



Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

**Full Year
30 September 2007**

**Consolidated Results
Dividend Announcement and
Appendix 4E**

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

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

Report for the full year ended 30 September 2007		
		A\$ million
Operating income	↑12% [^] to	11,385
Profit after tax attributable to shareholders	↑13% [^] to	4,180
Proposed final dividend per ordinary share, fully franked at 30% tax rate		74 cents
<small>(previous corresponding period 69 cents, fully franked at 30% tax rate)</small>		
Interim 2007 dividend per ordinary share, fully franked at 30% tax rate		62 cents
Record date for the proposed final dividend		14 November 2007
<small>The proposed final dividend will be payable to shareholders registered in the books of the Company at 7:00 pm (Melbourne time) on 14 November 2007</small>		
Payment date for the proposed final dividend		21 December 2007
<small>[^] Compared to September 2006</small>		

Highlights		
<small>All figures compared to September 2006 full year unless otherwise indicated</small>		
Profit		
Profit after tax attributable to shareholders \$4,180 million	up	13.3%
Cash* profit after tax \$3,924 million	up	9.4%
Cash* profit before provisions \$6,114 million	up	11.5%
Earnings per share		
EPS 224.1 cents	up	12.1%
Cash* EPS 210.3 cents	up	8.1%
Shareholder return		
Full year dividend 136 cents	up	8.8%
Total Shareholder Return		15.6%
Cash* Return on equity		19.6%
Business highlights*		
Revenue and profit before provisions growth at highest level for many years		
Another great performance from Personal – revenue up 12%, profit up 16%		
New Zealand Businesses performing well, impacted by normalisation of credit costs		
Institutional mixed, better performance expected in 2008		
Credit quality strong, although as expected credit costs up significantly from unsustainably low level in 2006		
Strategic flexibility enhanced with \$1 billion dividend reinvestment plan underwrite; cost to 2008 EPS approximately 0.4%		
<small>* 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)</small>		

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CONSOLIDATED RESULTS, DIVIDEND ANNOUNCEMENT and APPENDIX 4E

Full year ended 30 September 2007

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

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

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

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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)

Media Release

For Release: 25 October 2007

ANZ 2007 Profit \$4,180 million

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

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

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

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

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

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

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

Outlook

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

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

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

Divisional Performance

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

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

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

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

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

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

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

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HIGHLIGHTS (continued)

	Group		Personal	Institutional	New Zealand Businesses (NZD)	
	Year ended Sep 07	Change²	Change²	Change²	Change²	
Key Business Drivers¹						
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 Measures¹				Actual	Actual	Actual
Individual provision charge as a % of average net advances	%	0.17	4bps	0.24	0.08	0.08
Return on average assets	%	1.08	(3bps)	1.00	1.07	1.06
Return on average RWAs	%	1.55	0bps	1.69	1.31	1.34
Cost to income ratio	%	44.8	(80bps)	47.7	39.3	47.6
Cost to average assets	%	1.36	(6bps)	1.55	1.02	1.51

¹ All numbers adjusted for non-core items

² Compared to full year ended 30 September 2006

³ Profit before credit impairment and income tax

Profit

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

Cash profit

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

	Half year Sep 07 \$M	Half year Mar 07 \$M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 \$M	Full year Sep 06 \$M	Movt Sep 07 v. Sep 06 %
Profit attributable to shareholders of the Company	2,078	2,102	-1%	4,180	3,688	13%
Less: Non-core items						
Significant items¹						
Restatement of deferred tax balances for announced New Zealand tax rate change	(24)	-	n/a	(24)	-	n/a
Gain on sale of Esanda Fleetpartners	54	141	-62%	195	-	n/a
Settlement of ANZ National Bank claims	-	-	n/a	-	14	-100%
Settlement of NHB insurance claim	-	-	n/a	-	79	-100%
Total significant items	30	141	-79%	171	93	84%
Economic hedging - fair value gains/losses ²	41	28	46%	69	34	large
NZD revenue hedge - mark-to-market ²	19	(3)	large	16	-	n/a
ANZ National Bank incremental integration costs ³	-	-	n/a	-	(26)	-100%
Total non-core items	90	166	-46%	256	101	large
Cash profit	1,988	1,936	3%	3,924	3,587	9%

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

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

³ In 2006 ANZ incurred \$26 million after tax from ANZ National Bank incremental integration costs. Tax on ANZ National Bank incremental integration costs was \$13 million. The integration program was completed in March 2006. ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration

FINANCIAL HIGHLIGHTS (continued)
Cash profit, cont'd

 Analysis of Cash¹ profit by key line item:

	Half year Sep 07 \$M	Half year Mar 07 \$M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 \$M	Full year Sep 06 \$M	Movt Sep 07 v. Sep 06 %
Net interest income	3,691	3,611	2%	7,302	6,943	5%
Other operating income	1,995	1,770	13%	3,765	3,146	20%
Operating income	5,686	5,381	6%	11,067	10,089	10%
Operating expenses	(2,567)	(2,386)	8%	(4,953)	(4,605)	8%
Profit before credit impairment and income tax	3,119	2,995	4%	6,114	5,484	11%
Provision for credit impairment	(327)	(240)	36%	(567)	(407)	39%
Profit before income tax	2,792	2,755	1%	5,547	5,077	9%
Income tax expense	(799)	(817)	-2%	(1,616)	(1,486)	9%
Minority interest	(5)	(2)	large	(7)	(4)	75%
Cash¹ profit	1,988	1,936	3%	3,924	3,587	9%

Earnings per share

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

Balance sheet

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

¹ Refer footnotes 1 to 3 on page 5

FINANCIAL HIGHLIGHTS (CONTINUED)

Financial ratios

	Half year Sep 07 \$M	Half year Mar 07 \$M	Full year Sep 07 \$M	Full year Sep 06 \$M
Profit attributable to shareholders of the Company	2,078	2,102	4,180	3,688
Cash¹ profit	1,988	1,936	3,924	3,587
EVA^{TM 2}	1,161	1,119	2,280	2,082

Profitability ratios

Return on:				
Average ordinary shareholders' equity ³	20.5%	21.3%	20.9%	20.7%
Average ordinary shareholders' equity ³ (cash ¹ profit basis)	19.6%	19.6%	19.6%	20.1%
Average assets	1.10%	1.21%	1.15%	1.14%
Average assets (cash ¹ profit basis)	1.05%	1.11%	1.08%	1.11%
Average risk weighted assets	1.58%	1.73%	1.65%	1.59%
Average risk weighted assets (cash ¹ profit basis)	1.51%	1.59%	1.55%	1.55%
Total income	13.0%	14.4%	13.7%	14.4%
Net interest margin	2.15%	2.24%	2.19%	2.31%
Profit per average FTE (\$)	61,385	64,203	125,533	117,392

Efficiency ratios

Operating expenses to operating income	44.5%	42.5%	43.5%	44.6%
Operating expenses to average assets	1.36%	1.37%	1.36%	1.40%
Operating expenses to operating income (cash ¹)	45.1%	44.3%	44.8%	45.6%
Operating expenses to average assets (cash ¹)	1.36%	1.37%	1.36%	1.42%

Credit impairment provisioning

Collective provision charge	31	52	83	69
Individual provision charge	296	188	484	338
Total provision charge	327	240	567	407
Individual provision charge as a % of average net advances	0.20%	0.14%	0.17%	0.13%

Ordinary share dividends (cents)

Interim - 100% franked (Mar 06: 100% franked)	n/a	62	62	56
Final - 100% franked (Sep 06: 100% franked)	74	n/a	74	69
Ordinary share dividend payout ratio ⁴	67.1%	54.9%	60.9%	62.6%
Cash ¹ ordinary share dividend payout ratio ⁴	70.2%	59.6%	65.0%	64.4%

Preference share dividend (cents)

Dividend paid ⁵	20	17	37	27
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¹ Refer footnotes 1 to 3 on page 5

² EVATM refers to Economic Value Added, a measure of shareholder value. See page 25 for a reconciliation of EVATM to reported profit, a discussion of EVATM and an explanation of its relevance as a performance measure

³ Average ordinary shareholders' equity excludes minority interest and preference share dividend

⁴ Dividend payout ratio is calculated using the proposed final dividend as at 30 September 2007 and the 31 March 2007, 30 September 2006 and 31 March 2006 dividends

⁵ Represents dividends paid on Euro Hybrid issued on 13 December 2004

FINANCIAL HIGHLIGHTS (continued)
Financial ratios, cont'd

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

^{1.} Equals shareholders' equity less preference share capital, minority interest unamortised goodwill and other intangibles

^{2.} Adjusted common equity is calculated as Tier 1 capital, less Innovative and Non-innovative Tier 1 capital instruments (converted at balance date spot rates), less transitional Tier 1 capital relief and deductions. This measure is commonly used to assess the adequacy of common equity held. See page 97 for a reconciliation to Tier 1 capital

^{3.} Excludes individual provision on unproductive facilities

^{4.} Includes minority interest

FINANCIAL HIGHLIGHTS (continued)

Business unit analysis

	Half year Sep 07	Half year Mar 07	Movt v. Mar 07	Full year Sep 07	Full year Sep 06	Movt v. Sep 06
	\$M	\$M	%	\$M	\$M	%
Profit after income tax¹						
Personal	737	705	5%	1,442	1,239	16%
Institutional	705	743	-5%	1,448	1,363	6%
New Zealand Businesses ²	376	350	7%	726	675	8%
Partnerships & Private Bank	137	110	25%	247	184	34%
Non-continuing businesses	-	-	n/a	-	55	-100%
Group Centre	33	28	18%	61	71	-14%
Cash profit	1,988	1,936	3%	3,924	3,587	9%
Non-core items ³	90	166	-46%	256	101	large
Profit	2,078	2,102	-1%	4,180	3,688	13%

^{1.} Prior period numbers have been adjusted for organisational structure changes. Refer page 33 for an explanation of the changes

^{2.} New Zealand Businesses growth rates in NZD terms were 7% and 6% for the September 2007 half year and the September 2007 full year respectively

^{3.} Refer footnotes 1 to 3 on page 5

	As at Sep 07	As at Mar 07	As at Sep 06	Movt v. Sep 07	Movt v. Sep 06
	\$M	\$M	\$M	%	%
Net loans and advances including acceptances by business unit¹					
Personal	149,172	140,360	133,780	6%	12%
Institutional	82,056	72,820	70,866	13%	16%
New Zealand Businesses ²	69,504	66,518	61,785	4%	12%
Partnerships & Private Bank	2,627	2,099	1,837	25%	43%
Non-continuing businesses	-	-	1,054	n/a	-100%
Group Centre	23	25	35	-8%	-34%
Net loans and advances including acceptances	303,382	281,822	269,357	8%	13%

^{1.} Prior period numbers have been adjusted for organisational structure changes. Refer page 33 for an explanation of the changes

^{2.} New Zealand Businesses growth rates in NZD terms were 8% and 14% for the September 2007 half year and the September 2007 full year respectively

	As at Sep 07	As at Mar 07	As at Sep 06	Movt v. Sep 07	Movt v. Sep 06
	\$M	\$M	\$M	%	%
Customer deposits by business unit¹					
Personal	68,119	63,969	60,135	6%	13%
Institutional	70,099	61,361	55,314	14%	27%
New Zealand Businesses ²	38,334	37,511	35,940	2%	7%
Partnerships & Private Bank	5,702	5,082	4,940	12%	15%
Non-continuing businesses	-	-	-	n/a	n/a
Group Centre	425	382	431	11%	-1%
Customer deposits	182,679	168,305	156,760	9%	17%

^{1.} Prior period numbers have been adjusted for organisational structure changes. Refer page 33 for an explanation of the changes

^{2.} New Zealand Businesses growth rates in NZD terms were 5% and 8% for the September 2007 half year and the September 2007 full year respectively

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2007 result

ANZ recorded a profit after tax of \$4,180 million for the full year ended 30 September 2007, an increase of 13% over the September 2006 year. Earnings per share increased 12% to 224.1 cents over the September 2006 year. After adjusting for non-core items¹ referred to on pages 13 and 14, Cash¹ profit increased 9% to \$3,924 million and Cash EPS increased 8% to 210.3 cents.

	Half year Sep 07 \$M	Half year Mar 07 \$M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 \$M	Full year Sep 06 \$M	Movt Sep 07 v. Sep 06 %
Profit attributable to shareholders of the Company	2,078	2,102	-1%	4,180	3,688	13%
Less: Non-core items ¹ (refer page 13)	(90)	(166)	-46%	(256)	(101)	large
Cash¹ profit	1,988	1,936	3%	3,924	3,587	9%

Cash¹ profit

	Half year Sep 07 \$M	Half year Mar 07 \$M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 \$M	Full year Sep 06 \$M	Movt Sep 07 v. Sep 06 %
Net interest income	3,691	3,611	2%	7,302	6,943	5%
Other operating income	1,995	1,770	13%	3,765	3,146	20%
Operating income	5,686	5,381	6%	11,067	10,089	10%
Operating expenses	(2,567)	(2,386)	8%	(4,953)	(4,605)	8%
Profit before credit impairment and income tax	3,119	2,995	4%	6,114	5,484	11%
Provision for credit impairment	(327)	(240)	36%	(567)	(407)	39%
Profit before income tax	2,792	2,755	1%	5,547	5,077	9%
Income tax expense	(799)	(817)	-2%	(1,616)	(1,486)	9%
Minority interest	(5)	(2)	large	(7)	(4)	75%
Cash¹ profit	1,988	1,936	3%	3,924	3,587	9%

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

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

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

2007 result, cont'd

Impact of exchange rate movements¹

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

Movements in exchange rates have resulted in a \$52 million decrease in Cash² profit for the 2007 year, principally due to the translation of NZD earnings net of associated revenue hedges which are booked in Australia as foreign exchange earnings and translation of USD earnings. NZD earnings were translated at effective exchange rates of 1.140 (2007) and 1.105 (2006). USD earnings were translated at effective exchange rates of 0.81 (2007) and 0.75 (2006).

	Half Year Sep 2007 v. Half Year Mar 2007			Full Year Sep 2007 v. Full Year Sep 2006		
	FX	FX	FX Impact \$M	FX	FX	FX Impact \$M
	unadjusted % growth	adjusted % growth		unadjusted % growth	adjusted % growth	
Net interest income ³	2%	3%	(11)	5%	6%	(56)
Other operating income ⁴	13%	14%	(19)	20%	21%	(27)
Operating income	6%	6%	(30)	10%	11%	(83)
Operating expenses	8%	8%	10	8%	8%	11
Profit before credit impairment and income tax	4%	5%	(20)	11%	13%	(72)
Provision for credit impairment	36%	37%	1	39%	39%	(2)
Profit before income tax	1%	2%	(19)	9%	11%	(74)
Income tax expense	-2%	-1%	5	9%	11%	22
Minority interest	large	large	-	75%	75%	-
Cash² profit	3%	3%	(14)	9%	11%	(52)

¹ ANZ has removed the impact of exchange rate movements to provide a better indication of the Group's performance in local currency terms. Retranslation is net of revenue hedges taken to income in cash profit, refer page 26

² Refer footnote 1 on page 11

³ In 2007, revenue hedge earnings were included in net interest income which resulted in an impact in 2007 of a decrease of \$46 million over 2006

⁴ In 2007, revenue hedge earnings were included in other operating income which resulted in an impact in 2007 of a decrease of \$11 million over 2006 and a decrease of \$9 million over the March 2007 half

Impact of acquisitions and disposals

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

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

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

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

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

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

Non-core items

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

Non-core items in the income statement

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

▪ **Significant items**

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

- Gain on sale of Esanda Fleetpartners

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

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

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

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

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

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

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

Non-core items, cont'd

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

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

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

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

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

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

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

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

Income and expenses

Net Interest Income

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

2007 result

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

Volume

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

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

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

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

Margin

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

- Funding mix (nil)
Margins were assisted by substitution of customer deposits for wholesale funding (+2 basis points), offset by a decrease in the proportion of free funds (-2 basis points).
- Asset mix (-1 basis point)
Reduction was due to an increase in the proportion of lower yielding liquid assets and trading securities in Group Treasury and Markets (-2 basis points), partially offset by a decrease in the proportion of lower margin institutional lending (+1 basis point).
- Competition (-9 basis points)
Competitive pressures reduced margins, mainly in Australian Mortgages (-2 basis points), New Zealand Mortgages (-1 basis point), Australia and New Zealand Business lending (-1 basis point) and Relationship Banking and Esanda (-1 basis point). In addition, net interest margin declined due to lower lending related fees (-2 basis points) and migration to high yielding deposits (-1 basis point) and low rate credit cards (-1 basis point).
- Wholesale rates (+3 basis points)
Increased earnings from the investment of capital and rate insensitive deposits (+4 basis points) partially offset by an increase in basis risk on variable rate mortgages and credit cards (-1 basis point).
- Other items (-5 basis points) include:
 - NZD revenue hedging was included in interest income in prior periods, and in 2007 is included in foreign exchange earnings (-2 basis points)
 - Higher funding costs associated with unrealised trading gains (-3 basis points), however this is directly offset by an equivalent increase in trading income
 - Interest received on tax refunds in the prior period (-1 basis point)
 - Benefits from customer prepayment behaviour in New Zealand (+1 basis point)
 - Other impacts include a decrease in the proportion of credit card balances earning interest and a reduction in margins in the Pacific.

Income and expenses, cont'd

Net Interest Income, cont'd

▪ Comparison with March 2007 half

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

Volume

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

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

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

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

Margin

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

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

Income and expenses, cont'd

Other Operating Income

	Half year Sep 07 \$M	Half year Mar 07 \$M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 \$M	Full year Sep 06 \$M	Movt Sep 07 v. Sep 06 %
Total fee income	1,237	1,143	8%	2,380	2,145	11%
Foreign exchange earnings	250	237	5%	487	447	9%
Profit on trading instruments	196	173	13%	369	209	77%
Other	312	217	44%	529	345	53%
Core other operating income	1,995	1,770	13%	3,765	3,146	20%
Ineffective hedge fair value gains/losses ¹	58	42	38%	100	49	large
NZD revenue hedge mark-to-market volatility ¹	28	(5)	large	23	-	n/a
Significant items ¹	-	195	-100%	195	14	large
Total other income	2,081	2,002	4%	4,083	3,209	27%

Composition of Markets' income

Net interest income	(2)	50	large	48	113	-58%
Foreign exchange earnings	191	177	8%	368	333	11%
Profit on trading instruments	193	156	24%	349	220	59%
Fee and other income	4	12	-67%	16	25	-36%
Total Markets' income	386	395	-2%	781	691	13%

¹ Refer footnote 1 on page 11

2007 result

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

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

Income and expenses, cont'd

Other Operating Income, cont'd

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

Comparison with March 2007 half

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

The following explanations are based on core other operating income:

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

Income and expenses, cont'd

Expenses

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

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

2007 result

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

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

Income and expenses, cont'd

Expenses, cont'd

▪ Comparison with March 2007 half

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

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

Credit risk

Provision for credit impairment charge

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

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

Individual provision charge

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

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

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

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

Credit risk, cont'd

Collective provision charge

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

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

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

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

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

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

Expected loss

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

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

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

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

Credit risk, cont'd

Gross non-performing loans

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

Net non-performing loans

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

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

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

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

Income tax expense

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

¹ Refer footnote 1 on page 11

2007 result

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

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

Comparison with March 2007 half

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

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

Earnings per share

	Half year Sep 07	Half year Mar 07	Movt Sep 07 v. Mar 07	Full year Sep 07	Full year Sep 06	Movt Sep 07 v. Sep 06
Earnings per share¹ (cents)						
Basic	110.9	113.2	-2%	224.1	200.0	12%
Diluted	108.3	110.0	-2%	218.3	194.0	13%
Cash earnings per share						
Profit attributable to shareholders of the Company (\$M)	2,078	2,102	-1%	4,180	3,688	13%
Less: non-core items included in profit after tax ² (\$M)	(90)	(166)	-46%	(256)	(101)	large
Cash Profit (\$M)	1,988	1,936	3%	3,924	3,587	9%
Preference share dividend ³ (\$M)	(20)	(17)	18%	(37)	(27)	37%
Earnings adjusted for non-core items (\$M)	1,968	1,919	3%	3,887	3,560	9%
Weighted average number of ordinary shares (M)	1,855.3	1,841.6	1%	1,848.5	1,830.3	1%
Cash earnings per share (cents)	106.1	104.2	2%	210.3	194.5	8%

¹ Refer page 79 for full calculation

² Refer pages 13 and 14

³ The EPS calculation excludes the Euro Hybrid preference shares

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

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

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

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

Dividends

	Half year Sep 07	Half year Mar 07	Movt Sep 07 v. Mar 07	Full year Sep 07	Full year Sep 06	Movt Sep 07 v. Sep 06
Dividend per ordinary share (cents)						
Interim (fully franked)	n/a	62	n/a	62	56	11%
Final (fully franked)	74	n/a	n/a	74	69	7%
Total				136	125	9%
Ordinary share dividend payout ratio (%)						
Profit after tax (\$M)	2,078	2,102	-1%	4,180	3,688	13%
Non-core items ¹ (\$M)	(90)	(166)	-46%	(256)	(101)	large
Cash ¹ profit (\$M)	1,988	1,936	3%	3,924	3,587	9%
Dividend payout ratio of cash¹ profit (%)	70.2%	59.6%		65.0%	64.4%	

¹ Refer footnote 1 on page 11

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

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

EVA™ reconciliation

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

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

¹ Refer footnote 1 on page 11

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

Market risk

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

97.5% confidence level 1 day holding period

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

99% confidence level 1 day holding period

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

Revenue related hedges

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

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

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

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

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

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

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

Balance sheet

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

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

Liquid assets ↑13% (Excl Exchange Rates ↑18%)

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

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

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

Trading securities ↑65% (Excl Exchange Rates ↑66%)

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

Derivatives ↑143% (Excl Exchange Rates ↑143%)

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

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

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

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

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

Growth in Australia was \$24.0 billion or 14%:

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

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

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

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

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

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

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

Balance sheet, cont'd

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

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

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

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

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

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

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

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

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

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

Derivatives ↑176% (Excl Exchange Rates ↑178%)

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

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

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

Bonds and notes ↑8% (Excl Exchange Rates ↑8%)

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

Loan capital ↑15% (Excl Exchange Rates ↑15%)

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

Capital management

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

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

ACE Ratio

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

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

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

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

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

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

Capital management, cont'd

Hybrid Capital and Tier 1 Capital

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

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

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

Hybrid Tier 1 Capital details

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

Deferred acquisition costs and deferred income

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

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

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

¹ Deferred acquisition costs largely include the amounts of brokerage capitalised and amortised in the Business segments: Personal and New Zealand Businesses. Deferred acquisition costs also include capitalised debt raising expenses

² Includes deferred acquisition costs of \$299 million for Esanda (Mar 2007: \$292 million; Sep 2006: \$289 million) and deferred income of \$49 million for Esanda (Mar 2007: \$49 million; Sep 2006: \$50 million)

³ Includes Group Centre and Partnerships & Private Bank

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

Deferred acquisition costs analysis:

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

¹ Costs capitalised during the year exclude brokerage trailer commissions paid

² Comprises amortised costs of \$184 million for Esanda (Sep 2006: \$175 million) and capitalised costs of \$194 million for Esanda (Sep 2006: \$191 million)

³ Includes reversal of break costs on Stadium acquisition

⁴ Includes Group Centre and Partnerships & Private Bank

Software capitalisation

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

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

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Income Statement (including impact of movements in foreign currencies)

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

Income Statement (prior period figures adjusted to remove the impact of exchange rate movements²)

	Half year Sep 07	Half year Mar 07	Movt v. Mar 07	Full year Sep 07	Full year Sep 06	Movt v. Sep 06
	\$M	\$M	%	\$M	\$M	%
Profit after income tax						
Personal	737	703	5%	1,442	1,235	17%
Institutional	705	739	-5%	1,448	1,353	7%
New Zealand Businesses	376	352	7%	726	681	7%
Partnerships & Private Bank	137	110	25%	247	183	35%
Non-continuing businesses	-	-	n/a	-	55	-100%
Group Centre	33	18	83%	61	28	large
Cash profit²	1,988	1,922	3%	3,924	3,535	11%
Non-core items ¹	90	167	-46%	256	101	large
Profit	2,078	2,089	-1%	4,180	3,636	15%
FX impact on reported profit ²	-	13	-100%	-	52	-100%
Reported profit	2,078	2,102	-1%	4,180	3,688	13%

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

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

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

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

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

BUSINESS PERFORMANCE REVIEW (continued)
Personal
 Brian Hartzler

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

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

2007 result

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

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

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

Key factors affecting the result included:

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

Comparison with March 2007 half

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

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

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

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

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

Credit costs increased 5% mainly through volume growth.

BUSINESS PERFORMANCE REVIEW (continued)

Personal
Brian Hartzler

Personal division by business unit

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

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

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

^{1.} PBP (profit before provisions) is profit before credit impairment and income tax

^{2.} Credit impairment expense

^{3.} Other includes the branch network, whose costs are fully recovered from product business units and marketing & support costs

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Institutional
 Peter Hodgson

	Half year Sep 07 \$M	Half year Mar 07 \$M	Movt Sep 07 v. Mar 07 %	Full year Sep 07 \$M	Full year Sep 06 \$M	Movt Sep 07 v. Sep 06 %
Net interest income	980	995	-2%	1,975	2,015	-2%
Other external operating income	811	716	13%	1,527	1,241	23%
Operating income	1,791	1,711	5%	3,502	3,256	8%
External operating expenses	(565)	(505)	12%	(1,070)	(955)	12%
Net inter business unit expenses	(154)	(154)	0%	(308)	(301)	2%
Operating expenses	(719)	(659)	9%	(1,378)	(1,256)	10%
Profit before credit impairment and income tax	1,072	1,052	2%	2,124	2,000	6%
Provision for credit impairment	(76)	7	large	(69)	(58)	19%
Profit before income tax	996	1,059	-6%	2,055	1,942	6%
Income tax expense and minority interest	(291)	(316)	-8%	(607)	(579)	5%
Profit	705	743	-5%	1,448	1,363	6%

Consisting of:

Working Capital						
- Relationship Lending	241	306	-21%	547	480	14%
- Trade & Transaction Services	159	137	16%	296	291	2%
Markets ¹	136	155	-12%	291	283	3%
Business Banking	137	119	15%	256	257	0%
Corporate Finance	110	102	8%	212	208	2%
Relationships & Infrastructure ²	(78)	(76)	3%	(154)	(156)	-1%
	705	743	-5%	1,448	1,363	6%

Balance Sheet

Net loans & advances including acceptances	82,056	72,820	13%	82,056	70,866	16%
Other external assets	74,618	59,100	26%	74,618	48,307	54%
External assets	156,674	131,920	19%	156,674	119,173	31%
Customer deposits	70,099	61,361	14%	70,099	55,314	27%
Other deposits and borrowings	10,878	10,770	1%	10,878	10,042	8%
Deposits and other borrowings	80,977	72,131	12%	80,977	65,356	24%
Other external liabilities	63,542	50,289	26%	63,542	43,638	46%
External liabilities	144,519	122,420	18%	144,519	108,994	33%
Risk weighted assets	124,419	108,191	15%	124,419	104,918	19%
Average net loans & advances including acceptances	75,349	73,235	3%	74,303	69,135	7%
Average deposits and other borrowings	77,387	69,750	11%	73,579	63,100	17%

Ratios

Net interest margin	1.61%	1.73%		1.67%	1.85%	
Return on average assets	0.98%	1.16%		1.07%	1.13%	
Return on average risk weighted assets	1.23%	1.40%		1.31%	1.32%	
Operating expenses to operating income	40.1%	38.5%		39.3%	38.6%	
Operating expenses to average assets	1.00%	1.03%		1.02%	1.05%	
Individual provision charge/(credit)	67	(8)	large	59	49	20%
Individual provision charge/(credit) as a % of average net advances	0.18%	(0.02%)		0.08%	0.07%	
Collective provision charge/(credit)	9	1	large	10	9	11%
Collective provision charge/(credit) as a % of average net advances	0.02%	0.00%		0.01%	0.01%	
Net non-performing loans	248	229	8%	248	266	-7%
Net non-performing loans as a % of net advances	0.30%	0.31%		0.30%	0.38%	
Total employees	5,225	5,148	1%	5,225	4,915	6%

¹ Markets includes the interest rate mismatch results for Australia and New Zealand and the funding results for New Zealand. NPAT for September 2007 was \$15 million (Sep 2006: \$11 million; Sep 2007 half: \$5 million; Mar 2007 half: \$10 million)

² Relationships & Infrastructure includes Institutional Banking, Financial Institutions and Corporate Banking. These three relationship businesses hold management costs associated with our customers, with associated revenue booked in the product businesses

2007 result

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

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

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

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

Significant factors affecting the result were:

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

Comparison with March 2007 half

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

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

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

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

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

Institutional
Peter Hodgson

Institutional division by business unit

	Comparison to Full Year Sep 2006									
	Full Year Sep 2007					Growth Rate				
	Revenue	Expenses	PBP ¹	Credit ²	NPAT	Revenue	Expenses	PBP ¹	Credit ²	NPAT
Working Capital										
- Relationship Lending	753	31	722	(61)	547	-1%	41%	-2%	large	14%
- Trade & Transaction Services	770	340	430	7	296	6%	7%	5%	large	2%
Markets	781	321	460	47	291	13%	11%	14%	large	3%
Business Banking	675	263	412	46	256	7%	6%	7%	large	0%
Corporate Finance	507	189	318	31	212	18%	30%	12%	large	2%
Relationships & Infrastructure ³	16	234	(218)	(1)	(154)	7%	0%	-1%	large	-1%
Institutional Division	3,502	1,378	2,124	69	1,448	8%	10%	6%	19%	6%

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

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

^{1.} PBP (profit before provisions) is profit before credit impairment and income tax

^{2.} Credit impairment expense

^{3.} Relationships & Infrastructure includes Institutional Banking, Financial Institutions and Corporate Banking. These three relationship businesses hold management costs associated with our customers, with associated revenue booked in the product businesses

^{4.} Other includes Markets and Relationship Businesses

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BUSINESS PERFORMANCE REVIEW (continued)
New Zealand Businesses¹

Graham Hodges

Table reflects NZD results for New Zealand Businesses
AUD results shown on page 45

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

^{1.} For a reconciliation of New Zealand Businesses results to the New Zealand Geographic results refer page 57

^{2.} Private Banking & Retail Specialist Units include ING New Zealand joint venture

^{3.} Central Support includes Treasury funding and shared services

2007 result

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

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

Key factors driving the result were as follows:

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

Comparison with March 2007 half

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

Key influences on the result included the following:

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

BUSINESS PERFORMANCE REVIEW (continued)

New Zealand Businesses
Graham Hodges

New Zealand Businesses by business unit

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

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

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

^{1.} PBP (profit before provisions) is profit before credit impairment and income tax

^{2.} Credit impairment expense

^{3.} Central Support includes Treasury funding and shared services

New Zealand Businesses¹
 Graham Hodges

Table reflects AUD results for New Zealand Businesses
 NZD results shown on page 42

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

^{1.} For a reconciliation of New Zealand Businesses results to the New Zealand Geographic results refer page 57

^{2.} Private Banking & Retail Specialist Units include ING New Zealand joint venture

^{3.} Central Support includes Treasury funding and shared services

BUSINESS PERFORMANCE REVIEW (continued)
Partnerships & Private Bank

Bob Edgar

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

^{1.} Other international partnerships includes ANZ Royal, investment in Sacombank, Shanghai Rural Commercial Bank and International Partnerships support units

^{2.} Other comprises ANZ Private Bank, Personal and Private Banking Asia and support units

2007 result

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

Significant influences on the result were:

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

Comparison with March 2007 half

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

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

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

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

Partnerships & Private Bank
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ING Australia performance

	Half year Sep 07 \$M	Half year Mar 07 \$M	Movt v. Mar 07 %	Full year Sep 07 \$M	Full year Sep 06 \$M	Movt v. Sep 06 %
Funds management income	258	243	6%	501	445	13%
Life Risk Income						
- planned margin	130	117	11%	247	185	34%
- experience variation ¹	16	13	23%	29	34	-15%
- assumption changes ¹	-	8	-100%	8	15	-47%
	146	138	6%	284	234	21%
Total Income	404	381	6%	785	679	16%
Funds management expenses	(146)	(148)	-1%	(294)	(272)	8%
Life risk expenses	(72)	(67)	7%	(139)	(126)	10%
Remediation expenses ²	-	(12)	-100%	(12)	(39)	-69%
Capitalised software write-offs	-	(29)	-100%	(29)	(4)	large
Gross tax on operating profit	(53)	(15)	large	(68)	(52)	31%
Profit after tax, before capital investment earnings	133	110	21%	243	186	31%
Capital investment earnings after tax	27	42	-36%	69	57	21%
Profit after tax before minority interest	160	152	5%	312	243	28%
Minority interest	-	(1)	-100%	(1)	-	n/a
Profit after tax	160	151	6%	311	243	28%

ANZ share of INGA earnings @ 49%

JV profit	65	54	20%	119	91	31%
JV capital investment earnings	13	20	-35%	33	28	18%
	78	74	5%	152	119	28%
Net funding	2	1	100%	3	3	0%
Net return to ANZ	80	75	7%	155	122	27%
Carrying value of investment ³	1,519	1,507	1%	1,519	1,462	4%
Annualised return on ANZ investment	10.4%	10.0%		10.3%	8.3%	

Performance measures @ 100%

Value of new business ⁴	77	63	22%	140	81	73%
Cost to income ⁵	54.0%	56.4%		55.2%	58.6%	
Funds Management						
Retail & mezzanine Funds Under Management	45,993	43,797	5%	45,993	38,849	18%
Net retail & mezzanine flows	2,110	1,202	76%	3,312	1,257	large
Life Risk						
Total in-force	751	624	20%	751	596	26%
New premiums	106	95	12%	201	168	20%

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

¹ Experience variations are gains or losses arising from actual experience differing from plan, primarily death and sickness. Assumption changes are gains or losses arising from a change in valuation methods and best estimate assumptions

² Remediation expenses represent costs incurred in rectifying historical unit pricing errors and fully compensating customers

³ ANZ adopts the equity method of accounting for its 49% interest in INGA. The carrying value of the investment in INGA has been tested for impairment by comparing the carrying value with the recoverable amount of INGA. The Group engaged Ernst & Young ABC Pty Limited to provide an independent valuation of INGA for 31 March 2007 assessment purposes (the recoverable amount), and there has been no evidence of subsequent impairment. The independent economic valuation was based on a discounted cash flow approach, with allowance for the cost of capital. Based on the results of this valuation, no change is required to the carrying value of the investment in INGA

⁴ Value of new business represents the present value of future profits arising from the new business written over the periods less the present value of the cost of capital applying to that new business. It does not include the value of any associated imputation credits

⁵ Cost to Income ratio is management expenses (excluding Remediation Expenses & Capitalised Software Write-offs) / Total Income

⁶ Other Flows includes investment income net of taxes, fees and charges, distributions and timing (Mezzanine also includes a one-off re-classification to wholesale)

