 to 16.

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Net interest income	5,649	5,413	4%	**11,051**	10,096	9%
Other operating income	2,606	2,579	1%	**5,171**	5,032	3%
Operating income	8,255	7,992	3%	**16,222**	15,128	7%
Operating expenses	(3,752)	(3,558)	5%	**(7,298)**	(6,783)	8%
Profit before credit impairment and income tax	4,503	4,434	2%	**8,924**	8,345	7%
Provision for credit impairment	(737)	(1,141)	-35%	**(1,875)**	(3,065)	-39%
Profit before income tax	3,766	3,293	14%	**7,049**	5,280	34%
Income tax expense	(1,039)	(940)	11%	**(1,977)**	(1,512)	31%
Non-controlling interests	(4)	(2)	100%	**(6)**	(2)	large
Pro forma profit	2,723	2,351	16%	**5,066**	3,766	35%

- **2010 result**
  - Net interest income increased 9% with higher margins, growth in average interest earning assets of 3% and an increase in customer deposits of 11%. Other operating income increased 3%, impacted by lower earnings from Global Markets following the exceptional results in 2009 and reductions in exception fees.
  - Operating expenses grew 8% with growth primarily in Asia Pacific, Europe & America and Institutional as a result of ongoing investment in key strategic markets and infrastructure and system enhancements to support future growth. Jaws were largely flat impacted by the reduction in Global Markets income from 2009 dampening income growth.
  - Provision for credit impairment decreased 39% as the global economy begins to recover from higher levels of bankruptcies, business liquidations and commercial losses and a reduction in the number of large single name defaults.

- **Comparison with March 2010 half**
  - Operating income increased 3% following an increase in net interest margin (excluding Global Markets) of 8 basis points reflecting ongoing re-pricing of the New Zealand and Institutional portfolios, and solid growth in average interest earning assets and customer deposits of 5% and 8% respectively.
  - Operating expenses grew 5% with Institutional cost growth up 10% driven by investment in technology and in the "Rebuild and Refocus" program and Asia Pacific, Europe & America cost growth up 14% due to the growth agenda.
  - Provision for credit impairment decreased 35% primarily in Australia, with a reduction in the number of large single name defaults and improvements in the New Zealand, Commercial and Retail books.

Impact of exchange rate movements

Presented below is an analysis of the impact of exchange rate 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 $148 million (6%) reduction in the growth in underlying profit for the full year, principally due to losses in translation from Asian Pacific currency and USD earnings net of associated hedges. This has been partly offset by gains 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 1.1893 (September 2010) and 1.1889 (September 2009). USD earnings were translated at effective exchange rates of 0.8990 (September 2010) and 0.7256 (September 2009).

	Half Year Sep 2010 v. Half Year Mar 2010			Full Year Sep 2010 v. Full Year Sep 2009		
	FX unadjusted % growth	FX adjusted % growth	FX Impact $M	FX unadjusted % growth	FX adjusted % growth	FX Impact $M
Net interest income	7%	7%	8	10%	12%	(216)
Other operating income	11%	11%	13	10%	15%	(184)
Operating income	9%	8%	21	10%	13%	(400)
Operating expenses	15%	15%	(8)	15%	18%	165
Profit before credit impairment and income tax	4%	4%	13	6%	9%	(235)
Provision for credit impairment	-34%	-34%	(3)	-40%	-39%	63
Profit before income tax	17%	17%	10	33%	38%	(172)
Income tax expense	13%	12%	(2)	33%	35%	24
Non-controlling interests	100%	43%	(0)	large	large	(0)
Underlying profit	19%	18%	8	33%	39%	(148)

Pro forma Adjustments

The pro forma adjustments to the profit and loss statement have been calculated on the following basis:

- Funds Management and Insurance (ING Australia and ING New Zealand) – additional 51% acquired on 30 November 2009. Adjustments for September 2009 full year have been calculated assuming 100% ownership including purchase price adjustments and intercompany eliminations. The March 2010 half includes the removal of two months of equity accounted results and the addition of two months assuming 100% ownership including purchase price adjustments and intercompany eliminations.
- Royal Bank of Scotland – various acquisitions, from 21 November 2009 to 12 June 2010. September 2010 pro forma numbers have been based on the estimated current run rate extrapolated for a twelve month period. Expenses have been adjusted for one-offs which would not have occurred had the acquisitions not taken place. The September 2009 adjustments for revenue and expenses replicate the 2010 pro forma view with zero growth in USD terms. Provisions have been based on estimates for each country using appropriate loss rates for each asset class under ANZ methodologies and extrapolated back to 2009. Given the nature of the acquisition, reliable data on prior period profit and loss items are not available.
- Landmark – purchased 1 March 2010. Adjustments for September 2009 management full year have been calculated based on the AWB Group 2009 accounts adjusted to reflect ANZ cost of funding. The March 2010 half adjustments have been calculated based on the seven months actuals for 2010. Provisions have been based on due diligence findings for 2009 adjusted to align to ANZ policies and current risk estimates for 2010.
- Funding and other adjustments – reversal of actual interest earned on $1.8 billion capital raised prior to ING acquisition and other intercompany elimination adjustments.
- All pro forma adjustments are using 2010 exchange rates. Pro forma adjustments have not been made to the balance sheet.

September 2010 Full Year

	Landmark	RBS	ING Australia	ING New Zealand	ING Total ING	Funding Adj	Total acquisitions
Net interest income	36	151	4	-	4	(2)	189
Other operating income	1	108	145	13	158	(16)	251
Operating income	37	259	149	13	162	(18)	440
Operating expenses	(12)	(207)	(95)	(13)	(108)	-	(327)
Profit before credit impair't and income tax	25	52	54	-	54	(18)	113
Provision for credit impairment	(15)	(40)	-	-	-	-	(55)
Profit before income tax	10	12	54	-	54	(18)	58
Income tax expense	(3)	(2)	(19)	2	(17)	5	(17)
Non-controlling interests	-	-	-	-	-	-	-
Pro forma adjustments	7	10	35	2	37	(13)	41

September 2009 Full Year

	Landmark	RBS	ING Australia	ING New Zealand	ING Total ING	Funding Adj	Total acquisitions
Net interest income	90	249	15	5	20	63	422
Other operating income	2	191	570	72	642	(96)	739
Operating income	92	440	585	77	662	(33)	1,161
Operating expenses	(37)	(362)	(406)	(75)	(481)	-	(880)
Profit before credit impair't and income tax	55	78	179	2	181	(33)	281
Provision for credit impairment	(22)	(50)	-	-	-	-	(72)
Profit before income tax	33	28	179	2	181	(33)	209
Income tax expense	(11)	(4)	(72)	10	(62)	10	(67)
Non-controlling interests	-	-	-	-	-	-	-
Pro forma adjustments	22	24	107	12	119	(23)	142

September 2010 Half Year

	Landmark	RBS	ING Australia	ING New Zealand	ING Total ING	Funding Adj	Total acquisitions
Net interest income	-	26	-	-	-	-	26
Other operating income	-	14	-	-	-	-	14
Operating income	-	40	-	-	-	-	40
Operating expenses	-	(30)	-	-	-	-	(30)
Profit before credit impair't and income tax	-	10	-	-	-	-	10
Provision for credit impairment	-	(15)	-	-	-	-	(15)
Profit before income tax	-	(5)	-	-	-	-	(5)
Income tax expense	-	1	-	-	-	-	1
Non-controlling interests	-	-	-	-	-	-	-
Pro forma adjustments	-	(4)	-	-	-	-	(4)

March 2010 Half Year

	Landmark	RBS	ING Australia	ING New Zealand	ING Total ING	Funding Adj	Total acquisitions
Net interest income	36	128	4	-	4	(2)	166
Other operating income	1	95	145	13	158	(16)	238
Operating income	37	223	149	13	162	(18)	404
Operating expenses	(12)	(181)	(95)	(13)	(108)	-	(301)
Profit before credit impair't and income tax	25	42	54	-	54	(18)	103
Provision for credit impairment	(15)	(25)	-	-	-	-	(40)
Profit before income tax	10	17	54	-	54	(18)	63
Income tax expense	(3)	(3)	(19)	2	(17)	5	(18)
Non-controlling interests	-	-	-	-	-	-	-
Pro forma adjustments	7	14	35	2	37	(13)	45

Impact of acquisitions

In 2010, the Group acquired the remaining 51% shareholding in the ANZ-ING joint ventures in Australia and New Zealand from ING Groep taking its ownership interest to 100%, the Landmark Financial Services loan and deposit books from AWB Group and selected Royal Bank of Scotland plc businesses in Philippines, Vietnam, Hong Kong, Taiwan, Singapore and Indonesia.

The financial impact of acquisition on the full year 2010 result is as follows:

			ING				
	Landmark[1]	**RBS[2]**	**Australia[3]**	**New Zealand[3]**	**Funding adjustment and other[4]**	**Total ING**	**Total acquisitions**
Net interest income	56	99	(4)	(1)	21	16	171
Other operating income	1	83	543	80	(95)	528	612
Operating income	57	182	539	79	(74)	544	783
Operating expenses	(18)	(155)	(318)	(63)	-	(381)	(554)
Profit before credit impair't and income tax	39	27	221	16	(74)	163	229
Provision for credit impairment	(8)	(10)	-	-	-	-	(18)
Profit before income tax	31	17	221	16	(74)	163	211
Income tax expense	(10)	(2)	(73)	3	22	(48)	(60)
Non-controlling interests	-	-	-	-	-	-	-
Impact of acquisitions	21	15	148	19	(52)	115	151

1. *The acquisition of the Landmark loan and deposit books was completed on 1 March 2010. The financial impact for seven months are included in the full year result.*
2. *The acquisition of the RBS businesses in Philippines was completed on 21 November 2009, Vietnam on 5 December 2009, Hong Kong on 20 March 2010, Taiwan on 17 April 2010, Singapore on 15 May 2010 and Indonesia on 12 June 2010. The financial impacts of these acquisitions are effective from these respective dates.*
3. *The acquisition impact of ING on the March 2010 half included consolidation of full ownership of ING in Australia and New Zealand since 1 December 2009. Up until 30 November 2009, and in the March 2009 half and September 2009 half, the Group's results included the financial impact of 49% ownership in the joint ventures.*
4. *The impact of ING acquisition includes interest foregone from funding the purchase of the additional 51% ownership of the ING joint ventures and elimination of interest on inter-company balances.*

Income and expenses

Net Interest Income

Net Interest Income Reconciliation	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Pro forma net interest income	5,649	5,413	4%	**11,051**	10,096	9%
Foreign exchange adjustments	-	(8)		**-**	216	
Pro forma adjustments	(26)	(166)	-84%	**(189)**	(422)	-55%
Underlying net interest income	5,623	5,239	7%	**10,862**	9,890	10%
Adjustments between statutory and underlying net interest income	10	(3)	large	**7**	(2)	large
Net interest income	5,633	5,236	8%	**10,869**	9,888	10%
Group						
Net interest income	5,633	5,236	8%	**10,869**	9,888	10%
Average interest earning assets	449,861	428,636	5%	**439,277**	427,464	3%
Net interest margin (%)	2.50	2.45	2%	**2.47**	2.31	7%
Group (excluding Global Markets)						
Net interest income	5,245	4,805	9%	**10,050**	8,948	12%
Average interest earning assets	374,792	356,041	5%	**365,442**	362,892	1%
Net interest margin (%)	2.79	2.71	3%	**2.75**	2.47	12%

- **2010 result**

Volume

Growth in balance sheet volumes was suppressed by the appreciation of the Australian dollar against other currencies. The following explanations exclude the impact of exchange rate movements.

Growth in average interest earning assets was $22.6 billion (5%):

- Net advances increased $5.8 billion (2%) with an increase of $3.9 billion in Australia primarily in Mortgages ($13.4 billion) (10%) driven by growth in customer demand for housing loans and increasing market share. This was partially offset by reductions in Specialised and Relationship Lending ($7.6 billion) and Global Markets ($4.2 billion), reflecting the system trend of slowing business growth from 2009. New Zealand decreased $1.5 billion (2%) as businesses and households continue to de-leverage. Asia Pacific, Europe & America region increased $3.4 billion (19%), primarily through business expansion in Asia.
- Other interest earning assets increased by $16.8 billion or 24% due primarily to an increase in trading and available-for-sale assets ($15.7 billion) increased trading activity and investment in government debt securities.

Average deposits and other borrowings increased $24.1 billion (9%) excluding exchange rate movements:

- Customer deposits grew by $27.9 billion (13%). Australia grew by $9.0 billion (6%) mainly driven by an increase in Institutional and Retail term deposits. Asia Pacific, Europe & America region increased by $18.9 billion (77%) driven by deposit raising strategies and customer acquisitions.
- Wholesale funding decreased by $3.8 billion (6%) driven by a decrease in certificate of deposits ($3.0 billion) and commercial paper ($0.8 billion).

Loan capital and Bonds and notes increased by $4.3 billion (5%)

Margin

Net interest margin increased by 16 basis points to 2.47%. Excluding the impact of the Global Markets business, the Group margin increased by 28 basis points. The main drivers of improved margin performance excluding Global Markets were:

- Improved asset margin (+37 basis points) from the flow through of repricing activities particularly in New Zealand and Institutional; improved fee returns in Institutional due to higher commitment fees and line fees.
- Funding and Asset mix changes (+14 basis points) driven by increased capital from the full year impact of the share purchase and share placement plans in 2009 (+6 basis points), reduced reliance on wholesale funding due to higher customer deposits as source of funding (+5 basis points), other net funding impacts (+1 basis point) and favourable asset mix impact from decline in low margin Institutional assets (+2 basis points).
- This was partly offset by a higher cost of deposits (-16 basis points) and higher funding costs (-11 basis points). Deposit costs were higher due to competitive pressures (-8 basis points), continued customer migration to lower margin deposit products (-4 basis points) and lower returns from the replicating portfolio (-4 basis points).

Income and expenses cont'd

Net Interest Income, con'td

- Higher funding costs (-11 basis points) were mainly due to an increase in wholesale funding costs and lower returns on capital.
- Other Items (+4 basis points) includes the favourable impact (+2 basis points) from the acquisition of higher margin assets (RBS and Landmark), favourable movement in brokerage costs (+1 basis point) following a write down of Esanda capitalised brokerage costs in the prior year and other net impacts (+1 basis point).

Global Markets had a -12 basis points impact on the total Group margin. Net interest movements (-3 basis points) due to the impact of funding costs associated with unrealised trading gains on derivatives (-8 basis points), mismatch outcome (+3 basis point) and other net impacts (+2 basis points). The dilution impact of Global Markets balance sheet on the Group (-9 basis points) was driven by strong growth in trading and investment assets.

▪ Comparison with March 2010 half

Volume

Average interest earning assets increased $20.2 billion (5%) excluding exchange rate movements:

- Net advances increased by $15.0 billion (4%). Australia increased by $9.7 billion (4%), primarily in Mortgages ($9.2 billion) as a result of continuing customer demand for retail housing, investment loans and marketing campaign. Asia Pacific, Europe & America region increased $5.5 billion (29%), primarily through a solid growth in Asia.
- Other interest earning assets increased by $5.2 billion (6%) mainly driven by increases in trading and available-for-sale assets as a result of the higher liquidity holdings.

Average deposits and other borrowings increased $13.1 billion (4%) excluding exchange rate movements:

- Customer deposits grew by $17.3 billion (7%). Australia region grew by $5.4 billion (4%) due primarily to an uplift in term deposits driven by competitive pricing and customer acquisition. Asia Pacific, Europe & America region grew by $12.9 billion (35%) mainly in Asia driven by deposit raising strategies and business expansion in the region with the RBS acquisition.
- Wholesale funding decreased by $4.2 billion (5%), driven mainly by a decrease in commercial paper and certificate of deposits as a result of the global credit market conditions and growth in customer deposits.

Loan capital and Bonds and notes increased by $5.0 billion (6%).

Margin

Net interest margin increased by 5 basis points to 2.50%. Excluding the impact of the Global Markets business, the Group margin increased by 8 basis points. The main drivers of improved margin performance excluding Global Markets were:

- Improved asset margin (+14 basis points) from the flow through of repricing activities and rate adjustments, particularly in New Zealand and Institutional; improved fee returns in Institutional due to higher commitment fees and line fees
- This was partly offset by higher deposit costs (-6 basis points) and higher funding costs (-3 basis points) due to the effects of strong competition to attract customer deposits and continued customer migration to lower margin deposits, coupled with increased wholesale funding costs.
- Funding and asset mix changes (-2 basis points) was driven by a reduction in proportion of free funds and an increase in lower margin Institutional assets.
- Other Items (+5 basis points) includes favourable impact (+3 basis points) from the acquisition of higher margin assets (RBS and Landmark) and net other impacts (+2 basis points).

Global Markets had a -3 basis points impact on the total Group margin. Net interest movements (-2 basis points) mainly due to the impact of the mismatch outcome. The dilution impact of Global Markets balance sheet on the Group (-1 basis point) was driven by growth in trading and investment assets during the half.

Income and expenses, cont'd

Other operating income

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Fee income	1,199	1,200	0%	**2,395**	2,471	-3%
Foreign exchange earnings	354	371	-5%	**722**	898	-20%
Profit on trading instruments	154	164	-6%	**317**	302	5%
Net income from wealth management	573	541	6%	**1,113**	890	25%
Other	326	303	7%	**624**	471	32%
Pro forma other operating income	2,606	2,579	1%	**5,171**	5,032	3%
Foreign exchange adjustments	-	(13)		**-**	184	
Pro forma adjustments	(14)	(238)	-94%	**(251)**	(739)	-66%
Underlying other operating income	2,592	2,328	11%	**4,920**	4,477	10%
Economic hedging - fair value gains/(losses)	(10)	(192)	-95%	**(202)**	(358)	-44%
Revenue and net investment hedges	1	33	-97%	**34**	30	13%
ANZ share of ING NZ investor settlement	5	27	-81%	**32**	(173)	large
Fair value impairment for INGA and INGNZ	(4)	(213)	-98%	**(217)**	-	n/a
Credit risk on impaired derivatives[1]	(17)	(17)	0%	**(34)**	(82)	-59%
Treasury shares adjustment	22	(57)	large	**(35)**	-	n/a
Policyholder tax gross up	215	-	n/a	**215**	-	n/a
Non continuing businesses						
Credit intermediation trades	5	64	-92%	**69**	(53)	large
Other	33	8	large	**41**	(119)	large
Other operating income	2,842	1,981	43%	**4,823**	3,722	30%

Composition of Global Markets Underlying income

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Net interest income	389	430	-10%	**819**	940	-13%
Foreign exchange earnings	236	282	-16%	**518**	772	-33%
Profit on trading instruments	151	161	-6%	**312**	325	-4%
Fee and other income	88	79	11%	**167**	154	8%
Total Markets income	864	952	-9%	**1,816**	2,191	-17%

Composition of Global Markets Underlying income by product class

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Fixed Income	349	477	-27%	**826**	1,042	-21%
Foreign Exchange	253	247	2%	**500**	700	-29%
Capital Markets	132	150	-12%	**282**	252	12%
Other	130	78	67%	**208**	197	6%
Total Markets income	864	952	-9%	**1,816**	2,191	-17%

1. *Reclassified to credit provisions on page 23*

The following explanations relate to pro forma underlying other operating income excluding exchange rate impacts:

- **2010 result**

– Fee income decreased $76 million (3%).
- Lending fee income decreased $36 million (5%):
  – Australia decreased $35 million due to a $54 million reduction in Deposits due mainly to the reduction in exception fees and a $38 million decrease in Global Markets due to an increased proportion of yield related business. Specialised and Relationship Lending increased $22 million and Transaction Banking grew $21 million both due to pricing initiatives.
  – New Zealand decreased $14 million due mainly to the reduction in exception fees.
  – Asia Pacific, Europe & America increased $13 million with Asia up $14 million due mainly to business expansion in China, Philippines and Indonesia.

Income and expenses, cont'd

Other Operating income, cont'd

- Non-lending fee income decreased $40 million (2%):
  - Australia decreased $50 million. Deposits reduced $54 million and Consumer Cards and Unsecured Lending was $17 million lower both due to the reduction in exception fees. Global Markets decreased $17 million as a result of reduced volumes. Specialised and Relationship Lending increased $20 million with higher deal activity, and Other Retail Products increased $17 million due to higher merchant service fees as a result of increased volumes.
  - New Zealand decreased $35 million which includes the reductions to exception fees and pricing initiatives.
  - Asia Pacific, Europe and America increased $45 million with Asia increasing $39 million due mainly to increased volumes in Singapore and Hong Kong.

- Foreign exchange earnings decreased $176 million. Australia decreased $56 million with Markets $84 million lower due to reduced market volatility offset by an $18 million increase in Transaction Banking due to increased volumes and pricing initiatives. New Zealand decreased $62 million as a result of lower Institutional foreign exchange trading income and reduced sales. Asia Pacific, Europe & America decreased $59 million with: Asia $47 million lower reflecting reduced earnings in Korea; UK & Europe was $28 million lower as a result of weaker trading results; and Pacific was up $19 million due to increased earnings in Papua New Guinea.
- Profit on trading instruments increased $15 million. Refer to the comments below regarding Global Markets income.
- Net income from wealth management increased $223 million. INGA increased $185 million and INGNZ grew $26 million as a result of improved investment markets.
- Other income increased $153 million:
  - Australia increased $13 million. Mortgages grew $20 million due to increased insurance premiums.
  - Asia Pacific, Europe & America grew $158 million. The 2010 year included $25 million reversal of the write down of the investment in Saigon Securities Incorporation (SSI) originally booked in the 2009 year ($50 million impact year on year). Equity accounted earnings increased $39 million due to higher earnings in Panin and AMMB Holdings Berhad (AMMB) offset by lower earnings in Shanghai Rural Commercial Bank (SRCB) and Bank of Tianjin (BoT). Higher other income of $69 million included an increase in Europe of $11 million, a $16 million increase in Singapore due mainly to the sale of available-for-sale securities and non-recurrence of a $14 million mark-to-market loss on Panin warrants in 2009.
  - New Zealand decreased $18 million due mainly to the sale of 16 bank branches in the 2009 year.
- Total Global Markets income is affected by mix impacts between the categories within other operating income and net interest income. Total Global Markets income decreased $375 million due to reduced volatility.

▪ **Comparison with March 2010 half**

- Fee income decreased $1 million.
  - Lending fee income increased $17 million. Australia increased $15 million with Specialised Lending up $7 million, Transaction Banking and Markets both up $3 million all due to higher volumes, Relationship Lending increased $6 million due to pricing initiatives and Institutional grew $6 million due to an increase in guarantee fees, offset by a $14 million decrease in Deposits mainly as a result of the impact from lower exception fees.
  - Non-lending fee income decreased $18 million. Australia decreased $6 million with Deposits $12 million lower due mainly to the reduction in exception fees. Relationship Banking increased $5 million due to increased volumes. New Zealand decreased $7 million due mainly to pricing changes.
- Foreign exchange earnings decreased $17 million (5%). Australia increased $31 million due to a $16 million increase in Transaction Banking as a result of increased volumes and pricing initiatives and a $9 million increase in Global Markets as a result of higher sales volumes. Asia Pacific, Europe & America decreased $36 million with Asia $43 million lower due mainly to reductions in Singapore and Korea as a result of less volatility and reduced trading opportunities. New Zealand decreased $12 million driven by a lower Institutional foreign exchange trading gains.
- Profit on trading instruments decreased $10 million. Refer to the comments below regarding Global Markets income.
- Net income from wealth management increased $32 million. INGA increased $19 million and INGNZ grew $11 million as a result of improved investment markets.
- Other income increased $23 million:
  - Australia decreased $24 million with Mortgages $8 million lower due to reduced insurance premiums, Specialised Lending was $5 million lower as a result of reduced income from the Structured Asset & Export Finance business and Investment and Insurance Products decreased $5 million due to a reduction in volumes in ETrade.
  - Asia Pacific, Europe & America increased $54 million. Equity accounted earnings increased $76 million due to higher earnings in AMMB and SRCB. This was offset by the $25 million gain booked in the first half due to the reversal of the write-down of the investment in SSI.
- Total Global Markets income is affected by mix impacts between the categories within other operating income and net interest income. Total Global Markets income decreased $88 million due to reduced volatility.

Income and expenses, cont'd

Expenses

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Personnel expenses	2,282	2,083	10%	**4,359**	3,978	10%
Premises expenses	337	340	-1%	**675**	629	7%
Computer expenses	441	443	0%	**883**	838	5%
Other expenses	692	692	0%	**1,381**	1,338	3%
Pro forma operating expenses	3,752	3,558	5%	**7,298**	6,783	8%
Foreign exchange adjustments	-	(8)		**-**	165	
Pro forma adjustments	(30)	(301)	-90%	**(327)**	(880)	-63%
Underlying operating expenses	3,722	3,249	15%	**6,971**	6,068	15%
Organisational transformation costs (incl. One ANZ restructuring)	-	-	n/a	**-**	142	-100%
Non continuing businesses	7	7	0%	**14**	15	-7%
Integration and acquisition costs and amortisation of intangibles	193	126	53%	**319**	-	n/a
Total operating expenses	3,922	3,382	16%	**7,304**	6,225	17%

The following explanations relate to the pro forma underlying costs excluding exchange rate impact:

- **2010 result**

Institutional cost growth was up 14% driven by higher personnel costs as staff numbers increased 22% with investment in the Asian franchise, in frontline staff in Australia as well as building capability in infrastructure and system enhancements for future growth across the region. Asia Pacific, Europe & America staff numbers growth of 20% reflected continued investment in expanding distribution across the region and increased resources to support the growth agenda. The Australian division was up 5% due to volume related costs to support strong Mortgage and Deposit growth and project spend on revenue growth and productivity enhancements. Costs were flat in New Zealand.

– Personnel expenses increased $381 million (10%) as a result of annual salary increases and a 10% increase in staff numbers. Increases in staff numbers were in Asia Pacific, Europe & America up 23% (excluding the RBS acquisition) due to continued growth in the business.

– Premises costs increased $46 million (7%) reflecting higher staff numbers and an investment in upgrading our premises. This includes a $26 million increase in utilities and other outgoings including repairs and maintenance (up $9 million), security (up $6 million) and a $5 million increase in power costs driven by an increased space requirement from increasing staff numbers. Depreciation was $21 million higher due to the ANZ Centre.

– Computer costs increased $45 million (5%) due to a $53 million increase in depreciation and amortisation from our significant investment in technology.

– Other expenses increased $43 million (3%). Professional fees increased $53 million with increases in Technology, Institutional and Group Centre.

- **Comparison with March 2010 half**

Asia Pacific, Europe & America costs up were up 15% with substantial investment in expanding branch networks across the region and increased resources to drive the growth agenda. Institutional cost growth was up 10% driven by continued investment in technology, systems enhancements and people, with staff numbers increasing 17%. Australia was up 1%. Costs were 7% higher in New Zealand reflecting the phasing of 2010 investments and marketing initiatives.

– Personnel costs were up $199 million (10%) as a result of a 7% increase in staff numbers. Increases in staff numbers were in Australia up 7% with increases in Institutional, Frontline staff in Australia division and the Group Centre. Asia Pacific, Europe & America staff numbers increased 12% due to continued growth in the region.

– Premises costs decreased $3 million with small reductions spread across the divisions.

– Computer costs decreased $2 million with an increase in depreciation costs offset by a reduction in rental and repairs.

– Other expenses were flat. Non lending losses decreased $25 million. Professional fees grew $22 million including project related increases in Technology and Institutional.

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 decreased by $1,218 million from September 2009 to $1,787 million. The pro forma underlying credit impairment charge decreased by $1,191 million, driven by lower individual and collective provision charges. This reflected a slowing in single name large provisions, a stabilising loan portfolio and growth in low risk assets.

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Australia	565	750	-25%	**1,315**	2,075	-37%
Asia Pacific, Europe & America	67	130	-49%	**194**	283	-31%
New Zealand	104	261	-60%	**366**	706	-48%
Pro forma provision for credit impairment charge	736	1,141	-35%	**1,875**	3,064	-39%
Foreign exchange adjustments	-	(3)	-100%	**-**	63	-100%
Pro forma adjustments	(14)	(40)	-65%	**(55)**	(71)	-23%
Underlying provision for credit impairment charge	722	1,098	-34%	**1,820**	3,056	-40%
Non continuing businesses	-	1	-100%	**1**	31	-97%
Credit risk on impaired derivatives	(17)	(17)	0%	**(34)**	(82)	-59%
Provision for credit impairment charge	705	1,082	-35%	**1,787**	3,005	-41%

Individual provision charge

Total individual provision charge decreased $979 million to $1,791 million from September 2009.

The pro forma underlying individual provision charge decreased $976 million, due to reductions in Australia and New Zealand. The decrease in Australia of $887 million mainly reflected the reduction in the number of large single name provisions raised within the Australian Institutional portfolio. The decrease in New Zealand of $126 million was mainly due to writebacks and recoveries. These reductions were partially offset by an increase of $37 million in Asia Pacific, Europe & America.

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Australia	552	768	-28%	**1,319**	2,206	-40%
Asia Pacific, Europe & America	65	100	-35%	**163**	126	29%
New Zealand	154	212	-27%	**366**	492	-26%
Pro forma individual provision charge for loans and advances	771	1,080	-29%	**1,848**	2,824	-35%
Foreign exchange adjustments	-	(3)	-100%	**-**	29	-100%
Pro forma adjustments	(10)	(35)	-71%	**(45)**	(59)	-24%
Underlying individual provision charge for loans and advances	761	1,042	-27%	**1,803**	2,794	-35%
Individual provision charge as a % of average net advances	0.42%	0.62%		**0.51%**	0.79%	
Impairment on AFS assets [1]	1	20	-95%	**21**	20	5%
Total underlying individual provision charge	762	1,062	-28%	**1,824**	2,814	-35%
Non continuing businesses	-	1	-100%	**1**	38	-97%
Credit risk on impaired derivatives	(17)	(17)	0%	**(34)**	(82)	-59%
Total individual provision charge	745	1,046	-29%	**1,791**	2,770	-35%

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 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Australia	732	909	-19%	**1,641**	2,422	-32%
Asia Pacific, Europe & America	80	90	-11%	**170**	117	45%
New Zealand	260	303	-14%	**563**	546	3%
New and increased provisions for loans and advances	1,072	1,302	-18%	**2,374**	3,085	-23%
Underlying recoveries and writebacks						
Australia	(180)	(156)	15%	**(336)**	(235)	43%
Asia Pacific, Europe & America	(25)	(13)	92%	**(38)**	(16)	large
New Zealand	(106)	(91)	16%	**(197)**	(40)	large
Recoveries and writebacks	(311)	(260)	20%	**(571)**	(291)	96%

Collective provision charge

The collective provision charge decreased $239 million during the year to a release of $4 million, with decreases in New Zealand and Asia Pacific, Europe and America offset by an increase in Australia. The charge for Australia increased $127 million reflecting a small number of large customer downgrades offset by underlying credit improvement and releases for migrations to impaired. The New Zealand charge decreased $215 million following the high charge in 2009 and recognising some stabilisation in credit conditions. The charge for Asia Pacific, Europe & America decreased by $127 million as releases from large customer upgrades offset growth in the corporate business compared to the high charge for risk in 2009 which recognised the stress in global credit markets.

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 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Lending growth	42	19	large	**61**	(2)	large
Risk profile	(48)	(20)	large	**(68)**	251	large
Portfolio mix	(32)	6	large	**(26)**	(13)	100%
Economic cycle and concentration risk adjustment	(2)	31	large	**29**	(1)	large
Collective provision charge	(40)	36	large	**(4)**	235	large
Pro Forma collective provision charge by region						
Australia	13	(18)	large	**(5)**	(132)	-96%
Asia Pacific, Europe & America	2	9	-78%	**11**	138	-92%
New Zealand	(50)	50	large	**-**	215	-100%
Pro forma collective provision charge	(35)	41	large	**6**	221	-97%
Foreign exchange adjustments	-	-	n/a	**-**	34	-100%
Pro forma adjustments	(5)	(5)	0%	**(10)**	(13)	-23%
Underlying collective provision charge	(40)	36	large	**(4)**	242	large
Non continuing businesses	-	-	n/a	**-**	(7)	-100%
Collective provision charge	(40)	36	large	**(4)**	235	large

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

Expected loss

Management believe that disclosure of modelled expected loss data for individual provisions 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 economic profit reporting. The annual expected loss on the current portfolio was $1,720 million, an increase of $93 million over September 2009 inclusive of acquisitions.

Expected loss as a percentage of exposure at default	% of Group exposure at default	As at Sep 10	As at Mar 10	As at Sep 09
Australia	68%	0.31%	0.32%	0.32%
Asia Pacific, Europe & America	14%	0.36%	0.35%	0.36%
New Zealand	18%	0.26%	0.28%	0.28%
Total	**100%**	**0.31%**	**0.32%**	**0.31%**
Annual expected loss ($million)		1,720	1,669	1,627

Expected loss as a percentage of gross lending assets	% of Group gross lending assets	As at Sep 10	As at Mar 10	As at Sep 09
Australia	72%	0.46%	0.47%	0.46%
Asia Pacific, Europe & America	7%	1.10%	1.17%	1.12%
New Zealand	21%	0.36%	0.37%	0.38%
Total	**100%**	**0.48%**	**0.49%**	**0.48%**
Annual expected loss ($million)		1,720	1,669	1,627

Credit risk (gain)/loss on derivatives

ANZ recognised a gain of $35 million on credit risk on derivatives comprising structured credit intermediation trades and impaired derivatives transacted with corporate customers during the year ended 30 September 2010 (2009: $135 million loss).

Credit risk on derivatives	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Credit intermediation trade related[1]	(5)	(64)	-92%	(69)	53	large
Credit risk on impaired derivatives	17	17	0%	34	82	-59%
Credit risk on derivatives (gain)/loss	12	(47)	large	(35)	135	large

1. *In 2009 and 2010 ANZ partially hedged the foreign currency exposure relating to structured credit intermediation trades. Included in the September 2010 full year result is a $14 million loss on foreign currency hedges (Sep 2010 half: $nil million; Mar 2010 half: $14 million; Sep 2009 full year: $155 million). All hedges were closed out before March 2010.*

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

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), portfolios of external collateralised loan obligations (CLOs) or specific bonds/floating rate notes (FRNs). ANZ sold protection using credit default swaps over these structures and then to mitigate risk purchased protection via credit default swaps over the same structures from eight US financial guarantors.

Being derivatives, both the sold protection and purchased protection are marked-to-market. Prior to the commencement of the global credit crisis, movements in valuations of these positions were not significant and largely offset each other in income. Following the onset of the credit crisis, the purchased protection has provided only a partial offset against movements in valuation of the sold protection as:

- one of the purchased protection counterparties defaulted and many of the remaining were downgraded, and
- a credit valuation adjustment is applied to the remaining purchased protection counterparties reflective of changes to their credit worthiness.

ANZ is actively managing this portfolio with a view to reduce the exposure via termination and restructuring of both the bought and sold protection. All of the sold protection trades on which the purchased protection counterparty has defaulted have been terminated or have matured. Other sold protection trades were also terminated or have matured in the current period with the notional amount on the outstanding sold trades at 30 September 2010 being US$8.4 billion (Mar 2010: US$8.6 billion; Sep 2009: US$11.0 billion).

Financial impacts on credit intermediation	**As at Sep 10 $M**	**As at Mar 10 $M**	**As at Sep 09 $M**	**Movt Sep 10 v. Mar 10 %**	**Movt Sep 10 v. Sep 09 %**
Mark-to-market credit exposure to financial guarantors	641	588	1,010	9%	-37%
Cumulative costs (life to date) relating to financial guarantors					
Credit valuation adjustment for outstanding transactions	195	196	352	-1%	-45%
Realised close out and hedge costs	320	324	232	-1%	38%
Cumulative life to date costs	515	520	584	-1%	-12%

The cumulative costs include realised losses relating to restructuring of trades in order to reduce risks and realised losses on termination of sold protection trades. It also includes foreign exchange hedging losses.

The credit risk expense on structured credit derivatives still remains volatile reflecting the impact of market movements in credit spreads and USD/AUD rates. It is likely there will continue to be volatility in this market value. The overall credit exposure has been reduced reflecting several unwinds throughout the year, a relative stabilisation in the credit markets and marked lowering of corporate credit defaults. The remaining trades continue to be managed with a view to termination where appropriate opportunities arise.

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

Gross impaired assets

Gross impaired assets at $6,561 million represent a $966 million increase over 30 September 2009, driven by increases in the balance across all regions and acquisitions ($423 million), notwithstanding an overall reduction in the level of new and increased impaired assets during the year. The reduction in restructured items reflects upgrades to productive and downgrades to impaired loans during the second half of 2010. The increase in Australia was concentrated in the first half and was driven by higher customer defaults particularly within the middle market and commercial segments. The increase in New Zealand was driven by higher levels of default primarily in the Rural and Commercial segments and was also concentrated in the first half.

Net impaired assets

Net impaired assets at $4,686 million represent a $617 million increase over 30 September 2009. The Group has an individual provision coverage ratio of 29%, reflecting a prevalence of well secured exposures within impaired assets.

Gross impaired assets	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Impaired loans	**6,075**	5,330	4,392	14%	38%
Restructured items	**141**	560	673	-75%	-79%
Non-performing commitments and contingencies	**345**	671	530	-49%	-35%
Gross impaired assets	**6,561**	6,561	5,595	0%	17%
Individual provisions					
Impaired loans	**(1,849)**	(1,560)	(1,512)	19%	22%
Non-performing commitments and contingencies	**(26)**	(33)	(14)	-21%	86%
Net impaired assets	**4,686**	4,968	4,069	-6%	15%

New impaired assets[1]	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Impaired loans	2,302	2,761	-17%	**5,063**	5,258	-4%
Restructured items	6	165	-96%	**171**	1,174	-85%
Non-performing commitments and contingencies	11	200	-95%	**211**	203	4%
Total new impaired assets	2,319	3,126	-26%	**5,445**	6,635	-18%

1. *2010 excludes impaired assets from acquisitions of $423 million (Sep 2010 half $345 million; Mar 2010 half $78 million)*

Income tax expense

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Income tax expense charged in the income statement	1,270	826	54%	**2,096**	1,435	46%
Effective tax rate	33.0%	30.0%		**31.8%**	32.8%	
Income tax expense attributable to income relating to policyholder income and contributions tax	215	-	n/a	**215**	-	n/a
Income tax expense charged in the income statement excluding that attributable to income relating to policyholder income and contributions tax	1,055	826	28%	**1,881**	1,435	31%
Effective tax rate	29.0%	30.0%		**29.5%**	32.8%	
Income tax expense on pro forma underlying profit[1]	1,039	940	11%	**1,977**	1,512	31%
Effective tax rate (pro forma underlying profit)[1]	27.6%	28.5%		**28.0%**	28.6%	
Income tax expense on underlying profit	1,040	920	13%	**1,960**	1,469	33%
Effective tax rate (underlying profit)	27.6%	28.6%		**28.0%**	28.0%	

1. *Refer pages 11 to 13 for explanation of adjustments between statutory profit and underlying profit*

- **2010 result**

The Group's effective tax rate excluding that attributable to income relating to policyholder income and contributions tax was 29.5%, down 3.3%. The decrease was due primarily to the New Zealand conduit tax provision and unrealised losses associated with the Offshore Banking unit (OBU) both in 2009 offset by the non-deductible fair value impairment of our interest in ING Australia and ING New Zealand, non-deductible RBS integration costs, an unfavourable impact resulting from changes in New Zealand tax legislation and a higher overseas tax rate differential, all in 2010. The 2010 year also included a release of excess New Zealand conduit tax provision and a favourable impact from the resolution of an outstanding tax matter in the US. The proforma underlying effective tax rate decreased 0.6%.

- **Comparison with March 2010 half**

The Group's effective tax rate excluding that attributable to income relating to policyholder income and contributions tax was 29.0%, down 1.0%. The March half included the non-deductible fair value impairment of our interest in ING Australia and ING New Zealand offset by a release of excess New Zealand conduit tax provision. The September half included a favourable impact from the resolution of an outstanding tax matter in the US offset by unfavourable impacts of changes in New Zealand tax legislation. The proforma underlying effective tax rate decreased 0.9%.

Earnings per share (cents)[1]

	Half year Sep 10	**Half year Mar 10**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10**	**Full year Sep 09**	**Movt Sep 10 v. Sep 09 %**
Basic	102.1	76.8	33%	**178.9**	131.0	37%
Diluted	99.0	75.4	31%	**174.6**	129.6	35%
Underlying earnings per share						
Profit attributable to shareholders of the Company ($M)	2,576	1,925	34%	**4,501**	2,943	53%
Less: Adjustments between statutory profit and underlying profit ($M)	(151)	(373)	-60%	**(524)**	(829)	-37%
Underlying profit ($M)	2,727	2,298	19%	**5,025**	3,772	33%
Preference share dividends ($M)[2]	(5)	(6)	-17%	**(11)**	(33)	-67%
Underlying profit less preference share dividends ($M)	2,722	2,292	19%	**5,014**	3,739	34%
Weighted average number of ordinary shares (M)	2,535.4	2,511.0	1%	**2,523.2**	2,221.6	14%
Underlying earnings per share (cents)	107.4	91.3	18%	**198.7**	168.3	18%

1. *Refer page 94 for full calculation*
2. *The earnings per share calculation excludes the Euro Hybrid preference shares*

2010 full year earnings per share increased by 36.6% or 47.9 cents to 178.9 cents over full year 2009. Underlying EPS for the Group increased by 18.1% or 30.4 cents over full year 2009. The main drivers of the increase in Underlying EPS on September 2009 were:

- an increase in profit before credit impairment (after tax) which contributed 11.2%
- an after tax decrease in the credit impairment charge which contributed 23.0%
- dilution from an increase in the weighted average number of shares (16.1%)

September 2010 half year earnings per share were up 32.9% or 25.3 cents on the March 2010 half. Underlying EPS for the Group increased 17.6% or 16.1 cents on the March 2010 half. The main drivers of the decline in Underlying EPS on the March 2010 half were:

- an increase in profit before credit impairment charge which contributed 7.6%
- an after tax decrease in the credit impairment charge which contributed 11.1%
- dilution from an increase in the weighted average number of shares (1.1%)

Dividends

Dividend per ordinary share (cents)	Half year Sep 10	Half year Mar 10	Movt Sep 10 v. Mar 10	Full year Sep 10	Full year Sep 09	Movt Sep 10 v. Sep 09
Interim (fully franked)	n/a	52	n/a	**52**	46	13%
Final (fully franked)	74	n/a	n/a	**74**	56	32%
Total				**126**	102	24%
Ordinary share dividend payout ratio (%)[1]	73.7%	68.7%		**71.6%**	82.3%	
Ordinary share dividends used in payout ratio ($M)[1]	1,895	1,318	44%	**3,213**	2,396	34%
Profit after tax ($M)	2,576	1,925	34%	**4,501**	2,943	53%
Less: Adjustments between statutory profit and underlying profit ($M)	(151)	(373)	-60%	**(524)**	(829)	-37%
Underlying profit ($M)	2,727	2,298	19%	**5,025**	3,772	33%
Ordinary share dividend payout ratio (underlying basis)[1]	69.7%	57.5%		**64.1%**	64.1%	

1. *Dividend payout ratio calculated using proposed 2010 final dividend of $1,895 million, based on the forecast number of ordinary shares on issue at the dividend record rate. Dividend Payout ratios for the March 2010 half year and Sep 2009 full year calculated using actual dividend paid of $1,318 million and $2,396 million respectively. Dividend payout ratios calculated by adjusting net profit for preference share dividends paid.*

The Directors propose that a final dividend of 74 cents be paid on 17 December 2010 on each eligible fully paid ANZ ordinary share. The proposed 2010 final dividend will be fully franked for Australian tax purposes.

Australia and New Zealand Banking Group Limited (ANZ) has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the 2010 final dividend. For the 2010 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 12 November 2010 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 2010 final dividend must be received by ANZ's Share Registrar by 5.00 pm (Melbourne time) on 10 November 2010. 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 12 November 2010. There is no foreign conduit income attributed to the dividend.

Economic Profit

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Profit attributable to shareholders of the company	2,576	1,925	34%	**4,501**	2,943	53%
Less: Adjustments between statutory profit and underlying profit	(151)	(373)	-60%	**(524)**	(829)	-37%
Underlying profit	2,727	2,298	19%	**5,025**	3,772	33%
Economic credit cost adjustment	(101)	196	large	**95**	1,046	-91%
Imputation credits	598	562	6%	**1,160**	1,021	14%
Economic return	3,224	3,056	5%	**6,280**	5,839	8%
Cost of capital	(1,822)	(1,729)	5%	**(3,551)**	(3,111)	14%
Economic profit	1,402	1,327	6%	**2,729**	2,728	0%

Economic Profit is a risk adjusted profit measure used to evaluate business unit performance and is included in determining the variable component of remuneration packages.

Economic Profit is calculated via a series of adjustments to underlying accounting Profit. The Economic Credit Cost adjustment replaces the actual credit loss charge with expected loss based on the average loss per annum on the portfolio over an economic cycle. The benefit of imputation credits is recognised, measured at 70% of Australian Tax. The cost of capital is a major component of Economic Profit. At an ANZ Group level, this is calculated using shareholders equity multiplied by the cost of capital rate, currently 11% and the cost of preference shares. At a business unit level, capital is allocated based on risk weighted assets and regulatory capital deductions, thereby ensuring that higher risk businesses attract higher levels of capital. This method is designed to help drive appropriate risk management and ensure business returns align with the relevant risk. Key risks covered include credit risk, operating risk, market risk and other risks.

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 10 $M	High for year Sep 10 $M	Low for year Sep 10 $M	Avg for year Sep 10 $M	As at Sep 09 $M	High for year Sep 09 $M	Low for year Sep 09 $M	Avg for year Sep 09 $M
Value at Risk at 97.5% confidence								
Foreign exchange	2.6	7.8	0.8	2.0	3.5	4.6	0.9	2.0
Interest rate	11.2	24.9	9.2	17.2	9.6	10.8	2.4	6.6
Credit Spread	3.0	4.9	1.7	3.1	2.4	3.2	1.2	1.8
Commodities	2.1	3.7	1.1	2.3	1.2	4.3	0.6	1.4
Equity	0.5	0.8	0.2	0.4	0.4	0.8	0.1	0.3
Diversification benefit	(7.1)	n/a	n/a	(8.2)	(7.5)	n/a	n/a	(4.7)
Total VaR	12.3	24.9	10.0	16.8	9.6	13.2	3.6	7.4

99% confidence level (1 day holding period)

	As at Sep 10 $M	High for year Sep 10 $M	Low for year Sep 10 $M	Avg for year Sep 10 $M	As at Sep 09 $M	High for year Sep 09 $M	Low for year Sep 09 $M	Avg for year Sep 09 $M
Value at Risk at 99% confidence								
Foreign exchange	3.6	10.4	1.3	3.1	4.8	7.0	1.3	3.2
Interest rate	19.3	57.4	15.2	30.5	19.0	19.5	3.7	10.6
Credit Spread	3.9	7.0	2.1	4.4	3.1	5.3	1.6	2.4
Commodities	3.6	5.4	2.4	3.6	1.7	8.0	0.8	2.3
Equity	0.8	1.2	0.5	0.8	0.8	1.1	0.2	0.5
Diversification benefit	(9.4)	n/a	n/a	(9.8)	(11.6)	n/a	n/a	(7.2)
Total VaR	21.8	71.4	15.0	32.6	17.8	25.9	4.5	11.8

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 10 $M	High for year Sep 10 $M	Low for year Sep 10 $M	Avg for year Sep 10 $M	As at Sep 09 $M	High for year Sep 09 $M	Low for year Sep 09 $M	Avg for year Sep 09 $M
Value at Risk at 97.5% confidence								
Australia	18.2	27.3	18.0	22.0	18.3	20.7	12.5	17.6
New Zealand	13.8	13.8	7.8	11.1	9.3	9.3	2.8	6.0
Overseas Markets	5.2	8.9	4.3	6.0	6.4	7.9	3.3	6.0
Diversification benefit	(12.5)	n/a	n/a	(8.3)	(8.0)	n/a	n/a	(5.7)
Total VaR	24.7	39.6	24.7	30.8	26.0	27.1	13.8	23.9

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

	As at Sep-10	As at Sep-09
As at period end	1.09%	0.67%
Maximum exposure	1.61%	1.05%
Minimum exposure	0.60%	0.49%
Average exposure (in absolute terms)	0.98%	0.74%

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 decrease of $148 million in the Group's underlying profit after tax for 2010 when compared to 2009 (Mar 2010 half: increase $8 million) (refer page 15). This included the impact on earnings (underlying basis) from associated revenue hedges, which increased by $14 million (before tax) from 2009 (September 2010 half: an increase of $1 million). Hedge revenue is booked in the Group Centre.

The Group has taken out economic hedges against New Zealand Dollar revenue streams. New Zealand Dollar exposure is the most significant, covering the New Zealand geography (refer page 65) and the debt component of New Zealand Dollar intra-group funding of this business, which amounted to NZD1.77 billion at 30 September 2010. Most of our US dollar earnings are in APEA (refer page 55). Details of revenue hedges are set out below.

NZD Economic hedges	**Half year Sep 10 $M**	**Half year Mar 10 $M**	**Full year Sep 10 $M**	**Full year Sep 09 $M**
Net open NZD position (notional principal)	369	632	**369**	953
Amount taken to income (pre tax)	5	48	**53**	36
Amount taken to income (pre tax underlying basis)	16	15	**31**	19
USD Economic hedges				
Net open USD position (notional principal)	100	-	**100**	-
Amount taken to income (pre tax)	13	-	**13**	6
Amount taken to income (pre tax underlying basis)	-	-	**-**	(2)

In the September 2010 year:

- NZD0.7 billion of economic hedges matured and a realised gain of $31 million (pre-tax) was booked to the income statement.
- NZD0.5 billion of economic hedges are in place at a forward rate of approximately NZD1.19/AUD partially hedging 2011 earnings.
- USD0.1 billion of economic hedges are in place at a forward rate of approximately USD0.81/AUD partially hedging 2011 earnings.
- An unrealised gain of $48 million (pre-tax) on the outstanding NZD0.5 billion and USD0.1 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 and USD revenues.

Condensed balance sheet

	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Assets					
Liquid assets	**21,521**	22,626	25,317	-5%	-15%
Due from other financial institutions	**5,481**	6,894	4,985	-20%	10%
Trading and available-for-sale assets	**54,257**	51,051	47,566	6%	14%
Derivative financial instruments	**37,821**	27,630	37,404	37%	1%
Net loans and advances including acceptances	**360,816**	347,862	345,769	4%	4%
Investments relating to insurance business	**32,171**	32,054	-	0%	n/a
Other	**19,672**	18,591	15,946	6%	23%
Total assets	**531,739**	506,708	476,987	5%	11%
Liabilities					
Due to other financial institutions	**20,521**	16,068	19,924	28%	3%
Customer deposits	**257,964**	238,212	233,141	8%	11%
Other deposits and other borrowings	**53,508**	63,545	61,229	-16%	-13%
Deposits and other borrowings	**311,472**	301,757	294,370	3%	6%
Derivative financial instruments	**37,217**	27,289	36,516	36%	2%
Liability for acceptances	**11,495**	12,510	13,762	-8%	-16%
Bonds and notes	**59,714**	58,390	57,260	2%	4%
Insurance policy liabilities / external unitholder liabilities	**34,429**	33,942	-	1%	n/a
Other	**22,736**	24,169	22,726	-6%	0%
Total liabilities	**497,584**	474,125	444,558	5%	12%
Total equity	**34,155**	32,583	32,429	5%	5%

▪ 2010 result

Asset growth of $54.8 billion (11%) includes $40.4 billion due to the acquisitions of ING Australia, Landmark and Royal Bank of Scotland assets. Growth in the existing business has been negatively impacted by movements in exchange rates which has subdued growth by $11.4 billion. Excluding exchange rates, growth in the existing business was 6%, principally driven by:

- Net loans and advances including acceptances increased $17.8 billion (5%) primarily in Mortgages Australia with housing loans increasing by $18 billion (12%). Growth of $7.7 billion across Asia, primarily in Singapore, Hong Kong and Taiwan were offset by reduced lending in Institutional.
- Trading and available-for-sale assets increased $7.7 billion (17%) due primarily to local regulatory requirements to hold increased government securities in part due to business growth in Singapore of $2.9 billion and increased trading securities in Institutional Australia and New Zealand of $4.5 billion.

Growth in Liabilities of $53.0 billion (12%) includes $39.9 billion due to the acquisitions of ING Australia, Landmark and Royal Bank of Scotland assets. Growth in the existing business of $23.4 billion (5%) excluding exchange rate impacts was driven by an increase in customer deposits ($30.9 billion), partially offset by a decrease in wholesale funding ($6.2 billion).

- Customer deposits in Australia increased $8.4 billion driven by large growth in Institutional and Retail deposits, as customers respond to attractive rates offered in line with six rate increases to the official cash rate. Asia Pacific, Europe and America (APEA) increased by $10.3 billion (27%) through successful initiatives to raise customer deposit levels.

▪ Comparison with March 2010 half

Asset growth of $25.0 billion (5%) benefited by a further increase of $2.8 billion following the completion of the RBS acquisition. Other factors contributing to the growth was the increase in derivatives of $10.2 billion driven by volatility in foreign exchange rates and growth in net advances of $10.1 billion, primarily Mortgages Australia.

Growth in Liabilities of $23.6 billion (5%) includes $2.7 billion due to the RBS acquisitions. Customer deposits increased significantly (8%) with increases in Australia of $8.6 billion (18%) in Institutional and $4.3 billion (7%) in Deposits allowing a reduction in wholesale funding. Derivative liabilities also increased by $9.9 billion following volatility in exchange rates.

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.

Capital market conditions were generally stronger in 2010 than the prior year, however periods of increased volatility continue to occur and funding costs remain elevated. 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 well in excess of one year.

Following the publication of earlier discussion papers relating to liquidity prudential requirements, APRA and the Basel Committee have both made further announcements on this topic. These proposals include enhancements to governance and other qualitative requirements, including the requirement for a clear risk appetite statement on liquidity risk from the Board. Many of these aspects have been integrated into ANZ's liquidity management framework for some time. The proposed changes to the quantitative requirements, including changes to scenario stress tests and structural liquidity metrics, are more significant. While ANZ has an existing stress scenario framework and effective structural liquidity risk metrics and limits in place, the requirements proposed are in general more challenging. These changes will impact the future composition and size of ANZ's liquid asset portfolio as well as the size and composition of the Bank's funding base.

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 manages its funding profile using a range of funding metrics and balance sheet disciplines. This approach is designed to ensure that an appropriate proportion of the Group's assets are funded by stable funding sources including core customer deposits, longer-dated wholesale funding (with a remaining term exceeding one year) and equity. ANZ's funding profile strengthened further during 2010 as a result of solid growth in customer deposits and the continued focus on avoiding short-term wholesale funding maturity concentrations.
- Customer deposits and other funding liabilities increased by 10% to $267.1 billion at 30 September 2010 (58% of total funding) from $242.4 billion (55% of total funding) at 30 September 2009.
- The proportion of total funding from term wholesale source has been maintained.
- As a result, the Group's proportional reliance on short-term wholesale funding decreased from 17% to 12% in the year to 30 September 2010. Proportionate short-term wholesale funding has approximately halved over the last two years (22% as at 30 September 2008).
- Wholesale funding

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

  $26.4 billion of term wholesale funding (with a remaining term greater than one year at the end of the financial year) was issued during 2010 largely to replace maturing term debt and also to commence pre-funding the 2011 term funding issuance requirement:

  - The weighted average tenor of new term debt issuance lengthened to 4.7 years (from 3.9 years in 2009)
  - The weighted average cost of new term debt issuance decreased approximately 42 basis points during 2010 as a result of more stable market conditions relative to the prior year. Average portfolio costs remain substantially above pre-crisis levels and continue to increase as maturing term wholesale funding is replaced at higher spreads.
  - In Feb 2010 the Australian Government announced that the Guarantee Scheme for Large Deposits and Wholesale Funding would close to new liabilities on 31 March 2010. The withdrawal of the Australian Government Guarantee did not adversely impact ANZ's funding activities. ANZ has not used the Australian Government Guarantee for a benchmark debt issue since June 2009.
  - Guaranteed wholesale funding comprise only 4.6% of ANZ's total funding.

Liquidity risk, con'td

- 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 (i.e. repo eligible).

At 30 September 2010 the volume of eligible securities available, post any repurchase (i.e. "repo") discounts applied by the applicable central bank, was $66.7 billion. In addition, the liquidity portfolio provided cover well in excess of offshore wholesale debt maturing within one year.

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.

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 below:

Prime liquidity portfolio (Market Values)[1]	**As at Sep 10 AUD $M**	**As at Mar 10 AUD $M**	**As at Sep 09 AUD $M**
Australia	20,974	20,563	18,694
New Zealand	7,547	8,506	8,771
United States	1,275	1,390	1,301
United Kingdom	2,183	2,521	2,939
Asia	4,204	3,564	1,984
Internal RMBS (Australia)	26,657	22,696	24,508
Internal RMBS (New Zealand)	3,812	3,937	1,954
Total	**66,652**	**63,177**	**60,151**

Long term counterparty Credit Rating[2]	**Market Value (post haircut) AUD $M**
AAA	51,371
AA+	8,094
AA	694
AA-	6,169
A+	120
A	204
Total	66,652

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 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Customer deposits and other liabilities[1]					
Australia	**164,795**	151,438	153,481	9%	7%
Asia Pacific, Europe & America	**47,699**	40,835	30,487	17%	56%
New Zealand	**45,470**	45,939	49,173	-1%	-8%
Total customer deposits[2]	**257,964**	238,212	233,141	8%	11%
Other[2]	**9,113**	9,196	9,297	-1%	-2%
Total customer deposits and other liabilities (funding)	**267,077**	247,408	242,438	8%	10%
Wholesale funding					
Unsubordinated debt	**59,714**	58,390	57,260	2%	4%
Loan Capital	**12,316**	13,513	13,429	-9%	-8%
Certificates of deposit	**39,530**	44,695	44,711	-12%	-12%
Commercial paper issued	**11,641**	16,525	14,227	-30%	-18%
Liability for acceptances	**11,495**	12,510	13,762	-8%	-16%
Due to other financial institutions	**20,521**	16,068	19,924	28%	3%
Other wholesale borrowings[3]	**2,140**	2,325	1,572	-8%	36%
Total wholesale funding	**157,357**	164,026	164,885	-4%	-5%
Shareholders' equity (excl preference shares)	**33,284**	31,712	31,558	5%	5%
Total funding	**457,718**	443,146	438,881	3%	4%
Wholesale funding[4]					
Short term wholesale funding	**41,494**	50,289	59,050	-17%	-30%
Liability for acceptances	**11,495**	12,510	13,762	-8%	-16%
Long term wholesale funding					
- Less than 1 year residual maturity	**26,779**	23,280	20,942	15%	28%
- Greater than 1 year residual maturity	**72,065**	72,395	67,029	0%	8%
Hybrid capital including preference shares	**5,524**	5,552	4,102	-1%	35%
Total wholesale funding and preference share capital excluding shareholders' equity	**157,357**	164,026	164,885	-4%	-5%
Shareholders' equity (excl preference shares)	**33,284**	31,712	31,558	5%	5%
Total funding maturity[4]					
Short term wholesale funding	**9%**	11%	14%		
Liability for acceptances	**3%**	3%	3%		
Long term wholesale funding					
- Less than 1 year residual maturity	**6%**	5%	5%		
- Greater than 1 year residual maturity	**16%**	17%	15%		
Total customer liabilities (funding)	**58%**	56%	55%		
Shareholders' equity and hybrid debt	**8%**	8%	8%		
Total funding and shareholders' equity	**100%**	100%	100%		

1. *Includes term deposits, other deposits excluding securitisation deposits and an adjustment to eliminate ING Australia investments in ANZ deposit products*
2. *Includes interest accruals, payables and other liabilities, provisions and net tax provisions, excluding other liabilities in ING*
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*

Capital Management

	As at Sep 10	As at Mar 10	As at Sep 09
Core Tier 1[1]	8.0%	8.5%	9.0%
Tier 1	10.1%	10.7%	10.6%
Tier 2	1.8%	2.3%	3.1%
Total Capital	11.9%	13.0%	13.7%
Risk Weighted Assets $M	264,242	248,961	252,069

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 117 to 120

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

The Tier 1 ratio at September 2010 of 10.1% represents a decrease from September 2009 of 46 basis points. The key contributors to the decrease were:

Net Organic +22 basis points

- Underlying profit after preference share dividends of $5.0 billion (+199 basis points).
- Ordinary share dividend commitments net of expected reinvestment through the DRP and BOP of $2.0 billion (-80 basis points).
- Increase in Risk Weighted Assets (RWA), excluding the impact of exchange rate movements and acquisitions was $11.5 billion due to:
  - Portfolio mix (-23 basis points).
  - Risk migration incorporating decline in RWA and increase in Expected Loss versus Eligible Provision shortfall (+4 basis points).
  - Portfolio data review (+5 basis points).
  - Higher non-credit risk RWA (-34 basis points), predominantly due to interest rate risk in the banking book.
- Increase in investment/profit retention in funds management businesses, associates and commercial operations excluding the impact of exchange rate movements (-23 basis points).
- Other items (net -26 basis points) including movement in capitalised software expense (-11 basis points), impact of exchange rate movements (-12 basis points) principally on hybrid Tier 1 instruments and other deductions (-3 basis points).

Acquisitions -131 basis points

- Acquisition from the ING Group of its 51% share in the ANZ – ING wealth management and life insurance joint venture in Australia and New Zealand (-79 basis points).
- Acquisition of selected Asian assets from Royal Bank of Scotland (-24 basis points).
- Acquisition of the loan book of Landmark Financial Services (-9 basis points).
- Integration costs relating to the above acquisitions (-10 basis points) included in adjustments between statutory and underlying profit.
- Refinancing of ING Australia wealth management and life insurance entity funding by ANZ (-9 basis points).

Strategic Capital Initiatives +63 basis points

- Additional net hybrid capital issuances of $1.6 billion (+63 basis points) used to strengthen the balance sheet.

Capital management, con'td

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 2010, 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	737			£450 million	Debt	Coupon 6.54%
ANZ Convertible Preference Shares	1,081			$1,081 million	Debt	90 day BBSW + 2.50% (gross pay equivalent)
ANZ Convertible Preference Shares II	1,969			$1,969 million	Debt	90 day BBSW + 3.10% (gross pay equivalent)
Non-innovative instruments	**3,787**					
Euro Trust Securities	871			€500 million	Equity	Euribor (3 month) + 0.66%
US Stapled Trust Security	775			USD750 million	Debt	Coupon: 5.36%
Innovative instruments	**1,646**	**6.2%**	**15%**			
Residual Tier 1 capital	**5,433**	**20.4%**	**25%**			

Regulatory change

The Basel Committee on Banking Supervision has released a series of consultation papers (Basel III) containing a number of proposals to strengthen the global capital and liquidity framework to improve the banking sector's ability to absorb shocks arising from financial and economic stress.

The consultation papers aim to increase the quality, quantity, consistency and transparency of the capital base, whilst strengthening the risk coverage of the capital framework by:

- Increasing the minimum level of capital, with new minimum capital targets for Core Tier 1 (4.5%), Tier 1 (6.0%) and Total Capital (8.0%) to be phased in between 2013 and 2015;
- Increasing the capital buffers that banks are required to hold for stress scenarios and to dampen the impact of pro-cyclical elements of the prudential regulations. A capital conservation buffer of 2.5% and a counter-cyclical buffer of 0.0% to 2.5% will be phased in between 2016 and 2019. Failure to maintain the full capital buffers will result in limitations on the amount of current year earnings that can be paid as discretionary bonuses and to Tier 1 and Tier 2 investors as coupons and capital returns;
- Increasing Tier 1 deductions, although a number of the proposals are consistent with the current APRA prudential standards;
- Increasing the focus on Fundamental Tier 1 capital and tightening the regulations for Hybrid Tier 1 and Tier 2 capital instruments including a proposal that at the time of 'non-viability', these instruments will be written off, with any potential compensation for investors limited to an issuance of ordinary shares. Existing Tier 1 and Tier 2 instruments that do not have these requirements will be phased out between 2013 and 2022. These proposals are to be supplemented, by yet to be released details around 'contingent capital' and 'bail in' instruments, which will not initially be prudential capital, but are converted into Fundamental Tier 1 capital at predetermined trigger points;
- Supplementing the risk adjusted capital ratio targets with the introduction of a minimum leverage ratio (Tier 1 capital divided by Adjusted Total Assets including off balance sheet exposures) of 3.0% between 2013 and 2018.
- Introducing measures (yet to be released) to address the impact of systematic risk and inter connectedness risk;
- Improving transparency of reporting capital ratio calculations in the financial statements;
- Increasing the capital requirements for traded market risk, credit risk, and securitisation transactions.

The Basel Committee is expected to finalise the majority of the reforms by the end of 2010, for implementation between 2012 and 2019. Following the release of the final reforms by the Basel Committee, ANZ expects APRA to engage the Australian banking and insurance industry ahead of the development and implementation of revised Australian prudential standards. It is not possible to accurately determine the impacts associated with these reforms on ANZ, including revised operating capital targets, until APRA's position is finalised.

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'. Deferred acquisition costs relating to ING Australia are excluded from this analysis.

The balances of deferred acquisition costs and deferred income were:

	Deferred Acquisition Costs[1]			Deferred Income		
	Sep 10 $M	Mar 10 $M	Sep 09 $M	Sep 10 $M	Mar 10 $M	Sep 09 $M
Australia	606	561	530	313	345	310
New Zealand	42	50	64	38	40	43
Asia Pacific, Europe & America	1	1	3	51	40	38
Total	649	612	597	402	425	391

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*

Deferred acquisition costs analysis:

	Full Year Sep 2010		Full Year Sep 2009	
	Amortisation Charge $M	Capitalised Costs[1] $M	Amortisation Charge $M	Capitalised Costs[1] $M
Australia	293	369	326	308
New Zealand	40	18	46	19
Asia Pacific, Europe & America	2	-	2	2
Total	335	387	374	329

1. *Costs capitalised during the year exclude brokerage trailer commissions paid*

Software capitalisation

At 30 September 2010, the Group's intangibles included $1,217 million in relation to costs incurred in acquiring and developing software. Details are set out in the table below:

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Balance at start of period	1,034	849	22%	**849**	625	36%
Software capitalised during the period	324	208	56%	**532**	411	29%
Amortisation during the period	(121)	(86)	41%	**(207)**	(160)	29%
Software impaired/written-off	(6)	(11)	-45%	**(17)**	(27)	-37%
ING Australia and New Zealand acquisitions*	(14)	74	large	**60**	-	n/a
Total software capitalisation	1,217	1,034	18%	**1,217**	849	43%

* *September half year included $15 million fair value adjustment to INGA*

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Segment Performance

ANZ consists of three geographies – Australia, New Zealand and Asia Pacific, Europe and America – and a global Institutional business segment. Within each geography, business segments also include Retail, Wealth and Commercial which are co-ordinated globally. All businesses are supported by Global Services & Operations and various Group and business enablement functions.

Profit after tax	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Australia	1,919	1,385	39%	**3,304**	2,084	59%
Asia Pacific, Europe & America	275	234	18%	**509**	700	-27%
New Zealand	382	306	25%	**688**	159	large
	2,576	1,925	34%	**4,501**	2,943	53%
Asia Pacific, Europe & America (USD)	246	212	16%	**458**	510	-10%
New Zealand (NZD)	481	386	25%	**867**	194	large

Underlying Profit	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Australia	1,941	1,694	15%	**3,635**	2,560	42%
Asia Pacific, Europe & America	381	308	24%	**689**	699	-1%
New Zealand	405	296	37%	**701**	513	37%
	2,727	2,298	19%	**5,025**	3,772	33%
Asia Pacific, Europe & America (USD)	341	279	22%	**620**	511	21%
New Zealand (NZD)	510	372	37%	**882**	628	40%
Institutional (AUD)	935	819	14%	**1,754**	1,430	23%

Pro forma profit	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Australia	1,941	1,724	13%	**3,664**	2,669	37%
Asia Pacific, Europe & America	377	327	15%	**699**	589	19%
New Zealand	405	300	35%	**703**	511	37%
	2,723	2,351	16%	**5,066**	3,768	34%
Asia Pacific, Europe & America (USD)	337	291	16%	**628**	533	18%
New Zealand (NZD)	510	374	36%	**884**	643	37%
Institutional (AUD)	934	827	13%	**1,758**	1,360	29%

Australia region
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	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Net interest income	4,073	3,931	4%	**8,004**	7,248	10%
Other external operating income	1,715	1,666	3%	**3,379**	3,168	7%
Operating income	5,788	5,597	3%	**11,383**	10,416	9%
Operating expenses	(2,419)	(2,355)	3%	**(4,774)**	(4,477)	7%
Profit before credit impairment and income tax	3,369	3,242	4%	**6,609**	5,939	11%
Provision for credit impairment	(565)	(750)	-25%	**(1,315)**	(2,075)	-37%
Profit before tax	2,804	2,492	13%	**5,294**	3,864	37%
Income tax expense	(863)	(768)	12%	**(1,630)**	(1,193)	37%
Non-controlling interests	-	-	n/a	**-**	(2)	-100%
Pro forma profit	1,941	1,724	13%	**3,664**	2,669	37%
Foreign exchange adjustments	-	(1)	-100%	**-**	(3)	-100%
Pro forma adjustments	-	(29)	-100%	**(29)**	(106)	-73%
Underlying profit[1]	1,941	1,694	15%	**3,635**	2,560	42%
Adjustments between statutory profit and underlying profit	(22)	(309)	-93%	**(331)**	(476)	-30%
Profit	1,919	1,385	39%	**3,304**	2,084	59%
Balance Sheet						
Net loans & advances including acceptances	262,782	254,249	3%	**262,782**	247,148	6%
Other external assets	118,289	106,913	11%	**118,289**	77,594	52%
External assets	381,071	361,162	6%	**381,071**	324,742	17%
Customer deposits	164,795	151,438	9%	**164,795**	153,481	7%
Other deposits and borrowings	37,899	47,815	-21%	**37,899**	40,769	-7%
Deposits and other borrowings	202,694	199,253	2%	**202,694**	194,250	4%
Other external liabilities	154,920	146,150	6%	**154,920**	118,338	31%
External liabilities	357,614	345,403	4%	**357,614**	312,588	14%
Risk weighted assets	171,078	163,337	5%	**171,078**	163,902	4%
Average net loans and advances including acceptances	259,063	249,327	4%	**254,209**	250,283	2%
Average deposits and other borrowings	199,162	195,964	2%	**197,567**	190,072	4%
Ratios						
Net interest average margin	2.63%	2.60%		**2.61%**	2.38%	
Net interest average margin (excluding Global Markets)	2.89%	2.87%		**2.88%**	2.58%	
Net interest average margin (Australia Division)	2.55%	2.64%		**2.60%**	2.53%	
Operating expenses to operating income	41.8%	41.4%		**41.7%**	41.3%	
Operating expenses to average assets	1.26%	1.26%		**1.26%**	1.14%	
Individual provision charge	552	753	-27%	**1,304**	2,187	-40%
Individual provision charge as a % of average net advances	0.43%	0.60%		**0.51%**	0.87%	
Collective provision charge	13	(18)	large	**(3)**	(134)	-98%
Collective provision charge as a % of average net advances	0.01%	-0.01%		**0.00%**	-0.05%	
Net impaired assets	3,382	3,491	-3%	**3,382**	2,848	19%
Net impaired loans as a % of net advances	1.09%	1.05%		**1.09%**	0.88%	
Total employees	23,713	22,433	6%	**23,713**	20,231	17%

1. *Refer pages 11 to 13 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included within Supplementary Information at page 116*

Australia region
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Australia region
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September 2010 Full Year

$M	Retail	Commercial	Wealth	Other	Australia Division
Net interest income	3,307	2,075	73	8	5,463
Other external operating income	1,026	269	1,077	(2)	2,370
Operating income	4,333	2,344	1,150	6	7,833
Operating expenses	(1,840)	(850)	(679)	(4)	(3,373)
Profit before credit impair't and income tax	2,493	1,494	471	2	4,460
Provision for credit impairment	(361)	(274)	36	-	(599)
Profit before tax	2,132	1,220	507	2	3,861
Income tax expense	(640)	(366)	(116)	(2)	(1,124)
Pro forma profit	1,492	854	391	-	2,737

September 2009 Full Year

$M	Retail	Commercial	Wealth	Other	Australia Division
Net interest income	3,003	1,903	62	6	4,974
Other external operating income	1,102	254	874	-	2,230
Operating income	4,105	2,157	936	6	7,204
Operating expenses	(1,687)	(811)	(699)	(4)	(3,201)
Profit before credit impair't and income tax	2,418	1,346	237	2	4,003
Provision for credit impairment	(438)	(407)	(67)	1	(911)
Profit before tax	1,980	939	170	3	3,092
Income tax expense	(595)	(283)	(48)	(1)	(927)
Non-controlling interests	-	-	-	-	-
Pro forma profit	1,385	656	122	2	2,165

Comparison - September 2010 Full Year vs September 2009 Full Year

%	Retail	Commercial	Wealth	Other	Australia Division
Net interest income	10%	9%	18%	33%	10%
Other external operating income	-7%	6%	23%	n/a	6%
Operating income	6%	9%	23%	0%	9%
Operating expenses	9%	5%	-3%	0%	5%
Profit before credit impair't and income tax	3%	11%	99%	0%	11%
Provision for credit impairment	-18%	-33%	large	-100%	-34%
Profit before tax	8%	30%	large	-33%	25%
Income tax expense	8%	29%	large	100%	21%
Pro forma profit	8%	30%	large	-100%	26%

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Institutional	Group Centre	Pro forma profit	Foreign exchange adjustments	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
2,182	359	8,004	-	(38)	7,966	2	7,968
1,116	(107)	3,379	-	(130)	3,249	(96)	3,153
3,298	252	11,383	-	(168)	11,215	(94)	11,121
(1,087)	(314)	(4,774)	-	107	(4,667)	(119)	(4,786)
2,211	(62)	6,609	-	(61)	6,548	(213)	6,335
(706)	(10)	(1,315)	-	15	(1,300)	29	(1,271)
1,505	(72)	5,294	-	(46)	5,248	(184)	5,064
(449)	(57)	(1,630)	-	17	(1,613)	(147)	(1,760)
1,056	(129)	3,664	-	(29)	3,635	(331)	3,304

Institutional	Group Centre	Pro forma profit	Foreign exchange adjustments	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
2,129	145	7,248	6	(168)	7,085	-	7,085
995	(57)	3,168	(15)	(476)	2,677	(540)	2,137
3,124	88	10,416	(10)	(644)	9,762	(540)	9,222
(989)	(287)	(4,477)	-	443	(4,034)	(139)	(4,173)
2,135	(199)	5,939	(10)	(201)	5,728	(679)	5,049
(1,186)	22	(2,075)	-	22	(2,053)	45	(2,008)
949	(177)	3,864	(10)	(179)	3,675	(634)	3,041
(279)	13	(1,193)	7	73	(1,113)	158	(955)
(2)	-	(2)	-	-	(2)	-	(2)
668	(165)	2,669	(3)	(106)	2,560	(476)	2,084

Institutional	Group Centre	Pro forma profit	Foreign exchange adjustments	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
2%	large	10%	-100%	-77%	12%	n/a	12%
12%	89%	7%	-100%	-73%	21%	-82%	48%
6%	large	9%	-100%	-74%	15%	-83%	21%
10%	9%	7%	n/a	-76%	16%	-14%	15%
4%	-69%	11%	-100%	-70%	14%	-69%	25%
-40%	large	-37%	n/a	-32%	-37%	-36%	-37%
59%	-59%	37%	-100%	-74%	43%	-71%	67%
61%	large	37%	-100%	-77%	45%	large	84%
58%	-22%	37%	-100%	-73%	42%	-30%	59%

Australia region
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September 2010 Half Year

$M	Retail	Commercial	Wealth	Other	Australia Division
Net interest income	1,646	1,069	27	6	2,748
Other external operating income	501	137	554	2	1,194
Operating income	2,147	1,206	581	8	3,942
Operating expenses	(912)	(429)	(345)	(6)	(1,692)
Profit before credit impair't and income tax	1,235	777	236	2	2,250
Provision for credit impairment	(163)	(114)	33	1	(243)
Profit before tax	1,072	663	269	3	2,007
Income tax expense	(321)	(200)	(56)	(3)	(580)
Pro forma profit	751	463	213	-	1,427

March 2010 Half Year

$M	Retail	Commercial	Wealth	Other	Australia Division
Net interest income	1,661	1,006	46	2	2,715
Other external operating income	525	132	523	(4)	1,176
Operating income	2,186	1,138	569	(2)	3,891
Operating expenses	(928)	(421)	(334)	2	(1,681)
Profit before credit impair't and income tax	1,258	717	235	-	2,210
Provision for credit impairment	(198)	(160)	3	(1)	(356)
Profit before tax	1,060	557	238	(1)	1,854
Income tax expense	(319)	(166)	(60)	1	(544)
Pro forma profit	741	391	178	-	1,310

Comparison - September 2010 Half Year vs March 2010 Half Year

%	Retail	Commercial	Wealth	Other	Australia Division
Net interest income	-1%	6%	-41%	large	1%
Other external operating income	-5%	4%	6%	large	2%
Operating income	-2%	6%	2%	large	1%
Operating expenses	-2%	2%	3%	large	1%
Profit before credit impair't and income tax	-2%	8%	0%	n/a	2%
Provision for credit impairment	-18%	-29%	large	large	-32%
Profit before tax	1%	19%	13%	large	8%
Income tax expense	1%	20%	-7%	large	7%
Pro forma profit	1%	18%	20%	n/a	9%

Australia region
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Institutional	Group Centre	Pro forma profit	Foreign exchange adjustments	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
1,119	205	4,073	-	-	4,073	2	4,075
591	(70)	1,715	-	-	1,715	241	1,956
1,710	135	5,788	-	-	5,788	243	6,031
(564)	(163)	(2,419)	-	-	(2,419)	(77)	(2,496)
1,146	(27)	3,369	-	-	3,369	166	3,535
(322)	-	(565)	-	-	(565)	17	(548)
824	(27)	2,804	-	-	2,804	183	2,987
(244)	(38)	(863)	-	-	(863)	(205)	(1,068)
580	(65)	1,941	-	-	1,941	(22)	1,919

Institutional	Group Centre	Pro forma profit	Foreign exchange adjustments	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
1,063	153	3,931	-	(38)	3,893	-	3,893
525	(35)	1,666	(2)	(130)	1,534	(337)	1,197
1,588	118	5,597	(2)	(168)	5,427	(337)	5,090
(523)	(151)	(2,355)	-	107	(2,248)	(42)	(2,290)
1,065	(33)	3,242	(2)	(61)	3,179	(379)	2,800
(384)	(10)	(750)	-	15	(735)	12	(723)
681	(43)	2,492	(2)	(46)	2,444	(367)	2,077
(204)	(20)	(768)	1	17	(750)	58	(692)
477	(63)	1,724	(1)	(29)	1,694	(309)	1,385

Institutional	Group Centre	Pro forma profit	Foreign exchange adjustments	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
5%	34%	4%	n/a	-100%	5%	n/a	5%
13%	97%	3%	-100%	-100%	12%	large	63%
8%	15%	3%	-100%	-100%	7%	large	18%
8%	8%	3%	n/a	-100%	8%	83%	9%
8%	-20%	4%	-100%	-100%	6%	large	26%
-16%	-100%	-25%	n/a	-100%	-23%	42%	-24%
21%	-39%	13%	-100%	-100%	15%	large	44%
20%	91%	12%	-100%	-100%	15%	large	54%
22%	2%	13%	-100%	-100%	15%	-93%	39%

Australia region
Philip Chronican

Individual provision charge	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Retail	**163**	**174**	**-6%**	**337**	**385**	**-12%**
Deposits	8	9	-11%	17	19	-11%
Mortgages	9	13	-31%	21	36	-42%
Consumer Cards and Unsecured Lending	140	146	-4%	287	311	-8%
Other	6	6	0%	12	19	-37%
Commercial	**133**	**134**	**-1%**	**266**	**336**	**-21%**
Esanda	42	55	-24%	97	159	-39%
Regional Commercial Banking	46	33	39%	79	44	80%
Business Banking	17	24	-29%	41	78	-47%
Small Business Banking	28	22	27%	49	55	-11%
Wealth	**(7)**	**(2)**	**large**	**(9)**	**37**	**large**
Institutional	**263**	**452**	**-42%**	**715**	**1,448**	**-51%**
Transaction Banking	2	(1)	large	2	12	-83%
Specialised & Relationship Lending	219	437	-50%	656	1,211	-46%
Global Markets	18	13	38%	30	77	-61%
Other	24	3	large	27	148	-82%
Group Centre	**-**	**10**	**-100%**	**10**	**-**	**n/a**
Pro forma individual provision charge	**552**	**768**	**-28%**	**1,319**	**2,206**	**-40%**
Pro forma adjustments	-	(15)	-100%	(15)	(19)	-21%
Underlying individual provision charge	**552**	**753**	**-27%**	**1,304**	**2,187**	**-40%**

Collective provision charge	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Retail	**(1)**	**24**	large	**24**	**52**	-54%
Deposits	(1)	3	large	2	4	-50%
Mortgages	15	8	88%	23	17	35%
Consumer Cards and Unsecured Lending	(15)	12	large	(3)	35	large
Other	-	1	-100%	2	(4)	large
Commercial	**(19)**	**26**	**large**	**9**	**67**	**-87%**
Esanda	(1)	(7)	-86%	(8)	43	large
Regional Commercial Banking	(4)	16	large	12	18	-33%
Business Banking	(17)	3	large	(13)	3	large
Small Business Banking	3	14	-79%	18	3	large
Wealth	**(27)**	**(1)**	**large**	**(30)**	**28**	**large**
Institutional	**58**	**(67)**	**large**	**(9)**	**(262)**	**-97%**
Transaction Banking	(10)	(5)	100%	(15)	(19)	-21%
Specialised & Relationship Lending	52	(61)	large	(9)	(204)	-96%
Global Markets	17	(1)	large	16	3	large
Other	(1)	-	n/a	(1)	(42)	-98%
Group Centre	**2**	**-**	**n/a**	**2**	**(22)**	**large**
Pro forma collective provision charge	**13**	**(18)**	**large**	**(4)**	**(137)**	**-97%**
Pro forma adjustments	-	-	n/a	1	3	-67%
Underlying collective provision charge	**13**	**(18)**	**large**	**(3)**	**(134)**	**-98%**

Australia region
Philip Chronican

Net loans & advances including acceptances	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Retail	**169,333**	**159,266**	**6%**	**169,333**	**151,128**	**12%**
Mortgages	158,973	148,939	7%	158,973	141,367	12%
Consumer Cards & Unsecured Lending	9,808	9,778	0%	9,808	9,255	6%
Other	552	549	1%	552	506	9%
Commercial	**46,631**	**45,401**	**3%**	**46,631**	**43,043**	**8%**
Esanda	15,191	15,002	1%	15,191	14,716	3%
Regional Commercial Banking	13,333	12,946	3%	13,333	10,546	26%
Business Banking	14,658	14,129	4%	14,658	14,494	1%
Small Business Banking	3,449	3,324	4%	3,449	3,287	5%
Wealth	**2,910**	**2,949**	**-1%**	**2,910**	**2,810**	**4%**
Institutional	**43,984**	**46,808**	**-6%**	**43,984**	**50,165**	**-12%**
Transaction Banking	1,631	1,612	1%	1,631	1,644	-1%
Specialised & Relationship Lending	43,791	44,849	-2%	43,791	46,679	-6%
Global Markets	(1,438)	347	large	(1,438)	1,842	large
Group Centre	**(76)**	**(175)**	**-57%**	**(76)**	**2**	**large**
	262,782	**254,249**	**3%**	**262,782**	**247,148**	**6%**

1. *Bills held in portfolio*

Customer deposits	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Retail	**79,239**	**74,073**	**7%**	**79,239**	**71,137**	**11%**
Mortgages	10,374	9,531	9%	10,374	9,049	15%
Consumer Cards and Unsecured Lending	253	201	26%	253	200	27%
Deposits	68,508	64,256	7%	68,508	61,808	11%
Other	104	85	22%	104	80	30%
Commercial	**31,940**	**31,530**	**1%**	**31,940**	**32,115**	**-1%**
Esanda	496	879	-44%	496	2,041	-76%
Regional Commercial Banking	7,912	7,383	7%	7,912	6,778	17%
Business Banking	11,837	11,798	0%	11,837	12,114	-2%
Small Business Banking	11,695	11,470	2%	11,695	11,182	5%
Wealth	**1,277**	**1,329**	**-4%**	**1,277**	**1,348**	**-5%**
Institutional	**55,107**	**46,571**	**18%**	**55,107**	**48,855**	**13%**
Transaction Banking	34,066	32,383	5%	34,066	35,722	-5%
Global Markets	20,193	13,291	52%	20,193	11,978	69%
Other	848	897	-5%	848	1,155	-27%
Group Centre[1]	**(2,768)**	**(2,065)**	**34%**	**(2,768)**	**26**	**large**
	164,795	**151,438**	**9%**	**164,795**	**153,481**	**7%**

1. *Includes elimination of ING Australia investments in ANZ deposit products*

Australia
Philip Chronican

Australia region comprises Australia Division (including Retail, Commercial and Wealth segments), Australia Institutional and some Group Centre items. Results shown are pro-forma results that assume full ownership of ING Australia and Landmark for the full year 2009 and full year 2010.

2010 result

Profit for Australia region increased 59%. On a pro forma basis profit increased 37%, with profit before credit impairment and income tax up 11% in an environment punctuated by the rising cost of funding, intense competition for deposits and subdued business credit growth.

Net interest income increased 10% due to an increase in net interest margin of 23 basis points, while average deposits grew by 4% and average net loans and advances increased 2%. Key contributors were:

- Australia division net interest income increased 10% due to a 7 basis point improvement in net interest margin combined with an 8% increase in average net loans and advances and 7% increase in average customer deposits. Margin improvement reflected the impact of asset repricing to recoup higher funding costs and continued competition in deposit products. Growth in average net loans and advances for Australia division was driven by above system growth in Mortgages, whilst Deposits growth predominantly came through term deposits.
- Institutional (excluding Markets) grew net interest income 7% with improved lending margins offsetting lower lending volumes, while higher deposit volumes and margins were achieved.
- Group centre increased $214 million, largely[1] from higher capital as a result of equity raisings in 2H09.

Other external operating income increased 7%. Australia division increased by 6% driven by a strong year on year performance in Wealth, partly offset by the reduction in exception related fees in Retail. Institutional (excluding Markets) increased 26% with higher fee income in Specialised Lending and Loan Products. Markets income (excluding the offset in net interest income) was lower after the strong earnings in 2009.

Operating expenses increased 7% or $296 million. Australia division increased by 5% due to volume related costs to support the strong Mortgage and Deposit growth, projects and property related costs. Project spend for the year was focused on revenue growth and productivity enhancements. Expenses in Institutional increased 10% with investment in frontline staff as well as building capability in systems and infrastructure for future growth.

The individual provision charge was $887 million lower in 2010 mainly reflecting the reduction in the number of large single name provisions raised within the Australian Institutional portfolio while within Retail, improvements to both delinquency trends and bankruptcies continue to improve and commercial losses, whilst mixed, are down. The collective provision release of $4 million reflects lending growth concentrated in lower risk assets and otherwise relatively stable portfolios.

Comparison with March 2010 half

Profit for Australia region increased 39%. On a pro forma basis profit increased 13%, with profit before credit impairment and income tax up 4% for the September half.

Net interest income increased 4% driven by a 3 basis point increase in net interest margin. Key contributors were:

- Australia division net interest margin decreased 9 basis points reflecting the impact of higher funding on mortgage margins and continued competition for deposits. Commercial margins improved slightly due to asset repricing and growth in deposits.
- Institutional net interest margin increased on the back of repricing and growth in deposits.
- Group centre increased by $54 million largely[1] as a result of earnings on surplus capital.

Average net loans and advances increased by 4% overall, with growth in Australia division of 6% predominantly in Mortgages, while Institutional lending was flat. Average deposit growth was 2%, with growth in Australia division of 5% due to above system growth in Retail term deposits and Mortgage offset deposits combined with strong growth in the Regional Commercial business. Institutional deposit growth of 18% was achieved reflecting initiatives within the business to attract a greater share of customer deposits.

Other external operating income increased 3%. Australia division increased 2% driven by the Wealth business, partly offset by a full half impact in Retail from reducing exception related fees. Institutional (excluding Markets) increased 23% due to higher fee income in Specialised Lending and Loan Products along with higher FX earnings in Transaction Banking.

Operating expenses increased by 3%. Australia division increased 1% mainly due to volume related expenses, whilst Institutional increased by 8% due to the ramp up of investment in key initiatives and additional staff.

The individual provision charge was $216 million lower in the September 2010 half year, with the high level of provisions incurred in the March 2010 half year in Institutional reducing significantly in the September 2010 half year and modest improvements in the individual provision charge observed across all segments within Australia division. The collective provision charge increased $31 million reflecting lending growth and some customer downgrades.

1. There are also offsetting variances between net interest and other income as a result of elimination entries associated with the consolidation of INGA

Funds Management and Insurance (formerly INGA)
Philip Chronican

For comparative purposes, the financial results of ING Australia presented below are based on 100% ownership for all reporting periods on a stand alone basis. Certain prior year comparative figures have been reclassified to conform with the current years presentation.

Wealth management	**Half year Sep 10 $M**	**Half year Mar 10 $M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 $M**	**Full year Sep 09 $M**	**Movt Sep 10 v. Sep 09 %**
Fee income	408	403	1%	**811**	708	15%
Variable expenses[1]	(200)	(195)	3%	**(395)**	(334)	18%
Wealth management net income	208	208	0%	**416**	374	11%
Insurance						
Premiums less re-insurance	548	528	4%	**1,076**	987	9%
Net claims & movement in policy liabilities	(263)	(236)	11%	**(499)**	(456)	9%
Variable expenses[1]	(119)	(115)	3%	**(234)**	(194)	21%
Insurance net income	166	177	-6%	**343**	337	2%
Advice[2]	3	3	0%	**6**	2	large
Total net income	377	388	-3%	**765**	713	7%
Wealth management operating expenses	(145)	(135)	7%	**(280)**	(262)	7%
Insurance operating expenses	(73)	(75)	-3%	**(148)**	(140)	6%
Remediation expenses & capitalised software write-offs[3]	(2)	(11)	-82%	**(13)**	(30)	-57%
Gross tax on operating profit	(42)	(47)	-11%	**(89)**	(84)	6%
Operating profit after tax (OPAT)	115	120	-4%	**235**	197	19%
Capital investment earnings after tax[4]	54	25	large	**79**	(47)	large
Profit after tax[5]	169	145	17%	**314**	150	large

1. *Variable expenses are costs that vary directly with the level of related business, including commission and distribution costs, investment management fees, stamp duty and medical fees*
2. *Advice net income represents net contribution from aligned dealer groups*
3. *Remediation expenses represent costs incurred to correct operational deficiencies*
4. *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*
5. *Profit after tax excludes push down allocated cost tax adjustments arising from the 100% acquisition of INGA*

Insurance net income	**Half year Sep 10 $M**	**Half year Mar 10 $M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 $M**	**Full year Sep 09 $M**	**Movt Sep 10 v. Sep 09 %**
Group & individual:						
Planned profit margin	168	160	5%	**328**	304	8%
Experience profit[6]	(15)	7	large	**(8)**	(11)	-27%
Assumption changes	(2)	(3)	-33%	**(5)**	19	large
General insurance	15	13	15%	**28**	25	12%
Total	166	177	-6%	**343**	337	2%

6. *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.*

Performance measures	**Half year Sep 10 %**	**Half year Mar 10 %**	**Full year Sep 10 %**	**Full year Sep 09 %**
Cost to income[7]	57.8%	54.1%	55.9%	56.4%
Operating expenses to average funds under management	0.7%	0.6%	0.7%	0.7%
Wealth management outflow rates			14.1%	17.2%
Insurance expenses to average in-force premiums	11.1%	12.2%	11.3%	12.1%
Retail insurance lapse rates			12.3%	12.9%

7. *Cost to income ratio is operating expenses (excluding remediation expenses & capitalised software write-offs) / total income*

Funds Management and Insurance (formerly INGA)
Philip Chronican

Funds under management	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Funds under management - average	41,215	41,230	41,306	0%	0%
Funds under management - spot	41,711	41,741	40,719	0%	2%

Composed of:	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Australian equities	15,234	15,531	14,171	-2%	8%
Global equities	4,534	4,798	5,211	-6%	-13%
Cash and fixed interest	19,161	18,609	18,813	3%	2%
Property and infrastructure	2,782	2,803	2,524	-1%	10%
Total	41,711	41,741	40,719	0%	2%

Wealth Management cashflows	Sep 10 $M	In-flows	Out-flows	Other flows[8]	Sep 09 $M
OneAnswer	16,799	2,309	(2,691)	494	16,687
Other Personal Investment	5,642	304	(778)	166	5,950
Mezzanine	1,400	213	(469)	167	1,488
Employer Super	12,240	1,866	(1,152)	315	11,211
Oasis	5,630	814	(742)	175	5,383
Total	41,711	5,506	(5,832)	1,317	40,719

8. *Other flows includes investment income net of taxes, fees and charges, distributions and timing*

Insurance annual in-force premiums	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Group	443	422	410	5%	8%
Individual	642	612	581	5%	10%
General Insurance	227	196	164	16%	38%
Total	1,312	1,230	1,155	7%	14%

Insurance cash flows	As at Sep 10 $M	New business $M	Lapses $M	As at Sep 09 $M
Group	443	98	(65)	410
Individual	642	135	(74)	581
General Insurance	227	96	(33)	164
Total	1,312	329	(172)	1,155

Aligned adviser numbers	As at Sep 10	As at Mar 10	As at Sep 09	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
RetireInvest	243	215	236	13%	3%
FSP	233	190	198	23%	18%
Millenium3	802	840	818	-5%	-2%
Elders[9]	78	38	-	large	n/a
Sentry[9]	436	298	-	46%	n/a
ANZ Financial Planning	325	310	309	5%	5%
Total	2,117	1,891	1,561	12%	36%

9. *Elders 51% and Sentry 37.5% owned by INGA*.

Funds Management and Insurance (formerly INGA)
Philip Chronican

Embedded value and value of new business[10]	**$M**
Embedded value as at September 2009	3,062
Value of new business[11]	156
Expected return[12]	360
Experience deviations and assumption changes[13]	(167)
Net transfer[14]	-
Embedded value as at September 2010	3,411

10. *Embedded value represents the present value of future profits and releases of capital arising from the business in force at the valuation date, and adjusted net assets. It is determined using best estimate assumptions with franking credits included at 70% of face value. Projected cash flows have been discounted using capital asset pricing model risk discount rates of 10-12%*
11. *Value of new business represents the present value of future profits less the cost of capital arising from the new business written over the period*
12. *Expected return represents expected increase in value over the period*
13. *Experience deviations and assumption changes arise from deviations from and changes to best estimate assumptions underlying the prior year embedded value. The adverse movement is primarily due to push down allocated cost tax adjustments arising from the 100% acquisition of INGA*
14. *Net transfer represents net capital movements over the period including dividends paid and franking credits transferred*

Total capital resources by equity class	**As at Sep 10 $M**	**As at Sep 09 $M**
Share capital	1,772	1,772
Reserves	(35)	(58)
Retained earnings[15]	698	506
Total ING Australia shareholder equity	2,435	2,220
Unsecured loan	432	406
Total ING Australia capital resource	2,867	2,626
Total capital resources by asset class		
Australian equities	39	42
International fixed interest	117	102
Australian fixed interest	337	504
Cash	1,125	798
Total shareholder funds	1,618	1,446
Other including intangibles[16]	1,249	1,180
Total ING Australia capital resource	2,867	2,626

15. *Includes impact of push down allocated cost tax adjustments arising from the 100% acquisition of INGA*
16. *Intangibles include goodwill, deferred acquisition cost and capitalised software*

2010 result

Funds Management and Insurance "FMI" (formerly INGA) net profit after tax up $163 million (110%):

- Core operating profit up $37 million (19%).
- Wealth Management profit up 10%.
- Insurance profit flat due to adverse experience profit and assumption changes.

Operating net income $764 million, up 7% due to higher wealth management fee income from client funds under management.

Insurance net income flat due to adverse claims experience in the general insurance portfolio due to unusual storm events and reserve strengthening in relation to group insurance.

Operating expenses $441 million, up 2% (up 6% higher excluding the impact of remediation and one-offs). Wealth management expenses up 7%, due to new product related expenditure. Insurance expenses up 5% due to FTE growth consistent with increased business volume.

Capital investment earning after tax was up $126 million. The increase attributed to a return to more normalized financial markets, in particular:

– no impairment of investment assets.
– partial recovery of capital guarantee costs incurred in the 2009 financial year, and
– lower mark-to-market volatility in relation to policy liability revaluations.

Included in the 2010 capital investment earnings after tax was $14 million of non-recurring profit related to utilization of prior year tax losses, as well as $6 million of higher than expected capital guaranteed product recovery.

Funds Management and Insurance (formerly INGA)
Philip Chronican

In wealth management, client FUM rose 2% in line with underlying investment asset prices with net flows neutral. FMI maintained its FUM market share in a contracting market, at 8.4%[1]. FMI retained its number 1 ranking amongst employer super providers (as rated by Heron Partnership) with its Corporate Super product for the 7th consecutive year.

The insurance operations experienced in-force premium growth of 14%. The growth was achieved across group. FMI retained its number 3 rank for total in force life insurance.

1. Source of market statistics: Plan for Life – June 2010 for wealth management and March 2010 for insurance

Comparison with March 2010 half

Profit up 17% higher in the September 2010 half year, due to a combination of marginally higher wealth management income, higher capital investment earnings and marginally lower expenses partially offset by slightly less favourable insurance experience.

Wealth Management net income was flat with investor sentiment towards platform investments and appetite for risk remaining subdued due to continued concerns in relation to the European sovereign risks and concerns in relation to strength of the US economy which created ongoing equity market volatility. Average FUM was flat.

Income from Insurance operations reflected normal seasonality. In addition, income was lower due to a much higher reserve release in the March half. In-force premium growth was maintained at above-system levels throughout the half.

Expenses were well contained when compared to income growth (excluding the impact of experience variations in insurance income).

Capital investment earnings were higher largely due to more favourable movement in reserve valuations, and higher yields on interest-bearing securities in line with interest rates movement. Included in the September 2010 half year capital investment earnings after tax was $14 million of non-recurring profit related to utilisation of prior year tax losses.

Asia Pacific, Europe & America region
Alex Thursby

Table reflects USD for the Asia Pacific, Europe & America region AUD results shown on page 62	**Half year Sep 10 USD M**	**Half year Mar 10 USD M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 USD M**	**Full year Sep 09 USD M**	**Movt Sep 10 v. Sep 09 %**
Net interest income	502	462	9%	**964**	843	14%
Other external operating income	546	539	1%	**1,085**	993	9%
Operating income	1,048	1,001	5%	**2,049**	1,836	12%
Operating expenses	(625)	(544)	15%	**(1,169)**	(949)	23%
Profit before credit impairment and income tax	423	457	-7%	**880**	887	-1%
Provision for credit impairment	(61)	(114)	-46%	**(175)**	(247)	-29%
Profit before income tax	362	343	6%	**705**	640	10%
Income tax expense	(20)	(51)	-61%	**(71)**	(107)	-34%
Non-controlling interests	(5)	(1)	large	**(6)**	-	n/a
Pro forma profit	337	291	16%	**628**	533	18%
Pro forma adjustments	4	(12)	large	**(8)**	(22)	-64%
Underlying profit	341	279	22%	**620**	511	21%
Adjustments between statutory profit and underlying profit[1]	(95)	(67)	42%	**(162)**	(1)	large
Profit	246	212	16%	**458**	510	-10%
Geographic segments:						
Asia	212	190	12%	**402**	354	14%
Pacific	66	60	10%	**126**	107	18%
Europe & America	75	40	88%	**115**	85	35%
Other	(16)	1	large	**(15)**	(13)	15%
Pro forma profit	337	291	16%	**628**	533	18%
Balance Sheet						
Net loans & advances including acceptances	24,104	17,727	36%	**24,104**	16,662	45%
Other external assets	31,160	29,142	7%	**31,160**	27,650	13%
External assets	55,264	46,869	18%	**55,264**	44,312	25%
Customer deposits	46,113	37,388	23%	**46,113**	26,805	72%
Other deposits and borrowings	7,326	6,337	16%	**7,326**	9,455	-23%
Deposits and other borrowings	53,439	43,725	22%	**53,439**	36,260	47%
Other external liabilities	9,268	5,264	76%	**9,268**	7,358	26%
External liabilities	62,707	48,989	28%	**62,707**	43,618	44%
Risk weighted assets	42,167	31,346	35%	**42,167**	29,241	44%
Average net loans and advances including acceptances	21,940	17,034	29%	**19,513**	16,149	21%
Average deposits and other borrowings	51,502	42,668	21%	**47,134**	30,237	56%
Ratios						
Net interest average margin	1.62%	1.45%		**1.54%**	1.70%	
Net interest average margin (excluding Global Markets)	2.88%	2.59%		**2.75%**	2.39%	
Operating expenses to operating income	59.4%	47.8%		**54.2%**	43.3%	
Operating expenses to average assets	1.77%	1.37%		**1.59%**	1.48%	
Individual provision charge	50	88	-43%	**138**	89	55%
Individual provision charge as a % of average net advances[2]	0.44%	0.83%		**0.61%**	0.46%	
Collective provision charge	(3)	4	large	**1**	113	-99%
Collective provision charge as a % of average net advances	-0.02%	0.05%		**0.01%**	0.70%	
Net impaired assets	258	471	-45%	**258**	427	-40%
Net impaired loans as a % of net advances	1.03%	1.05%		**1.03%**	0.59%	
Total employees	13,542	9,902	37%	**13,542**	8,555	58%

1. *Refer pages 11 to 13 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included at page 116*
2. *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

September 2010 Full Year

USD M	Retail	Asia Partnerships	Institutional	Wealth	Operations & Support
Net interest income	286	(3)	515	27	(7)
Other external operating income	123	353	440	5	(9)
Operating income	409	350	955	32	(16)
Operating expenses	(323)	(3)	(415)	(39)	(106)
Profit before credit impair't and income tax	86	347	540	(7)	(122)
Provision for credit impairment	(49)	-	(73)	(2)	(6)
Profit before income tax	37	347	467	(9)	(128)
Income tax expense	(16)	(4)	(95)	2	25
Non-controlling interests	(2)	-	-	-	(3)
Pro forma profit	19	343	372	(7)	(106)

September 2009 Full Year

USD M	Retail	Asia Partnerships	Institutional	Wealth	Operations & Support
Net interest income	236	(1)	419	21	(18)
Other external operating income	93	256	465	4	(1)
Operating income	329	255	884	25	(19)
Operating expenses	(247)	(8)	(316)	(26)	(46)
Profit before credit impair't and income tax	82	247	568	(1)	(65)
Provision for credit impairment	(59)	-	(108)	(4)	(14)
Profit before income tax	23	247	460	(5)	(79)
Income tax expense	(12)	(4)	(121)	1	11
Non-controlling interests	1	-	(1)	-	-
Pro forma profit	12	243	338	(4)	(68)

Comparison - September 2010 Full Year vs September 2009 Full Year

%	Retail	Asia Partnerships	Institutional	Wealth	Operations & Support
Net interest income	21%	large	23%	29%	-61%
Other external operating income	32%	38%	-5%	25%	large
Operating income	24%	37%	8%	28%	-16%
Operating expenses	31%	-63%	31%	50%	large
Profit before credit impair't and income tax	5%	40%	-5%	large	88%
Provision for credit impairment	-17%	n/a	-32%	-50%	-57%
Profit before income tax	61%	40%	2%	80%	62%
Income tax expense	30%	0%	-21%	100%	large
Non-controlling interests	large	n/a	-100%	n/a	n/a
Pro forma profit	58%	41%	10%	75%	56%

Asia Pacific, Europe & America region
Alex Thursby

RBS	Asia Pacific, Europe & America division	Other	Pro forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
225	1,043	(79)	964	(136)	828	-	828
171	1,083	2	1,085	(97)	988	(12)	976
396	2,126	(77)	2,049	(233)	1,816	(12)	1,804
(325)	(1,211)	42	(1,169)	185	(984)	(170)	(1,154)
71	915	(35)	880	(48)	832	(182)	650
(45)	(175)	(0)	(175)	36	(139)	-	(139)
26	740	(35)	705	(12)	693	(182)	511
(4)	(92)	21	(71)	4	(67)	18	(49)
-	(5)	(1)	(6)	-	(6)	2	(4)
22	643	(15)	628	(8)	620	(162)	458

RBS	Asia Pacific, Europe & America division	Other	Pro forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
225	882	(39)	843	(225)	618	2	620
171	988	5	993	(172)	821	(5)	816
396	1,870	(34)	1,836	(397)	1,439	(2)	1,437
(325)	(968)	19	(949)	325	(624)	2	(622)
71	902	(15)	887	(72)	815	-	815
(45)	(230)	(17)	(247)	45	(202)	-	(202)
26	672	(32)	640	(27)	613	-	613
(4)	(129)	22	(107)	5	(102)	(1)	(103)
-	-	-	-	-	-	-	-
22	543	(10)	533	(22)	511	(1)	510

RBS	Asia Pacific, Europe & America division	Other	Pro forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
0%	18%	large	14%	-40%	34%	-100%	34%
0%	10%	-60%	9%	-44%	20%	large	20%
0%	14%	large	12%	-41%	26%	large	26%
0%	25%	large	23%	-43%	58%	large	86%
0%	1%	large	-1%	-33%	2%	large	-20%
0%	-24%	-100%	-29%	-20%	-31%	n/a	-31%
0%	10%	9%	10%	-56%	13%	large	-17%
0%	-29%	-5%	-34%	-20%	-34%	large	-52%
0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
0%	18%	50%	18%	-64%	21%	large	-10%

Asia Pacific, Europe & America region
Alex Thursby

September 2010 Half Year

USD M	Retail	Asia Partnerships	Institutional	Wealth	Operations & Support
Net interest income	149	(1)	275	14	(4)
Other external operating income	61	197	199	3	(2)
Operating income	210	196	474	17	(6)
Operating expenses	(172)	-	(220)	(25)	(58)
Profit before credit impair't and income tax	38	196	254	(8)	(64)
Provision for credit impairment	(24)	-	(14)	-	-
Profit before income tax	14	196	240	(8)	(64)
Income tax expense	(8)	(1)	(38)	2	13
Non-controlling interests	(1)	-	-	-	(2)
Pro forma profit	5	195	202	(6)	(53)

March 2010 Half Year

USD M	Retail	Asia Partnerships	Institutional	Wealth	Operations & Support
Net interest income	137	(2)	240	13	(3)
Other external operating income	62	156	241	2	(6)
Operating income	199	154	481	15	(9)
Operating expenses	(151)	(3)	(195)	(14)	(48)
Profit before credit impair't and income tax	48	151	286	1	(57)
Provision for credit impairment	(25)	-	(59)	(2)	(6)
Profit before income tax	23	151	227	(1)	(63)
Income tax expense	(8)	(3)	(57)	-	13
Non-controlling interests	(1)	-	-	-	(1)
Pro forma profit	14	148	170	(1)	(51)

Comparison - September 2010 Half Year vs March 2010 Half Year

%	Retail	Asia Partnerships	Institutional	Wealth	Operations & Support
Net interest income	9%	-50%	15%	8%	33%
Other external operating income	-2%	26%	-17%	50%	-67%
Operating income	6%	27%	-1%	13%	-33%
Operating expenses	14%	-100%	13%	79%	21%
Profit before credit impair't and income tax	-21%	30%	-11%	large	12%
Provision for credit impairment	-4%	n/a	-76%	large	-100%
Profit before income tax	-39%	30%	6%	large	2%
Income tax expense	0%	-67%	-33%	n/a	0%
Non-controlling interests	0%	n/a	n/a	n/a	100%
Pro forma profit	-64%	32%	19%	large	4%

Asia Pacific, Europe & America region
Alex Thursby

RBS	Asia Pacific, Europe & America division	Other	Pro forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
112	545	(43)	502	(24)	478	-	478
86	543	3	546	(11)	535	(14)	521
198	1,088	(40)	1,048	(35)	1,013	(14)	999
(163)	(638)	13	(625)	25	(600)	(98)	(698)
35	450	(27)	423	(10)	413	(112)	301
(22)	(60)	(1)	(61)	14	(47)	-	(47)
13	390	(28)	362	4	366	(112)	254
(2)	(34)	14	(20)	-	(20)	14	(6)
-	(3)	(2)	(5)	-	(5)	3	(2)
11	353	(16)	337	4	341	(95)	246

RBS	Asia Pacific, Europe & America division	Other	Pro forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
112	497	(35)	462	(112)	350	-	350
86	541	(2)	539	(86)	453	-	455
198	1,038	(37)	1,001	(198)	803	2	805
(163)	(574)	30	(544)	160	(384)	(72)	(456)
35	464	(7)	457	(38)	419	(70)	349
(22)	(114)	(0)	(114)	22	(92)	-	(92)
13	350	(7)	343	(16)	327	(70)	257
(2)	(57)	6	(51)	4	(47)	4	(43)
-	(2)	1	(1)	-	(1)	(1)	(2)
11	291	(0)	291	(12)	279	(67)	212

RBS	Asia Pacific, Europe & America division	Other	Pro forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
0%	10%	23%	9%	-79%	37%	n/a	37%
0%	0%	large	1%	-87%	18%	large	15%
0%	5%	8%	5%	-82%	26%	large	24%
0%	11%	-57%	15%	-84%	56%	36%	53%
0%	-3%	large	-7%	-74%	-1%	60%	-14%
0%	-47%	n/a	-46%	-36%	-49%	n/a	-49%
0%	11%	large	6%	large	12%	60%	-1%
0%	-39%	large	-61%	-100%	-57%	large	-86%
0%	50%	large	large	n/a	large	large	n/a
0%	21%	n/a	16%	large	22%	42%	16%

Asia Pacific, Europe & America region
Alex Thursby

Individual provision charge	Half year Sep 10 USD M	Half year Mar 10 USD M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 USD M	Full year Sep 09 USD M	Movt Sep 10 v. Sep 09 %
Retail	**42**	**23**	**83%**	**65**	**42**	**55%**
Asia	34	18	89%	52	29	79%
Pacific	8	5	60%	13	13	0%
Institutional	**8**	**63**	**-87%**	**71**	**47**	**51%**
Transaction Banking	1	23	-96%	24	10	large
Specialised & Relationship Lending	6	22	-73%	28	22	27%
Global Markets	1	18	-94%	19	15	27%
Wealth	**-**	**2**	**-100%**	**2**	**1**	**100%**
Underlying individual provision charge	**50**	**88**	**-43%**	**138**	**89**	**55%**
Pro forma adjustments	9	18	-50%	27	36	-25%
Pro forma individual provision charge	**59**	**106**	**-44%**	**165**	**125**	**32%**

Individual provision charge						
Asia	42	50	-16%	92	54	70%
Pacific	8	5	60%	13	13	0%
Europe & America	-	33	-100%	33	22	50%
Underlying individual provision charge	**50**	**88**	**-43%**	**138**	**89**	**55%**
Pro forma adjustments	9	18	-50%	27	36	-25%
Pro forma individual provision charge	**59**	**106**	**-44%**	**165**	**125**	**32%**

Collective provision charge	Half year Sep 10 USD M	Half year Mar 10 USD M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 USD M	Full year Sep 09 USD M	Movt Sep 10 v. Sep 09 %
Retail	**(5)**	**2**	**large**	**(3)**	**16**	**large**
Asia	(1)	1	large	-	6	-100%
Pacific	(4)	1	large	(3)	10	large
Institutional	**2**	**(4)**	**large**	**(2)**	**63**	**large**
Transaction Banking	2	(1)	large	1	4	-75%
Specialised & Relationship Lending	(1)	1	large	-	48	-100%
Global Markets	1	(4)	large	(3)	11	large
Wealth	**-**	**-**	**n/a**	**-**	**2**	**-100%**
Operations & Support	**-**	**6**	**-100%**	**6**	**14**	**-57%**
Other	**-**	**-**	**n/a**	**-**	**18**	**-100%**
Underlying collective provision charge	**(3)**	**4**	**large**	**1**	**113**	**-99%**
Pro forma adjustments	5	4	25%	9	9	0%
Pro forma collective provision charge	**2**	**8**	**-75%**	**10**	**122**	**-92%**

Collective provision charge						
Asia	17	13	31%	30	41	-27%
Pacific	(5)	1	large	(4)	10	large
Europe & America	(15)	(10)	50%	(25)	44	large
Other	-	-	n/a	-	18	-100%
Underlying collective provision charge	**(3)**	**4**	**large**	**1**	**113**	**-99%**
Pro forma adjustments	5	4	25%	9	27	-67%
Pro forma collective provision charge	**2**	**8**	**-75%**	**10**	**122**	**-92%**

Asia Pacific, Europe & America region
Alex Thursby

Net loans & advances including acceptances	**Half year Sep 10 USD M**	**Half year Mar 10 USD M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 USD M**	**Full year Sep 09 USD M**	**Movt Sep 10 v. Sep 09 %**
Retail	**4,173**	**2,740**	**52%**	**4,173**	**2,495**	**67%**
Asia	2,045	747	large	2,045	488	large
Pacific	2,128	1,993	7%	2,128	2,007	6%
Institutional	**18,661**	**13,939**	**34%**	**18,661**	**13,121**	**42%**
Transaction Banking	4,921	4,156	18%	4,921	2,955	67%
Specialised & Relationship Lending	13,341	9,336	43%	13,341	9,706	37%
Other	399	447	-11%	399	460	-13%
Wealth	**1,276**	**1,081**	**18%**	**1,276**	**1,041**	**23%**
Other	**(6)**	**(33)**	**-82%**	**(6)**	**5**	**large**
	24,104	**17,727**	**36%**	**24,104**	**16,662**	**45%**

Net loans & advances including acceptances						
Asia	16,459	10,608	55%	16,459	8,879	85%
Pacific	2,172	1,995	9%	2,172	2,007	8%
Europe & America	5,473	5,124	7%	5,473	5,776	-5%
	24,104	**17,727**	**36%**	**24,104**	**16,662**	**45%**

Customer deposits	**Half year Sep 10 USD M**	**Half year Mar 10 USD M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 USD M**	**Full year Sep 09 USD M**	**Movt Sep 10 v. Sep 09 %**
Retail	**9,776**	**6,495**	**51%**	**9,776**	**5,603**	**74%**
Asia	6,578	3,390	94%	6,578	2,632	large
Pacific	3,198	3,105	3%	3,198	2,971	8%
Institutional	**33,775**	**28,830**	**17%**	**33,775**	**19,147**	**76%**
Transaction Banking	16,860	12,028	40%	16,860	6,874	large
Global Markets	16,597	16,622	0%	16,597	11,818	40%
Other	318	180	77%	318	455	-30%
Wealth	**2,559**	**2,020**	**27%**	**2,559**	**2,051**	**25%**
Other	**3**	**43**	**-93%**	**3**	**4**	**-25%**
	46,113	**37,388**	**23%**	**46,113**	**26,805**	**72%**

Customer deposits						
Asia	30,486	22,605	35%	30,486	15,900	92%
Pacific	3,213	3,106	3%	3,213	2,971	8%
Europe & America	12,414	11,677	6%	12,414	7,934	56%
	46,113	**37,388**	**23%**	**46,113**	**26,805**	**72%**

Asia Pacific, Europe & America region
Alex Thursby

Table reflects AUD for the Asia Pacific, Europe & America region USD results shown on page 55	**Half year Sep 10 $M**	**Half year Mar 10 $M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 $M**	**Full year Sep 09 $M**	**Movt Sep 10 v. Sep 09 %**
Net interest income	560	521	8%	**1,072**	942	14%
Other external operating income	614	604	2%	**1,207**	1,132	7%
Operating income	1,174	1,125	4%	**2,279**	2,074	10%
Operating expenses	(700)	(611)	15%	**(1,300)**	(1,082)	20%
Profit before credit impairment and income tax	474	514	-8%	**979**	992	-1%
Provision for credit impairment	(67)	(130)	-49%	**(194)**	(283)	-31%
Profit before income tax	407	384	6%	**785**	709	11%
Income tax expense	(26)	(55)	-52%	**(80)**	(120)	-33%
Non-controlling interests	(4)	(2)	93%	**(6)**	(0)	large
Pro forma profit	377	327	15%	**699**	589	19%
Foreign exchange adjustments	-	(5)	-100%	**-**	134	-100%
Pro forma adjustments	4	(14)	large	**(10)**	(24)	-58%
Underlying profit[1]	381	308	24%	**689**	699	-1%
Adjustments between statutory profit and underlying profit	(106)	(74)	43%	**(180)**	1	large
Profit	275	234	18%	**509**	700	-27%
Geographic segments:						
Asia	237	217	9%	**447**	390	15%
Pacific	74	67	10%	**140**	119	18%
Europe & America	84	45	88%	**128**	95	35%
Other	(18)	1	large	**(17)**	(14)	15%
Pro forma profit	377	330	14%	**699**	589	19%
Balance Sheet						
Net loans & advances including acceptances	24,932	19,362	29%	**24,932**	18,952	32%
Other external assets	32,230	31,828	1%	**32,230**	31,448	2%
External assets	57,162	51,190	12%	**57,162**	50,400	13%
Customer deposits	47,697	40,835	17%	**47,697**	30,487	56%
Other deposits and borrowings	7,577	6,921	9%	**7,577**	10,754	-30%
Deposits and other borrowings	55,274	47,756	16%	**55,274**	41,241	34%
Other external liabilities	9,586	5,748	67%	**9,586**	8,370	15%
External liabilities	64,860	53,504	21%	**64,860**	49,611	31%
Risk weighted assets	43,615	34,235	27%	**43,615**	33,259	31%
Average net loans and advances including acceptances	24,594	18,801	31%	**21,706**	22,065	-2%
Average deposits and other borrowings	57,735	47,095	23%	**52,429**	41,314	27%
Ratios						
Net interest average margin	1.62%	1.45%		**1.54%**	1.70%	
Net interest average margin (excluding Global Markets)	2.88%	2.59%		**2.75%**	2.39%	
Operating expenses to operating income	59.4%	47.8%		**54.2%**	43.3%	
Operating expenses to average assets	1.77%	1.37%		**1.59%**	1.48%	
Individual provision charge	55	98	-44%	**153**	121	26%
Individual provision charge as a % of average net advances[2]	0.44%	0.83%		**0.61%**	0.46%	
Collective provision charge	(3)	4	large	**1**	155	-99%
Collective provision charge as a % of average net advances	-0.02%	0.05%		**0.01%**	0.70%	
Net impaired assets	267	516	-48%	**267**	486	-45%
Net impaired loans as a % of net advances	1.03%	1.05%		**1.03%**	0.59%	
Total employees	13,542	9,902	37%	**13,542**	8,555	58%

1. *Refer pages 11 to 13 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included at page 116*
2. *For the purposes of this ratio the individual provision charge excludes impairment expense on available-for-sale assets*

Asia Pacific, Europe & America
Alex Thursby

Commentary reflects USD results

2010 result

On a pro forma basis, profit grew 18% with strong profit growth recorded in Asia Partnerships and a solid result in Institutional dampened by spending to build the platform for the future. The Institutional business result follows the exceptional additional earnings in 2009 arising from increased market volatility due to the global financial crisis. We completed the acquisitions of the RBS businesses in the Philippines, Vietnam and Hong Kong during the March 2010 half and in Taiwan, Singapore and Indonesia during the September 2010 half.

Key factors affecting the result were:

- Strong balance sheet growth contributed to net interest income increasing 14%.
- Other external operating income increased 9%, driven primarily by higher earnings from Asia Partnerships and the positive impact of the reversal in 2010 of the impairment charge taken in 2009 relating to the carrying value of our investment in Saigon Securities Incorporation (SSI) in Vietnam. This was offset by a 5% decrease in Institutional due to the exceptional level of earnings in 2009 which was unable to be repeated as market volatility and credit spreads returned to more normal levels.
- Operating expenses were 23% higher as a result of ongoing investments in the key strategic markets of Indonesia, Vietnam and China, and building regional operating and support capabilities. Employees increased by 4,987 principally throughout Asia, including 2,786 from the RBS acquisition. We continued to invest in systems and build core front line capability in the region and increase our operations and technology support staff in Bangalore.
- Provisions for credit impairment were 29% lower year on year, in line with an improving outlook. Lower collective provision charges were mainly due to the write-backs associated with a few large Institutional customers and de-risking of the loan portfolio in Europe and America compared to the high change in 2009.
- The reduced tax rate for 2010 was positively impacted by the resolution of an outstanding tax matter in the US and the higher proportion of earnings being derived from Asia Partnerships.
- Net loans and advances registered 45% growth year on year as a result of the acquisitions of the RBS businesses and growth in Transaction Banking and Specialised and Relationship Lending. The growth momentum in customer deposits continued, resulting in an increase of 72% year on year. Our deposits to loans ratio improved from 161% to 191%. Margins were 16 basis points lower due to narrowing credit spreads and a higher proportion of lower yielding assets arising from increased liquidity from strong growth in customer deposits.

Comparison with March 2010 half

On a pro forma basis, profit increased 16%. Asia Partnerships' contribution to the September 2010 half's results was higher due to increased equity accounted earnings, particularly from Shanghai Rural Commercial Bank (SRCB) in China and AMMB Holdings Berhad (AMMB) in Malaysia. Lower provisions offset softer Global Markets earnings in Institutional.

Key factors affecting the result were:

- Net interest income was 9% higher compared with the prior half, driven by balance sheet growth.
- Other external operating income increased 1% with increased earnings from Asia Partnerships offset by lower Global Markets earnings.
- Operating expenses increased 15%, reflecting continued investments in expanding distribution across the region and increased resources to support the growth agenda. Employees increased by 3,640 including 2,402 from the RBS businesses we acquired during the September 2010 half.
- Provision charges for credit impairment decreased 46%. The higher individual provision charges in the March 2010 half were associated with a few large Institutional customers and legacy issues from certain US bonds. Collective provision charges for the September 2010 half were lower mainly due to the upgrade of a few large Institutional customers.
- Income tax expense was lower in the September 2010 half following the resolution of an outstanding tax matter in the US and the proportionately higher earnings from Asia Partnerships.
- Net loans and advances increased 36% and customer deposits 23% due to the acquisitions of the RBS businesses (in particular, Taiwan) and increased Transaction Banking activities. Overall, margins were 17 basis points higher.

Asia Pacific, Europe & America
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New Zealand region

David Hisco

Table reflects NZD results for New Zealand region *AUD results shown on page 72*	**Half year Sep 10 NZD M**	**Half year Mar 10 NZD M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 NZD M**	**Full year Sep 09 NZD M**	**Movt Sep 10 v. Sep 09 %**
Net interest income	1,278	1,211	6%	**2,489**	2,407	3%
Other external operating income	350	388	-10%	**738**	922	-20%
Operating income	1,628	1,599	2%	**3,227**	3,329	-3%
Operating expenses	(797)	(747)	7%	**(1,544)**	(1,543)	0%
Profit before credit impairment and income tax	831	852	-2%	**1,683**	1,786	-6%
Provision for credit impairment	(131)	(330)	-60%	**(461)**	(890)	-48%
Profit before income tax	700	522	34%	**1,222**	896	36%
Income tax expense	(190)	(148)	28%	**(338)**	(253)	34%
Pro forma profit	510	374	36%	**884**	643	37%
Pro forma adjustments	-	(2)	-100%	**(2)**	(15)	-87%
Underlying profit	510	372	37%	**882**	628	40%
Adjustments between statutory profit and underlying profit[1]	(29)	14	large	**(15)**	(434)	-97%
Profit/(Loss)	481	386	25%	**867**	194	large
Balance Sheet						
Net loans & advances including acceptances	96,013	95,717	0%	**96,013**	97,023	-1%
Other external assets	26,306	25,162	5%	**26,306**	26,464	-1%
External assets	122,319	120,879	1%	**122,319**	123,487	-1%
Customer deposits	59,743	59,345	1%	**59,743**	59,931	0%
Other deposits and borrowings	10,552	11,366	-7%	**10,552**	11,829	-11%
Deposits and other borrowings	70,295	70,711	-1%	**70,295**	71,760	-2%
Other external liabilities	28,416	26,172	9%	**28,416**	28,824	-1%
External liabilities	98,711	96,883	2%	**98,711**	100,584	-2%
Risk weighted assets	65,102	66,302	-2%	**65,102**	66,922	-3%
Average net loans and advances including acceptances	95,221	95,595	0%	**95,408**	97,371	-2%
Average deposits and other borrowings	72,224	72,167	0%	**72,196**	74,386	-3%
Ratios						
Net interest average margin	2.33%	2.20%		**2.27%**	2.18%	
Net interest average margin (excluding Global Markets)	2.40%	2.21%		**2.31%**	2.13%	
Net interest average margin (New Zealand Businesses)	2.39%	2.21%		**2.30%**	2.20%	
Operating expenses to operating income	49.0%	46.1%		**47.6%**	44.8%	
Operating expenses to average assets	1.28%	1.18%		**1.23%**	1.12%	
Individual provision charge	194	267	-27%	**461**	618	-25%
Individual provision charge as a % of average net advances	0.40%	0.56%		**0.48%**	0.63%	
Collective provision charge	(63)	63	large	**-**	271	-100%
Collective provision charge as a % of average net advances	-0.13%	0.13%		**0.00%**	0.28%	
Net impaired assets	1,463	1,228	19%	**1,463**	743	97%
Net impaired loans as a % of net advances	1.49%	1.17%		**1.49%**	0.73%	
Total employees	9,412	9,276	1%	**9,412**	8,879	6%

1. *Refer pages 11 to 13 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included within Supplementary Information at page 116*

New Zealand region
David Hisco

September 2010 Full Year

NZD M	Retail	Commercial	Wealth	Operations & Support	New Zealand Businesses
Net interest income	1,194	858	12	13	2,077
Other external operating income	398	50	171	(2)	617
Operating income	1,592	908	183	11	2,694
Operating expenses	(926)	(270)	(140)	(15)	(1,351)
Profit before credit impair't and income tax	666	638	43	(4)	1,343
Provision for credit impairment	(223)	(292)	(2)	-	(517)
Profit before income tax	443	346	41	(4)	826
Income tax expense	(131)	(104)	6	1	(229)
Pro forma profit	312	241	47	(3)	597

September 2009 Full Year

NZD M	Retail	Commercial	Wealth	Operations & Support	New Zealand Businesses
Net interest income	1,169	798	21	9	1,997
Other external operating income	439	65	132	16	652
Operating income	1,608	863	153	25	2,649
Operating expenses	(909)	(273)	(135)	(15)	(1,332)
Profit before credit impair't and income tax	699	590	18	10	1,317
Provision for credit impairment	(354)	(419)	(5)	-	(778)
Profit before income tax	345	171	13	10	539
Income tax expense	(103)	(51)	14	(0)	(140)
Pro forma profit	242	120	27	10	399

Comparison - September 2010 Full Year vs September 2009 Full Year

%	Retail	Commercial	Wealth	Operations & Support	New Zealand Businesses
Net interest income	2%	8%	-43%	44%	4%
Other external operating income	-9%	-23%	30%	large	-5%
Operating income	-1%	5%	20%	-56%	2%
Operating expenses	2%	-1%	4%	0%	1%
Profit before credit impair't and income tax	-5%	8%	large	large	2%
Provision for credit impairment	-37%	-30%	-60%	n/a	-34%
Profit before income tax	28%	large	large	large	53%
Income tax expense	27%	large	-57%	100%	64%
Pro forma profit	29%	large	74%	large	50%

New Zealand region
David Hisco

Institutional	Other	Pro Forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
481	(69)	2,489	-	2,489	6	2,495
120	1	738	(17)	721	15	736
601	(68)	3,227	(17)	3,210	21	3,231
(164)	(29)	(1,544)	17	(1,527)	(31)	(1,558)
437	(97)	1,683	-	1,683	(10)	1,673
55	1	(461)	-	(461)	5	(456)
492	(96)	1,222	-	1,222	(5)	1,217
(142)	33	(338)	(2)	(340)	(10)	(350)
350	(63)	884	(2)	882	(15)	867

Institutional	Other	Pro Forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
509	(99)	2,407	(6)	2,401	(3)	2,398
267	6	922	(92)	830	(255)	575
776	(96)	3,329	(98)	3,231	(258)	2,973
(166)	(45)	(1,543)	95	(1,448)	(25)	(1,473)
610	(141)	1,786	(3)	1,783	(283)	1,500
(95)	(17)	(890)	1	(889)	8	(881)
515	(158)	896	(2)	894	(275)	619
(147)	34	(253)	(13)	(266)	(159)	(425)
368	(124)	643	(15)	628	(434)	194

Institutional	Other	Pro Forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
-6%	-30%	3%	100%	4%	large	4%
-55%	-67%	-20%	-82%	-13%	large	28%
-23%	-29%	-3%	-83%	-1%	large	9%
-1%	-36%	0%	-82%	5%	24%	6%
-28%	-31%	-6%	100%	-6%	-96%	12%
large	large	-48%	n/a	-48%	-38%	-48%
-4%	-39%	36%	n/a	37%	-98%	97%
-4%	-3%	34%	-85%	28%	-94%	-18%
-5%	-49%	37%	-87%	40%	-97%	large

New Zealand region
David Hisco

September 2010 Half Year

NZD M	Retail	Commercial	Wealth	Operations & Support	New Zealand Businesses
Net interest income	614	453	7	6	1,080
Other external operating income	197	22	88	1	308
Operating income	811	475	95	7	1,388
Operating expenses	(481)	(130)	(70)	(10)	(691)
Profit before credit impair't and income tax	330	345	25	(3)	697
Provision for credit impairment	(82)	(84)	-	-	(166)
Profit before income tax	248	261	25	(3)	531
Income tax expense	(73)	(79)	-	-	(152)
Pro forma profit	175	182	25	(3)	379

March 2010 Half Year

NZD M	Retail	Commercial	Wealth	Operations & Support	New Zealand Businesses
Net interest income	580	405	5	7	997
Other external operating income	201	28	83	(3)	309
Operating income	781	433	88	4	1,306
Operating expenses	(445)	(140)	(70)	(5)	(660)
Profit before credit impair't and income tax	336	293	18	(1)	646
Provision for credit impairment	(141)	(208)	(2)	-	(351)
Profit before income tax	195	85	16	(1)	295
Income tax expense	(58)	(26)	6	1	(77)
Pro forma profit	137	59	22	-	218

Comparison - September 2010 Half Year vs March 2010 Half Year

%	Retail	Commercial	Wealth	Operations & Support	New Zealand Businesses
Net interest income	6%	12%	40%	-14%	8%
Other external operating income	-2%	-21%	6%	large	0%
Operating income	4%	10%	8%	75%	6%
Operating expenses	8%	-7%	0%	100%	5%
Profit before credit impair't and income tax	-2%	18%	39%	large	8%
Provision for credit impairment	-42%	-60%	100%	n/a	-53%
Profit before income tax	27%	large	56%	large	80%
Income tax expense	26%	large	n/a	n/a	94%
Pro forma profit	28%	large	14%	n/a	74%

New Zealand region
David Hisco

Institutional	Other	Pro Forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
229	(31)	1,278	-	1,278	9	1,287
42	0	350	-	350	29	379
271	(31)	1,628	-	1,628	38	1,666
(88)	(18)	(797)	-	(797)	(15)	(812)
183	(49)	831	-	831	23	854
34	1	(131)	-	(131)	-	(131)
217	(48)	700	-	700	23	723
(62)	24	(190)	-	(190)	(52)	(242)
155	(24)	510	-	510	(29)	481

Institutional	Other	Pro Forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
252	(38)	1,211	-	1,211	(3)	1,208
78	1	388	(17)	371	(14)	357
330	(37)	1,599	(17)	1,582	(17)	1,565
(76)	(11)	(747)	17	(730)	(16)	(746)
254	(48)	852	-	852	(33)	819
21	-	(330)	-	(330)	5	(325)
275	(48)	522	-	522	(28)	494
(80)	9	(148)	(2)	(150)	42	(108)
195	(39)	374	(2)	372	14	386

Institutional	Other	Pro Forma profit	Pro forma adjustments	Underlying profit	Adjustments between statutory and underlying profit	Profit
-9%	-18%	6%	n/a	6%	large	7%
-46%	100%	-10%	n/a	-6%	large	6%
-18%	-16%	2%	n/a	3%	large	6%
16%	64%	7%	n/a	9%	-6%	9%
-28%	2%	-2%	n/a	-2%	large	4%
62%	n/a	-60%	n/a	-60%	n/a	-60%
-21%	0%	34%	n/a	34%	large	46%
-23%	large	28%	n/a	27%	large	large
-21%	-38%	36%	n/a	37%	large	25%

New Zealand region
David Hisco

Individual provision charge	**Half year Sep 10 NZD M**	**Half year Mar 10 NZD M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 NZD M**	**Full year Sep 09 NZD M**	**Movt Sep 10 v. Sep 09 %**
Retail	**96**	**144**	**-33%**	**240**	**292**	**-18%**
Commercial	**90**	**123**	**-27%**	**213**	**269**	**-21%**
Corporate & Commercial Banking	33	71	-54%	104	181	-43%
Rural Banking	47	37	27%	84	52	62%
Other	10	15	-33%	25	36	-31%
Institutional	**6**	**-**	**n/a**	**6**	**52**	**-88%**
Specialised & Relationship Lending	13	17	-24%	30	-	n/a
Transaction Banking	(6)	(24)	-75%	(30)	45	large
Global Markets	(1)	7	large	6	7	-14%
Wealth	**2**	**-**	**n/a**	**2**	**5**	**-60%**
Pro forma individual provision charge	**194**	**267**	**-27%**	**461**	**618**	**-25%**
Underlying individual provision charge	**194**	**267**	**-27%**	**461**	**618**	**-25%**

Collective provision charge	**Half year Sep 10 NZD M**	**Half year Mar 10 NZD M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 NZD M**	**Full year Sep 09 NZD M**	**Movt Sep 10 v. Sep 09 %**
Retail	**(15)**	**(3)**	**large**	**(18)**	**62**	**large**
Commercial	**(7)**	**86**	**large**	**79**	**150**	**-47%**
Corporate & Commercial Banking	5	30	-83%	35	80	-56%
Rural Banking	(6)	57	large	51	70	-27%
Other	(6)	(1)	large	(7)	-	n/a
Institutional	**(41)**	**(20)**	**large**	**(61)**	**43**	**large**
Specialised & Relationship Lending	(22)	(13)	69%	(35)	28	large
Transaction Banking	(9)	(6)	50%	(15)	10	large
Global Markets	(4)	-	n/a	(4)	3	large
Other	(6)	(1)	large	(7)	2	large
Other	**-**	**-**	**n/a**	**-**	**16**	**-100%**
Pro forma collective provision charge	**(63)**	**63**	**large**	**-**	**271**	**-100%**
Underlying collective provision charge	**(63)**	**63**	**large**	**-**	**271**	**-100%**

Net loans & advances including acceptances	**Half year Sep 10 NZD M**	**Half year Mar 10 NZD M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 NZD M**	**Full year Sep 09 NZD M**	**Movt Sep 10 v. Sep 09 %**
Retail	**52,438**	**52,310**	**0%**	**52,438**	**52,443**	**0%**
Commercial	**35,401**	**35,354**	**0%**	**35,401**	**35,925**	**-1%**
Corporate & Commercial Banking	14,418	14,474	0%	14,418	14,699	-2%
Rural Banking	19,014	19,041	0%	19,014	19,397	-2%
Other	1,969	1,839	7%	1,969	1,829	8%
Institutional	**7,013**	**6,993**	**0%**	**7,013**	**7,688**	**-9%**
Specialised & Relationship Lending	6,028	6,000	0%	6,028	6,423	-6%
Transaction Banking	365	341	7%	365	301	21%
Global Markets	620	659	-6%	620	967	-36%
Other	-	(7)	-100%	-	(3)	-100%
Wealth	**1,161**	**1,060**	**10%**	**1,161**	**967**	**20%**
	96,013	**95,717**	**0%**	**96,013**	**97,023**	**-1%**

New Zealand region
David Hisco

Customer deposits	Half year Sep 10 NZD M	Half year Mar 10 NZD M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 NZD M	Full year Sep 09 NZD M	Movt Sep 10 v. Sep 09 %
Retail	**34,427**	**34,042**	**1%**	**34,427**	**33,661**	**2%**
Commercial	**9,500**	**10,029**	**-5%**	**9,500**	**10,364**	**-8%**
Corporate & Commercial Banking	5,913	6,445	-8%	5,913	6,599	-10%
Rural Banking	2,210	2,226	-1%	2,210	2,228	-1%
Other	1,377	1,358	1%	1,377	1,537	-10%
Institutional	**11,186**	**10,619**	**5%**	**11,186**	**11,144**	**0%**
Transaction Banking	6,125	5,750	7%	6,125	5,479	12%
Global Markets	5,061	4,869	4%	5,061	5,665	-11%
Wealth	**4,552**	**4,576**	**-1%**	**4,552**	**4,688**	**-3%**
Other	**78**	**79**	**-1%**	**78**	**74**	**5%**
	59,743	**59,345**	**1%**	**59,743**	**59,931**	**0%**

New Zealand region
David Hisco

Table reflects AUD results for New Zealand region *NZD results shown on page 65*	**Half year Sep 10 $M**	**Half year Mar 10 $M**	**Movt Sep 10 v. Mar 10 %**	**Full year Sep 10 $M**	**Full year Sep 09 $M**	**Movt Sep 10 v. Sep 09 %**
Net interest income	1,016	961	6%	**1,975**	1,909	3%
Other external operating income	278	309	-10%	**585**	732	-20%
Operating income	1,294	1,270	2%	**2,560**	2,641	-3%
Operating expenses	(634)	(592)	7%	**(1,224)**	(1,224)	0%
Profit before credit impairment and income tax	660	678	-3%	**1,336**	1,417	-6%
Provision for credit impairment	(104)	(261)	-60%	**(366)**	(706)	-48%
Profit before income tax	556	417	33%	**970**	711	36%
Income tax expense	(151)	(117)	29%	**(267)**	(200)	34%
Pro forma profit	405	300	35%	**703**	511	37%
Foreign exchange adjustments	-	(1)	-100%	**-**	17	-100%
Pro forma adjustments	-	(3)	-100%	**(2)**	(15)	-87%
Underlying profit	405	296	37%	**701**	513	37%
Adjustments between statutory profit and underlying profit[1]	(23)	10	large	**(13)**	(354)	-96%
Profit/(Loss)	382	306	25%	**688**	159	large
Balance Sheet						
Net loans & advances including acceptances	73,075	74,188	-2%	**73,075**	79,605	-8%
Other external assets	20,021	19,502	3%	**20,021**	21,714	-8%
External assets	93,096	93,690	-1%	**93,096**	101,319	-8%
Customer deposits	45,470	45,939	-1%	**45,470**	49,173	-8%
Other deposits and borrowings	8,031	8,867	-9%	**8,031**	9,705	-17%
Deposits and other borrowings	53,501	54,806	-2%	**53,501**	58,878	-9%
Other external liabilities	21,627	20,286	7%	**21,627**	23,650	-9%
External liabilities	75,128	75,092	0%	**75,128**	82,528	-9%
Risk weighted assets	49,548	51,389	-4%	**49,548**	54,908	-10%
Average net loans and advances including acceptances	75,626	75,779	0%	**75,702**	79,499	-5%
Average deposits and other borrowings	57,361	57,207	0%	**57,284**	60,733	-6%
Ratios						
Net interest average margin	2.33%	2.20%		**2.27%**	2.18%	
Net interest average margin (excluding Global Markets)	2.40%	2.21%		**2.31%**	2.13%	
Net interest average margin (New Zealand Businesses)	2.39%	2.21%		**2.30%**	2.20%	
Operating expenses to operating income	49.0%	46.1%		**47.6%**	44.8%	
Operating expenses to average assets	1.28%	1.18%		**1.23%**	1.12%	
Individual provision charge	154	212	-27%	**366**	506	-28%
Individual provision charge as a % of average net advances	0.40%	0.56%		**0.48%**	0.63%	
Collective provision charge	(50)	50	large	**-**	221	-100%
Collective provision charge as a % of average net advances	-0.13%	0.13%		**0.00%**	0.28%	
Net impaired assets	1,113	953	17%	**1,113**	609	83%
Net impaired loans as a % of net advances	1.49%	1.17%		**1.49%**	0.73%	
Total employees	9,412	9,276	1%	**9,412**	8,879	6%

1. *Refer pages 11 to 13 for explanation of adjustments. A reconciliation of statutory profit to underlying profit by geographical region is included within Supplementary Information at page 116*

New Zealand region
David Hisco

2010 result

The New Zealand economy stabilised during 2010. The pace of recovery has been moderate, with the re-balancing process characterised by de-leveraging across the household, business and rural sectors resulting in subdued credit growth. The improvement in the financial performance for the 2010 year reflected the impact of these economic trends with provisioning moderating, and revenue in the NZ Businesses benefiting from margin recovery, although constrained by soft lending growth caused by de-leveraging and the lag in business investment.

On a pro forma basis, profit increased 37%, with the result including a NZD300 million after tax decrease in credit impairment charge. Profit before provisions decreased 6% (NZ Businesses 2% higher, Institutional 28% lower). The Institutional contribution, whilst falling short of the exceptional 2009 result, was the second best result ever.

- Net interest income increased 3% after adjusting for a NZD7 million decrease in net interest income from derivative and liquidity positions that was offset by an increase in trading income. This result was driven by net interest margin improvement in the New Zealand Businesses (10 basis points), reflecting the lagged benefit from repricing the fixed rate lending book. The cost of funding that escalated during the credit crisis last year has remained at elevated levels and, together with intensified competition for deposits, continues to place pressure on margins. Other impacts on net interest income included higher break costs on mortgages, and a lower contribution from the management of interest rate risks. Lending and customer deposit volumes were substantially flat over the year.
- Adjusting for the change in composition of the derivatives result, other external operating income decreased 17%. This largely reflected the lower contribution from Markets, with the prior year result benefiting from exceptionally favourable trading conditions. Fee growth remained weak, with Retail fees reducing NZD57 million largely due to the restructure of fees implemented in December 2009. These impacts were moderated by a stronger contribution from ING (36% higher), with the result recovering from the low of 2009.
- Operating expenses were flat. This largely reflected the ongoing benefits from business transformation strategies implemented during 2009, and strong control of discretionary expenditure in the current environment.
- Provision for credit impairment charge reduced NZD429 million as risk levels stabilised. The individual provision charge decreased NZD157 million, with loss rates falling in Commercial and Retail as the cycle eases. The charge in Rural increased NZD32 million, with the agricultural recovery slightly lagging other sectors. The charge in Institutional decreased NZD46 million, largely reflecting recoveries on a single name exposure that was provisioned during 2009. The collective provision charge decreased NZD271 million, with risk levels moderating across the businesses. Credit cycle adjustments booked in 2009 (with smaller top-ups in 2010) contributed NZD123 million to the lower year on year charge. The total loss rate (total provision charge as a percentage of average net advances) for the 2010 year was 0.48%, down from 0.91% for the 2009 year.

Comparison with March 2010 half

The improving New Zealand economy has provided momentum in financial performance in the second half. This was mainly reflected in lower provisioning and improvement in net interest margin, but the continued lack of demand for credit was a significant headwind against greater revenue growth in the second half.

On a pro forma basis, profit for the September 2010 half year increased 36%, with the result including a NZD139 million after tax decrease in credit impairment charge. Profit before provisions in the NZ Businesses increased 8%, driven by the lagged benefit from lending repricing. The Institutional result declined 28%, impacted by lower revaluations of liquidity assets and a reduced result from interest rate management. The Markets result was substantially flat half on half.

- Net interest income increased 6% after adjusting for a NZD5 million increase in net interest income from derivative and liquidity positions that was offset by a decrease in trading income. This reflected on-going re-pricing to recover increased funding costs, partly offset by reduced deposit margins. Net interest margin also benefited from an increased proportion of variable rate lending in the mortgage book, and a reduction in mortgage break costs. Total net interest income growth was moderated by a lower result from the management of interest rate risks.
- Adjusting for the change in composition of the derivative and liquidity results referred to above, other external operating income decreased 7%. This mainly reflected unfavourable revaluations of liquidity assets driven by volatility in credit spreads. Fee income decreased 6%, with the main component a full half's impact from the restructure of fees implemented during the first half.
- Operating expenses increased 7%. This mainly reflected the phasing of 2010 investments and marketing initiatives towards the second half, with year on year cost growth flat.
- Provision for credit impairment charge decreased NZD199 million. The individual provision charge decreased NZD73 million, with the strongest improvement in the Commercial and Retail books, partly offset by some deterioration still in Rural. The collective provision charge decreased NZD126 million, largely reflecting credit cycle adjustments booked in Rural and Corporate & Commercial in the March 2010 half year, together with a credit cycle provision release in Institutional in the September half year.

Institutional division
Shayne Elliott

Institutional division is included as a separate segment as it operates as a global line of business across all three regions offering specialist products and services within Transaction Banking, Specialised & Relationship Lending and Markets. The results for Institutional are also reported in the applicable region, consistent with how this segment is internally managed.

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Net interest income	1,631	1,553	5%	**3,179**	3,053	4%
Other external operating income	862	870	-1%	**1,729**	1,766	-2%
Operating income	2,493	2,424	3%	**4,908**	4,819	2%
Operating expenses	(909)	(829)	10%	**(1,735)**	(1,529)	14%
Profit before credit impairment and income tax	1,584	1,595	-1%	**3,173**	3,291	-4%
Provision for credit impairment	(312)	(437)	-29%	**(747)**	(1,389)	-46%
Profit before income tax	1,272	1,158	10%	**2,426**	1,902	28%
Income tax expense and non-controlling interests	(338)	(331)	2%	**(668)**	(543)	23%
Pro forma profit	934	827	13%	**1,758**	1,360	29%
Foreign exchange adjustments	-	(2)	-100%	**-**	81	-100%
Pro forma adjustments	1	(6)	large	**(4)**	(11)	-64%
Underlying profit	935	819	14%	**1,754**	1,430	23%
Consisting of:						
Transaction Banking	206	141	46%	**347**	316	10%
Specialised & Relationship Lending	385	272	42%	**657**	214	large
Global Markets	317	424	-25%	**741**	1,015	-27%
Relationship & Infrastructure	27	(18)	large	**9**	(115)	large
Underlying profit	935	819	14%	**1,754**	1,430	23%
Geographic segments:						
Australia	579	477	21%	**1,056**	668	58%
New Zealand	123	154	-20%	**277**	300	-8%
Asia Pacific, Europe and America	233	188	24%	**421**	462	-9%
Underlying profit	935	819	14%	**1,754**	1,430	23%
Balance Sheet						
Net loans & advances including acceptances	68,625	67,450	2%	**68,625**	71,397	-4%
Other external assets	114,876	104,773	10%	**114,876**	113,685	1%
External assets	183,501	172,223	7%	**183,501**	185,082	-1%
Deposits and other borrowings	110,505	98,094	13%	**110,505**	96,092	15%
Other external liabilities	66,571	54,080	23%	**66,571**	67,174	-1%
External liabilities	177,076	152,174	16%	**177,076**	163,266	8%
Risk weighted assets	129,186	118,801	9%	**129,186**	124,954	3%
Ratios						
Net interest margin	2.14%	2.11%		**2.12%**	2.09%	
Net interest margin (excluding Global Markets)	3.22%	3.03%		**3.13%**	2.57%	
Operating expenses to operating income	36.5%	33.5%		**35.1%**	31.3%	
Operating expenses to average assets	0.93%	0.88%		**0.90%**	0.75%	
Individual provision charge	278	520	-47%	**799**	1,552	-49%
Individual provision charge as a % of average net advances	0.79%	1.47%		**1.13%**	1.75%	
Collective provision charge (credit)	29	(88)	large	**(58)**	(142)	-59%
Collective provision charge (credit) as a % of average net advances	0.08%	(0.26%)		**(0.08%)**	(0.17%)	
Net impaired assets	3,007	3,557	-15%	**3,007**	3,069	-2%
Net impaired loans as a % of net advances	3.67%	3.53%		**3.67%**	2.61%	
Total employees	6,044	5,163	17%	**6,044**	4,963	22%

Institutional division
Shayne Elliott

2010 result

Institutional's underlying profit grew 23%. On a pro forma and constant exchange rate basis, underlying profit increased 29%, with a lower credit impairment charge and a solid revenue result, increasing 2% in a year in which market volatility stabilised and customer hedging activity returned to more normalised levels. Excluding Trading Revenues, customer franchise revenues were up 9%, reflecting the focus on customer acquisition (in excess of 1,100 new relationships added in the year) and the growing strength of client relationships. The Peter Lee survey in Australia ranked ANZ outright first, or equal first, on 14 of the 26 categories, up from 8 categories last year. In New Zealand, ANZ was ranked first in 17 out of 25 dimensions. The strength of our super regional strategy is evident through inter-region client flows being up 10% year on year and flows into Asia from elsewhere in the network up 20%.

In the analysis that follows, comparisons are on a pro forma exchange rate adjusted basis.

Specialised & Relationship Lending increased revenue by 15%, benefiting from repricing for risk that occurred through the GFC. Average loan balances were down 10%, however the significant systemic reductions from 2009 have stabilised and the second half of 2010 has seen modest growth, particularly in Asia. Transaction Banking revenue increased 9%, with Payments and Cash Management up 6% due to strong deposit growth, especially in Asia, and improved margins in Australia. Trade & Supply Chain revenues were up 17% driven by customer acquisition. Global Markets revenue fell 12%, a function of reduced market volatility leading to lower customer hedging activity and reduced trading opportunities, and tightening margins as market conditions have stabilised. Comparing the result to the more "normal" level of 2008, Markets' revenue recorded circa 22% compound annualised growth on the 2008 year. Net interest margin (excluding Global Markets) increased by 56 basis points reflecting deposit growth and the repricing of credit risk. Operating Expenses increased by 14% driven by higher personnel costs as FTE increased 22% with investment in the Asian franchise and in Australia in frontline staff as well as building capability in infrastructure and system enhancements for future growth across the region.

Provision for credit impairment decreased 46% reflecting an improvement in the economic environment and disciplined risk management. Individual provisions of $799 million were predominantly in Australia, largely related to property exposures, agribusiness and a limited number of corporate names. The collective provision release of $58 million was due to migration of certain names to impaired loans and a general improvement in credit quality. Net impaired loans grew to $2.5 billion, however stabilising in the second half.

The reduced tax rate was impacted by the resolution of an outstanding tax matter in the US.

Significant factors affecting revenue geographically included:

- Australian revenue increased 6%, driven by repricing of the loan book, solid trade and deposit growth offset in part by a reduction in Markets' revenue as the exceptional conditions of 2009 reverted to more normalised levels.
- Asia Pacific, Europe & America revenue increased 7% reflecting the strategic investment in the region.
- New Zealand revenue decreased 23%, driven by a reduction in New Zealand Markets' opportunities.

Comparison with March 2010 half

Pro forma underlying profit for the half increased 13%, benefiting from lower credit impairment charges and higher revenue. Revenue increased 3% in large part due to the impact of repricing for risk across the lending portfolios and increased volumes and margins in the deposit books. Global Markets revenues were lower, impacted by reduced client activity and lower trading revenues in less volatile market conditions. The reduced tax rate was impacted by the resolution of an outstanding tax dispute in the US.

Net interest margin increased 3 basis points as a result of loan repricing and strong deposit growth. Excluding Global Markets, margins improved to 3.22% from 3.03%. Net lending assets increased $6 billion mainly as a result of the build in our Asian franchise while customer deposits increased by 16% led by growth in our Asian business and supported by strong fourth quarter growth within Global Markets and Transaction Banking in Australia.

Operating expenses increased 10% as the division continued with investment in technology and systems enhancements and people, with FTE increasing 17% in the second half.

The provision for credit impairment charge was 29% lower with a large decrease in individual provisions offset by an increase in the collective provision where the second half was impacted by volume growth and some large downgrades to a small number of customers. The individual provision charge as a percentage of net advances has fallen 68 basis points to 0.79%. Risk weighted assets increased $10.3 billion or 9%, mainly due to volume growth in the Trade business.

Significant factors affecting the result geographically were as follows:

- Australia revenue increased 8% with a strong half from Transaction Banking with higher deposit volumes and improved margins and the benefit of re-pricing for risk on Specialised & Relationship Lending margins.
- Asia Pacific Europe & America revenue decreased 2%, with higher revenue in Payments and Cash Management and Trade reflecting increased deposits and customer activity offset by lower Global Markets revenue.

New Zealand revenue decreased 18%, with widening credit spreads leading to reduced gains on the liquidity portfolio.

Group Centre

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Net interest income	131	84	56%	**216**	2	large
Other external operating income	(65)	(36)	79%	**(103)**	(52)	99%
Operating income	66	48	39%	**113**	(50)	large
Operating expenses	(161)	(128)	26%	**(289)**	(300)	-4%
Profit before credit impairment and income tax	(95)	(80)	18%	**(176)**	(350)	-50%
Provision for credit impairment	-	(10)	-100%	**(10)**	(12)	-17%
Profit before income tax	(95)	(90)	5%	**(186)**	(362)	-49%
Income tax expense and non-controlling interests	(3)	(2)	53%	**(5)**	71	large
Pro forma profit	(98)	(92)	6%	**(191)**	(292)	-34%
Foreign exchange adjustments	-	(1)	-100%	**-**	7	-100%
Pro forma adjustments	-	12	-100%	**12**	23	-48%
Underlying profit	(98)	(81)	21%	**(179)**	(262)	-32%
Total employees	5,561	5,422	3%	**5,561**	5,371	4%

2010 result

The underlying loss of $179 million improved $83 million compared to an underlying loss of $262 million for the September 2009 full year largely as a result of earnings on higher surplus capital. Significant factors influencing the result on a pro forma basis were:

- Operating income increased $163 million driven by higher earnings on central capital as a result of equity raisings in the second half of 2009 partly offset by an increased funding cost of the 833 Collins Street Headquarters. There were offsetting variances between net interest and other income as a result of elimination entries associated with the consolidation of ING Australia.
- Operating expenses reduced $11 million.
- Provision for credit impairment decreased $2 million. The March 2010 half included an individual provision charge in Australia Division being partly covered by internal insurance arrangement.

Comparison with March 2010 half

The underlying loss of $98 million increased from a loss of $81 million in the March 2010 half. Significant factors influencing the result on a pro forma basis were:

- Operating income increased $18 million in the September 2010 half year largely as a result of earnings on central capital and the allocation of higher liquidity costs to divisions in the September half. There were offsetting variances between net interest and other income as a result of elimination entries associated with the consolidation on ING Australia.
- Operating expenses increased $33 million in the September 2010 half year as a result of investment in enablement function transformation programs and the establishment of offshore operations centres.

	Sep 10 $M	Sep 09 $M	Sep 08 $M	Sep 07 $M	Sep 06 $M
Income Statement					
Net interest income	10,862	9,890	7,855	7,302	6,943
Other operating income	4,920	4,477	4,440	3,765	3,146
Operating expenses	(6,971)	(6,068)	(5,406)	(4,953)	(4,605)
Provision for credit impairment	(1,820)	(3,056)	(2,090)	(567)	(407)
Profit before income tax	6,991	5,243	4,799	5,547	5,077
Income tax expense	(1,960)	(1,469)	(1,365)	(1,616)	(1,486)
Minority interest	(6)	(2)	(8)	(7)	(4)
Underlying profit[1]	5,025	3,772	3,426	3,924	3,587
Adjustments between statutory profit and underlying profit[1]	(524)	(829)	(107)	256	101
Profit attributable to shareholders of the Company	4,501	2,943	3,319	4,180	3,688
Balance Sheet					
Assets	531,739	476,987	470,293	392,773	334,640
Net assets	34,155	32,429	26,552	22,048	19,906
Ratios					
Return on average ordinary equity[2]	13.9%	10.3%	14.5%	20.9%	20.7%
Return on average assets	0.9%	0.6%	0.8%	1.2%	1.1%
Tier 1 capital ratio[3]	10.1%	10.6%	7.7%	6.7%	6.8%
Total capital ratio[3]	11.9%	13.7%	11.1%	10.1%	10.6%
Operating expenses to operating income	46.5%	45.7%	46.8%	43.7%	44.6%
Operating expenses to operating income (underlying)[1]	44.2%	42.2%	44.0%	44.9%	45.6%
Shareholder value - ordinary shares					
Total return to shareholders					
(share price movement plus dividends)	1.9%	40.3%	-33.5%	15.6%	17.1%
Market capitalisation	60,614	61,085	38,263	55,382	49,331
Dividend	126 cents	102 cents	136 cents	136 cents	125 cents
Franked portion	100%	100%	100%	100%	100%
Share price					
- high	$26.23	$24.99	$31.74	$31.50	$28.66
- low	$19.95	$11.83	$15.07	$25.75	$22.70
- closing	$23.68	$24.39	$18.75	$29.70	$26.86
Share information (per fully paid)					
Earnings per share - basic	178.9c	131.0c	170.4c	224.1c	200.0c
Dividend payout ratio	71.6%	82.3%	82.6%	60.9%	62.6%
Net tangible assets	$10.38	$11.02	$10.72	$9.36	$8.53
Number of fully paid ordinary shares (M)	2,559.7	2,504.5	2,040.7	1,864.7	1,836.6
Other information					
Permanent employees (FTE)	43,923	36,094	35,423	33,004	30,644
Temporary employees (FTE)	2,994	1,593	1,502	1,349	1,612
Total employees (FTE)	46,917	37,687	36,925	34,353	32,256
Points of representation	1,394	1,352	1,340	1,327	1,265
Number of shareholders[4]	411,692	396,181	376,813	327,703	291,262

1. *For 2008 to 2010, adjusted to reflect result for the ongoing business activities of the Group. Refer pages 112 to 115 for explanation of adjustments. For 2006 and 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 non-controlling interests 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*

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Australia and New Zealand Banking Group Limited

CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DISCLOSURES

Full year ended
30 September 2010

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Australia and New Zealand Banking Group Limited

	Note	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Total income	3	17,094	14,337	19%	**31,431**	30,008	5%
Interest income		14,252	12,356	15%	**26,608**	26,286	1%
Interest expense		(8,619)	(7,120)	21%	**(15,739)**	(16,398)	-4%
Net interest income	3	5,633	5,236	8%	**10,869**	9,888	10%
Other operating income	3	1,804	1,487	21%	**3,291**	3,027	9%
Net funds management and insurance income	3	806	293	large	**1,099**	230	large
Share of joint venture profit from ING Australia and ING New Zealand	18	-	33	-100%	**33**	83	-60%
Share of associates' profit	18	232	168	38%	**400**	382	5%
Operating income		8,475	7,217	17%	**15,692**	13,610	15%
Operating expenses	4	(3,922)	(3,382)	16%	**(7,304)**	(6,225)	17%
Profit before credit impairment and income tax		4,553	3,835	19%	**8,388**	7,385	14%
Provision for credit impairment	10	(705)	(1,082)	-35%	**(1,787)**	(3,005)	-41%
Profit before income tax		3,848	2,753	40%	**6,601**	4,380	51%
Income tax expense	5	(1,270)	(826)	54%	**(2,096)**	(1,435)	46%
Profit for the period		2,578	1,927	34%	**4,505**	2,945	53%
Comprising:							
Profit attributable to non-controlling interests		2	2	0%	**4**	2	100%
Profit attributable to shareholders of the Company		2,576	1,925	34%	**4,501**	2,943	53%
Earnings per ordinary share (cents)							
Basic	7	102.1	76.8	33%	**178.9**	131.0	37%
Diluted	7	99.0	75.4	31%	**174.6**	129.6	35%
Dividend per ordinary share (cents)	6	74	52	42%	**126**	102	24%

The notes appearing on pages 86 to 109 form an integral part of the Condensed Consolidated Financial Information and Other Disclosures

Australia and New Zealand Banking Group Limited

	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Profit for the period	**4,072**	2,480	64%
Share of associates' equity accounted profits	**433**	465	-7%
Total profit for the period	**4,505**	2,945	53%
Other comprehensive income			
Currency translation adjustments			
Exchange differences taken to equity	**(1,027)**	(919)	12%
Available-for-sale assets			
Valuation gain/(loss) taken to equity	**151**	31	large
Cumulative (gain)/loss transferred to the income statement	**8**	33	-76%
Cash flow hedges			
Valuation gain/(loss) taken to equity	**191**	(156)	large
Transferred to income statement for the period	**(54)**	(89)	-39%
Actuarial gain/(loss) on defined benefit plans	**(6)**	(173)	-97%
Income tax on items transferred directly to / from equity			
Foreign currency translation reserve	**10**	10	0%
Available-for-sale reserve	**(38)**	(17)	large
Cash flow hedge reserve	**(36)**	76	large
Actuarial gain / (loss) on defined benefits plan	**2**	49	-96%
Other comprehensive income	**(799)**	(1,155)	-31%
Total comprehensive income for the period	**3,706**	1,790	large
Comprising:			
Total comprehensive income attributable to non-controlling interests	**4**	2	100%
Total comprehensive income attributable to shareholders of the company	**3,702**	1,788	large

The notes appearing on pages 86 to 109 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 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Liquid assets		**21,521**	22,626	25,317	-5%	-15%
Due from other financial institutions		**5,481**	6,894	4,985	-20%	10%
Trading securities		**33,515**	33,274	30,991	1%	8%
Derivative financial instruments		**37,821**	27,630	37,404	37%	1%
Current tax assets		**76**	442	693	-83%	-89%
Available-for-sale assets		**20,742**	17,777	16,575	17%	25%
Net loans and advances	8	**349,321**	335,352	332,007	4%	5%
Customers' liability for acceptances		**11,495**	12,510	13,762	-8%	-16%
Shares in associates and joint venture entities		**2,965**	2,854	4,565	4%	-35%
Deferred tax assets		**792**	584	503	36%	57%
Goodwill and other intangible assets[1]		**6,630**	6,329	3,896	5%	70%
Investments relating to insurance business		**32,171**	32,054	-	0%	n/a
Other assets		**7,051**	6,228	4,227	13%	67%
Premises and equipment		**2,158**	2,154	2,062	0%	5%
Total assets		**531,739**	506,708	476,987	5%	11%
Liabilities						
Due to other financial institutions		**20,521**	16,068	19,924	28%	3%
Deposits and other borrowings	11	**311,472**	301,757	294,370	3%	6%
Derivative financial instruments		**37,217**	27,289	36,516	36%	2%
Liability for acceptances		**11,495**	12,510	13,762	-8%	-16%
Current tax liabilities		**973**	131	99	large	large
Deferred tax liabilities		**35**	570	111	-94%	-68%
Insurance policy liabilities		**28,981**	28,332	-	2%	n/a
External unit holder liabilities (insurance funds)		**5,448**	5,610	-	-3%	n/a
Payables and other liabilities		**7,950**	8,788	7,775	-10%	2%
Provisions		**1,462**	1,167	1,312	25%	11%
Bonds and notes		**59,714**	58,390	57,260	2%	4%
Loan capital	12	**12,316**	13,513	13,429	-9%	-8%
Total liabilities		**497,584**	474,125	444,558	5%	12%
Net assets		**34,155**	32,583	32,429	5%	5%
Shareholders' equity						
Ordinary share capital	13,14	**19,886**	19,294	19,151	3%	4%
Preference share capital	13,14	**871**	871	871	0%	0%
Reserves	14	**(2,587)**	(2,277)	(1,787)	14%	45%
Retained earnings	14	**15,921**	14,629	14,129	9%	13%
Share capital and reserves attributable to shareholders of the Company		**34,091**	32,517	32,364	5%	5%
Non-controlling interests		**64**	66	65	-3%	-2%
Total equity		**34,155**	32,583	32,429	5%	5%

1. *Excludes notional goodwill in equity accounted entities*

The notes appearing on pages 86 to 109 form an integral part of the Condensed Consolidated Financial Information and Other Disclosures

Australia and New Zealand Banking Group Limited

	Note	Full year Sep 10 Inflows (Outflows) $M	Full year Sep 09 Inflows (Outflows) $M
Cash flows from operating activities			
Interest received		**26,362**	26,795
Dividends received		**54**	49
Fee income received		**2,177**	2,799
Other income received		**1,230**	962
Interest paid		**(15,726)**	(17,354)
Personnel expenses paid		**(4,102)**	(3,652)
Premises expenses paid		**(557)**	(503)
Other operating expenses paid		**(1,625)**	(1,161)
Net cash (paid)/received on derivatives		**(1,823)**	(7,754)
Income taxes (paid)/refunds received			
Australia		**(353)**	(851)
Overseas		**(629)**	(439)
Goods and services tax received/(paid)		**33**	(29)
Net cash flows from funds management and insurance business			
Funds management income		**665**	119
Insurance premium income and other policyholder receipts		**6,144**	28
Claims and policyholder liability payments		**(5,587)**	-
Investment income		**536**	-
Commission expense		**(353)**	83
Net cash flows from investments backing policyholder liabilities			
Purchase of insurance assets		**(9,982)**	-
Proceeds from sale/maturity of insurance assets		**10,021**	-
(Increase)/decrease in operating assets			
Liquid assets - greater than three months		**2,184**	2,253
Due from other financial institutions - greater than three months		**(65)**	1,402
Trading securities		**(2,004)**	(15,971)
Loans and advances		**(17,044)**	(1,897)
Increase/(decrease) in operating liabilities			
Deposits and other borrowings		**14,726**	12,601
Due to other financial institutions		**55**	(168)
Payables and other liabilities		**(1,288)**	(994)
Net cash provided by/(used in) operating activities	16(a)	**3,049**	(3,682)
Cash flows from investing activities - net decrease/(increase)			
Available-for-sale assets			
Purchases		**(29,312)**	(30,980)
Proceeds from sale or maturity		**25,244**	31,559
Controlled entities and associates			
Purchased (net of cash acquired)		**50**	(263)
Proceeds from sale (net of cash disposed)		**15**	15
Premises and equipment			
Purchases		**(317)**	(709)
Proceeds from sale		**24**	27
Other assets		**(1,428)**	(50)
Net cash provided by/(used in) investing activities		**(5,724)**	(401)
Cash flows from financing activities - net (decrease)/increase			
Bonds and notes			
Issue proceeds		**21,756**	20,417
Redemptions		**(17,105)**	(20,648)
Loan capital			
Issue proceeds		**1,976**	1,287
Redemptions		**(2,565)**	(1,344)
Net dividends paid		**(1,671)**	(697)
Share capital issues		**37**	4,680
On market share purchases		**(78)**	-
Net cash provided by financing activities		**2,350**	3,695
Net cash provided by/(used in) operating activities		**3,049**	(3,682)
Net cash provided by/(used in) investing activities		**(5,724)**	(401)
Net cash provided by/(used in) financing activities		**2,350**	3,695
Net increase/(decrease) in cash and cash equivalents		**(325)**	(388)
Cash and cash equivalents at beginning of period		**22,805**	23,487
Foreign currency translation		**(576)**	(294)
Cash and cash equivalents at end of period	16(b)	**21,904**	22,805

The notes appearing on pages 86 to 109 form an integral part of the Condensed Consolidated Financial Information and Other Disclosures

Australia and New Zealand Banking Group Limited

	Ordinary share capital $M	Preference shares $M	Reserves $M	Retained earnings $M	Shareholders' equity attributable to Equity holders of the Bank $M	Non-controlling interests $M	Total Shareholders' equity $M
As at 1 October 2008	12,589	871	(742)	13,772	**26,490**	62	**26,552**
Total comprehensive income for the period	-	-	(1,031)	2,819	**1,788**	2	**1,790**
Transactions with equity holders in their capacity as equity holders:							
Share placement	4,661	-	-	-	**4,661**	-	**4,661**
Dividends paid	-	-	-	(2,485)	**(2,485)**	-	**(2,485)**
Dividend reinvestment plan	1,788	-	-	-	**1,788**	-	**1,788**
Other equity movements:							
Group employee share acquisition scheme	99	-	-	-	**99**	-	**99**
Share based payments	-	-	9	-	**9**	-	**9**
Group share option scheme	14	-	-	-	**14**	-	**14**
Other changes	-	-	(23)	23	**-**	1	**1**
As at 30 September 2009	19,151	871	(1,787)	14,129	**32,364**	65	**32,429**
Total comprehensive income for the period	-	-	(795)	4,497	**3,702**	4	**3,706**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(2,678)	**(2,678)**	-	**(2,678)**
Dividend reinvestment plan	1,007	-	-	-	**1,007**	-	**1,007**
Other equity movements:							
Treasury shares	(78)	-	-	-	**(78)**	-	**(78)**
Share based payments	-	-	7	-	**7**	-	**7**
Group share option scheme	37	-	-	-	**37**	-	**37**
Treasury shares INGA adjustment	(360)	-	-	-	**(360)**	-	**(360)**
Group employee share acquisition scheme	129	-	-	-	**129**	-	**129**
Adjustments to opening retained earnings on adoption of revised accounting standard AASB 3R	-	-	-	(39)	**(39)**	-	**(39)**
Other changes	-	-	(12)	12	**-**	(5)	**(5)**
As at 30 September 2010	19,886	871	(2,587)	15,921	**34,091**	64	**34,155**

The notes appearing on pages 86 to 109 form an integral part of the Condensed Consolidated Financial Information and Other Disclosures

1. Basis of preparation

These Condensed Consolidated Financial Information and Other Disclosures:

- should be read in conjunction with the ANZ Annual Report for the year ended 30 September 2010, when released, and any public announcements made by the Parent Entity and its controlled entities (the Group) for the year ended 30 September 2010 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,
- were approved by the Board of Directors on 27 October, 2010.

i) Statement of compliance

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

ii) Use of estimates and assumptions

The preparation of the financial statements 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; insurance policy liabilities; 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 Statements are consistent with those adopted and disclosed in the ANZ Annual Report for the year ended 30 September 2009 with the following exceptions:

- All new accounting standards and interpretations applicable to annual reporting periods beginning on or after 1 October 2009 have been applied to the Group effective from the required date of application. The initial application of these Standards and Interpretations has not had a material impact on the financial results of the Group.
- The revised accounting standard relating to business combinations (AASB 3(R)) has been applied in these financial statements prospectively to all business combinations for which the acquisition date is on or after 1 October 2009. Prior to the adoption of the revised standard, the Group had $39 million of capitalised transaction costs in respect of acquisitions not completed at 30 September 2009, which were written off to retained earnings on adoption of the revised standard. As a result of the adoption of the standard the Group is required to:
  - expense acquisition related costs immediately ($21 million in the current period);
  - remeasure the existing interest to fair value through profit or loss and reclassify from equity to profit or loss amounts previously held in the acquiree, for business combinations achieved in stages ($217 million debit in the current period); and
  - recognise movements in contingent consideration, subsequent to initial measurement, in profit and loss (no impact in the current period).
- The revised accounting standard on Consolidated and Separate Financial Statements (AASB 127) has been adopted. As a result of the adoption the Group is required to:
  - replace the term ‘minority interests’ with ‘non-controlling interests’;
  - account for changes in a parent’s ownership in a subsidiary that does not result in loss of control as an equity transaction (no impact in the current period); and
  - recognise gains and losses upon loss of control of a subsidiary in profit and loss with any investment retained measured at fair value at the date control is lost (no impact in the current period).
- The revised accounting standard on Presentation of Financial Statements (AASB 101) has been applied which has required inclusion of a new statement of changes in equity in these financial statements.

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 Statements have been rounded to the nearest million dollars, except where otherwise indicated.

vi) Comparatives

Certain amounts in the comparative information have been reclassified to conform to current period 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 statements. 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 collectability 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, therefore they 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.
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.

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

- **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.

  As at 30 September 2010, 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 available quoted market values (supported by third-party broker valuations 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 2010, no impairment of associates was identified as a result of either the review of impairment indicators listed above or the recoverable amount test.

- **Available-for-sale financial 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, reliably determining the impact of such events on the estimated cash flows of the asset.

- **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 the quoted market price for the financial instrument.

  In the event that there is no active market for the instrument, fair value is based on present value estimates or other market accepted valuation techniques. The valuation models incorporate the impact of bid/ask spread, counterparty credit spreads and other factors that would influence the fair value determined by a market participant.

  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 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.

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

- **Goodwill and Indefinite Life Intangible Assets**

  The carrying values of goodwill and intangible assets with indefinite lives are reviewed at each balance date and written-down, to the extent that they are no longer supported by probable future benefits.

  Goodwill and intangibles with indefinite useful lives are allocated to cash-generating units (CGUs) for the purpose of impairment testing. In respect of goodwill, the CGUs are based on the operating segments of the Group, which are the major geographies in which the Group operates.

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

  The most significant components of the Group's goodwill balance at 30 September 2010 relate to ANZ National Bank Limited which was $2,464 million (Sep 2009: $2,657 million, Mar 2010: $2,510 million) and ING Australia Limited which is provisionally estimated to be $1,151 million.

  The recoverable amount of the CGU to which each goodwill component has been allocated is estimated using a market multiple approach as representative of the fair value less costs to sell of each CGU. The price earnings multiples are based on observable multiples in the respective geographies in which the Group operates. The earnings are based on the current forecast earnings of the geographies. Changes in assumptions upon which the valuation is based, including forecast earnings, could materially impact the assessment of the recoverable amount of each CGU.

  The results of the impairment testing performed did not result in any impairment being identified.

- **Intangible Assets with Finite Useful Lives**

  The carrying value of intangible assets with finite useful lives are reviewed each balance date for any indication of impairment. This assessment involves applying judgement and consideration is given to both internal and external sources of potential impairment. The majority of the Group's intangible assets with a finite life is represented by capitalised software and intangible assets purchased as part of the acquisition of ING Australia Limited and ING NZ Limited. The review conducted by management for these assets at 30 September 2010 did not reveal any impairment indicators and accordingly no write-down was considered necessary.

- **Insurance contract liabilities**

  Policy liabilities for life insurance contracts are computed using statistical or mathematical methods, which are expected to give approximately the same results as if an individual liability was calculated for each contract. The computations are made by suitably qualified personnel on the basis of recognised actuarial methods, with due regard to relevant actuarial principles and standards. The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written. Deferred policy acquisition costs are connected with the measurement basis of life insurance liabilities and are equally sensitive to the factors that are considered in the liability measurement.

  The key factors that affect the estimation of these liabilities and related assets are:

  - the cost of providing the benefits and administering these insurance contracts;
  - mortality and morbidity experience on life insurance products, including enhancements to policyholder benefits;
  - discontinuance experience, which affects the Group's ability to recover the cost of acquiring new business over the lives of the contracts; and
  - the amounts credited to policyholders' accounts compared to the returns on invested assets through asset-liability management and strategic and tactical asset allocation.

  In addition, factors such as regulation, competition, interest rates, taxes and general economic conditions affect the level of these liabilities.

  The total value of policy liabilities for life insurance contracts have been appropriately calculated in accordance with these principles.

3. Income

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Interest income	14,252	12,356	15%	**26,608**	26,286	1%
Interest expense	(8,619)	(7,120)	21%	**(15,739)**	(16,398)	-4%
Net interest income	5,633	5,236	8%	**10,869**	9,888	10%
i) Fee and commission income						
Lending fees	330	304	9%	**634**	684	-7%
Non-lending fees and commissions	1,000	967	3%	**1,967**	1,982	-1%
Total fee and commission income	1,330	1,271	5%	**2,601**	2,666	-2%
Fee and commission expense	(138)	(139)	-1%	**(277)**	(269)	3%
Net fee and commission income	1,192	1,132	5%	**2,324**	2,397	-3%
ii) Other income						
Foreign exchange earnings	354	393	-10%	**747**	962	-22%
Net gains from trading securities and derivatives	164	155	6%	**319**	303	5%
Credit risk on derivatives	(12)	47	large	**35**	(135)	large
Fair value impairment for INGA & INGNZ	(4)	(213)	-98%	**(217)**	-	n/a
Movement on financial instruments measured at fair value through profit & loss[1]	(10)	(192)	-95%	**(202)**	(358)	-44%
Brokerage income	32	38	-16%	**70**	76	-8%
ANZ share of ING NZ frozen funds investor settlement[2]	-	4	-100%	**4**	(173)	large
Write-down on assets in non continuing businesses	(9)	(3)	large	**(12)**	(112)	-89%
Mark to market (loss)/gain on Panin warrants	-	-	n/a	**-**	(14)	-100%
Write-back (write-down) of investment in Saigon Securities Incorporation	-	25	-100%	**25**	(25)	large
Private equity and infrastructure earnings	37	6	large	**43**	(1)	large
Other	60	95	-37%	**155**	107	45%
Total other income	612	355	72%	**967**	630	53%
Other operating income	1,804	1,487	21%	**3,291**	3,027	9%
iii) Net funds management and insurance income						
Funds management income	432	298	45%	**730**	119	large
Elimination of treasury share gain	22	(57)	large	**(35)**	-	n/a
Investment income	(44)	1,209	large	**1,165**	-	n/a
Insurance premium income	581	266	large	**847**	28	large
Commission income (expense)	(208)	(150)	39%	**(358)**	83	large
Claims	(224)	(190)	18%	**(414)**	-	n/a
Changes in policyholder liabilities[3]	247	(1,083)	large	**(836)**	-	n/a
Total net income from funds management and insurance income	806	293	large	**1,099**	230	large
Total other operating income	2,610	1,780	47%	**4,390**	3,257	35%
Share of joint venture & associates' profit[4]	232	201	15%	**433**	465	-7%
Total income	17,094	14,337	19%	**31,431**	30,008	5%
Profit before income tax as a % of total income	22.51%	19.20%		**21.00%**	14.60%	

1. *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*
2. *$23 million included in share of joint venture and associates profit in March 2010 half and represents the increase in fair value of securities held in the ING Diversified Yield Fund and ING Diversified Income Fund which were accounted for as associates up to 30 November 2009 prior to full acquisition of INGNZ*
3. *Includes policyholder tax gross up, which represents contribution tax (recovered at 15% on the super contributions made by members) debited to the policyholder account once a year in July when the statement is issued to the members at the end of the 30 June financial year*
4. *Refer note 18*

4. Operating expenses

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Personnel						
Employee entitlements and taxes	148	105	41%	**253**	242	5%
Salaries and wages	1,373	1,242	11%	**2,615**	2,238	17%
Superannuation costs - defined benefit plans	7	7	0%	**14**	10	40%
Superannuation costs - defined contribution plans	135	118	14%	**253**	238	6%
Equity-settled share-based payments	75	65	15%	**140**	103	36%
Temporary staff	123	87	41%	**210**	155	35%
Other	418	324	29%	**742**	612	21%
Total personnel expenses	2,279	1,948	17%	**4,227**	3,598	17%
Premises						
Depreciation and amortisation	45	34	32%	**79**	56	41%
Rent	191	174	10%	**365**	335	9%
Utilities and other outgoings	83	77	8%	**160**	134	19%
Other	16	16	0%	**32**	34	-6%
Total premises expenses	335	301	11%	**636**	559	14%
Computer						
Computer contractors	65	56	16%	**121**	97	25%
Data communications	49	41	20%	**90**	77	17%
Depreciation and amortisation	167	130	28%	**297**	239	24%
Rentals and repairs	36	59	-39%	**95**	92	3%
Software purchased	115	96	20%	**211**	181	17%
Software written-off	6	11	-45%	**17**	27	-37%
Other	17	18	-6%	**35**	55	-36%
Total computer expenses	455	411	11%	**866**	768	13%
Other						
Advertising and public relations	137	107	28%	**244**	195	25%
Audit fees	6	5	20%	**11**	10	10%
Depreciation of furniture and equipment	43	46	-7%	**89**	72	24%
Freight and cartage	31	31	0%	**62**	64	-3%
Non-lending losses, frauds and forgeries	21	46	-54%	**67**	74	-9%
Postage and stationery	66	61	8%	**127**	118	8%
Professional fees	200	147	36%	**347**	197	76%
Telephone	38	30	27%	**68**	63	8%
Travel	109	87	25%	**196**	149	32%
Amortisation of intangible assets	59	36	64%	**95**	7	large
Other	111	124	-10%	**235**	221	6%
Total other expenses	821	720	14%	**1,541**	1,170	32%
Restructuring						
One ANZ	-	-	n/a	**-**	118	-100%
Other	32	2	large	**34**	12	large
Total restructuring expenses	32	2	large	**34**	130	-74%
Operating expenses	3,922	3,382	16%	**7,304**	6,225	17%

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 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Profit before income tax	3,848	2,753	40%	**6,601**	4,380	51%
Prima facie income tax expense at 30%	1,154	826	40%	**1,980**	1,314	51%
Tax effect of permanent differences:						
Overseas tax rate differential	11	(6)	large	**5**	(16)	large
Rebateable and non-assessable dividends	(2)	(3)	-33%	**(5)**	(8)	-38%
Profit from associates and joint venture entities	(70)	(60)	17%	**(130)**	(141)	-8%
Fair value adjustment for INGA and INGNZ	1	64	-98%	**65**	-	n/a
Mark-to-market (gains)/losses on fair valued investments related to associated entities	-	(2)	-100%	**(2)**	5	large
Write-back (write-down) of investment in Saigon Securities Incorporation	-	(7)	-100%	**(7)**	7	large
Offshore Banking Unit	(1)	(6)	-83%	**(7)**	32	large
New Zealand Conduits	-	(38)	-100%	**(38)**	196	large
Impact of changes in New Zealand tax legislation	36	-	n/a	**36**	-	n/a
INGA - Policyholder income and contributions tax	150	-	n/a	**150**	-	n/a
Non-deductible RBS integration costs	14	13	8%	**27**	-	n/a
Resolution of US tax matter	(31)	-	n/a	**(31)**	-	n/a
Other	8	46	-83%	**54**	46	17%
	1,270	827	54%	**2,097**	1,435	46%
Income tax (over) provided in previous years	-	(1)	-100%	**(1)**	-	n/a
Total income tax expense charged in the income statement	1,270	826	54%	**2,096**	1,435	46%
Australia	1,064	693	54%	**1,757**	957	84%
Overseas	206	133	55%	**339**	478	-29%
	1,270	826	54%	**2,096**	1,435	46%
Effective Tax Rate - Group excluding that attributable to income relating to policyholder income and contributions tax	29.0%	30.0%		**29.5%**	32.8%	

Taxation of Financial Arrangements "TOFA"

During the year the Group adopted the new tax regime for financial arrangements, TOFA. The regime aims to more closely align the tax and accounting recognition and measurement of the financial arrangements within scope and their related flows. Deferred tax balances for financial arrangements that existed on adoption at 1 October 2009, will reverse over a four year period.

6. Dividends

Ordinary Shares

	Half year Sep 10	Half year Mar 10	Movt Sep 10 v. Mar 10	Full year Sep 10	Full year Sep 09	Movt Sep 10 v. Sep 09
Dividend per ordinary share (cents)						
Interim (fully franked)	n/a	52	n/a	**52**	**46**	13%
Final (fully franked)	74	n/a	n/a	**74**	**56**	32%
Total				**126**	102	24%
Ordinary share dividend	**$M**	**$M**	**%**	**$M**	**$M**	**%**
Interim dividend	1,318	-	n/a	**1,318**	993	33%
Final dividend	-	1,403	n/a	**1,403**	1,514	-7%
Bonus option plan adjustment	(25)	(29)	-14%	**(54)**	(55)	-2%
Total[1]	1,293	1,374	-6%	**2,667**	2,452	9%
Ordinary share dividend payout ratio (%)[2]	73.7%	68.7%		**71.6%**	82.3%	

1. *Dividends recorded when paid*
2. *Dividend payout ratio calculated using proposed 2010 final dividend of $1,895 million not included in the above table. The proposed 2010 final dividend of $1,895 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2010 half year and Sep 2009 full year calculated using actual dividend paid of $1,318 million and $2,396 million respectively. Dividend payout ratio calculated by adjusting profit attributable to shareholders of the company by the amount of preference shares dividends paid.*

For the 2010 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 the 2010 final dividend, the "Pricing Period" under the DRP and BOP terms and conditions will be the *seven* trading days commencing on 12 November 2010 as determined in accordance with those terms and conditions. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2010 final dividend must be received by ANZ's Share Registrar by 5:00 pm (Melbourne time) on 10 November 2010.

Preference Shares

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Preference share dividend						
Euro Trust Securities	5	6	-17%	**11**	33	-67%
Dividend per preference share						
Euro Trust Securities	€ 6.87	€ 7.06	-3%	**€ 13.93**	€ 35.07	-60%

7. Earnings per share

	Half year Sep 10	Half year Mar 10	Movt Sep 10 v. Mar 10 %	Full year Sep 10	Full year Sep 09	Movt Sep 10 v. Sep 09 %
Number of fully paid ordinary shares on issue (M)[1]	2,559.7	2,533.5	1%	**2,559.7**	2,504.5	2%
Basic						
Profit attributable to shareholders of the Company ($M)	2,576	1,925	34%	**4,501**	2,943	53%
Less Preference share dividends ($M)	(5)	(6)	-17%	**(11)**	(33)	-67%
Profit less preference share dividends ($M)	2,571	1,919	34%	**4,490**	2,910	54%
Weighted average number of ordinary shares (M)	2,518.7	2,499.8	1%	**2,509.3**	2,221.6	13%
Basic earnings per share (cents)	102.1	76.8	33%	**178.9**	131.0	37%
Diluted						
Profit less preference share dividends ($M)	2,571	1,919	34%	**4,490**	2,910	54%
Interest on US Trust securities ($M)[2]	16	19	-16%	**35**	54	-35%
Interest on UK Hybrid securities ($M)[3]	25	-	n/a	**51**	-	n/a
Interest on Convertible Preference Shares ($M)[4]	81	53	53%	**134**	52	large
Interest on Convertible Notes ($M)[5]	-	-	n/a	**-**	25	-100%
Profit attributable to shareholders of the Company excluding interest on US Trust securities, Convertible Preference Shares and Convertible Perpetual Notes ($M)	2,693	1,991	35%	**4,710**	3,041	55%
Weighted average number of shares on issue (M)	2,518.7	2,499.8	1%	**2,509.3**	2,221.6	13%
Weighted average number of convertible options (M)	4.5	4.8	-6%	**4.8**	3.8	26%
Weighted average number of convertible US Trust securities at current market price (M)[2]	32.8	47.4	-31%	**37.2**	51.3	-27%
Weighted average number of convertible UK Hybrid securities (M)[3]	32.8	-	n/a	**32.8**	-	n/a
Weighted average number of convertible preference shares (M)[4]	130.8	88.5	48%	**112.9**	45.5	large
Weighted average number of convertible notes (M)[5]	-	-	n/a	**-**	24.7	-100%
Adjusted weighted average number of shares - diluted (M)	2,719.6	2,640.5	3%	**2,697.0**	2,346.9	15%
Diluted earnings per share (cents)	99.0	75.4	31%	**174.6**	129.6	35%

1. *Number of fully paid ordinary shares on issue includes Treasury shares of 28.2 million at 30 September 2010 (March 2010: 28.2 million; September 2009: 7.7 million)*
2. *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.*
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. The conversion of this UK Hybrid did not have any dilutive impact in 2009 or the half year ended 31 March 2010 and has been excluded from the comparatives. A higher weighted average number of potential ordinary shares on conversion due to changes in share price and earnings has resulted in the UK Hybrid securities becoming dilutive during the six month period ended 30 September 2010.*
4. *There are two "Tranches" of convertible preference shares. The first are convertible preference shares issued on 30 September 2008 and 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). The second are convertible preference shares issued on 17 December 2009 and convert to ordinary shares on the fifth anniversary of the issue date at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). AASB 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory and must be included in the calculation of diluted EPS.*
5. *Convertible notes (issued on 26 September 2008) were fully redeemed by ANZ for cash at face value on 28 September 2009*

8. Net loans and advances

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Australia						
Overdrafts	6,604	6,309	5%	**6,604**	6,447	2%
Credit card outstandings	8,502	8,404	1%	**8,502**	7,902	8%
Term loans - housing	159,046	149,078	7%	**159,046**	141,652	12%
Term loans - non-housing	68,578	69,340	-1%	**68,578**	68,309	0%
Lease finance	1,599	1,533	4%	**1,599**	1,656	-3%
Hire purchase	9,974	10,238	-3%	**9,974**	10,390	-4%
Other	1,824	1,902	-4%	**1,824**	2,025	-10%
	256,127	246,804	4%	**256,127**	238,381	7%
New Zealand						
Overdrafts	1,378	1,315	5%	**1,378**	1,444	-5%
Credit card outstandings	1,056	1,098	-4%	**1,056**	1,151	-8%
Term loans - housing	41,554	42,021	-1%	**41,554**	44,689	-7%
Term loans - non-housing	29,557	30,281	-2%	**29,557**	32,657	-9%
Lease finance	175	178	-2%	**175**	184	-5%
Hire purchase	377	358	5%	**377**	376	0%
Other	264	267	-1%	**264**	352	-25%
	74,361	75,518	-2%	**74,361**	80,853	-8%
Overseas Markets						
Overdrafts	689	536	29%	**689**	456	51%
Credit card outstandings	1,060	352	large	**1,060**	323	large
Term loans - housing	2,058	1,737	18%	**2,058**	1,749	18%
Term loans - non-housing	20,928	16,092	30%	**20,928**	15,946	31%
Lease finance	116	218	-47%	**116**	224	-48%
Other	672	538	25%	**672**	413	63%
	25,523	19,473	31%	**25,523**	19,111	34%
Total gross loans and advances	356,011	341,795	4%	**356,011**	338,345	5%
Provisions for credit impairment (refer note 10)	(5,028)	(4,630)	9%	**(5,028)**	(4,526)	11%
Less income yet to mature[1]	(2,262)	(2,368)	-4%	**(2,262)**	(2,372)	-5%
Capitalised brokerage/mortgage origination fees	600	555	8%	**600**	560	7%
	(6,690)	(6,443)	4%	**(6,690)**	(6,338)	6%
Total net loans and advances	349,321	335,352	4%	**349,321**	332,007	5%

[1] *Includes fees deferred and amortised using the effective interest method of $402 million (Sep 2009 full year $391 million; Sep 2008 full year $351 million)*

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

New Zealand	Half year Sep 10 NZD M	Half year Mar 10 NZD M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 NZD M	Full year Sep 09 NZD M	Movt Sep 10 v. Sep 09 %
Overdrafts	1,811	1,534	18%	**1,811**	1,599	13%
Credit card outstandings	1,388	1,417	-2%	**1,388**	1,402	-1%
Term loans - housing	54,598	54,377	0%	**54,598**	54,628	0%
Term loans - non-housing	38,835	39,068	-1%	**38,835**	39,802	-2%
Lease finance	231	230	0%	**231**	224	3%
Hire purchase	496	462	7%	**496**	458	8%
Other	344	345	0%	**344**	430	-20%
	97,703	97,433	0%	**97,703**	98,543	-1%

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. Investments related to insurance business are also excluded because the significant risk is passed to the policyholder. 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 10	As at Sep 09	As at Sep 10	As at Sep 09	As at Sep 10	As at Sep 09
	$M	$M	$M	$M	$M	$M
Liquid assets	21,521	25,317	2,793	3,108	18,728	22,209
Due from other financial institutions	5,481	4,985	-	-	5,481	4,985
Trading securities	33,515	30,991	-	-	33,515	30,991
Derivative financial instruments	37,821	37,404	-	-	37,821	37,404
Available-for-sale assets	20,742	16,575	445	459	20,297	16,116
Net loans, advances and acceptances	360,816	345,769	-	-	360,816	345,769
Investments relating to insurance business	32,171	32,054	32,171	32,054	-	-
Other financial assets	5,593	3,265	-	-	5,593	3,265
	517,660	496,360	35,409	35,621	482,251	460,739
Undrawn facilities	124,029	106,644	-	-	124,029	106,644
Contingent facilities	27,485	25,218	-	-	27,485	25,218
	151,514	131,862	-	-	151,514	131,862
Total	669,174	628,222	35,409	35,621	633,765	592,601

1. *Includes bank notes and coins and cash at bank within liquid assets, equity instruments within available-for-sale financial assets and the full value of investments relating to insurance business (as the significant credit risk on these insurance assets is passed onto the policyholder, and is not borne by the Group).*

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 10	As at Sep 09	As at Sep 10	As at Sep 09	As at Sep 10	As at Sep 09	As at Sep 10	As at Sep 09	As at Sep 10	As at Sep 09
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Liquid assets	18,728	22,209	-	-	-	-	-	-	18,728	22,209
Due from financial institutions	5,481	4,985	-	-	-	-	-	-	5,481	4,985
Trading securities	33,515	30,991	-	-	-	-	-	-	33,515	30,991
Derivative financial instruments[1]	37,752	37,272	-	-	18	5	51	127	37,821	37,404
Available-for-sale assets	20,297	16,116	-	-	-	-	-	-	20,297	16,116
Net loans, advances and acceptances	342,755	330,340	11,863	10,369	123	668	6,075	4,392	360,816	345,769
Other financial assets	5,593	3,265	-	-	-	-	-	-	5,593	3,265
Credit related commitments[2]	151,220	131,459	-	-	-	-	294	403	151,514	131,862
	615,341	576,637	11,863	10,369	141	673	6,420	4,922	633,765	592,601

1. *Derivative assets, considered impaired, are net of credit valuation adjustments*
2. *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 the Group using internal ratings based on their current probability of default. The Group's masterscales are mapped to external rating agency scales, to enable wider comparisons.

	Strong credit profile[1]		Satisfactory risk[2]		Sub-standard but not past due or impaired[3]		Total	
	As at Sep 10	As at Sep 09	As at Sep 10	As at Sep 09	As at Sep 10	As at Sep 09	As at Sep 10	As at Sep 09
	$M	$M	$M	$M	$M	$M	$M	$M
Liquid assets	18,182	21,631	468	368	78	210	18,728	22,209
Due from financial institutions	4,880	4,959	424	20	177	6	5,481	4,985
Trading securities	32,466	30,570	1,017	421	32	-	33,515	30,991
Derivative financial instruments	36,464	35,317	775	1,336	513	619	37,752	37,272
Available-for-sale assets	19,026	15,181	1,271	931	-	4	20,297	16,116
Net loans, advances and acceptances	231,642	229,712	91,241	82,045	19,872	18,583	342,755	330,340
Other financial assets	5,588	3,254	5	7	-	4	5,593	3,265
Credit related commitments	123,083	105,167	24,544	23,072	3,593	3,220	151,220	131,459
	471,331	445,791	119,745	108,200	24,265	22,646	615,341	576,637

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 "Ba2" 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

Ageing analysis of past due financial instruments that are not impaired

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), that can be held on a productive basis until they are 180 days past due, as well as those which are managed on an individual basis.

A large portion of retail credit exposures, such as residential mortgages, are generally well secured. That is, the value of associated security is sufficient to cover amounts outstanding.

	As at 30 September 2010					
	1-5 days	6-29 days	30-59 days	60-89 days	> 90 days	Total
	$M	$M	$M	$M	$M	$M
Liquid assets	-	-	-	-	-	-
Due from financial institutions	-	-	-	-	-	-
Trading securities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Net loans, advances and acceptances	2,267	5,494	1,669	878	1,555	11,863
Other financial assets	-	-	-	-	-	-
Credit related commitments	-	-	-	-	-	-
	2,267	5,494	1,669	878	1,555	11,863

	As at 30 September 2009					
	1-5 days	6-29 days	30-59 days	60-89 days	> 90 days	Total
	$M	$M	$M	$M	$M	$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

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 2010 Annual Report (when released), provisions are created 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 10	As at Sep 09	As at Sep 10	As at Sep 09
	$M	$M	$M	$M
Liquid assets	-	-	-	-
Due from other financial institutions	-	-	-	-
Trading securities	-	-	-	-
Derivative financial instruments[1]	51	127	-	-
Available-for-sale assets	-	-	-	-
Net loans, advances and acceptances	6,075	4,392	1,849	1,512
Other financial assets	-	-	-	-
Credit related commitments	294	403	26	14
Total	6,420	4,922	1,875	1,526

1. *Derivative financial instruments are net of credit valuation adjustments*

	As at Sep 10	As at Sep 09
Impaired Assets (including Restructured Items) by size of exposure	$M	$M
Less than $10 million	2,461	1,704
$10 million to $100 million	2,365	1,330
Greater than $100 million	1,735	2,561
Gross impaired assets[1]	6,561	5,595
Less individually assessed provisions for impairment	(1,875)	(1,526)
Net impaired assets	4,686	4,069

1. *Includes $141 million restructured items (Sep 2009: $673 million)*

10. Provision for credit impairment

Collective provision	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Balance at start of period	3,037	3,000	1%	**3,000**	2,821	6%
Charge/(Credit) to income statement	(40)	36	large	**(4)**	235	large
Provisions acquired	191	49	large	**240**	-	n/a
Adjustment for exchange rate fluctuations	(35)	(48)	-27%	**(83)**	(56)	48%
Total collective provision[1]	3,153	3,037	4%	**3,153**	3,000	5%
Individual provision						
Balance at start of period	1,593	1,526	4%	**1,526**	675	large
Charge to income statement for loans and advances	744	1,026	-27%	**1,770**	2,750	-36%
Provisions acquired	355	39	large	**394**	-	n/a
Adjustment for exchange rate fluctuations	(68)	(32)	large	**(100)**	(22)	large
Discount unwind	(104)	(61)	70%	**(165)**	(73)	large
Bad debts written-off	(730)	(963)	-24%	**(1,693)**	(1,889)	-10%
Recoveries of amounts previously written-off	85	58	47%	**143**	85	68%
Total individual provision	1,875	1,593	18%	**1,875**	1,526	23%
Total provision for credit impairment	5,028	4,630	9%	**5,028**	4,526	11%

1. *The Collective Provision includes amounts for off-balance sheet credit exposures: $361 million at 30 September 2010 (Sep 2009: $397 million; Mar 2010: $355 million). The impact on the income statement for the year ended 30 September 2010 was a $35 million release (Sep 2009 full year: $25 million charge; Sept 2010 half year: $5 million charge; Mar 2010 half year: $40 million release)*

Provision movement analysis	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
New and increased provisions						
Australia	724	896	-19%	**1,620**	2,383	-32%
New Zealand	260	299	-13%	**559**	540	4%
Asia Pacific, Europe & America	80	91	-12%	**171**	118	45%
	1,064	1,286	-17%	**2,350**	3,041	-23%
Provision releases	(235)	(202)	16%	**(437)**	(206)	large
	829	1,084	-24%	**1,913**	2,835	-33%
Recoveries of amounts previously written-off	(85)	(58)	47%	**(143)**	(85)	68%
Individual provision charge for loans and advances	744	1,026	-27%	**1,770**	2,750	-36%
Impairment on available-for-sale assets	1	20	-95%	**21**	20	5%
Collective provision charge/(credit) to income statement	(40)	36	large	**(4)**	235	large
Charge to Income Statement	705	1,082	-35%	**1,787**	3,005	-41%

Individual provision balance	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Australia	**977**	1,009	1,060	-3%	-8%
New Zealand	**469**	471	391	0%	20%
Asia Pacific, Europe & America	**429**	113	75	large	large
Total individual provision	**1,875**	1,593	1,526	18%	23%

11. Deposits and other borrowings

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Certificates of deposit	39,530	44,695	-12%	**39,530**	44,711	-12%
Term Deposits	136,556	119,204	15%	**136,556**	108,367	26%
Other deposits bearing interest	109,265	107,110	2%	**109,265**	111,299	-2%
Deposits not bearing interest	10,598	9,966	6%	**10,598**	10,174	4%
Commercial paper	11,641	16,525	-30%	**11,641**	14,227	-18%
Borrowing corporations' debt	1,756	2,173	-19%	**1,756**	3,587	-51%
Other borrowings	2,126	2,084	2%	**2,126**	2,005	6%
Total deposits and other borrowings	311,472	301,757	3%	**311,472**	294,370	6%

12. Loan capital

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Innovative hybrid loan capital						
US stapled trust security issue[1]	866	890	-3%	**866**	1,330	-35%
Non-innovative hybrid loan capital						
ANZ Convertible Preference Shares[2]	1,081	1,081	0%	**1,081**	1,081	0%
ANZ Convertible Preference Shares 2[3]	1,969	1,969	0%	**1,969**	-	n/a
UK Hybrid[4]	737	741	-1%	**737**	820	-10%
Perpetual subordinated notes	946	975	-3%	**946**	1,026	-8%
Subordinated notes	6,717	7,857	-15%	**6,717**	9,172	-27%
Total Loan Capital	12,316	13,513	-9%	**12,316**	13,429	-8%

1. *Loan capital of USD750 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 is redeemable by the issuer on 15 December 2013 and, unless redeemed earlier, will convert into ordinary shares of ANZ on 15 December 2053 at a 5% discount. This instrument constitutes Tier 1 capital as defined by APRA for capital adequacy purposes. On 15 January 2010, ANZ redeemed loan capital of USD350 million at par.*
2. *On 30 September 2008, ANZ issued convertible preference shares which will convert into ordinary shares of ANZ on 16 June 2014 at a 2.50% discount (subject to certain conditions being satisfied), unless ANZ elects for a third party to purchase the convertible preference shares or they are exchanged earlier. This instrument constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*
3. *On 17 December 2009, ANZ issued convertible preference shares which will convert into ordinary shares of ANZ on 15 December 2016 at a 1.00% discount (subject to certain conditions being satisfied), unless ANZ elects for a third party to purchase the convertible preference shares or they are exchanged earlier. 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 will convert into ordinary shares of ANZ on 15 June 2012 at a 5% discount (subject to certain conditions being satisfied), unless ANZ elects for a third party to purchase the convertible preference shares or they are exchanged earlier. 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 2010	2,559,662,425		
Issued during the year	55,121,500		
Preference shares			
As at 30 September 2010			
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 floating 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 10	Half year Mar 10	Full year Sep 10	Full year Sep 09
Profit as a % of shareholders' equity including preference shares at end of period (annualised)[1]	15.1%	11.9%	**13.2%**	9.1%

1. Profit attributable to shareholders

14. Shareholders' equity

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Share capital						
Balance at start of period	20,165	20,022	1%	**20,022**	13,460	49%
Ordinary share capital						
Treasury shares[1,2]	(10)	(68)	-85%	**(78)**	-	n/a
Share placement	-	-	n/a	**-**	4,661	-100%
Dividend reinvestment plan	507	500	1%	**1,007**	1,788	-44%
Group employee share acquisition scheme	67	62	8%	**129**	99	30%
Treasury shares in INGA[3]	6	(366)	large	**(360)**	-	n/a
Group share option scheme	22	15	47%	**37**	14	large
Total share capital	20,757	20,165	3%	**20,757**	20,022	4%
Foreign currency translation reserve						
Balance at start of period	(2,381)	(1,725)	38%	**(1,725)**	(816)	large
Currency translation adjustments net of hedges after tax	(361)	(656)	-45%	**(1,017)**	(909)	12%
Total foreign currency translation reserve	(2,742)	(2,381)	15%	**(2,742)**	(1,725)	59%
Share option reserve[4]						
Balance at start of period	61	69	-12%	**69**	83	-17%
Share-based payments	7	-	n/a	**7**	9	-22%
Transfer of options lapsed to retained earnings	(4)	(8)	-50%	**(12)**	(23)	-48%
Total share option reserve	64	61	5%	**64**	69	-7%

1. On-market purchase of shares for settlement of amounts due under the share-based payments compensation plans.
2. As at 30 September 2010, there were 11,472,666 treasury shares outstanding (Sep 09: 7,721,314; Mar 10: 11,532,597)
3. On acquisition of ING Australia, an adjustment has been made for ANZ shares held by ING Australia. As at 30 September 2010, there were 16,710,967 INGA treasury shares outstanding (Mar 10: 16,679,811)
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, con'td

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Available-for-sale revaluation reserve[5]						
Balance at start of period	119	(41)	large	**(41)**	(88)	-53%
Valuation gain / (loss) recognised after tax	(35)	147	large	**112**	29	large
Cumulative (gain) / loss transferred to the income statement[6]	(4)	13	large	**9**	18	-50%
Total available-for-sale revaluation reserve	80	119	-33%	**80**	(41)	large
Hedging reserve[7]						
Balance at start of period	(76)	(90)	-16%	**(90)**	79	large
Gain / (loss) recognised after tax	115	23	large	**138**	(106)	large
Transferred to income statement	(28)	(9)	large	**(37)**	(63)	-41%
Total hedging reserve	11	(76)	large	**11**	(90)	large
Total reserves	(2,587)	(2,277)	14%	**(2,587)**	(1,787)	45%
Retained earnings						
Balance at start of period	14,629	14,129	4%	**14,129**	13,772	3%
Profit attributable to shareholders of the Company	2,576	1,925	34%	**4,501**	2,943	53%
Transfer of options lapsed from share option reserve	4	8	-50%	**12**	23	-48%
Total available for appropriation	17,209	16,062	7%	**18,642**	16,738	11%
Actuarial gain / (loss) on defined benefit plans after tax[8]	10	(14)	large	**(4)**	(124)	-97%
Adjustments to opening retained earnings on adoption of revised accounting standard AASB 3R	-	(39)	-100%	**(39)**	-	n/a
Ordinary share dividends paid	(1,293)	(1,374)	-6%	**(2,667)**	(2,452)	9%
Preference share dividends paid	(5)	(6)	-17%	**(11)**	(33)	-67%
Retained earnings at end of period	15,921	14,629	9%	**15,921**	14,129	13%
Share capital and reserves attributable to shareholders of the Company	34,091	32,517	5%	**34,091**	32,364	5%
Non-controlling interests	64	66	-3%	**64**	65	-2%
Total equity	34,155	32,583	5%	**34,155**	32,429	5%

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. *Includes $32 million re-classification of equity accounted reserves upon obtaining control of ING Australia*
7. *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*
8. *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.

- **Exception fees class action**

  On 22 September 2010, litigation funder IMF (Australia) Ltd commenced a class action against ANZ, which it said was on behalf of 27,000 ANZ customers and relating to more than $50 million in exception fees charged to those customers over the previous 6 years. The case is at an early stage. ANZ is defending it.

- **Securities Lending**

  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.

  On 4 July 2008, ANZ appointed a receiver and manager to Primebroker Securities Limited. On 31 August 2009, an Associate Justice set aside some statutory demands served by the receiver and said that, among other things, ANZ's appointment of the receiver to Primebroker was invalid. The receiver is appealing the decision. ANZ has joined in the appeal.

  Separately:

  - On 14 April 2010, the liquidator of Primebroker filed an action against the receiver of Primebroker and ANZ, alleging (among other things) that a charge created on 12 February 2008 is void against the liquidators. The action initially claimed $98 million and was subsequently increased to $176.5 million (plus interest and costs) from ANZ.
  - On 15 July 2010, Primebroker and some associated companies brought an action against parties including ANZ, seeking $102 million and certain unquantified amounts. The allegations include misleading or deceptive conduct, wrongful appointment of receivers, and failure to perform an alleged equity investment agreement.

  ANZ is defending these actions.

- **Contingent tax liability**

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

  Reviews are also being undertaken by revenue authorities in other jurisdictions, as part of normal revenue authority activity in those countries.

  The Group has assessed these and other taxation claims arising in Australia 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.

- **Clearing and Settlement Obligations**

  In accordance with the clearing and settlement arrangements set out:

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

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

15. Contingent liabilities and contingent assets, con'td

- **New Zealand Commerce Commission**

  ANZ is aware that the New Zealand Commerce Commission is looking at credit contract fees under the New Zealand Credit Contracts and Consumer Finance Act 2003 ("CCCFA"). In its 2010-2013 Statement of Intent the Commission stated that: "In CCCFA enforcement, the Commission will continue to focus on unreasonable credit fees, whilst still being mindful of disclosure issues."

  In particular ANZ is aware that the 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 and also informal excess arrangements on credit cards under the CCCFA. 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**

  ANZ National Bank markets and distributes a range of wealth management products in New Zealand. The products are manufactured and managed by ING (NZ) Holdings Limited ("ING NZ"). Trading in two of the products, the ING Diversified Yield Fund and the ING Regular Income Fund (together, "the Funds"), was suspended on 13 March 2008, due to the deterioration in the liquidity and credit markets. Some of the units in the Funds were sold by ANZ National Bank to its customers.

  In June 2009, ING NZ AUT Investments Limited, a subsidiary of ING NZ, made an offer to investors in the Funds. Investors holding approximately 99% of the Funds accepted the offer to purchase their units.

  In June 2010, ANZ National Bank and ING NZ reached settlements with the New Zealand Commerce Commission and the New Zealand Securities Commission in relation to the Commerce Commission's investigation into ANZ National Bank and ING NZ's marketing and promotion of the Funds.

  As part of the settlement with the Commerce Commission, NZD45 million will be paid in November 2010 to eligible investors in the Funds, and the Group has paid the Commerce Commission NZD1 million towards their investigation costs.

  As part of the settlement with the Securities Commission, ING NZ has undertaken to engage an external party to complete, by 1 February 2011, an audit and review of its procedures and processes to the extent they relate to ING NZ's business of developing and offering investment products to the public and to subsequently implement any recommendations of that review. ANZ National Bank has undertaken to facilitate and assist with the ING NZ audit, review and implementation.

  The Commerce Commission and the Securities Commission have agreed they will not take any further action against ANZ National Bank, ING NZ or their affiliates in relation to the Funds.

  The ultimate cost to the Group will depend on the final value of units in the Funds, any recoveries under insurance, the assessment and outcome of customer complaints and the results of any litigation that may be brought in connection with the Funds or their sale. The Group considers that it has adequately provided for these matters.

- **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.

15. Contingent liabilities and contingent assets, cont'd

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 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

	Full year Sep 10 Inflows (Outflows) $M	Full year Sep 09 Inflows (Outflows) $M
Profit after income tax	**4,501**	2,943
Adjustments to reconcile to net cash provided by operating activities		
Provision for credit impairment	**1,787**	3,005
Credit risk on derivatives	**(35)**	135
Depreciation and amortisation	**560**	375
(Profit)/Loss on sale of businesses	**-**	3
Provision for employee entitlements, restructuring and other provisions	**461**	675
Payments from provisions	**(520)**	(571)
(Profit)/loss on sale of premises and equipment	**8**	(5)
(Profit)/loss on sale of available-for-sale securities	**(36)**	(1)
Amortisation of discounts/premiums included in interest income	**(32)**	(162)
Share based payments reserve	**7**	9
Net foreign exchange earnings	**(747)**	(962)
Net (gains)/losses on trading derivatives	**95**	(424)
Net derivatives/foreign exchange adjustment	**658**	1,879
(Increase)/decrease in operating assets:		
Trading securities	**(2,004)**	(15,971)
Liquid assets - greater than three months	**2,184**	2,253
Due from other banks - greater than three months	**(65)**	1,402
Net decrease/(increase) in investments backing policy liabilities	**39**	-
Loans and advances	**(17,044)**	(1,897)
Net derivative financial instruments	**(1,823)**	(7,754)
Interest receivable	**(181)**	722
Accrued income	**(147)**	92
Net tax assets	**1,114**	144
Increase/(decrease) in operating liabilities:		
Deposits and other borrowings	**14,726**	12,601
Due to other financial institutions	**55**	(168)
Payables and other liabilities	**(1,288)**	(994)
Interest payable	**163**	(1,115)
Accrued expenses	**363**	294
Other	**250**	(190)
Net cash provided by/(used in) operating activities	**3,049**	(3,682)

(b) Reconciliation of cash and cash equivalents

Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows

Liquid assets - less than three months	**17,042**	18,393
Due from other financial institutions - less than three months	**4,862**	4,412
	21,904	22,805

(c) Non-cash financing activities

Dividends satisfied by share issue	**1,007**	2,452

17. Changes in composition of the Group

Acquisition of material controlled entities

During the year ended 30 September 2010, the Group acquired the following businesses:

- ING Australia and ING New Zealand (ING) - on 30 November 2009, the Group acquired the remaining 51% shareholding in the ANZ-ING joint ventures in Australia and New Zealand, taking its ownership interest to 100%. The results for the year ended 30 September 2010 includes the financial impact of full ownership since 30 November 2009. For the period 1 October 2009 to 30 November 2009 and the year ended 30 September 2009, the investments were accounted for as joint ventures.
- Landmark Financial Services (Landmark) - on 1 March 2010, the Group completed its acquisition of the Landmark financial services business from the AWB Group. The financial results for the period since acquisition, are included in earnings for the year ended 30 September 2010.
- Selected Royal Bank of Scotland Group plc (RBS) businesses in Asia - during 2009, ANZ announced the acquisition of selected RBS businesses in Asia. The acquisitions were completed in the Philippines on 21 November 2009, Vietnam on the 5 December 2009, Hong Kong on 20 March 2010, Taiwan on 17 April 2010, Singapore on 15 May 2010 and Indonesia on 12 June 2010. The financial impacts of these acquisitions are included from these respective dates.

The initial accounting for all the business combinations described above, including the fair value of assets acquired and liabilities assumed and the calculation of goodwill / discount on acquisition is provisional while valuations are finalised.

Recognised goodwill increased from $2,999 million at 30 September 2009 to $4,086 million at 30 September 2010 as a result of provisional goodwill recognised on the acquisitions of $1,294 million and foreign exchange translation losses of $207 million.

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

Disposal of material controlled entities

There were no material controlled entities disposed of during the years ended 30 September 2010 or 30 September 2009.

18. Associates, joint venture entities and investments

	Half year Sep 10 $M	Half year Mar 10 $M	Movt Sep 10 v. Mar 10 %	Full year Sep 10 $M	Full year Sep 09 $M	Movt Sep 10 v. Sep 09 %
Profit after income tax	232	201	15%	**433**	465	-7%

Key contributions to profit[1]

	Contribution to Group pre-tax profit				Ownership interest held by Group		
Associates	**Half year Sep 10 $M**	**Half year Mar 10 $M**	**Full year Sep 10 $M**	**Full year Sep 09 $M**	**As at Sep 10 %**	**As at Mar 10 %**	**As at Sep 09 %**
P.T. Bank Pan Indonesia	39	40	**79**	45	39	39	39
Metrobank Card Corporation Inc	5	5	**10**	8	40	40	40
Bank of Tianjin	35	33	**68**	101	20	20	20
AMMB Holdings Berhad	80	34	**114**	100	24	24	24
Shanghai Rural Commercial Bank	56	24	**80**	118	20	20	20
Saigon Securities Inc.	6	3	**9**	6	18	18	18
Other associates	11	6	**17**	4	n/a	n/a	n/a
Joint ventures							
ING Australia Limited[2]	-	28	**28**	73	100	100	49
ING (NZ) Holdings Limited[2]	-	5	**5**	10	100	100	49
ING Diversified Yield Fund and ING Diversified Income Fund[3]	-	23	**23**	-	99	99	49

1. The results differ from the published results of these entities due to the application of IFRS, Group Policies and acquisition adjustments. This amounted to $77 million in 2010 (2009 full year: $186 million; Sep 2010 half: $62 million; Mar 2010 half: $15 million)

2. Accounted for as associates up to 30 November 2009 prior to full acquisition

3. Increase in fair value of securities held in the ING Diversified Yield Fund and ING Diversified Income Fund which were accounted for as associates up to 30 November 2009 prior to full acquisition of ING (NZ) Holdings Limited

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 10	**As at Mar 10**	**As at Sep 09**	**Half year Sep 10**	**Half year Mar 10**	**Full year Sep 10**	**Full year Sep 09**
Euro	0.7111	0.6829	0.6014	0.6932	0.6330	0.6632	0.5392
Great British Pound	0.6105	0.6073	0.5486	0.5866	0.5671	0.5769	0.4719
New Zealand Dollar	1.3139	1.2902	1.2188	1.2591	1.2615	1.2603	1.2248
United States Dollar	0.9668	0.9156	0.8792	0.8920	0.9060	0.8990	0.7319
Chinese Yuan	6.4687	6.2496	6.0026	6.0632	6.1855	6.1242	5.0018
Indonesian Rupiah	8625.3	8348.4	8506.3	8073.6	8486.8	8279.6	7837.9
Malaysian Ringgit	2.9850	2.9962	3.0548	2.8474	3.0696	2.9582	2.6034
Papua New Guinea Kina	2.5920	2.5222	2.4154	2.4577	2.4563	2.4570	2.0018

20. Significant events since balance date

On 27 October 2010 the Company announced the investment of an additional RMB 1.65 billion (A $250 million) in Shanghai Rural Commercial Bank (SRCB) as part of a major capital raising by SRCB.

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 81 to 109 are in the process of being audited.

John Morschel
Chairman

Michael R P Smith
Director

27 October 2010

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Reconciliation of statutory profit to underlying profit

September 2010

	Statutory profit	Less: Adjustments to statutory profit								Cash profit
		Acquisition costs and valuation adjust-ments	Treasury shares adjust-ment	Policy-holders tax gross up	Tax on New Zealand Conduits	Impact of changes in New Zealand tax legislation	Organisat'l transform'n costs	Economic hedging - fair value gains/ losses	Revenue and investment hedges - MtM	
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	10,869	(2)	-	-	-	-	-	(1)	-	10,872
Fee income	2,324	-	-	-		-	-	-	-	2,324
Foreign exchange earnings	747	-	-	-		-	-	-	34	713
Profit on trading instruments	354	-	-	-		-	-	(3)	-	357
Net income from wealth mgmt	1,099	-	(35)	215		-	-	-	-	919
Other	299	(217)	-	-		-	-	(199)	-	715
Other operating income	4,823	(217)	(35)	215	-	-	-	(202)	34	5,028
Operating income	**15,692**	**(219)**	**(35)**	**215**	**-**	**-**	**-**	**(203)**	**34**	**15,900**
Personnel expenses	(4,261)	(75)	-	-	-	-	-	-	-	(4,186)
Premises expenses	(636)	(3)	-	-	-	-	-	-	-	(633)
Computer expenses	(866)	(19)	-	-	-	-	-	-	-	(847)
Other expenses	(1,541)	(222)	-	-	-	-	-	-	-	(1,319)
Operating expenses	**(7,304)**	**(319)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,985)**
Profit before credit impair't and tax	8,388	(538)	(35)	215	-	-	-	(203)	34	8,915
Provision for credit impairment	(1,787)	-	-	-	-	-	-	-	-	(1,787)
Profit before income tax	**6,601**	**(538)**	**(35)**	**215**	**-**	**-**	**-**	**(203)**	**34**	**7,128**
Income tax expense	(2,096)	56	3	(215)	38	(36)	-	57	(10)	(1,989)
Non-controlling interests	(4)	2	-	-	-	-	-	-	-	(6)
Profit	**4,501**	**(480)**	**(32)**	**-**	**38**	**(36)**	**-**	**(146)**	**24**	**5,133**

September 2009

	Statutory profit	Less: Adjustments to statutory profit								Cash profit
		Acquisition costs and valuation adjust-ments	Treasury shares adjust-ment	Policy-holders tax gross up	Tax on New Zealand Conduits	Impact of changes in New Zealand tax legislation	Organisat'l transform'n costs	Economic hedging - fair value gains/ losses	Revenue and investment hedges - MtM	
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	9,888	-	-	-	-	-	-	(2)	-	9,890
Fee income	2,397	-	-	-	-	-	-	-	-	2,397
Foreign exchange earnings	962	-	-	-	-	-	-	-	30	932
Profit on trading instruments	168	-	-	-	-	-	-	-	-	168
Net income from wealth mgmt	230	-	-	-	-	-	-	-	-	230
Other	(35)	-	-	-	-	-	-	(358)	-	323
Other operating income	3,722	-	-	-	-	-	-	(358)	30	4,050
Operating income	**13,610**	**-**	**-**	**-**	**-**	**-**	**-**	**(360)**	**30**	**13,940**
Personnel expenses	(3,721)	-	-	-	-	-	(6)	-	-	(3,715)
Premises expenses	(559)	-	-	-	-	-	-	-	-	(559)
Computer expenses	(768)	-	-	-	-	-	(2)	-	-	(766)
Other expenses	(1,177)	-	-	-	-	-	(16)	-	-	(1,161)
Operating expenses	**(6,225)**	**-**	**-**	**-**	**-**	**-**	**(24)**	**-**	**-**	**(6,201)**
Profit before credit impair't and tax	7,385	-	-	-	-	-	(24)	(360)	30	7,739
Provision for credit impairment	(3,005)	-	-	-	-	-	-	-	-	(3,005)
Profit before income tax	**4,380**	**-**	**-**	**-**	**-**	**-**	**(24)**	**(360)**	**30**	**4,734**
Income tax expense	(1,435)	-	-	-	(196)	-	7	112	(9)	(1,349)
Non-controlling interests	(2)	-	-	-	-	-	-	-	-	(2)
Profit	**2,943**	**-**	**-**	**-**	**(196)**	**-**	**(17)**	**(248)**	**21**	**3,383**

September 2010

Less: Adjustments to statutory profit						Underlying profit	Add: Pro forma adjustments		Pro forma profit
One ANZ restructure	**ANZ share of ING NZ investor settlement**	**Non cont. business - Credit Intermed'n Trades**	**Non cont. business - Other**	**Credit risk on impaired derivatives**	**Adjustments to statutory profits**		**Pro forma adjustments**	**Foreign exchange adjustments**	
$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
-	8	-	2	-	7	10,862	189	-	11,051
-	-	-	3	-	3	2,321	74	-	2,395
-	-	-	-	-	34	713	9	-	722
-	10	69	-	(34)	42	312	5	-	317
-	-	-	-	-	180	919	194	-	1,113
-	22	-	38	-	(356)	655	(31)	-	624
-	32	69	41	(34)	(97)	4,920	251	-	5,171
-	**40**	**69**	**43**	**(34)**	**(90)**	**15,782**	**440**	**-**	**16,222**
-	-	-	(7)	-	(82)	(4,179)	(180)	-	(4,359)
-	-	-	(1)	-	(4)	(632)	(43)	-	(675)
-	-	-	(1)	-	(20)	(846)	(37)	-	(883)
-	-	-	(5)	-	(227)	(1,314)	(67)	-	(1,381)
-	**-**	**-**	**(14)**	**-**	**(333)**	**(6,971)**	**(327)**	**-**	**(7,298)**
-	40	69	29	(34)	(423)	8,811	113	-	8,924
-	-	-	(1)	34	33	(1,820)	(55)	-	(1,875)
-	**40**	**69**	**28**	**-**	**(390)**	**6,991**	**58**	**-**	**7,049**
-	(6)	(15)	(8)	-	(136)	(1,960)	(17)	-	(1,977)
-	-	-	-	-	2	(6)	-	-	(6)
-	**34**	**54**	**20**	**-**	**(524)**	**5,025**	**41**	**-**	**5,066**

September 2009

Less: Adjustments to statutory profit						Underlying profit	Add: Pro forma adjustments		Pro forma profit
One ANZ restructure	**ANZ share of ING NZ investor settlement**	**Non cont. business - Credit Intermed'n Trades**	**Non cont. business - Other**	**Credit risk on impaired derivatives**	**Adjustments to statutory profits**		**Pro forma adjustments**	**Foreign exchange adjustments**	
$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
-	-	-	-	-	(2)	9,890	422	(216)	10,096
-	-	-	5	-	5	2,392	131	(52)	2,471
-	-	-	-	-	30	932	16	(50)	898
-	-	(53)	(9)	(82)	(144)	312	10	(20)	302
-	-	-	-	-	-	230	662	(2)	890
-	(173)	-	(115)	-	(646)	611	(80)	(60)	471
-	(173)	(53)	(119)	(82)	(755)	4,477	739	(184)	5,032
-	**(173)**	**(53)**	**(119)**	**(82)**	**(757)**	**14,367**	**1,161**	**(400)**	**15,128**
(114)	-	-	(8)	-	(128)	(3,593)	(500)	115	(3,978)
-	-	-	-	-	-	(559)	(91)	21	(629)
-	-	-	-	-	(2)	(766)	(86)	14	(838)
(4)	-	-	(7)	-	(27)	(1,150)	(203)	15	(1,338)
(118)	**-**	**-**	**(15)**	**-**	**(157)**	**(6,068)**	**(880)**	**165**	**(6,783)**
(118)	(173)	(53)	(134)	(82)	(914)	8,299	281	(235)	8,345
-	-	-	(31)	82	51	(3,056)	(72)	63	(3,065)
(118)	**(173)**	**(53)**	**(165)**	**-**	**(863)**	**5,243**	**209**	**(172)**	**5,280**
35	52	(16)	49	-	34	(1,469)	(67)	24	(1,512)
-	-	-	-	-	-	(2)	-	-	(2)
(83)	**(121)**	**(69)**	**(116)**	**-**	**(829)**	**3,772**	**142**	**(148)**	**3,766**

September 2010 Half Year

	Statutory profit	Less: Adjustments to statutory profit								Cash profit
		Acquisition costs and valuation adjust-ments	Treasury shares adjust-ment	Policy-holders tax gross up	Tax on New Zealand Conduits	Impact of changes in New Zealand tax legislation	Organisat'l transform'n costs	Economic hedging - fair value gains/ losses	Revenue and investment hedges - MtM	
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	5,633	2	-	-	-	-	-	(1)	-	5,632
Fee income	1,192	-	-	-	-	-	-	-	-	1,192
Foreign exchange earnings	354	-	-	-	-	-	-	-	1	353
Profit on trading instruments	152	-	-	-	-	-	-	-	-	152
Net income from wealth mgmt	806	-	22	215	-	-	-	-	-	569
Other	338	(4)	-	-	-	-	-	(10)	-	352
Other operating income	2,842	(4)	22	215	-	-	-	(10)	1	2,618
Operating income	**8,475**	**(2)**	**22**	**215**	**-**	**-**	**-**	**(11)**	**1**	**8,250**
Personnel expenses	(2,313)	(37)	-	-	-	-	-	-	-	(2,276)
Premises expenses	(335)	(2)	-	-	-	-	-	-	-	(333)
Computer expenses	(455)	(15)	-	-	-	-	-	-	-	(440)
Other expenses	(819)	(139)	-	-	-	-	-	-	-	(680)
Operating expenses	**(3,922)**	**(193)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,729)**
Profit before credit impair't and tax	4,553	(195)	22	215	-	-	-	(11)	1	4,521
Provision for credit impairment	(705)	-	-	-	-	-	-	-	-	(705)
Profit before income tax	**3,848**	**(195)**	**22**	**215**	**-**	**-**	**-**	**(11)**	**1**	**3,816**
Income tax expense	(1,270)	35	(2)	(215)	-	(36)	-	3	-	(1,055)
Non-controlling interests	(2)	2	-	-	-	-	-	-	-	(4)
Profit	**2,576**	**(158)**	**20**	**-**	**-**	**(36)**	**-**	**(8)**	**1**	**2,757**

March 2010 Half Year

	Statutory profit	Less: Adjustments to statutory profit								Cash profit
		Acquisition costs and valuation adjust-ments	Treasury shares adjust-ment	Policy-holders tax gross up	Tax on New Zealand Conduits	Impact of changes in New Zealand tax legislation	Organisat'l transform'n costs	Economic hedging - fair value gains/ losses	Revenue and investment hedges - MtM	
	$M		$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	5,236	(4)	-	-	-	-	-	-	-	5,240
Fee income	1,132	-	-	-		-	-	-	-	1,132
Foreign exchange earnings	393	-	-	-		-	-	-	33	360
Profit on trading instruments	202	-	-	-		-	-	(3)	-	205
Net income from wealth mgmt	293	-	(57)	-		-	-	-	-	350
Other	(39)	(213)	-	-		-	-	(189)	-	363
Other operating income	1,981	(213)	(57)	-	-	-	-	(192)	33	2,410
Operating income	**7,217**	**(217)**	**(57)**	**-**	**-**	**-**	**-**	**(192)**	**33**	**7,650**
Personnel expenses	(1,948)	(38)	-	-		-	-	-	-	(1,910)
Premises expenses	(301)	(1)	-	-		-	-	-	-	(300)
Computer expenses	(411)	(4)	-	-		-	-	-	-	(407)
Other expenses	(722)	(83)	-	-		-	-	-	-	(639)
Operating expenses	**(3,382)**	**(126)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,256)**
Profit before credit impair't and tax	3,835	(343)	(57)	-	-	-	-	(192)	33	4,394
Provision for credit impairment	(1,082)	-	-	-	-	-	-	-	-	(1,082)
Profit before income tax	**2,753**	**(343)**	**(57)**	**-**	**-**	**-**	**-**	**(192)**	**33**	**3,312**
Income tax expense	(826)	21	5	-	38	-	-	54	(10)	(934)
Non-controlling interests	(2)	-	-	-	-	-	-	-	-	(2)
Profit	**1,925**	**(322)**	**(52)**	**-**	**38**	**-**	**-**	**(138)**	**23**	**2,376**

September 2010 Half Year

Less: Adjustments to statutory profit						Underlying profit	Add: Pro forma adjustments		Pro forma profit
One ANZ restructure	ANZ share of ING NZ investor settlement	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Credit risk on impaired derivatives	Adjustments to statutory profits		Pro forma adjustments	Foreign exchange adjustments	
$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
-	8	-	1	-	10	5,623	26	-	5,649
-	-	-	1	-	1	1,191	8	-	1,199
-	-	-	-	-	1	353	1	-	354
-	10	5	-	(17)	(2)	154	-	-	154
-	-	-	-	-	237	569	4	-	573
-	(5)	-	32	-	13	325	1	-	326
-	5	5	33	(17)	250	2,592	14	-	2,606
-	**13**	**5**	**34**	**(17)**	**260**	**8,215**	**40**	**-**	**8,255**
-	-	-	(7)	-	(44)	(2,269)	(13)	-	(2,282)
-	-	-	1	-	(1)	(334)	(3)	-	(337)
-	-	-	-	-	(15)	(440)	(1)	-	(441)
-	-	-	(1)	-	(140)	(679)	(13)	-	(692)
-	**-**	**-**	**(7)**	**-**	**(200)**	**(3,722)**	**(30)**	**-**	**(3,752)**
-	13	5	27	(17)	60	4,493	10	-	4,503
-	-	-	-	17	17	(722)	(15)	-	(737)
-	**13**	**5**	**27**	**-**	**77**	**3,771**	**(5)**	**-**	**3,766**
-	(4)	(2)	(9)	-	(230)	(1,040)	1	-	(1,039)
-	-	-	-	-	2	(4)	-	-	(4)
-	**9**	**3**	**18**	**-**	**(151)**	**2,727**	**(4)**	**-**	**2,723**

March 2010 Half Year

Less: Adjustments to statutory profit						Underlying profit	Add: Pro forma adjustments		Pro forma profit
One ANZ restructure	ANZ share of ING NZ investor settlement	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Credit risk on impaired derivatives	Adjustments to statutory profits		Pro forma adjustments	Foreign exchange adjustments	
$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
-	-	-	1	-	(3)	5,239	166	8	5,413
-	-	-	2	-	2	1,130	67	3	1,200
-	-	-	-	-	33	360	8	3	371
-	-	64	-	(17)	44	158	5	1	164
-	-	-	-	-	(57)	350	191	-	541
-	27	-	6	-	(369)	330	(33)	6	303
-	27	64	8	(17)	(347)	2,328	238	13	2,579
-	**27**	**64**	**9**	**(17)**	**(350)**	**7,567**	**404**	**21**	**7,992**
-	-	-	-	-	(38)	(1,910)	(169)	(4)	(2,083)
-	-	-	(2)	-	(3)	(298)	(40)	(2)	(340)
-	-	-	(1)	-	(5)	(406)	(34)	(2)	(442)
-	-	-	(4)	-	(87)	(635)	(58)	-	(693)
-	**-**	**-**	**(7)**	**-**	**(133)**	**(3,249)**	**(301)**	**(8)**	**(3,558)**
-	27	64	2	(17)	(483)	4,318	104	13	4,434
-	-	-	(1)	17	16	(1,098)	(40)	(3)	(1,141)
-	**27**	**64**	**1**	**-**	**(467)**	**3,220**	**63**	**10**	**3,293**
-	(2)	(13)	1	-	94	(920)	(18)	(2)	(940)
-	-	-	-	-	-	(2)	-	(0)	(2)
-	**25**	**51**	**2**	**-**	**(373)**	**2,298**	**45**	**8**	**2,351**

Reconciliation of statutory profit to underlying profit by geography

September 2010

	Group $M	Australia $M	Asia Pacific, Europe & America $M	New Zealand $M
Statutory profit	4,501	3,304	509	688
Adjust for the following gains/(losses) included in statutory profit (net of tax)				
Acquisition costs and valuation adjustments	(480)	(231)	(168)	(81)
Treasury shares adjustment	(32)	(32)	-	-
Tax on New Zealand Conduits	38	-	-	38
Impact of changes in New Zealand tax legislation	(36)	-	-	(36)
Economic hedging - fair value gains/(losses)	(146)	(166)	(12)	32
Revenue and net investment hedges	24	24	-	-
ANZ share of ING NZ investor settlement	34	-	-	34
Non continuing businesses				
Credit intermediation trades	54	54	-	-
Other	20	20	-	-
Underlying profit	5,025	3,635	689	701
Foreign exchange adjustments	-	-	-	-
Pro forma adjustments	41	29	10	2
Pro forma profit	5,066	3,664	699	703

September 2009

	Group $M	Australia $M	Asia Pacific, Europe & America $M	New Zealand $M
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 (incl One ANZ restructuring)	(100)	(87)	1	(14)
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
Foreign exchange adjustments	(148)	3	(134)	(17)
Pro forma adjustments	142	106	24	15
Pro forma profit	3,766	2,669	589	511

Capital management

Qualifying Capital		As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Tier 1						
Shareholders' equity and non-controlling interests		**34,155**	32,583	32,429	5%	5%
Prudential adjustments to shareholders' equity	Table 1	**(2,840)**	(2,003)	(2,341)	42%	21%
Fundamental Tier 1 capital		**31,315**	30,580	30,088	2%	4%
Non-innovative Tier 1 capital instruments		**3,787**	3,791	1,901	0%	99%
Innovative Tier 1 capital instruments		**1,646**	1,690	2,122	-3%	-22%
Gross Tier 1 capital		**36,748**	36,061	34,111	2%	8%
Deductions	Table 2	**(10,057)**	(9,433)	(7,492)	7%	34%
Tier 1 capital		**26,691**	26,628	26,619	0%	0%
Tier 2						
Upper Tier 2 capital	Table 3	**1,223**	1,057	1,390	16%	-12%
Subordinated notes	Table 4	**6,619**	7,405	9,082	-11%	-27%
Deductions	Table 2	**(3,026)**	(2,830)	(2,661)	7%	14%
Tier 2 capital		**4,816**	5,632	7,811	-14%	-38%
Total qualifying capital		**31,507**	32,260	34,430	-2%	-8%
Capital adequacy ratios						
Core Tier 1		**8.0%**	8.5%	9.0%		
Tier 1		**10.1%**	10.7%	10.6%		
Tier 2		**1.8%**	2.3%	3.1%		
Total		**11.9%**	13.0%	13.7%		
Risk weighted assets	Table 5	**264,242**	248,961	252,069	6%	5%

	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Table 1: Prudential adjustments to shareholders' equity					
Treasury shares attributable to ING policy holders	**358**	364	-	-2%	n/a
Reclassification of preference share capital	**(871)**	(871)	(871)	0%	0%
Accumulated retained profits and reserves of insurance, funds management and securitisation entities and associates	**(1,312)**	(955)	(1,010)	37%	30%
Deferred fee revenue including fees deferred as part of loan yields	**402**	425	391	-5%	3%
Hedging reserve	**(11)**	76	90	large	large
Available-for-sale reserve	**(80)**	(119)	41	-33%	large
Dividend not provided for	**(1,895)**	(1,318)	(1,403)	44%	35%
Accrual for Dividend Reinvestment Plans	**569**	395	421	44%	35%
Total	**(2,840)**	(2,003)	(2,341)	42%	21%

	Gross	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Table 2: Deductions from Tier 1 capital						
Unamortised goodwill & other intangibles (excluding ING Australia and New Zealand)		**(2,952)**	(2,872)	(3,047)	3%	-3%
Intangible component of investments in ING Australia and New Zealand[1]		**(2,043)**	(1,961)	-	4%	n/a
Capitalised software		**(1,127)**	(960)	(849)	17%	33%
Capitalised expenses including loan and lease origination fees, capitalised securitisation establishment costs and costs associated with debt raisings		**(655)**	(617)	(602)	6%	9%
Applicable deferred tax assets (excluding the component relating to the general reserve for impairment of financial assets)		**(235)**	(215)	(325)	9%	-28%
Mark-to-market impact of own credit spread		**(19)**	22	12	large	large
Negative Available-for-sale reserve		**-**	-	(20)	n/a	-100%
Sub-total		**(7,031)**	(6,603)	(4,831)	6%	46%
Deductions taken 50% from Tier 1 and 50% from Tier 2	**Gross**	**50%**	**50%**	**50%**		
Investment in ANZ insurance subsidiaries	**(396)**	**(198)**	(189)	(161)	5%	23%
Investment in funds management entities	**(72)**	**(36)**	(33)	(33)	9%	9%
Investment in ING in Australia and New Zealand[2]	**(1,690)**	**(845)**	(634)	(737)	33%	15%
Investment in other Authorised Deposit Taking Institutions and overseas equivalents	**(1,976)**	**(988)**	(981)	(976)	1%	1%
Expected losses in excess of eligible provisions[3]	**(1,119)**	**(560)**	(518)	(506)	8%	11%
Investment in other commercial operations	**(42)**	**(21)**	(36)	(36)	-43%	-43%
Other deductions	**(756)**	**(378)**	(439)	(212)	-14%	78%
Sub-total	**(6,051)**	**(3,026)**	(2,830)	(2,661)	7%	14%
Total		**(10,057)**	(9,433)	(7,492)	7%	34%

	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Table 3: Upper Tier 2 capital					
Eligible component of post acquisition earnings and reserves in associates and joint ventures	**-**	-	269	n/a	-100%
Perpetual subordinated notes	**943**	972	1,024	-3%	-8%
General reserve for impairment of financial assets net of attributable deferred tax asset[4]	**280**	85	97	large	large
Total	**1,223**	1,057	1,390	16%	-12%

Table 4: Subordinated notes[5]

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. *Calculation based on prudential requirements*
2. *Joint venture investments until 30 November 2009*
3. *The gross deduction includes a collective provision component net of tax of $2,019 million, other eligible provisions of $1,417 million less an estimate for regulatory expected loss of $4,555 million*
4. *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*
5. *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*

Table 5: Risk weighted assets	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
On balance sheet	**173,035**	166,069	170,035	4%	2%
Commitments	**39,835**	35,996	37,704	11%	6%
Contingents	**10,084**	9,796	12,377	3%	-19%
Derivatives	**10,563**	8,514	9,695	24%	9%
Total credit risk	**233,517**	220,375	229,811	6%	2%
Market risk - Traded	**5,652**	3,969	3,553	42%	59%
Market risk - IRRBB	**7,690**	8,136	2,465	-5%	large
Operational risk	**17,383**	16,481	16,240	5%	7%
Total risk weighted assets	**264,242**	248,961	252,069	6%	5%

Table 6: Credit risk weighted assets by Basel asset class	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Subject to Advanced IRB approach					
Corporate	**101,940**	100,945	116,153	1%	-12%
Sovereign	**2,720**	2,470	1,408	10%	93%
Bank	**6,135**	5,108	5,592	20%	10%
Residential Mortgage	**38,708**	37,423	36,725	3%	5%
Qualifying revolving retail (credit cards)	**7,205**	7,238	6,852	0%	5%
Other retail	**17,899**	17,942	17,108	0%	5%
Credit risk weighted assets subject to Advanced IRB approach	**174,607**	171,126	183,838	2%	-5%
Credit risk specialised lending exposures subject to slotting criteria	**26,605**	24,965	24,272	7%	10%
Subject to Standardised approach					
Corporate	**21,281**	16,330	13,163	30%	62%
Residential Mortgage	**567**	399	411	42%	38%
Qualifying revolving retail (credit cards)	**1,841**	4	-	large	n/a
Other Retail	**1,113**	560	381	99%	large
Credit risk weighted assets subject to Standardised approach	**24,802**	17,293	13,955	43%	83%
Credit risk weighted assets relating to securitisation exposures	**2,091**	1,975	2,658	6%	-21%
Credit risk weighted assets relating to equity exposures	**1,577**	1,639	1,914	-4%	-18%
Other assets	**3,835**	3,377	3,174	14%	21%
Total credit risk weighted assets	**233,517**	220,375	229,811	6%	2%

Table 7: Collective provision and Regulatory Expected loss by region	Collective Provision As at Sep 10 $M	Collective Provision As at Sep 09 $M	Regulatory Expected Loss As at Sep 10 $M	Regulatory Expected Loss As at Sep 09 $M
Australia	2,021	2,001	3,360	3,291
Asia Pacific, Europe & America	520	339	135	214
New Zealand	612	660	1,060	1,024
Total	3,153	3,000	4,555	4,529

Table 8: Expected loss in excess of eligible provisions	As at Sep 10 $M	As at Mar 10 $M	As at Sep 09 $M	Movt Sep 10 v. Mar 10 %	Movt Sep 10 v. Sep 09 %
Basel expected loss					
Defaulted	**2,225**	2,445	2,232	-9%	0%
Non-defaulted	**2,330**	2,243	2,297	4%	1%
	4,555	4,688	4,529	-3%	1%
Less: Qualifying collective provision after tax					
Collective provision	**(3,153)**	(3,037)	(3,000)	4%	5%
Non-qualifying collective provision	**234**	260	183	-10%	28%
Standardised collective provision	**399**	121	138	large	large
Deferred tax asset	**725**	792	804	-8%	-10%
	(1,795)	(1,864)	(1,875)	-4%	-4%
Less: Qualifying individual provision after tax					
Individual provision	**(1,875)**	(1,593)	(1,526)	18%	23%
Standardised individual provision	**458**	64	66	large	large
Collective provision on advanced defaulted	**(224)**	(259)	(183)	-14%	22%
	(1,641)	(1,788)	(1,643)	-8%	0%
Gross deduction	**1,119**	1,036	1,011	8%	11%
50/50 deduction	**559**	518	506	8%	11%

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 10			Full year Sep 09		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets						
Due from other financial institutions						
Australia	2,951	117	4.0%	4,501	164	3.6%
New Zealand	717	19	2.6%	1,346	49	3.6%
Asia Pacific, Europe & America	7,509	49	0.7%	7,479	100	1.3%
Trading and available-for-sale assets						
Australia	34,994	1,522	4.3%	27,831	1,243	4.5%
New Zealand	6,716	329	4.9%	2,973	166	5.6%
Asia Pacific, Europe & America	10,897	209	1.9%	7,379	258	3.5%
Loans and advances						
Australia	245,315	17,321	7.1%	238,521	15,883	6.7%
New Zealand	76,816	4,592	6.0%	80,202	5,685	7.1%
Asia Pacific, Europe & America	22,016	1,095	5.0%	21,980	1,089	5.0%
Customers' liability for acceptances						
Australia	11,997	907	7.6%	14,670	915	6.2%
Asia Pacific, Europe & America	370	5	1.4%	425	12	2.8%
Other assets						
Australia	3,654	150	4.1%	3,828	204	5.3%
New Zealand	3,032	176	5.8%	5,472	287	5.2%
Asia Pacific, Europe & America	12,293	117	1.0%	10,857	231	2.1%
Intragroup assets						
Australia	5,990	476	7.9%	8,314	329	4.0%
Asia Pacific, Europe & America	6,717	55	0.8%	1,736	69	4.0%
	451,984	27,139		437,514	26,683	
Intragroup elimination	(12,707)	(531)		(10,050)	(397)	
	439,277	26,608	6.1%	427,464	26,286	6.1%
Non-interest earning assets						
Derivatives						
Australia	28,580			48,062		
New Zealand	7,871			12,063		
Asia Pacific, Europe & America	3,049			795		
Premises and equipment	2,163			1,844		
Insurance Assets	27,081			-		
Other assets	22,188			19,303		
Provisions for credit impairment						
Australia	(3,046)			(2,826)		
New Zealand	(1,114)			(701)		
Asia Pacific, Europe & America	(679)			(341)		
	86,093			78,199		
Total average assets	525,370			505,663		

	Full year Sep 10			Full year Sep 09		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities						
Time deposits						
Australia	99,969	4,873	4.9%	87,556	4,308	4.9%
New Zealand	29,624	1,267	4.3%	30,498	1,695	5.6%
Asia Pacific, Europe & America	44,351	456	1.0%	37,258	640	1.7%
Savings deposits						
Australia	19,458	660	3.4%	18,779	577	3.1%
New Zealand	2,094	41	2.0%	2,305	62	2.7%
Asia Pacific, Europe & America	2,947	15	0.5%	640	5	0.8%
Other demand deposits						
Australia	62,864	2,114	3.4%	63,383	1,952	3.1%
New Zealand	13,839	343	2.5%	16,041	568	3.5%
Asia Pacific, Europe & America	3,312	15	0.5%	1,860	14	0.8%
Due to other financial institutions						
Australia	5,399	197	3.6%	5,030	171	3.4%
New Zealand	1,100	27	2.5%	2,439	105	4.3%
Asia Pacific, Europe & America	10,087	102	1.0%	10,078	155	1.5%
Commercial paper						
Australia	6,925	288	4.2%	7,709	393	5.1%
New Zealand	7,020	211	3.0%	7,263	337	4.6%
Borrowing corporations' debt						
Australia	1,280	80	6.3%	5,663	381	6.7%
New Zealand	1,101	55	5.0%	1,371	91	6.6%
Liability for acceptances						
Australia	11,997	558	4.7%	14,670	635	4.3%
Asia Pacific, Europe & America	370	5	1.4%	425	11	2.6%
Loan capital, bonds and notes						
Australia	68,445	3,514	5.1%	65,343	3,221	4.9%
New Zealand	14,074	657	4.7%	12,668	710	5.6%
Asia Pacific, Europe & America	-	-	0.0%	717	44	6.2%
Other liabilities[1]						
Australia	3,036	241	n/a	3,875	15	n/a
New Zealand	51	5	n/a	99	265	n/a
Asia Pacific, Europe & America	57	15	n/a	31	43	n/a
Intragroup liabilities						
New Zealand	12,707	531	4.2%	10,050	397	4.0%
	422,107	16,270		405,751	16,795	
Intragroup elimination	(12,707)	(531)		(10,050)	(397)	
	409,400	15,739	3.8%	395,701	16,398	4.1%
Non-interest bearing liabilities						
Deposits						
Australia	5,000			4,951		
New Zealand	3,586			3,253		
Asia Pacific, Europe & America	1,780			1,540		
Derivatives						
Australia	25,586			50,399		
New Zealand	5,907			11,958		
Asia Pacific, Europe & America	(1,830)			(3,147)		
Insurance Liabilities	23,855			-		
External unit holder liabilities	4,662			-		
Other liabilities	14,169			11,944		
	82,715			80,898		
Total average liabilities	492,115			476,599		

1. *Includes foreign exchange swap costs*

	Half year Sep 10			Half year Mar 10		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets						
Due from other financial institutions						
Australia	2,836	62	4.4%	3,065	55	3.6%
New Zealand	595	9	3.0%	838	10	2.4%
Asia Pacific, Europe & America	7,879	25	0.6%	7,137	24	0.7%
Trading and available-for-sale assets						
Australia	35,799	814	4.5%	34,184	708	4.2%
New Zealand	7,082	181	5.1%	6,348	148	4.7%
Asia Pacific, Europe & America	12,022	106	1.8%	9,766	102	2.1%
Loans and advances						
Australia	250,501	9,321	7.4%	240,107	8,000	6.7%
New Zealand	76,795	2,357	6.1%	76,841	2,235	5.8%
Asia Pacific, Europe & America	25,080	640	5.1%	18,934	455	4.8%
Customers' liability for acceptances						
Australia	11,649	483	8.3%	12,346	424	6.9%
Asia Pacific, Europe & America	448	3	1.3%	291	2	1.4%
Other assets						
Australia	4,313	108	5.0%	2,991	41	2.7%
New Zealand	2,708	86	6.3%	3,356	91	5.4%
Asia Pacific, Europe & America	12,154	57	0.9%	12,432	60	1.0%
Intragroup assets						
Australia	3,853	226	11.7%	8,138	251	6.2%
Asia Pacific, Europe & America	8,577	46	1.1%	4,847	9	0.4%
	462,291	14,524		441,621	12,615	
Intragroup elimination	(12,430)	(272)		(12,985)	(259)	
	449,861	14,252	6.3%	428,636	12,356	5.8%
Non-interest earning assets						
Derivatives						
Australia	30,115			27,036		
New Zealand	8,128			7,612		
Asia Pacific, Europe & America	3,599			2,495		
Premises and equipment	2,193			2,132		
Insurance assets	32,453			21,680		
Other assets	23,405			20,965		
Provisions for credit impairment						
Australia	(3,030)			(3,062)		
New Zealand	(1,167)			(1,060)		
Asia Pacific, Europe & America	(934)			(423)		
	94,762			77,375		
Total average assets	544,623			506,011		

	Half year Sep 10			Half year Mar 10		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities						
Time deposits						
Australia	103,864	2,725	5.2%	96,056	2,151	4.5%
New Zealand	29,605	647	4.4%	29,643	620	4.2%
Asia Pacific, Europe & America	47,262	255	1.1%	41,425	201	1.0%
Savings deposits						
Australia	19,892	362	3.6%	19,021	299	3.2%
New Zealand	2,057	22	2.1%	2,131	19	1.8%
Asia Pacific, Europe & America	4,023	10	0.5%	1,864	5	0.5%
Other demand deposits						
Australia	61,867	1,135	3.7%	63,867	979	3.1%
New Zealand	13,424	180	2.7%	14,255	163	2.3%
Asia Pacific, Europe & America	4,413	8	0.4%	2,205	7	0.6%
Due to other financial institutions						
Australia	5,900	124	4.2%	4,895	73	3.0%
New Zealand	784	7	1.8%	1,418	20	2.8%
Asia Pacific, Europe & America	11,219	58	1.0%	8,947	44	1.0%
Commercial paper						
Australia	5,845	136	4.7%	8,010	151	3.8%
New Zealand	7,511	116	3.1%	6,526	94	2.9%
Borrowing corporations' debt						
Australia	936	31	6.6%	1,626	49	6.0%
New Zealand	1,081	27	5.0%	1,121	28	5.0%
Liability for acceptances						
Australia	11,649	303	5.2%	12,346	255	4.1%
Asia Pacific, Europe & America	448	3	1.3%	291	2	1.4%
Loan capital, bonds and notes						
Australia	70,442	1,963	5.6%	66,437	1,551	4.7%
New Zealand	14,559	345	4.7%	13,587	311	4.6%
Other liabilities[1]						
Australia	3,189	160	n/a	2,882	80	n/a
New Zealand	54	(7)	n/a	49	12	n/a
Asia Pacific, Europe & America	76	9	n/a	38	6	n/a
Intragroup liabilities						
New Zealand	12,430	272	4.4%	12,985	259	4.0%
	432,530	8,891		411,625	7,379	
Intragroup elimination	(12,430)	(272)		(12,985)	(259)	
	420,100	8,619	4.1%	398,640	7,120	3.6%
Non-interest bearing liabilities						
Deposits						
Australia	4,696			5,307		
New Zealand	3,659			3,512		
Asia Pacific, Europe & America	1,981			1,577		
Derivatives						
Australia	26,845			24,320		
New Zealand	6,111			5,702		
Asia Pacific, Europe & America	(1,441)			(2,222)		
Insurance Liabilities	28,665			19,018		
External unit holder liabilities	5,578			3,740		
Other liabilities	14,375			13,963		
	90,469			74,917		
Total average liabilities	510,569			473,557		

	Half year Sep 10 $M	Half year Mar 10 $M	Full year Sep 10 $M	Full year Sep 09 $M
Total average assets				
Australia	382,939	359,658	371,330	353,755
New Zealand	98,537	98,314	98,425	105,509
Asia Pacific, Europe & America	75,577	61,024	68,322	56,449
less intragroup elimination	(12,430)	(12,985)	(12,707)	(10,050)
	544,623	506,011	525,370	505,663
% of total average assets attributable to overseas activities	30.4%	30.5%	30.5%	31.7%
Average interest earning assets				
Australia	308,951	300,831	304,901	297,665
New Zealand	87,180	87,383	87,281	89,993
Asia Pacific, Europe & America	66,160	53,407	59,802	49,856
less intragroup elimination	(12,430)	(12,985)	(12,707)	(10,050)
	449,861	428,636	439,277	427,464
Total average liabilities				
Australia	359,909	337,628	348,799	336,219
New Zealand	92,501	92,382	92,442	99,387
Asia Pacific, Europe & America	70,589	56,532	63,581	51,043
less intragroup elimination	(12,430)	(12,985)	(12,707)	(10,050)
	510,569	473,557	492,115	476,599
% of total average liabilities attributable to overseas activities	29.5%	28.7%	29.1%	29.5%
Total average shareholders' equity[1]				
Ordinary share capital, reserves and retained earnings	33,183	31,583	32,385	28,193
Preference share capital	871	871	871	871
	34,054	32,454	33,256	29,064
Total average liabilities and shareholders' equity	544,623	506,011	525,370	505,663

1. *Average shareholders' equity includes INGA shares that are eliminated from the closing shareholders' equity balance (September 2010 $360 million; March 2010 $366 million)*

	Half year Sep 10 %	Half year Mar 10 %	Full year Sep 10 %	Full year Sep 09 %
Gross earnings rate[1]				
Australia	7.11	6.32	6.72	6.30
New Zealand	6.02	5.70	5.86	6.87
Asia Pacific, Europe & America	2.64	2.45	2.56	3.53
Total Group	6.32	5.78	6.06	6.15

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

	Half year Sep 10 %	Half year Mar 10 %	Full year Sep 10 %	Full year Sep 09 %
Australia				
Net interest spread	2.23	2.25	2.23	2.01
Interest attributable to net non-interest bearing items	0.40	0.35	0.38	0.37
Net interest margin - Australia	2.63	2.60	2.61	2.38
New Zealand				
Net interest spread	2.09	1.96	2.02	1.77
Interest attributable to net non-interest bearing items	0.25	0.24	0.25	0.41
Net interest margin - New Zealand	2.34	2.20	2.27	2.18
Asia Pacific, Europe & America				
Net interest spread	1.63	1.48	1.56	1.74
Interest attributable to net non-interest bearing items	(0.02)	(0.03)	(0.02)	(0.04)
Net interest margin - Overseas Markets	1.61	1.45	1.54	1.70
Group				
Net interest spread	2.23	2.20	2.21	2.00
Interest attributable to net non-interest bearing items	0.27	0.25	0.26	0.31
Net interest margin	2.50	2.45	2.47	2.31

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 2010			As at 30 September 2009		
	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	244,322	5,618	(7,304)	204,830	5,658	(6,795)
Swap agreements	210,038	11,382	(15,595)	168,826	10,317	(13,427)
Futures contracts	739	93	(148)	281	19	(28)
Options purchased	7,594	323	-	7,067	569	-
Options sold	12,701	-	(343)	14,089	-	(530)
	475,394	17,416	(23,390)	395,093	16,563	(20,780)
Commodity Contracts						
Derivative contracts	31,852	1,381	(1,409)	23,195	1,196	(1,472)
Interest rate contracts						
Forward rate agreements	108,534	18	(15)	75,358	10	(21)
Swap agreements	1,159,637	19,026	(17,631)	1,041,561	18,912	(18,413)
Futures contracts	148,600	1,584	(1,612)	105,435	1,492	(1,338)
Options purchased	37,497	268	-	12,468	188	-
Options sold	32,292	-	(329)	14,699	-	(124)
	1,486,560	20,896	(19,587)	1,249,521	20,602	(19,896)
Credit default swaps						
Structured credit derivatives purchased[1]	10,213	449	-	11,303	704	-
Other credit derivatives purchased[2]	14,326	111	(126)	13,071	271	(14)
Total credit derivatives purchased	24,539	560	(126)	24,374	975	(14)
Structured credit derivatives sold[1]	8,697	-	(624)	12,454	-	(1,019)
Other credit derivatives sold[2]	11,500	112	(99)	9,804	146	(419)
Total credit derivatives sold	20,197	112	(723)	22,258	146	(1,438)
	44,736	672	(849)	46,632	1,121	(1,452)
Collateral	-	(2,544)	8,018	-	(2,078)	7,084
Total	2,038,542	37,821	(37,217)	1,714,441	37,404	(36,516)

1. *Refer page 26*
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 31*

AAS - Australian Accounting Standards.

AASB - Australian Accounting Standards Board.

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.

Economic profit is a risk adjusted profit measure. Economic profit is determined by adjusting underlying accounting profit with economic credit costs, the benefit of implementation credits and the cost of capital. This measure is used to evaluate business unit performance and is included in determining the variable component of remuneration packages.

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.

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 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.

Pro forma results includes adjustments to restate the Groups underlying profit to assume the acquisitions of ING Australia and New Zealand, Landmark and RBS took effect from 1 October 2008. This enhances the comparability of financial information between reporting periods.

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 are included in impaired assets, and comprise facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.

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 and includes the recent acquisition of loans and deposits from Landmark Financial Services.
  - **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** 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.
  - **Funds Management and Insurance "FMI" (formerly INGA)** was a joint venture between ANZ and the ING Group. ANZ owned 49% of INGA and received proportional equity accounted earnings prior to ANZ acquiring the remaining 51% interest to take full ownership. FMI manufactures and distributes investment and insurance products and advice.
- **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.

Segment review description, continued:

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 partnerships in Asia. This includes investments in Indonesia with P.T. Panin Bank, in the Philippines with Metrobank, 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.
- **Operations & 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 to all geographic regions.

During the September 2010 full year, ANZ acquired selected Royal Bank of Scotland Group PLC businesses in Asia. The acquisition of the businesses in Philippines, Vietnam and Hong Kong were completed during the March 2010 half, and the acquisition of the businesses in Taiwan, Singapore and Indonesia during the September 2010 half. The acquisition impacts all business segments within the Asia Pacific, Europe and America region.

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 ANZ Banking Group Limited (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 Relationship Lending. Also includes 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.
  - **Funds Management and Insurance "FMI" (formerly INGA/INGANZ)** was a joint venture between ANZ and ING whereby ANZ owned 49% of INGNZ and received proportional equity accounted earnings prior to ANZ acquiring the remaining 51% interest to take full ownership. FMI manufactures and distributes investment and insurance products and advice.
- **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. During the September 2010 full year, the Institutional business has been expanded following the acquisition of selected businesses from the Royal Bank of Scotland Group PLC. The acquisition impacts all business segments within Institutional.

- **Transaction Banking** provides working capital solutions including lending and deposit products, cash transaction banking management, trade finance, international payments, and clearing 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.

Segment review description, continued:

- **Specialised & Relationship 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.
- **Relationship and infrastructure** includes client relationship teams for global institutional customers and corporate customers in Australia, and central support functions.

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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