Media Release

For Release: 25 October 2007

ANZ 2007 Profit $4,180 million

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

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

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

Business highlights*
Revenue and profit before provisions growth at highest level for many years
Another great performance from Personal – revenue up 12%, profit up 16%
New Zealand Businesses performing well, impacted by normalisation of credit costs
Institutional mixed, better performance expected in 2008
Credit quality strong, although as expected credit costs up significantly from unsustainably low level in 2006
Strategic flexibility enhanced with $1 billion dividend reinvestment plan underwrite; cost to 2008 EPS approximately 0.4%

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

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

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

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

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

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

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

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

Outlook

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

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

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

Divisional Performance

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

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

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

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

New Zealand Businesses profit was up 6% in New Zealand dollars, with good revenue growth of 8%. Profit before provisions was strong at 13%, offset by a large increase in credit costs to NZD78 million, which normalised from an unsustainably low NZD5 million in 2006. Expense growth was well contained at 4%. Corporate and Commercial Banking, ANZ Retail, The National Bank Retail, Rural Banking, and UDC all delivered double-digit profit before provisions growth. Despite higher credit costs they are still well below cycle average, and credit quality remains strong, with the level of net non-performing loans (0.08%) and individual provision charges (0.08%) well below that seen in Australia.

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

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

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

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