



Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Consolidated Financial Report Dividend Announcement and Appendix 4D

**Half Year
31 March 2005**

This Financial Report on the consolidated Group constitutes the Appendix 4D required by the Australian Stock Exchange, and should be read in conjunction with the September 2004 Annual and Financial Reports and is lodged with the Australian Stock Exchange under listing rule 4.2A

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

ABN 11 005 357 522

CONSOLIDATED FINANCIAL REPORT, DIVIDEND ANNOUNCEMENT and APPENDIX 4D

Half year ended 31 March 2005

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All amounts are in Australian dollars unless otherwise stated. The information on which this announcement is based has been reviewed by the Group's auditors, KPMG. The Company has a formally constituted Audit Committee of the Board of Directors. This report was approved by resolution of a Committee of the Board of Directors on 26 April, 2005.

When used in this Results Announcement the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the ANZ Group 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. The ANZ Group does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Media Release

For Release: 27 April 2005

ANZ interim cash earnings per share up 8.9%

Profit after tax

- **\$1,475 million - up 5.7%**
- **\$1,492 million - up 13.7%** (excl. non-core items)

Shareholder return

- **EPS 79.8 cents - up 7.8%** (excl. non-core items)
- **Cash EPS 85.9 cents - up 8.9%** (excl. non-core items and goodwill amortisation)
- **Interim dividend 51 cents - up 8.5%**
- **Total Shareholder Return 15%** (year to 31 March 2005)

Ratios

- **Adjusted Common Equity Ratio 5.1% - down from 5.2%**
- **Cost-income ratio 45.8% - up from 45.1%** (excl. non-core items)
- **Cash return on equity 18.7% - down from 19.6%** (excl. non-core items)

Business Comment

- **Strong performance in Australia. Subdued results in NZ.**
- **Robust asset and liability growth offset by lower margins.**
- **Good cost and risk outcomes - net specific provisions down 23% to \$151 million and net non-accrual loans down 37%.**
- **Respectable performance in the first half and a favourable outlook help underpin a solid result for the year as a whole.**

Note: Comparisons with first half 2004

Non-core items are significant items and NBNZ incremental integration costs

Media Release

For Release: 27 April 2005

ANZ interim cash earnings per share up 8.9%

Australia and New Zealand Banking Group Limited (ANZ) today announced an operating profit after tax of \$1,492 million for the half-year ended 31 March 2005, and cash earnings per share of 85.9 cents, up 8.9%*. (All excluding non-core items*.)

The Interim Dividend was increased by 8.5% to 51 cents in line with ANZ's policy to increase dividends at the rate of cash earnings per share growth. Total Shareholder return over the year to 31 March 2005 was 15%.

ANZ Chief Executive Officer Mr John McFarlane said: "This is a respectable result in a rising rate environment and a highly competitive market. We are ahead of market expectations but there is more to do on the revenue side.

"Eight years ago we set out to change the face of ANZ. The results are now clear. We are continuing to move forward with commitment, energy and a sense of confidence in our future.

"In the half, asset and liability growth were very strong across the Group but this was substantially offset by a decline in margins.

"Advances grew by 14%. Net interest margins fell 13 basis points, as a result of a higher concentration of lower risk, lower yielding assets, together with intense competition in Institutional and in New Zealand mortgages, lower Treasury earnings, and a greater reliance on wholesale funding as a result of higher than expected asset levels.

"The highlight was Australia with earnings up 15% (excluding non-core items) and lending also up 15%. Personal Banking was particularly strong, reflecting the benefits of a distinctive strategy and strong execution over a number of years. ING Australia also performed well. Institutional, Corporate and Esanda performed broadly in line with plan.

"New Zealand was flat overall but this should be seen in the context of the need to prioritise the major integration and a very tight-deadline for the regulatory compliance program. The Asia Pacific business did not have the benefit of one-off earnings in Panin in 2004.

"We continued to invest in our people and in building our franchise, particularly in retail banking in Australia and New Zealand. Staff numbers rose by 6.7% to 1,861, and this contributed to expense growth of 8.0%. Our cost to income ratio rose slightly in the half but we would expect this to continue to trend downwards.

"Risks were reduced substantially and portfolio quality improved over the year resulting in a modestly lower Economic Loss Provision and a substantially lower Specific Provision", Mr McFarlane said.

* Comparisons with first half 2004. Non-core items are significant items and NBNZ incremental integration costs.

HIGHLIGHTS (continued)

Business Commentary

Commenting on each of ANZ's business divisions, Mr McFarlane said:

"In Personal Banking Australia our Mortgages and Deposit Products business each recorded market share gains. Strong growth was also seen in Regional Australia and in Consumer Finance where our low rate card product has been very successful.

"During the half, ANZ opened six new retail points of representation including new style retail outlets, and completed 42 refurbishments. Staff numbers grew by 4%. We would have liked to have expanded faster but were constrained by the availability of quality branch sites and skilled staff. Ten retail openings are planned in the second half with a pipeline of openings established for 2006.

"We have come a long way in Personal Banking and are now among the best performing retail banks in Australia with market leading products and the highest customer satisfaction of the major banks. This gives us the platform to take this business to a new level.

"In Institutional, very strong loan growth was offset by margin pressure, partly reflecting a cyclical contraction in global credit spreads. During the half, we restructured our Markets business by merging the Capital Markets and Foreign Exchange business units, which will deliver improved efficiency and an enhanced customer proposition. Trade and Transaction Services continued to perform well.

"Corporate performed well financially, despite a modest slowdown in system loan growth in the SME segment. In Small Business, we have employed 54 new relationship managers, as we leverage the success NBNZ has achieved in this segment in New Zealand.

"In New Zealand, a subdued overall result masked stronger performance in NBNZ Retail, Corporate and Rural, offset by subdued performance in ANZ Retail, where fees were reduced to build longer term market share, in Institutional and in UDC. Price competition was particularly intense.

"It was also a period where the priority was on completing integration, and on the major technology and operational changes required by the Reserve Bank of New Zealand. We are well advanced with integration and with the demanding regulatory agenda, and are confident they will be completed in 2005. This will enable management to refocus on building the business and enhancing financial performance, rather than on integration and regulatory matters, and we expect New Zealand to improve in the second half.

Sustainability

"At ANZ, we are committed to improve the sustainability of returns and of building a base for longer term growth and return. Central to this, are our responsibilities to our broader stakeholder group, including customers, government, the community, and staff, as well as shareholders.

"In Australia, we have systematically increased market share and are the best regarded major bank in retail banking. We continue to consolidate our strong position in corporate banking. We are now the largest bank in New Zealand and in the South-Pacific, and probably have the largest Australian direct investment into Asia-Pacific.

"We have focussed on advancing our cultural change agenda and the development of enlightened values among our people. ANZ is becoming recognised globally for our achievements in this area. Staff satisfaction is at 85% and staff engagement improved from 53% to 60%. This is ahead of all major Australian companies similarly surveyed, and ahead of other major banks. We have also made good progress on staff safety. We measure ANZ values annually and are pleased that our top values across the Group are now 'customer focus' and 'community involvement'.

HIGHLIGHTS (continued)

"Our people are increasingly involved in community activities which was evidenced in the admirable response by staff to the Boxing Day Tsunami Appeal. This, together with our innovative Group programs to create greater financial inclusion particularly for low-income earners and indigenous Australians have helped raise the regard in which we are held.

Outlook

"The economic environment in Australia, New Zealand and internationally remains supportive of good earnings growth in the medium term future. We are likely to see some softening as interest rates continue to rise and the economic cycle comes off its peak. System credit growth is nevertheless likely to remain double digit for the year, including housing, but it would be prudent to remain cautious about margins.

"Our respectable performance in the first half and a favourable outlook will help underpin a solid result for the year as a whole," Mr McFarlane said.

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FINANCIAL HIGHLIGHTS

Net Profit

	Half year Mar 05 \$M	Half year Sep 04 \$M	Half year Mar 04 \$M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	2,853	2,745	2,509	4%	14%
Other operating income	1,704	1,708	1,683	0%	1%
Operating income	4,557	4,453	4,192	2%	9%
Operating expenses	(2,200)	(2,124)	(1,902)	4%	16%
Profit before debt provision	2,357	2,329	2,290	1%	3%
Provision for doubtful debts	(284)	(319)	(313)	-11%	-9%
Profit before income tax	2,073	2,010	1,977	3%	5%
Income tax expense	(597)	(590)	(578)	1%	3%
Outside equity interests	(1)	(1)	(3)	0%	-67%
Net profit attributable to shareholders of the Company	1,475	1,419	1,396	4%	6%

Significant items¹ and NBNZ incremental integration costs² in the profit and loss

Significant items	Half year Mar 05 \$M	Half year Sep 04 \$M	Half year Mar 04 \$M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
TrUEPrS					
Swap income	-	-	110	n/a	-100%
Interest	-	-	2	n/a	-100%
Income tax expense	-	-	(28)	n/a	-100%
Cash dividends ³	-	-	-	n/a	n/a
Gain on finalising INGA completion accounts after tax ^{1,4}	-	14	-	-100%	n/a
Total significant items	-	14	84	-100%	-100%
NBNZ incremental integration costs after tax^{2,5}	(17)	(14)	-	21%	n/a
	(17)	-	84	n/a	large

Profit excluding significant items¹ and NBNZ incremental integration costs² in the profit and loss

	Half year Mar 05 \$M	Half year Sep 04 \$M	Half year Mar 04 \$M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	2,853	2,745	2,507	4%	14%
Other operating income	1,704	1,694	1,573	1%	8%
Operating income	4,557	4,439	4,080	3%	12%
Operating expenses	(2,175)	(2,103)	(1,902)	3%	14%
Profit before debt provision	2,382	2,336	2,178	2%	9%
Provision for doubtful debts	(284)	(319)	(313)	-11%	-9%
Profit before income tax	2,098	2,017	1,865	4%	12%
Income tax expense	(605)	(597)	(550)	1%	10%
Outside equity interests	(1)	(1)	(3)	0%	-67%
Net profit excluding significant items and NBNZ incremental integration costs	1,492	1,419	1,312	5%	14%

¹ In the September 2004 half ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts as significant items. In the March 2004 half \$84 million net profit after tax arising from the TrUEPrS transaction has been classified 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 12)

² In the March 2005 half ANZ has incurred \$17 million after tax NBNZ incremental integration costs (Sep 2004: \$14 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration (refer page 12)

³ Dividends on TrUEPrS preference shares treated as significant items (Mar 2005: \$nil; Sep 2004: \$1 million; Mar 2004: \$35 million) do not impact net profit, but do impact earnings per share

⁴ Tax on gain on INGA completion accounts: \$nil

⁵ Tax on incremental NBNZ integration costs: \$8 million (Sep 2004: \$7 million)

FINANCIAL HIGHLIGHTS (continued)

Earnings per share³

	Half year Mar 05 \$M	Half year Sep 04 \$M	Half year Mar 04 \$M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Earnings per ordinary share (cents)					
Earnings per ordinary share (basic)	78.8	76.4	76.8	3%	3%
Earnings per ordinary share (diluted)	76.9	74.4	75.3	3%	2%
Earnings per ordinary share (basic) excluding significant items ¹ and NBNZ incremental integration costs ²	79.8	76.4	74.0	4%	8%
Earnings per ordinary share (basic) excluding significant items ¹ and NBNZ incremental integration costs ² and goodwill amortisation	85.9	82.1	78.9	5%	9%

^{1.} In the September 2004 half ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts and \$1 million dividends arising from the TrUEPrS transaction as significant items. In the March 2004 half \$84 million net profit after tax and \$35 million dividends arising from the TrUEPrS transaction has been classified 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 12)

^{2.} In the March 2005 half ANZ has incurred \$17 million after tax NBNZ incremental integration costs (Sep 2004: \$14 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration

^{3.} Refer page 69 for details of calculation

Net profit by business unit

	Half year Mar 05 \$M	Half year Sep 04 \$M	Half year Mar 04 \$M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net profit after income tax					
Personal Banking Australia	442	417	384	6%	15%
Institutional	455	436	427	4%	7%
New Zealand Businesses	306	291	219	5%	40%
Corporate Australia	182	172	164	6%	11%
Esanda and UDC	77	74	69	4%	12%
Asia Pacific	48	60	51	-20%	-6%
ING Australia	63	61	47	3%	34%
Group Centre ¹	(81)	(92)	(49)	-12%	65%
Net profit (excl significant items² and NBNZ incremental integration costs³)	1,492	1,419	1,312	5%	14%
Significant items ² and NBNZ incremental integration costs ³	(17)	-	84	n/a	large
Net profit	1,475	1,419	1,396	4%	6%

Net profit by geography

	Half year Mar 05 \$M	Half year Sep 04 \$M	Half year Mar 04 \$M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Australia ²	1,051	970	916	8%	15%
New Zealand ³	286	282	227	1%	26%
Asia Pacific	84	99	92	-15%	-9%
Other	71	68	77	4%	-8%
Net profit excluding significant items² and NBNZ incremental integration costs³	1,492	1,419	1,312	5%	14%
Significant items ² and NBNZ incremental integration costs ³	(17)	-	84	n/a	large
Net profit	1,475	1,419	1,396	4%	6%

^{1.} Group Centre includes the operations of Treasury

^{2.} In the September 2004 half ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts as significant items. In the March 2004 half \$84 million net profit after tax arising from the TrUEPrS transaction has been classified 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 12)

^{3.} In the March 2005 half ANZ has incurred \$17 million after tax NBNZ incremental integration costs (Sep 2004: \$14 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration

FINANCIAL HIGHLIGHTS (continued)

Statement of Financial Position

	As at Mar 05	As at Sep 04	As at Mar 04	Movt Mar 05 v. Sep 04	Movt Mar 05 v. Mar 04
	\$M	\$M	\$M	%	%
Assets					
Liquid assets	8,855	6,363	5,732	39%	54%
Due from other financial institutions	6,428	4,781	7,093	34%	-9%
Trading and investment securities	12,853	13,224	13,062	-3%	-2%
Net loans and advances including acceptances	231,480	217,428	202,216	6%	14%
Other	18,233	17,549	19,185	4%	-5%
Total assets	277,849	259,345	247,288	7%	12%
Liabilities					
Due to other financial institutions	10,056	7,349	7,143	37%	41%
Deposits and other borrowings	180,410	168,557	163,208	7%	11%
Liability for acceptances	12,922	12,466	13,358	4%	-3%
Bonds and notes	32,321	27,602	21,245	17%	52%
Other	23,132	25,446	25,586	-9%	-10%
Total liabilities	258,841	241,420	230,540	7%	12%
Total shareholders' equity	19,008	17,925	16,748	6%	13%

Net loans and advances including acceptances by business unit

	As at Mar 05	As at Sep 04	As at Mar 04	Movt Mar 05 v. Sep 04	Movt Mar 05 v. Mar 04
	\$M	\$M	\$M	%	%
Personal Banking Australia	97,807	91,183	84,886	7%	15%
Institutional	46,697	42,525	40,906	10%	14%
New Zealand Businesses	51,996	49,892	44,489	4%	17%
Corporate Australia	19,318	18,450	17,215	5%	12%
Esanda and UDC	13,813	13,588	13,043	2%	6%
Asia Pacific	1,644	1,557	1,373	6%	20%
Other	205	233	304	-12%	-33%
Net advances	231,480	217,428	202,216	6%	14%

FINANCIAL HIGHLIGHTS (continued)

Financial Ratios

	Half year Mar 05 \$M	Half year Sep 04 \$M	Half year Mar 04 \$M
EVA^{TM1}	926	880	870
Profitability ratios			
Return on:			
Average ordinary shareholders' equity ^{2,3}	17.2%	17.3%	19.1%
Average ordinary shareholders' equity ^{2,3} (excluding significant items ⁴ and NBNZ incremental integration costs ⁵)	17.4%	17.3%	18.4%
Average ordinary shareholders' equity ^{2,3} (excluding goodwill amortisation, notional goodwill, significant items ⁴ and NBNZ incremental integration costs ⁵)	18.7%	18.6%	19.6%
Average assets	1.10%	1.11%	1.21%
Average risk weighted assets	1.46%	1.48%	1.60%
Total income ³	14.4%	14.9%	16.2%
Net interest average margin	2.40%	2.45%	2.53%
Profit per average FTE (\$)	50,426	49,844	53,226
Efficiency ratios⁶			
Operating expenses to operating income (excluding significant items ⁴ and NBNZ incremental integration costs ⁵)	45.8%	45.5%	45.1%
Operating expenses to operating income	46.3%	45.8%	43.9%
Operating expenses (excluding significant items ⁴ and NBNZ incremental integration costs ⁵) to average assets	1.55%	1.58%	1.60%
Operating expenses to average assets	1.57%	1.59%	1.60%
Debt provisioning			
Economic loss provisioning (\$M)	284	319	313
Net specific provisions (\$M)	151	247	196
Ordinary share dividends (cents)			
Interim - 100% franked (Mar 04: 100% franked)	51	n/a	47
Final - 100% franked (Sep 04: 100% franked)	n/a	54	n/a
Ordinary share dividend payout ratio ⁷	64.7%	71.0%	63.8%
Ordinary share dividend payout ratio ⁷ excluding goodwill, significant items ⁴ and NBNZ incremental integration costs ⁵	59.4%	66.0%	62.1%
Preference share dividend			
Dividend paid (\$M)	38	34	64

^{1.} EVATM refers to Economic Value Added, a measure of shareholder value. See page 20 for a reconciliation of EVATM to reported net profit and a discussion of EVATM and an explanation of its usefulness as a performance measure

^{2.} Average ordinary shareholders' equity excludes outside equity interests

^{3.} Excludes preference share dividend

^{4.} In the September 2004 half ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts and \$1 million dividends arising from the TrUEPrS transaction as significant items. In the March 2004 half \$84 million net profit after tax and \$35 million dividends arising from the TrUEPrS transaction has been classified as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business

^{5.} In the March 2005 half ANZ has incurred \$17 million after tax NBNZ incremental integration costs (Sep 2004: \$14 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration

^{6.} Excludes goodwill amortisation

^{7.} Dividend payout ratio is calculated using the proposed dividend as at 31 March 2005 and the 30 September 2004 and 31 March 2004 dividends

