














Net Interest Income (NII)

Impact	2005 Financial Impact	Description
Total 2005 impact	 \$573m	<ul style="list-style-type: none"> • Net Interest Income increases to \$6,371m
Fee Revenue AASB 118, AASB 139	 \$622m	<ul style="list-style-type: none"> • Certain fees (such as loan approval & financial service fees) previously reported in Non Interest Income, are capitalised and amortised to net interest income as a yield adjustment over the lives of the financial instruments to which they relate. • View illustrative examples of future treatment of fees
Hybrid Securities AASB 132	 \$66m	<ul style="list-style-type: none"> • ANZ StEPS hybrid Tier 1 instrument currently treated as equity will be reclassified as debt. Accordingly ongoing distributions will be classified as interest expense rather than as dividends
Other AASB 127, AASB 132	 \$17m	<p>“Other” reflects the combination of;</p> <ul style="list-style-type: none"> • Intercompany elimination of interest expense associated with securitisation entities now brought on balance sheet (\$21m) • Amortisation of issue costs associated with ANZ StEPS classified as interest expense (decrease of \$4m)



Non Interest Income

Impact	2005 Financial Impact	Description
Total 2005 impact	 \$560m	<ul style="list-style-type: none"> • Non Interest Income reduces to \$2,992m
Goodwill Amortisation AASB 138	 \$45m	<ul style="list-style-type: none"> • Write-back of notional INGA and other equity accounted investments' goodwill amortisation, previously included in the share of joint venture and associates profit. Under AIFRS goodwill is no longer amortised, rather it is subject to impairment testing
Fee Revenue AASB 118, AASB 139	 \$635m	<ul style="list-style-type: none"> • Certain fees (such as loan approval & financial service fees) previously reported in Non Interest Income, are capitalised and amortised to net interest income as a yield adjustment over the lives of the financial instruments to which they relate. • View illustrative examples of future treatment of fees
Derivative Financial Instruments AASB 139	 \$43m	<ul style="list-style-type: none"> • Fair value movements on derivatives that were previously included in a hedging relationship under AGAAP and accrual accounted. Under AIFRS these hedges do not meet the hedge accounting criteria.
Other AASB 127, AASB 128, AASB 131, AASB 139	 \$13m	<p>"Other" reflects the combination of;</p> <ul style="list-style-type: none"> • Intercompany elimination of other income associated with securitisation entities now brought on balance sheet (decrease of \$21m) • Increased share of profits from associates and JVs (\$6m) • Effect of applying 'bid' or 'offer' prices rather than 'mid' prices and including improvements in the market value of counterparty risk in measuring the fair value of derivatives (\$2m)







Operating Expenses

Impact	2005 Financial Impact	Description
Total 2005 impact	 \$97m	<ul style="list-style-type: none"> • Operating Expenses reduce to \$4,418m
Goodwill Amortisation AASB 138	 \$179m	<ul style="list-style-type: none"> • Write-back of goodwill amortisation. Under AIFRS goodwill is no longer amortised, rather it is subject to impairment testing
Share Based Payments AASB 2	 \$80m	<ul style="list-style-type: none"> • All share based payments, including deferred shares and options are required to be recognised as an expense over the relevant vesting period. Previously an expense was recognised only for the full fair value of deferred shares issued. • View illustrative examples of share based payments
Other AASB 139, AASB 127	 \$2m	<ul style="list-style-type: none"> • Largely due to expenses relating to securitisation entities now brought on balance sheet

Bad & Doubtful Debt Expense

Impact	2005 Financial Impact	Description
Total 2005 impact	 \$15m	<ul style="list-style-type: none"> • Bad & Doubtful Debt Expense reduces to \$565m
Credit Loss Provisioning AASB 139	 \$15m	<ul style="list-style-type: none"> • Under AIFRS the Bad & Doubtful Debt charge reflects movements in Individual Provisions (previously Specific Provisions) and Collective Provisions • The movement in Collective Provisions is a function of change in portfolio size, portfolio mix, changes in risk profile, specific macro events and economic cycle outlook • Under AGAAP the annual ELP charge was determined as the average one year loss expected to be incurred if the same loan portfolio was held over an economic cycle • Under AIFRS the charge reflects a small reduction being the impact of the strengthening risk profile largely offset by the estimated impact of higher oil prices • View additional disclosure on credit loss provisioning

Income Tax Expense ([AASB 112](#))

Impact	2005 Financial Impact	Description
Total impact	 \$1m	<ul style="list-style-type: none"> Income Tax Expense & net profit attributable to OEI reduces to \$1,236m
Share Based Payments AASB 2	 \$17m	<ul style="list-style-type: none"> Tax impact of share based payments expense recognition
Fee Revenue AASB 118/AASB 139	 \$3m	<ul style="list-style-type: none"> Tax impact of fee revenue recognition
Credit Loss Provisioning AASB 139	 \$6m	<ul style="list-style-type: none"> Tax impact of credit loss provisioning
Derivative Financial Instruments AASB 139	 \$12m	<ul style="list-style-type: none"> Tax impact of derivative accounting adjustments
Other AASB 127	 \$1m	<ul style="list-style-type: none"> Largely due to tax impacts relating to securitisation entities now brought on balance sheet