Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Full Year

30 September 2012

Consolidated Financial Report

Dividend Announcement and

Appendix 4E

The Consolidated Financial Report and Dividend Announcement constitutes the preliminary final report and contains information required by Appendix 4E of the Australian Securities Exchange Listing Rules. It should be read in conjunction with ANZ's 2012 Annual Report when released, and is lodged with the Australian Securities Exchange under listing rule 4.3A.

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

Report for the full year ended 30 September 2012

Operating Results[1]				**A$ million**
Operating income	⇧	5%	to	17,711
Net statutory profit attributable to shareholders	⇧	6%	to	5,661
Underlying profit[2]	⇧	6%	to	6,011

Dividends[3]	**Cents per share**	**Franked amount**[4] **per share**
Proposed final dividend	79	100%
Interim dividend	66	100%
Record date for determining entitlements to the proposed final dividend		14 November 2012
Payment date for the proposed final dividend		19 December 2012

Dividend Reinvestment Plan and Bonus Option Plan

Australia and New Zealand Banking Group Limited (ANZ) has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the 2012 final dividend. For the 2012 final dividend, ANZ intends to provide shares under the DRP and BOP through the issue of new shares. The 'Acquisition Price' to be used in determining the number of shares to be provided under the DRP and BOP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of fully paid ANZ ordinary shares sold on the ASX during the seven trading days commencing on 16 November 2012, and then rounded to the nearest whole cent. Shares provided under the DRP and BOP will rank equally in all respects with existing fully paid ANZ ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2012 final dividend must be received by ANZ's Share Registrar by 5.00 pm (Australian Eastern Daylight Time) on 14 November 2012. Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in Great Britain (including the Channel Islands and the Isle of Man) or New Zealand will be converted to Pounds Sterling and New Zealand dollars respectively at an exchange rate calculated at 5.00 pm (Australian Eastern Daylight Time) on 16 November 2012.

1 Compared to year ended 30 September 2011
2 Reported profit is adjusted to exclude certain non-core items to arrive at underlying profit, and has been provided to assist readers to understand the results for the ongoing activities of the Group. The net after tax adjustment was a gain of $350 million made up of several items. Refer pages 76 to 79 of the ANZ Consolidated Financial Report and Dividend Announcement for the full year 30 September 2012 for further details.
3 There is no foreign conduit income attributed to the dividends
4 30% tax rate

CONSOLIDATED FINANCIAL REPORT, DIVIDEND ANNOUNCEMENT AND APPENDIX 4E

Full year ended 30 September 2012

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

All amounts are in Australian dollars unless otherwise stated. The information on which the Condensed Consolidated Financial Statements are 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 these Condensed Consolidated Financial Statements was approved by resolution of a Committee of the Board of Directors on 24 October 2012.

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

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For Release: 25 October 2012

Media Release

ANZ 2012 Full Year Result

- productivity, super regional strategy drive higher profit and dividend -

ANZ today announced a statutory profit[1] after tax of $5.7 billion and an underlying profit[2] of $6.0 billion for the financial year ended 30 September 2012, both up 6% over the prior year (YOY).

The proposed final dividend of 79 cents per share (cps) fully franked is 4% higher YOY. The total dividend for 2012 is $1.45 per share.

Group Balance Sheet and Performance Highlights[3]

- Profit before provisions (PBP) increased 5% YOY (4% HOH) reflecting Group-wide productivity gains, improved performance from the Australia Division in the second half, early benefits from the New Zealand simplification program, growth in International and Institutional Banking particularly in Asia and an improving contribution from the Global Wealth and Private Banking Division.
- The Group invested $1.3 billion in targeted growth initiatives in 2012 with productivity improvements driving flat expenses HOH and positive revenue/cost jaws YOY and HOH.
- ANZ continues to increase the diversity of its revenue base with 21% of Group revenues derived outside of Australia and New Zealand during 2012. Global Markets revenue increased 14% to $1.9 billion with customer sales income up 10% to represent 61% of total income.
- Net interest margin excluding Global Markets declined 3 basis points (bps) from the end of the first half[4] reflecting increased funding costs in particular from deposits, as well as asset pricing pressure in Institutional.
- Deposits grew 12% with lending up 8% (FX adjusted).
- ANZ continues to have the lowest wholesale funding requirement of its domestic peers. Customer funding comprises 61% of total funding.
- The Group is well positioned for the implementation of Basel 3 from January 2013. As at 30 September 2012, ANZ's Common Equity Tier 1 ratio (CET1) was 10.0% on a Basel 3 harmonised basis[5] or 8.0% under the Australian Prudential Regulation Authority's (APRA) Basel 3 standards.
- Return on Equity reduced by 60 bps to 15.6%. Benefits from the Group's capital efficiency focus were somewhat offset by higher regulatory capital holdings and reduced earnings on capital in a lower interest rate environment.
- The provision charge was $1.25 billion broadly in line with 2011. Gross impaired assets declined 7% YOY while the collective provision coverage ratio remains strong at 1.08%.
- ANZ was awarded Bank of the Year, Mortgage Lender of the Year and Business Bank of the Year during 2012. The Group was also recognised as a top 5 Corporate Bank in Asia[6] and was ranked the most sustainable bank globally in the 2012 Dow Jones Sustainability Index

ANZ Chief Executive Officer Mike Smith said: "This result continues our track record of delivering on our promises to shareholders, customers, staff and to the community.

"Our super regional strategy, with its focus on significant organic growth opportunities in Asia Pacific and building strong domestic businesses in Australia and New Zealand, together with an increased emphasis on productivity improvements, has seen us deliver a good performance in 2012.

"Just as important is our strategic progress. Over the past five years we have systematically worked in every area of the bank to transform ANZ, delivering on our regional growth aspirations and emerging from the global financial crisis as a stronger, more international bank.

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1 The Financial Report is in the process of being audited.
2 The statutory profit is adjusted to exclude certain non-core items to arrive at underlying profit.
3 All comparisons are FY12 versus FY11 (YOY) and on an underlying basis unless otherwise noted.
4 Comparison of 270 bps Group NIM (Ex Markets) as per slide 26 of the HY12 results pack to 267 bps Group NIM (Ex Markets) for the second half 2012.
5 ANZ's interpretation of the regulations documented in the Basel Committee publications; "Basel III: A global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006).
6 Money Magazine Bank of the Year and Home Lender of the year; Capital-Business Bank of the Year 2012, Top 5 Corporate bank Greenwich Associates survey 2012.

"Our results also show that management has been proactively responding to fast changing and challenging conditions in different markets to drive both growth and productivity.

"The Asia Pacific Europe and America (APEA) network now drives 21% of Group revenue[7]; Greater China is now our third largest market in terms of earnings," Mr. Smith said.

Commenting on the 2012 result, Mr Smith said: "Our performance was consistent with the expectations we outlined at the Half Year result and in our August trading update. The results demonstrate continued progress with our super regional strategy while also adapting ANZ to the lower growth environment where tight management of costs and capital is increasingly important.

"While we have continued to invest in our strategy, the increasing focus on productivity has delivered lower cost growth, particularly in the second half where the cost to income ratio fell 110 basis points to 45.1%.

"Performance in the Australia Division improved during the second half. This saw us produce a good result based on market share gains, tight management of margins and a strong productivity focus. Retail performed well across all segments and Commercial saw customer numbers increase, particularly in Small Business Banking.

"The International and Institutional Banking Division delivered significant growth in a number of priority segments based on the connectivity of our network. This included strong performances in Natural Resources, Trade and Supply Chain and Global Markets particularly in Foreign Exchange, although performances in Agriculture and Infrastructure were more subdued. Commercial in Asia achieved good growth. We also made progress in adapting the business to the new operating environment, particularly in Australia where subdued trading conditions and significant margin pressure are necessitating continuing change.

"The New Zealand Division delivered another good performance. The credit environment continues to improve and business simplification is showing benefits through productivity gains, good customer satisfaction outcomes, market share growth in key segments and higher staff engagement. We have also announced we will move to one brand and this weekend we will complete the move to one technology platform.

"Profits from the newly-formed Global Wealth and Private Banking Division were flat reflecting market conditions but importantly, having put a new management focus on this business, we saw an improving contribution in the second half with better insurance results, higher investment earnings and productivity improvements. We will be updating investors on the direction of this business next month," Mr Smith said.

Mr Smith added: "With the global economy softening, it's clear that the post-GFC lower growth business environment will be with us for the foreseeable future, as will the requirement to operate with higher levels of regulatory capital and higher funding and liquidity costs. ANZ has the right strategy focused on regional growth markets and we have been making the necessary structural adjustments, including a shift to emphasise productivity improvements and capital efficiency.

"Although the operating environment in 2013 looks more challenging with stronger headwinds in a number of areas, our unique growth strategy and the momentum we have in adapting to the new environment means we are well placed to deliver value and performance to shareholders in 2013," Mr Smith said.

PERFORMANCE BY DIVISION[8]

AUSTRALIA

Divisional profit grew 4% (up 10% HOH) with PBP up 2% (up 11% HOH). Market share gains in traditional banking, affluent retail and household deposits and lending have been a feature of the 2012 performance with ANZ recognised with a number of awards including Bank of the Year, Home Lender of the Year and Business Bank of the Year.

Retail lending grew 7% with mortgage lending growing above system. ANZ's share of household deposits has grown consistently over the past three years, up 30 bps in 2012. Commercial lending grew 9% driven by increased customer numbers and share of wallet. The Commercial business is harnessing ANZ's regional connectivity with trade finance revenues attributable to Commercial Clients up 20% YOY and Global Markets revenues up 40% YOY.

The Australia Division is transforming its cost base. Costs fell HOH while revenue/cost jaws were positive both YOY and HOH. Further productivity improvements will be driven by greater use of digital platforms, automation and simplification of products and processes. The branch transformation program, part of the recently announced "Banking on Australia" program will deliver an improved customer experience and a more flexible lower cost footprint.

Despite recovering 4 bps HOH the Divisional margin declined YOY reflecting the ongoing impact of elevated funding costs, in particular for deposits.

[7] APEA network revenue is total revenue derived from outside Australia and New Zealand regardless of booking point.
[8] Comparisons are all FY12 compared to FY11 (YOY) and on an underlying basis unless otherwise noted.

Credit quality is performing to expectations. Mortgage delinquencies have continued to decline across all bands (30, 60 and 90 days) however softening economic conditions, particularly in regional Australia, drove increased provision charges.

INTERNATIONAL AND INSTITUTIONAL BANKING DIVISION (IIB)

Profit from International and Institutional Banking grew 3% with PBP up 7%. IIB continues to grow and diversify earnings by priority geography, product and customer, reducing its historical reliance on Institutional lending and interest rate trading.

Transaction Banking profit increased 23%, Trade and Supply Chain profit was up 47% and Global Markets profit grew 22%. In line with our strategy, around two thirds of Global Markets revenue is now from customer sales and more than half of sales revenue now comes from Foreign Exchange. Overall, 43% of the Division's revenue and 54% of deposits are now derived from outside Australia and New Zealand.

An 11% increase in lending volumes was driven predominantly by APEA where the lending book is dominated by shorter duration trade finance which grew 30%. Challenging macro conditions and tightening margins which declined 19 bps during the second half saw Global Loans profit decline 17%. The difficult margin outcome, particularly in Australia, reflected increased funding and liquidity costs, asset pricing competition and the shift to shorter duration, lower risk assets. Deposits increased 10% YOY with APEA Retail deposits up 17% to $13.4 billion.

Revenue to cost jaws were neutral, with expenses declining 1% in the second half.

Institutional's gross impaired assets reduced 4% due to a combination of repayments, upgrades and write-offs. The impairment charge was up 46% with losses on a few legacy loans in Australia partially offset by collective provision releases from associated concentration risk provisions.

NEW ZEALAND (all figures in NZD)

New Zealand Division profit increased 11% with PBP up 4%. The credit environment continues to improve in New Zealand and the Division's simplification focus is delivering benefits including productivity gains and market share growth in key segments. The cost to income ratio fell by 100 bps to 43.9%.

Lending volumes increased 3% with momentum particularly evident in the second half reflecting an increased focus on mortgages in the Auckland region and on the Small Business segment. Deposits increased 9% with good growth in Retail and in Small Business Banking deposits.

In Retail, strong underlying profit growth was driven by balance sheet growth and strong cost control which helped mitigate a tightening margin environment. In Commercial the business is leveraging ANZ's super regional strategy with revenues from Trade Finance up 21% YOY.

In late September ANZ announced it would be merging the ANZ and National Bank brands using the ANZ brand. There is a comprehensive brand and customer management program in place that will run over the coming months.

Credit quality has continued to strengthen. Delinquency rates have declined and gross impaired assets have decreased by 21%. The provision charge declined 12% YOY and 12% HOH.

GLOBAL WEALTH AND PRIVATE BANKING[9]

Despite flat profit growth YOY the Global Wealth and Private Banking Division's performance improved half on half, reflecting better performance in insurance and investment earnings and a decline in costs as productivity benefits emerged. The cost to income ratio improved significantly HOH down 350 bps to 56.3%.

Funds under management (FUM) increased 6% with New Zealand performing strongly up 15%.
Favourable claims experience partially offset higher lapse rates with net insurance income increasing 4% during the second half and annual individual in-force premiums up 11% YOY and 7% HOH.

BALANCE SHEET, CAPITAL, LIQUIDITY AND FUNDING

ANZ is managing returns to shareholders with a focus on executing the Group's strategy in the most capital efficient way.

The Group has raised around $11 billion of additional capital since 2007 to strengthen the balance sheet and is well positioned for the implementation of the new Basel 3 capital rules from January 2013. ANZ's CET1 ratio stands at 10.0% on a Basel 3 fully harmonised basis or 8.0% under the APRA Basel 3 requirements. The CET1 increase of 55 bps in FY12 was driven by organic capital generation before dividends of 106 bps and capital optimisation initiatives of 28 bps. With the capital strengthening phase now largely complete, ANZ will be removing the 1.5% discount on the Dividend Reinvestment Plan effective as of the forthcoming final dividend.

[9] ANZ announced the formation of the Global Wealth and Private Banking business in February 2012. It encompasses Wealth Management, Insurance, Private Banking and E*Trade online broking and services more than two million customers across ANZ's key regions.

ANZ's 2012 wholesale funding task of $21 billion was completed ahead of schedule and one third of the 2013 requirement has already been funded. Having the lowest wholesale funding requirement amongst our major domestic peers provides ANZ with additional flexibility in terms of funding strategy. In 2012, 41% of our issuance was domestically sourced and our global investor base has been further diversified driven by the issuance of covered bonds in a range of currencies.

Liquid assets exceed all wholesale debt maturing in the next 12 months and also exceed the Group's total offshore wholesale debt portfolio.

ADJUSTMENTS TO STATUTORY PROFIT - NON-CORE ITEMS

ANZ adjusts statutory profit for certain non-core items to calculate underlying profit. A net $296 million after tax of non-core adjustments was recognised in the second half. Included in this amount were the $224 million gain from the sale of Visa Inc. shares announced in September, economic and revenue hedge mark to market adjustments of $217 million, $59 million for the New Zealand simplification program and $220 million in impairment of software assets.

CREDIT QUALITY

Credit quality is in line with expectations and ANZ remains appropriately provided for with the total provision coverage ratio at 1.78% and the collective provision ratio at 1.08%.

Gross impaired assets reduced both YOY and HOH. New impaired assets declined HOH with impaired loans 13% lower. All Divisions saw HOH decreases in new impaired assets with the exception of Australia, with increases predominantly in regional agri-business.

The provision charge of $1.25 billion was broadly in line with last year, albeit the mix of collective and individual provisions differed. Increased individual provisions reflected losses associated with a few legacy loans. There were related releases in collective provision management overlays raised in prior periods.

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Section 2 – Snapshot

Statutory Results

Underlying Results

Key Balance Sheet Metrics

Statutory Results

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**6,126**	5,984	2%	**12,110**	11,500	5%
Other operating income	**2,768**	2,833	-2%	**5,601**	5,432	3%
Operating income	**8,894**	8,817	1%	**17,711**	16,932	5%
Operating expenses	**(4,386)**	(4,133)	6%	**(8,519)**	(8,023)	6%
Profit before credit impairment and income tax	**4,508**	4,684	-4%	**9,192**	8,909	3%
Provision for credit impairment	**(660)**	(538)	23%	**(1,198)**	(1,237)	-3%
Profit before income tax	**3,848**	4,146	-7%	**7,994**	7,672	4%
Income tax expense	**(1,104)**	(1,223)	-10%	**(2,327)**	(2,309)	1%
Non-controlling interests	**(2)**	(4)	-50%	**(6)**	(8)	-25%
Profit attributable to shareholders of the Company	**2,742**	2,919	-6%	**5,661**	5,355	6%

Earnings per ordinary share (cents)		Half Year			Full Year		
	Reference Page	**Sep 12**	**Mar 12**	**Movt**	**Sep 12**	**Sep 11**	**Movt**
Basic	96	**102.6**	110.8	-7%	**213.4**	208.2	2%
Diluted	96	**99.1**	106.2	-7%	**205.6**	198.8	3%

		Half Year		Full Year	
Ordinary share dividends (cents)	**Reference Page**	**Sep 12**	**Mar 12**	**Sep 12**	**Sep 11**
Interim - 100% franked	95	**n/a**	66	**66**	64
Final - 100% franked	95	**79**	n/a	**79**	76
Total - 100% franked[1]	95	**79**	66	**145**	140
Ordinary share dividend payout ratio[1]	95	**78.5%**	60.8%	**69.3%**	68.6%
Preference share dividend ($M)					
Dividend paid[2]	95	**4**	7	**11**	12
Profitability ratios					
Return on average ordinary shareholders' equity[3]		**13.7%**	15.6%	**14.6%**	15.3%
Return on average assets		**0.85%**	0.95%	**0.90%**	0.94%
Net interest margin		**2.28%**	2.35%	**2.31%**	2.42%
Net interest margin (excluding Global Markets)		**2.67%**	2.74%	**2.71%**	2.80%
Efficiency ratios					
Operating expenses to operating income		**49.3%**	46.9%	**48.1%**	47.4%
Operating expenses to average assets		**1.37%**	1.35%	**1.36%**	1.40%
Credit impairment provisioning/(release)					
Individual provision charge ($M)	98	**887**	690	**1,577**	1,230
Collective provision charge/(release) ($M)	98	**(227)**	(152)	**(379)**	7
Total provision charge ($M)	98	**660**	538	**1,198**	1,237
Individual provision charge as a % of average net advances		**0.42%**	0.34%	**0.38%**	0.32%
Total provision charge as a % of average net advances		**0.31%**	0.27%	**0.29%**	0.32%

1. *Dividend payout ratio is calculated using 31 March 2011 interim, 30 September 2011 final, and the 31 March 2012 interim dividends and the proposed 30 September 2012 final dividend*
2. *Represents dividends paid on Euro Trust Securities issued on 13 December 2004*
3. *Average ordinary shareholders' equity excludes non-controlling interests and preference shares*

Underlying Results[1]

	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Net interest income	**6,127**	5,984	2%	**12,111**	11,498	5%
Other operating income	**2,748**	2,720	1%	**5,468**	5,314	3%
Operating income	**8,875**	8,704	2%	**17,579**	16,812	5%
Operating expenses	**(4,002)**	(4,020)	0%	**(8,022)**	(7,718)	4%
Profit before credit impairment and income tax	**4,873**	4,684	4%	**9,557**	9,094	5%
Provision for credit impairment	**(681)**	(565)	21%	**(1,246)**	(1,211)	3%
Profit before income tax	**4,192**	4,119	2%	**8,311**	7,883	5%
Income tax expense	**(1,152)**	(1,142)	1%	**(2,294)**	(2,222)	3%
Non-controlling interests	**(2)**	(4)	-50%	**(6)**	(9)	-33%
Underlying profit [1]	**3,038**	2,973	2%	**6,011**	5,652	6%

Earnings per ordinary share (cents)	Reference Page	Half Year Sep 12	Half Year Mar 12	Half Year Movt	Full Year Sep 12	Full Year Sep 11	Full Year Movt
Basic	25	**113.1**	112.2	1%	**225.3**	218.4	3%
Diluted	25	**108.8**	107.4	1%	**216.5**	208.1	4%

	Reference Page	Half Year Sep 12	Half Year Mar 12	Full Year Sep 12	Full Year Sep 11
Ordinary share dividends (cents)					
Ordinary share dividend payout ratio[2]	26	**70.8%**	59.7%	**65.3%**	65.0%
Profitability ratios					
Return on average ordinary shareholders' equity[3]		**15.2%**	15.9%	**15.6%**	16.2%
Return on average assets		**0.95%**	0.97%	**0.96%**	0.99%
Net interest margin	14	**2.28%**	2.35%	**2.31%**	2.42%
Net interest margin (excluding Global Markets)	14	**2.67%**	2.74%	**2.71%**	2.80%
Profit per average FTE ($)		**62,848**	59,872	**122,681**	116,546
Efficiency ratios					
Operating expenses to operating income		**45.1%**	46.2%	**45.6%**	45.9%
Operating expenses to average assets		**1.25%**	1.31%	**1.28%**	1.35%
Credit impairment provisioning/(release)					
Individual provision charge ($M)	19	**912**	717	**1,629**	1,203
Collective provision charge/(release) ($M)	20	**(231)**	(152)	**(383)**	8
Total provision charge ($M)	19	**681**	565	**1,246**	1,211
Individual provision charge as a % of average net advances		**0.43%**	0.36%	**0.39%**	0.31%
Total provision charge as a % of average net advances		**0.32%**	0.28%	**0.30%**	0.32%

Underlying profit by division/geography	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Australia	**1,305**	1,187	10%	**2,492**	2,390	4%
International and Institutional Banking	**1,137**	1,235	-8%	**2,372**	2,301	3%
New Zealand	**378**	365	4%	**743**	662	12%
Global Wealth and Private Banking	**245**	206	19%	**451**	457	-1%
Group Centre	**(27)**	(20)	35%	**(47)**	(158)	-70%
Underlying profit by division	**3,038**	2,973	2%	**6,011**	5,652	6%
Australia	**1,982**	1,991	0%	**3,973**	3,938	1%
Asia Pacific, Europe & America	**521**	455	15%	**976**	762	28%
New Zealand	**535**	527	2%	**1,062**	952	12%
Underlying profit by geography	**3,038**	2,973	2%	**6,011**	5,652	6%

1. *Reported profit has been adjusted to exclude non-core items to arrive at underlying profit, and has been provided to assist readers to understand the result for the ongoing business activities of the Group. Refer to page 12 for the reconciliation between statutory and underlying profit*
2. *Dividend payout ratio is calculated using 31 March 2011 interim, 30 September 2011 final, and the 31 March 2012 interim dividends and the proposed 30 September 2012 final dividend*
3. *Average ordinary shareholders' equity excludes non-controlling interests and preference shares*

Key Balance Sheet Metrics

	Reference Page	As at Sep 12	As at Mar 12	As at Sep 11	Movement Sep 12 v. Mar 12	Movement Sep 12 v. Sep 11
Capital adequacy ratio (%)						
Common Equity Tier 1						
- APRA Basel 2	30	**8.8%**	8.9%	8.5%		
- APRA Basel 3	30	**8.0%**	7.8%	7.5%		
- International Fully Harmonised Basel 3		**10.0%**	9.8%	9.5%		
Credit risk weighted assets ($B)	107	**254.9**	250.2	248.8	2%	2%
Total risk weighted assets ($B)	107	**300.1**	284.8	280.0	5%	7%
Balance Sheet: Key Items						
Net loans & advances ($B)		**427.8**	412.6	397.3	4%	8%
Total assets ($B)		**642.1**	612.2	604.2	5%	6%
Customer deposits ($B)		**327.9**	308.3	296.8	6%	10%
Total equity ($B)		**41.2**	39.4	37.9	5%	9%
Impaired assets						
Gross impaired assets ($M)	22	**5,196**	5,343	5,581	-3%	-7%
Net impaired assets ($M)	22	**3,423**	3,629	3,884	-6%	-12%
Net impaired assets as a % of net advances		**0.80%**	0.88%	0.98%	-9%	-18%
Net impaired assets as a % of shareholders' equity		**8.3%**	9.2%	10.2%	-10%	-19%
Individual provision ($M)	98	**1,773**	1,714	1,697	3%	4%
Individual provision as a % of gross impaired assets		**34.1%**	32.1%	30.4%	6%	12%
Collective provision ($M)	98	**2,765**	2,994	3,176	-8%	-13%
Collective provision as a % of credit risk weighted assets		**1.08%**	1.20%	1.28%	-10%	-16%
Net Assets						
Net tangible assets per ordinary share ($)[1]		**12.22**	11.74	11.44	4%	7%
Net tangible assets attributable to ordinary shareholders ($B)[1]		**33.2**	31.5	30.1	5%	10%
Other information						
Full time equivalent staff (FTE)		**48,239**	49,509	50,297	-3%	-4%
Assets per FTE ($M)		**13.3**	12.4	12.0	7%	11%
Share price						
- high[2]		**$25.12**	$23.68	$24.49	6%	3%
- low[2]		**$20.26**	$18.60	$17.63	9%	15%
- closing		**$24.75**	$23.26	$19.52	6%	27%
Market capitalisation of ordinary shares ($B)		**67.3**	62.3	51.3	8%	31%

1. *Equals shareholders' equity less preference share capital, non-controlling interests, goodwill and other intangibles*
2. *During the half year reporting period*

Net loans & advances by division/geography	As at ($B) Sep 12	As at ($B) Mar 12	As at ($B) Sep 11	Movement Sep 12 v. Mar 12	Movement Sep 12 v. Sep 11
Australia	**244.7**	238.8	228.5	2%	7%
International and Institutional Banking	**107.6**	102.2	97.2	5%	11%
New Zealand	**70.1**	67.2	67.2	4%	4%
Global Wealth and Private Banking	**5.4**	5.2	5.1	4%	6%
Group Centre	**-**	(0.8)	(0.7)	-100%	-100%
Net loans & advances by division	**427.8**	412.6	397.3	4%	8%
Australia	**305.8**	298.0	285.0	3%	7%
Asia Pacific, Europe & America	**45.3**	40.7	38.8	11%	17%
New Zealand	**76.7**	73.9	73.5	4%	4%
Net loans & advances by geography	**427.8**	412.6	397.3	4%	8%

CEO Overview[1]

Strategy and Performance

ANZ is executing a focused strategy to build the best connected, most respected bank across the Asia Pacific region.

The bank is pursuing significant organic growth opportunities in the Asia Pacific region and with our strong domestic businesses in Australia and New Zealand, our distinctive footprint and super regional connectivity we are uniquely positioned to meet the needs of customers, who are increasingly linked to regional capital, trade and wealth flows.

Management has proactively responded to the fast changing and challenging conditions in different markets, and is driving performance with innovative market and productivity initiatives.

In 2012 our differentiated strategy delivered a record underlying profit of $6 billion, with a Return on Equity of 15.6%, earnings per share of $2.25 and a total dividend per share of $1.45. Underlying net profit increased 6% year on year (YOY) and 2% half on half (HOH), with positive jaws YOY and HOH and an improving cost trend through the second half.

APEA network revenues[2] represented 21% of total Group revenue. Significantly, Greater China is now our third largest market in terms of earnings.

Group Strategic Aspiration

ANZ's aspiration is to have 25-30% of profit driven by network revenue, that is revenue sourced from the Asia Pacific region, by 2017. We have made good progress towards this aspiration. Central to delivery of this goal will be ongoing productivity improvements including a 2% reduction in the cost to income ratio over the next two years, greater capital efficiency and increasing earnings stream differentiation.

Strategic progress 2012

While economic conditions across the Asia Pacific region remain more robust by comparison to much of the rest of the world, conditions for banking remain challenging characterised by deleveraging and lower credit growth in our core Australian and New Zealand markets and heightened competition for customer deposits. The impact of these macro-conditions has been compounded by increased levels of regulatory capital and higher funding costs.

As growth opportunities shift from the developed economies of the West to Asian economies, China in particular, ANZ's super regional strategy linked to growing trade, investment and people flows within the region is more appropriate today than ever. The Group has also continued to adapt to both structural and cyclical changes in the market, working to fundamentally change our business model, focusing on improving productivity, driving capital efficiency and managing our risk profile.

The scale of transformation achieved at ANZ over the past five years has been significant, with a systematic and coordinated program of action across every area of the bank to deliver on the super regional strategy, and while more needs to be done to reposition the bank, 2012 has seen us deliver a good performance.

- In our major domestic market of Australia, we delivered a good result based on market share gains, tighter management of margins and a strong productivity focus. Retail performed well across all segments and Commercial saw customer numbers increase particularly in Small Business Banking while driving productivity improvements with jaws positive HOH and YOY. The Division is continuing to build and leverage the bank's super regional capabilities. For example, in the Commercial business, where trade finance revenues generated by Commercial clients increased 20% YOY and Global Markets revenues (e.g. foreign exchange) grew 40% YOY. ANZ recently announced a five year $1.5 billion "Banking on Australia" program funded from the existing cost base that incorporates a longer term branch transformation program that will deliver an improved customer experience and a more flexible lower cost footprint. This includes a focus on new consumer technologies and channels such as our leading mobile banking application for iPhone and Android users with 780,000 registered users now using the service in the Australian market.
- Our New Zealand business delivered another solid performance in 2012. The business simplification program is delivering early benefits with productivity improvements including a new integrated management structure and a 56% reduction in product numbers with the cost to income ratio down 100 bps YOY. At the same time, the simplification of the business has seen customer satisfaction gains, market share growth in key segments and higher staff engagement. We also announced a move to one brand in New Zealand – the ANZ brand – which will take place progressively over the next two years, and from late October the bank will operate on one banking platform assisting the delivery of further productivity improvements.
- The International and Institutional Banking Division is growing and diversifying its earnings by priority geography, product and customer. In 2012, 43% of Divisional revenues and 54% of deposits were derived from outside Australia and New Zealand.

  While annual growth trends were solid in 2012, the second half was impacted by more subdued trading conditions and in Australia, by significant margin pressure as well as individual provisions relating to a few legacy customers. The Division has continued to transition away from its historical reliance on institutional lending and interest rate trading. Growth was significant in many of our priority segments based on the connectivity of our network – Transaction Banking profit increased 23% with profit from Trade and Supply Chain up 47%. Global Markets profit grew 22% with around two thirds of revenue from customer sales with foreign exchange now a major contributor to revenue.
- The newly-formed Global Wealth and Private Banking Division improved performance in the second half with better insurance results, higher investment earnings and productivity improvements. The Division has been focused on regaining earnings momentum through increasing the depth of customer relationships with ANZ customers through the provision of wealth solutions and implementing productivity improvements through greater standardisation of processes. Costs in the business reduced 3% HOH while sales through ANZ branded channels have increased.
- Operations - The Group's earnings growth has been supported by improved leverage of our operational hubs. Having reached sufficient scale in our hubs we are now focussed on realising further service and efficiency benefits. This is reducing Group unit costs, strengthening operating risk management and providing our increasingly global customer base with 'follow-the-sun' servicing.

[1] CEO Overview is reported on an underlying basis.
[2] APEA network revenue is total revenue derived from outside Australia and New Zealand regardless of booking point.

- The Group has generated around $11 billion of additional capital since 2007 to strengthen the balance sheet and is well positioned for the implementation of Basel 3 from January 2013. The Group's Common Equity Tier 1 ratio was 10.0% at 30 September 2012 on a Basel 3 harmonised basis or 8.0% under APRA's Basel 3 standards. Customer funding was 61% of total funding.
- Risk – Gross impaired assets reduced both HOH and YOY and the Group's coverage ratios remain strong with CP to CRWA at 1.08% and the total provision ratio at 1.78%.

Medium to Long Term Strategic Goals

ANZ is committed to delivering above-peer earnings growth with strong capital and expense disciplines, targeting a 200 bps improvement in the Group cost to income ratio over the next two years while increasing our ROE from current levels. The target dividend payout ratio remains at around 65% of underlying profit which we believe to be a sustainable level in a Basel 3 environment.

To do this we will:

- Further strengthen our position in our core markets of Australia and New Zealand by driving productivity benefits, leveraging the super regional strategy and using technology to drive improved functionality.
  - In Australia we are investing to transform the business through improved channel management (branch network reconfiguration, digital platforms), improving sales effectiveness and lowering cost to serve in our commercial business, and investing in customer insights and understanding.
  - In New Zealand we will work under one brand on one platform with more efficient market coverage.
- Focus our Asian expansion primarily on Institutional Banking, supporting our Australian and New Zealand customers, targeting profitable markets and segments in which we have expertise which are connected through trade and capital flows while continuing to efficiently build our niche Commercial and Retail businesses.
- Achieve greater efficiency and control through the use of scalable common infrastructure and platforms.
- Maintain strong liquidity and actively manage capital to enhance ROE.
- Build on our Super Regional capabilities – utilising our management bench-strength and continuing to deepen our international talent pool.
- Apply strict acquisition criteria when reviewing inorganic opportunities.

Summary

ANZ's financial goal is to deliver top quartile total shareholder return (TSR) performance and above-peer EPS growth through the cycle, by building a position as the best connected, most respected bank in the Asia Pacific region.

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Section 4 – CFO Overview

Underlying profit

Divisional performance

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- Income and expenses
- Credit risk
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- Earnings per share
- Dividends
- Economic profit
- Balance sheet, liquidity and capital
- Deferred acquisition costs and deferred income
- Software capitalisation

Non-IFRS information

The Group provides two additional measures of performance in the Results Announcement which are prepared on a basis other than in accordance with the accounting standards; namely underlying profit and economic profit. The guidance provided in Australian Securities and Investments Commission Regulatory Guide 230 has been followed when presenting this information.

Underlying profit

Profit has been adjusted to exclude non-core items to arrive at underlying profit, the result for the ongoing business activities of the Group. These adjustments have been determined on a consistent basis with those made in prior periods. The adjustments made in arriving at underlying profit are included in statutory profit which is subject to audit within the context of the Group statutory audit opinion. The Financial Report is in the process of being audited. Underlying profit is not audited, however, the external auditor has informed the Audit Committee that the adjustments, and the presentation thereof, are based on the guidelines released by the Australian Institute of Company Directors (AICD) and the Financial Services Institute of Australasia (FINSIA), and have been determined on a consistent basis with those made in prior periods.

The CFO Overview section is reported on an underlying basis.

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Statutory profit attributable to shareholders of the Company	**2,742**	2,919	-6%	**5,661**	5,355	6%
Adjustments between statutory profit and underlying profit[1]	**296**	54	large	**350**	297	18%
Underlying profit	**3,038**	2,973	2%	**6,011**	5,652	6%

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Adjustments between statutory profit and underlying profit[1]						
Gain on sale of Visa shares	**(224)**	-	n/a	**(224)**	-	n/a
New Zealand Simplification programme	**59**	46	28%	**105**	86	22%
Acquisition related adjustments	**13**	28	-54%	**41**	126	-67%
Treasury shares adjustment	**26**	70	-63%	**96**	(41)	large
Changes in New Zealand tax legislation	**-**	-	n/a	**-**	(2)	-100%
Economic hedging - fair value (gains)/losses	**207**	22	large	**229**	117	96%
Revenue and net investment hedges (gains)/losses	**10**	(63)	large	**(53)**	51	large
Capitalised software impairment	**220**	-	n/a	**220**	-	n/a
NZ managed funds impacts	**-**	1	-100%	**1**	(39)	large
Non continuing businesses	**(15)**	(50)	-70%	**(65)**	(1)	large
Total adjustments between statutory profit and underlying profit[1]	**296**	54	large	**350**	297	18%

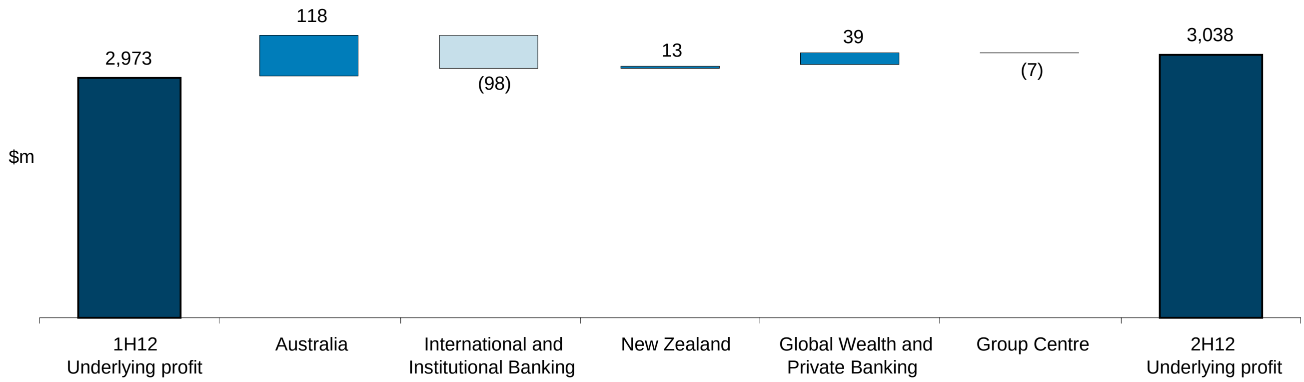
1. *Refer to pages 76 to 79 for analysis of the reconciliation of statutory profit to underlying profit*

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**6,127**	5,984	2%	**12,111**	11,498	5%
Other operating income	**2,748**	2,720	1%	**5,468**	5,314	3%
Operating income	**8,875**	8,704	2%	**17,579**	16,812	5%
Operating expenses	**(4,002)**	(4,020)	0%	**(8,022)**	(7,718)	4%
Profit before credit impairment and income tax	**4,873**	4,684	4%	**9,557**	9,094	5%
Provision for credit impairment	**(681)**	(565)	21%	**(1,246)**	(1,211)	3%
Profit before income tax	**4,192**	4,119	2%	**8,311**	7,883	5%
Income tax expense	**(1,152)**	(1,142)	1%	**(2,294)**	(2,222)	3%
Non-controlling interests	**(2)**	(4)	-50%	**(6)**	(9)	-33%
Underlying profit	**3,038**	2,973	2%	**6,011**	5,652	6%

Divisional performance

	Half Year			Full Year		
Underlying profit by division	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Australia	**1,305**	1,187	10%	**2,492**	2,390	4%
International and Institutional Banking	**1,137**	1,235	-8%	**2,372**	2,301	3%
New Zealand	**378**	365	4%	**743**	662	12%
Global Wealth and Private Banking	**245**	206	19%	**451**	457	-1%
Group Centre	**(27)**	(20)	35%	**(47)**	(158)	-70%
Underlying profit by division	**3,038**	2,973	2%	**6,011**	5,652	6%

Underlying profit by division – September 2012 Half Year v March 2012 Half Year



- **September 2012 v March 2012**

Australia

- Profit increased 10% driven by an uplift in Retail net interest income (with both higher mortgage volumes and improved net interest margin) and a reduction in expenses, partly offset by an uplift in provision charges in Commercial.

International and Institutional Banking

- Profit decreased 8% due to continued margin compression (as the impact of the Global Financial Crisis repricing partially reversed), strong competition on deposits, lower global markets revenues (after a very strong first half) and higher individual provision charges relating to a few legacy customers in Australia, partially offset by related collective provision releases.

New Zealand

- Profit increased 4% due to fee income growth and lower provision charges.

Global Wealth and Private Banking

- Profit was up 19% due to improved insurance results, higher investment earnings and a reduction in operating expenses.

Group Centre

- The loss was $7 million higher mainly due to increased investment in technology infrastructure, partially offset by higher income on surplus capital and higher realised revenue hedge gains.

- **September 2012 v September 2011**

Australia

- Profit increased 4% driven by net interest income growth, with solid balance sheet growth partially offset by lower margins, and lower provision charges.

International and Institutional Banking

- Profit increased 3% with strong Global Markets revenues (particularly in the March 2012 half) and strong Transaction Banking volumes, offset by higher provision charges and declining margins in Global Loans.

New Zealand

- Profit increased 12% on the back of margin improvement and lower provisions.

Global Wealth and Private Banking

- Profit decreased 1% due to adverse investor sentiment and subdued market returns negatively impacting volumes, partially offset by higher investment earnings.

Group Centre

- The loss was $111 million lower than the full year of 2011 mainly due to higher earnings on centrally held capital and lower provision charges.

Refer to Section 5 – Segment Review on pages 35 to 66 for further details.

Review of Group results

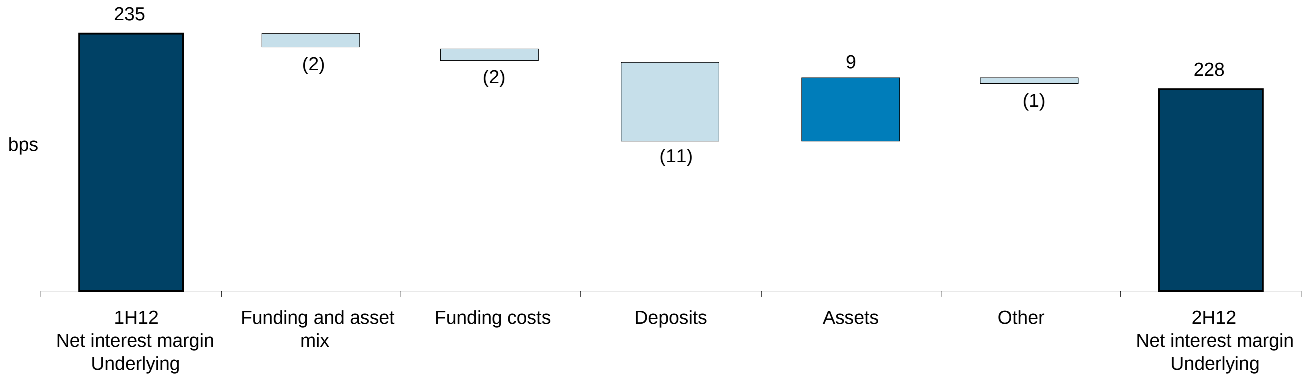
Income and expenses

Net interest income

	Half Year			Full Year		
Group	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Underlying net interest income	**6,127**	5,984	2%	**12,111**	11,498	5%
Average interest earning assets	**538,161**	508,762	6%	**523,461**	474,302	10%
Net interest margin (%) - underlying	**2.28**	2.35	-3%	**2.31**	2.42	-5%
Group (excluding Global Markets)						
Underlying net interest income	**5,765**	5,636	2%	**11,401**	10,860	5%
Average interest earning assets	**431,049**	410,917	5%	**420,964**	388,407	8%
Net interest margin (%) - underlying	**2.67**	2.74	-2%	**2.71**	2.80	-3%

	Half Year			Full Year		
Underlying net interest margin by division (excluding Global Wealth and Private Banking)	**Sep 12 %**	**Mar 12 %**	**Movt**	**Sep 12 %**	**Sep 11 %**	**Movt**
Australia	**2.49**	2.45	2%	**2.47**	2.59	-5%
International and Institutional Banking	**1.76**	1.95	-10%	**1.85**	2.09	-11%
New Zealand	**2.59**	2.66	-3%	**2.62**	2.52	4%

Group net interest margin – September 2012 Half Year v March 2012 Half Year



- **September 2012 v March 2012 (including Global Markets)**

The increase in net interest income was driven by an increase in average interest earning assets partially offset by a decline in the net interest margin.

Average interest earning assets (+$29.4 billion or 6%)

- Australia (+ $9.9 billion or 4%): Mortgages up $7.7 billion and Commercial up $2.3 billion, primarily in Business Banking and Regional Commercial Banking.
- IIB (+$16.8 billion or 8%): Global Markets up $9.3 billion reflecting growth in liquid assets, trading and investment securities, Transaction Banking up $3.6 billion with an increase in trade finance loans in the APEA region and Global Loans was up $3.1 billion with growth mainly in corporate customer lending.

Average deposits and other borrowings (+$17.1 billion or 5%)

- Australia (+ $7.5 billion or 6%): reflecting increased customer deposits in Retail from higher volumes on Progress, Online and Business Premium Saver products and term deposits, along with growth in deposits in Commercial.
- IIB (+$6.9 billion or 5%): increased customer deposits, with growth concentrated in the APEA region.
- New Zealand (+$3.1 billion or 8%): an uplift in customer deposits in Small Business Banking and Retail.

Net interest margin (-7 basis points)

- Funding and asset mix (-2 bps): adverse due to relative growth in lower margin Trade loan assets and in the lower margin Asian geography.
- Funding costs (-2 bps): lower returns on capital, while wholesale funding costs were broadly flat.
- Deposit costs (-11 bps): reflecting strong competition for retail and commercial deposits and some mix impact from growth in lower margin term deposits.
- Assets (+9 bps): primarily benefits of re-pricing mortgages in Australia, partially offset by margin compression in Global Loans.

Income and expenses, cont'd

Net interest income, cont'd

- **September 2012 v September 2011 (including Global Markets)**

The increase in net interest income was driven by an increase in average interest earning assets partially offset by a decline in the net interest margin.

Average interest earning assets (+$49.2 billion or 10%)

- Australia (+ $16.3 billion or 7%). Mortgages up $13.0 billion and Commercial up $3.1 billion, primarily in Business Banking.
- IIB (+$32.3 billion or 18%): Global Markets increased $16.6 billion due to growth in liquid assets, trading and investment securities, combined with a $7.6 billion growth in Global Loans and a $6.3 billion uplift in trade finance lending in Transaction Banking.

Average deposits and other borrowings (+$45.3 billion or 13%)

- Australia (+ $13.9 billion or 12%): reflecting increased customer deposits in Retail from higher volumes on Progress, Online and Business Premium Saver products and term deposits, along with growth in deposits in Commercial.
- IIB (+$15.8 billion or 12%): mainly due to increased customer deposits within the APEA region.
- Group Centre (+$11.3 billion or 25%): represents increased wholesale funding raised during the period.

Net interest margin (-11 basis points):

- Funding and asset mix (+1 bps): reduced the reliance on more expensive wholesale funding due to increased customer deposits, partially offset by unfavourable asset mix with higher growth in lower margin products (for example Trade Loans).
- Funding costs (-8 bps): increased wholesale funding costs and lower returns on capital due to declining interest rate environment in Australia and New Zealand.
- Deposit costs (-10 bps): reflecting strong competition for retail and commercial deposits, predominantly in Australia.
- Assets (+6 bps): primarily benefits of re-pricing mortgages in Australia, partially offset by margin compression in Global Loans.

Income and expenses, cont'd

Other operating income

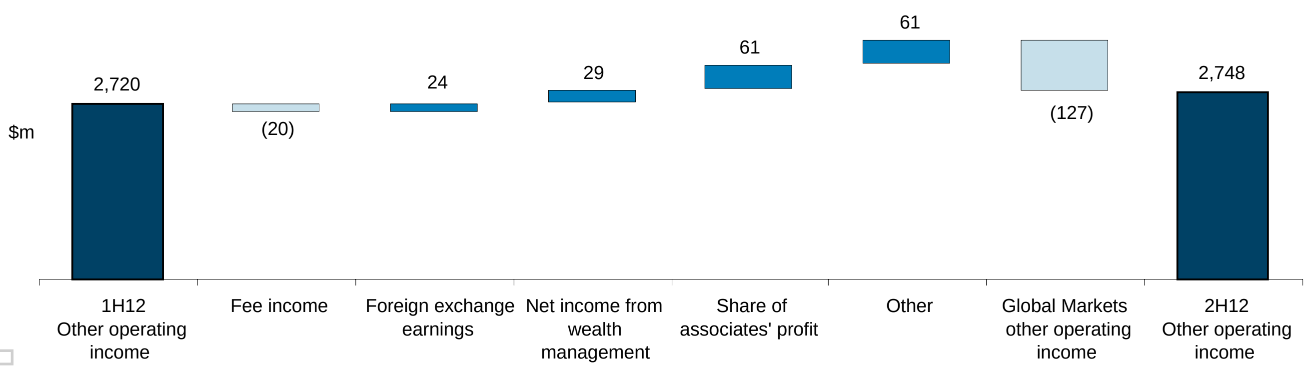
	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Fee income[1]	**1,136**	1,156	-2%	**2,292**	2,257	2%
Foreign exchange earnings[1]	**152**	128	19%	**280**	297	-6%
Net income from wealth management	**589**	560	5%	**1,149**	1,146	0%
Share of associates' profit	**230**	169	36%	**399**	419	-5%
Other[1]	**94**	33	large	**127**	143	-11%
Global Markets other operating income	**547**	674	-19%	**1,221**	1,052	16%
Underlying other operating income	**2,748**	2,720	1%	**5,468**	5,314	3%

1. *Excluding Global Markets*

Global Markets income						
Underlying net interest income	**362**	348	4%	**710**	638	11%
Other operating income	**547**	674	-19%	**1,221**	1,052	16%
Underlying Global Markets income	**909**	1,022	-11%	**1,931**	1,690	14%

	Half Year			Full Year		
Underlying other operating income by division	**Sep 12 %**	**Mar 12 %**	**Movt**	**Sep 12 %**	**Sep 11 %**	**Movt**
Australia	**608**	586	4%	**1,194**	1,185	1%
International and Institutional Banking	**1,355**	1,395	-3%	**2,750**	2,523	9%
New Zealand	**166**	159	4%	**325**	316	3%
Global Wealth and Private Banking	**691**	664	4%	**1,355**	1,350	0%
Group Centre	**(72)**	(84)	-14%	**(156)**	(60)	large
Underlying other operating income	**2,748**	2,720	1%	**5,468**	5,314	3%

Other operating income – September 2012 Half Year v March 2012 Half Year



- **September 2012 v March 2012**

Fee income (excluding Global Markets)

- Global Institutional decreased $17 million due to lower Corporate Advisory activity.

Foreign Exchange (excluding Global Markets)

- Group Centre increased $15 million mainly due to higher realised revenue hedge gains.
- Consumer Cards and Unsecured Lending increased $7 million driven by higher volumes as a result of seasonality.

Net Income from Wealth Management

- Global Wealth and Private Banking increased $24 million primarily due to the impact of interest and inflation rates on insurance and annuity reserves, higher sales from Asian operations as well as favourable insurance results, partially offset by lower funds management and advice income.

Income and expenses, cont'd

Other operating income, cont'd

Share of associates profit

- P.T. Bank Pan Indonesia (Panin Bank) increased $27 million due to underlying business growth and an $8 million adjustment from aligning accounting policies.
- Shanghai Rural Commercial Bank (SRCB) increased $18 million mainly as a result of lower provision charges in the second half of 2012.
- AMMB Holdings Berhad (AMMB) increased $12 million as a result of underlying business growth.

Other income (excluding Global Markets)

- The first half of 2012 included a $31 million write-down of the investment in Saigon Securities Inc (SSI).
- Global Loans increased $12 million due mainly to a gain on restructuring a transaction.
- Mortgages increased $7 million due to the gain on sale of the Origin business.
- Global Wealth and Private Banking increased $4 million mainly due to an impairment charge in the E*Trade business in the first half of 2012.

Total **Global Markets** income is affected by mix impacts between the categories within other operating income and net interest income. Total Global Markets income decreased $113 million or 11%. Refer page 49 for further information.

▪ **September 2012 v September 2011**

Fee income (excluding Global Markets)

- Transaction Banking increased $34 million driven by volume growth.

Foreign Exchange (excluding Global Markets)

- Group Centre decreased $43 million mainly due to lower realised revenue hedge gains.
- Transaction Banking increased $15 million driven by higher volumes.
- Consumer Cards and Unsecured Lending increased $6 million driven by pricing initiatives and increased travel card volumes.

Net Income from Wealth Management

- Global Wealth and Private Banking increased $43 million primarily due to the impact of interest and inflation rates on insurance and annuity reserves, higher advice income and higher income from Asian operations, partially offset by lower funds management income.
- Retail Asia Pacific increased $11 million mainly due to improved performance in Taiwan, Indonesia and Singapore.
- Group Centre decreased $53 million due to an increase in the elimination on consolidation of OnePath investments in ANZ products.

Share of associates profit

- SRCB decreased $63 million mainly as a result of one-off adjustments included in the prior year and higher provision charges in 2012.
- Panin Bank increased $18 million mainly due to underlying business growth.
- Bank of Tianjin (BoT) increased $18 million as a result of underlying business growth.

Other income (excluding Global Markets)

- Group Centre decreased $21 million due to the profit on sale of 20 Martin Place (Sydney) in 2011.
- Global Wealth and Private Banking decreased $19 million mainly driven by adverse investor sentiment and the uncertain economic environment which negatively impacted on E*Trade brokerage volumes.
- Global Institutional decreased $10 million due to mark-to-market movements on credit default swap bought protection.
- $10 million gain on sale of Sacombank and $10 million dilution gain relating to the Bank of Tianjin investment.
- Global Loans increased $11 million mainly due to a gain on restructuring a transaction.
- Mortgages increased $9 million mainly due to the gain on sale of the Origin business.

Total **Global Markets** income is affected by mix impacts between the categories within other operating income and net interest income. Total Global Markets income increased $241 million or 14%. Refer page 49 for further information.

Income and expenses, cont'd

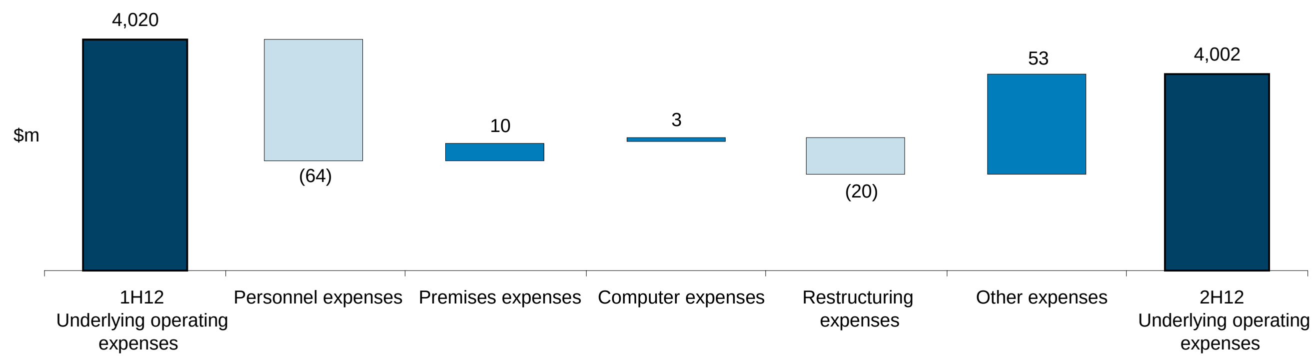
Expenses

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Personnel expenses	**2,355**	2,419	-3%	**4,774**	4,687	2%
Premises expenses	**363**	353	3%	**716**	681	5%
Computer expenses	**554**	551	1%	**1,105**	1,021	8%
Restructuring expenses	**52**	74	-28%	**126**	23	large
Other expenses	**678**	623	9%	**1,301**	1,306	0%
Total underlying operating expenses	**4,002**	4,020	0%	**8,022**	7,718	4%
Total full time equivalent staff (FTE) - underlying[1]	**47,833**	49,383	-3%	**47,833**	49,902	-4%

1. *Excludes FTE associated with non continuing business and New Zealand Simplification programme*

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Australia	**1,437**	1,456	-1%	**2,893**	2,836	2%
International and Institutional Banking	**1,457**	1,476	-1%	**2,933**	2,757	6%
New Zealand	**461**	460	0%	**921**	906	2%
Global Wealth and Private Banking	**422**	435	-3%	**857**	853	0%
Group Centre	**225**	193	17%	**418**	366	14%
Total underlying operating expenses	**4,002**	4,020	0%	**8,022**	7,718	4%

Operating expenses – September 2012 Half Year v March 2012 Half Year



- **September 2012 v March 2012**
  - Personnel expenses reduced $64 million (-3%) as a result of reduced staff numbers. There were reductions in staff numbers across all divisions on the back of productivity initiatives.
  - Premises expenses increased $10 million (3%) due to rent increases and higher maintenance costs.
  - Other expenses increased $53 million (8%) due to higher consultant fees relating to infrastructure projects, together with the impact of a GST refund in March 2012 half.
  - Restructuring expenses reduced $20 million (-27%) due to lower provisions in Australia division and IIB.
- **September 2012 v September 2011**
  - Personnel expenses increased $87 million (2%) as a result of annual salary increases and the continued build out of our regional capability, partly offset by a 4% reduction in staff numbers.
  - Premises expenses increased $35 million (5%) reflecting rent increases and our regional expansion.
  - Computer expenses increased $84 million (8%) due to increased depreciation and amortisation from increased investment in technology.
  - Restructuring expenses increased $102 million as a result of productivity initiatives being undertaken across the Group.

Credit risk

Overall asset quality has improved during the year, with gross impaired assets reducing by $385 million (7%) to $5,196 million at 30 September 2012. The Group continues to maintain a prudent approach to provisioning, with total provisions for impairment losses of $4,538 million as at 30 September 2012, down $335 million (7%) on 30 September 2011.

The total credit impairment charge increased $35 million (3%) year on year and by $116 million (21%) in the second half, with an increased individual provision charge in the second half relating to a few legacy Institutional Banking loans, partially offset by an associated release of collective provisions held against such exposures.

Provision for credit impairment charge

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Australia	**357**	309	16%	**666**	719	-7%
International and Institutional Banking[1]	**252**	175	44%	**427**	293	46%
New Zealand	**70**	78	-10%	**148**	166	-11%
Global Wealth and Private Banking	**2**	2	0%	**4**	(8)	large
Group Centre	**-**	1	-100%	**1**	41	-98%
Provision for credit impairment charge	**681**	565	21%	**1,246**	1,211	3%

1. *Includes impairment of $35 million on AFS assets reclassified to Net Loans & Advances (Sep 12 half: Nil; Mar 12 half: $35 million; Sep 11 full year: $37 million)*

Individual provision charge

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Australia	**384**	320	20%	**704**	671	5%
International and Institutional Banking[1]	**437**	290	51%	**727**	278	large
New Zealand	**89**	104	-14%	**193**	256	-25%
Global Wealth and Private Banking	**2**	3	-33%	**5**	(2)	large
Total individual provision charge/(release)	**912**	717	27%	**1,629**	1,203	35%

1. *Includes impairment of $35 million on AFS assets reclassified to Net Loans & Advances (Sep 12 half: Nil; Mar 12 half: $35 million; Sep 11 full year: $37 million)*

	Half Year			Full Year		
New and increased provisions	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Australia	**516**	489	6%	**1,005**	940	7%
International and Institutional Banking	**593**	398	49%	**991**	639	55%
New Zealand	**182**	190	-4%	**372**	458	-19%
Global Wealth and Private Banking	**3**	6	-50%	**9**	3	large
New and increased provisions for loans and advances	**1,294**	1,083	19%	**2,377**	2,040	17%
Recoveries and writebacks						
Australia	**(132)**	(169)	-22%	**(301)**	(269)	12%
International and Institutional Banking	**(156)**	(108)	44%	**(264)**	(361)	-27%
New Zealand	**(93)**	(86)	8%	**(179)**	(202)	-11%
Global Wealth and Private Banking	**(1)**	(3)	-67%	**(4)**	(5)	-20%
Recoveries and writebacks	**(382)**	(366)	4%	**(748)**	(837)	-11%
Total individual provision charge/(release)	**912**	717	27%	**1,629**	1,203	35%

Credit risk, cont'd

Individual provision charge, cont'd

- **September 2012 v March 2012**

The total individual provision charge increased $195 million (27%) over the half due to increases in IIB and Australia divisions, partly offset by decreases in New Zealand division. The increase in IIB was driven by a few legacy loans. The increase in Australia division reflects a slight deterioration in the Commercial portfolio.

- **September 2012 v September 2011**

The total individual provision charge increased $426 million (35%) over the year primarily due to increased provisions in IIB, partially offset by a provision decrease in New Zealand division. The increase in IIB of $449 million reflects an increase in provisions on a few legacy loans and lower levels of recoveries and writebacks than in 2011.

Collective provision charge/(release)

	Half Year			Full Year		
Collective provision charge by source	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Lending growth	**74**	74	0%	**148**	131	13%
Risk profile[1]	**(22)**	(174)	-87%	**(196)**	(91)	large
Portfolio mix	**(11)**	(1)	large	**(12)**	(20)	-40%
Economic cycle and concentration risk adjustment[1]	**(272)**	(51)	large	**(323)**	(12)	large
Collective provision charge/(release)	**(231)**	(152)	52%	**(383)**	8	large

1. *Risk profile release in March 2012 includes $60 million transferred to Economic cycle and concentration risk adjustment*

Collective provision charge/(release) by division	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Australia	**(27)**	(11)	large	**(38)**	48	large
International and Institutional Banking	**(185)**	(115)	61%	**(300)**	15	large
New Zealand	**(19)**	(26)	-27%	**(45)**	(90)	-50%
Global Wealth and Private Banking	**-**	(1)	-100%	**(1)**	(6)	-83%
Group Centre	**-**	1	-100%	**1**	41	-98%
Collective provision charge/(release)	**(231)**	(152)	52%	**(383)**	8	large

- **September 2012 v March 2012**

There was a net release from the collective provision in the second half. The $27 million release in Australia division was primarily driven by releases from the economic cycle balance partially offset by growth, mostly in the Commercial Business. The $185 million release in IIB followed the crystallisation of individual provisions on a few legacy exposures that triggered a release from the concentration risk provision that was held against such exposures, partially offset by underlying growth across the portfolio. The release in New Zealand of $19 million was driven by economic cycle releases and an improving risk profile, partially offset by underlying portfolio growth.

- **September 2012 v September 2011**

There was a net release from the collective provision in 2012. The $38 million release in Australia division was primarily driven by releases from the economic cycle balance partially offset by growth, mostly in the Commercial Business. The release of $300 million in IIB was driven by a reduction in the concentration risk provision associated with a few legacy exposures and an improved risk profile across most portfolios in 2012, partially offset by underlying growth across the portfolio. The release in New Zealand division of $45 million was driven by economic cycle releases and an improving risk profile, partially offset by portfolio growth.

Credit risk, cont'd

Credit risk on impaired derivatives loss/(gain)

Credit valuation adjustments (CVA) on impaired derivatives are transferred to the individual provision charge in underlying profit (refer also page 78) so that all incurred losses are reflected as credit impairment charges.

The amounts involved are as follows:

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Credit risk on impaired derivatives loss/(gain)	**28**	32	-13%	**60**	(17)	large

Expected loss

Management believe that disclosure of modelled expected loss data for individual provisions will assist in assessing the longer term expected loss rates on the lending portfolio as it removes the volatility in reported earnings created by the use of IFRS credit loss provisioning. The expected loss methodology is used internally for return on equity analysis and economic profit reporting.

The expected loss on the current portfolio as at the end of the period was $1,655 million, a decrease of $24 million over the March 2012 half year. This reflects volume growth offset by lower risk profiles of productive lending in IIB following the migration of a few legacy loans to impaired assets, and continued improvement in the risk profile of productive lending in the New Zealand portfolio.

		As at		
Expected loss as a percentage of exposure at default	**% of Group exposure at default**	**Sep 12**	**Mar 12**	**Sep 11**
Australia	43%	**0.31%**	0.32%	0.31%
International and Institutional Banking	44%	**0.19%**	0.21%	0.24%
New Zealand	12%	**0.23%**	0.25%	0.25%
Global Wealth and Private Banking	1%	**0.15%**	0.14%	0.08%
Total	**100%**	**0.24%**	**0.26%**	**0.27%**
Annual expected loss ($million)		**1,655**	1,679	1,697

		As at		
Expected loss as a percentage of gross lending assets	**% of Group gross lending assets**	**Sep 12**	**Mar 12**	**Sep 11**
Australia	57%	**0.36%**	0.36%	0.35%
International and Institutional Banking	26%	**0.51%**	0.60%	0.70%
New Zealand	16%	**0.26%**	0.29%	0.29%
Global Wealth and Private Banking	1%	**0.16%**	0.17%	0.16%
Total	**100%**	**0.38%**	**0.40%**	**0.42%**

Credit risk, cont'd

	As at ($M)			Movement	
Gross impaired assets	**Sep 12**	**Mar 12**	**Sep 11**	**Sep 12 v. Mar 12**	**Sep 12 v. Sep 11**
Impaired loans	**4,364**	4,664	4,650	-6%	-6%
Restructured items	**525**	340	700	54%	-25%
Non-performing commitments and contingencies	**307**	339	231	-9%	33%
Gross impaired assets	**5,196**	5,343	5,581	-3%	-7%
Individual provisions					
Impaired loans	**(1,729)**	(1,701)	(1,687)	2%	2%
Non-performing commitments and contingencies	**(44)**	(13)	(10)	large	large
Net impaired assets	**3,423**	3,629	3,884	-6%	-12%

Gross impaired assets

- **September 2012 v March 2012**

Gross impaired assets decreased by 3% over the half, driven by a reduction in impaired loans in New Zealand, partially offset by an increase in restructured items associated with a few customers in IIB.

- **September 2012 v September 2011**

Gross impaired assets decreased by 7% over the year, driven by a reduction in impaired loans in the second half of the 2012 year and a reduction in restructured items, offset by an increase in non-performing commitments and contingencies.

Net impaired assets

Net impaired assets decreased by 6% during the half and 12% year on year. The Group has an individual provision coverage ratio on impaired loans of 41% at 30 September 2012.

	Half Year			Full Year		
New impaired assets	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Impaired loans	**1,657**	1,913	-13%	**3,570**	3,569	0%
Restructured items	**54**	249	-78%	**303**	688	-56%
Non-performing commitments and contingencies	**136**	194	-30%	**330**	22	large
Total new impaired assets	**1,847**	2,356	-22%	**4,203**	4,279	-2%

	Half Year			Full Year		
New impaired assets by division	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Australia	**858**	764	12%	**1,622**	1,654	-2%
International and Institutional Banking	**645**	1,115	-42%	**1,760**	1,419	24%
New Zealand	**340**	447	-24%	**787**	1,167	-33%
Global Wealth and Private Banking	**4**	9	-56%	**13**	20	-35%
Underlying new impaired assets	**1,847**	2,335	-21%	**4,182**	4,260	-2%
Adjustments between statutory and underlying	**-**	21	-100%	**21**	19	11%
Total new impaired assets	**1,847**	2,356	-22%	**4,203**	4,279	-2%

- **September 2012 v March 2012**

New impaired assets decreased by 22% over the half, driven by a reduction in new impaired loans in IIB and New Zealand, partially offset by increased new impaired loans in Australia associated with the Commercial portfolio.

- **September 2012 v September 2011**

New impaired assets decreased by 2% over the year, with reductions in new impaired assets in New Zealand and Australia, partially offset by increases in IIB.

Credit risk, cont'd

Net impaired assets, cont'd

Impaired and Restructured Items by size of exposure	As at ($M) Sep 12	Mar 12	Sep 11	Movement Sep 12 v. Mar 12	Sep 12 v. Sep 11
Less than $10 million	**2,311**	2,468	2,490	-6%	-7%
$10 million to $100 million	**1,731**	1,903	2,123	-9%	-18%
Greater than $100 million	**1,154**	972	968	19%	19%
Gross impaired assets[1]	**5,196**	5,343	5,581	-3%	-7%
Less: Individually assessed provisions for impairment	**(1,773)**	(1,714)	(1,697)	3%	4%
Net impaired assets	**3,423**	3,629	3,884	-6%	-12%

1. *Includes $525 million restructured items (Mar 2012: $340 million; Sep 2011: $700 million)*

Ageing analysis of net advances that are past due but not impaired	As at ($M) Sep 12	Mar 12	Sep 11	Movement Sep 12 v. Mar 12	Sep 12 v. Sep 11
1-5 days	**2,285**	2,847	3,028	-20%	-25%
6-29 days	**4,926**	4,837	4,540	2%	9%
30-59 days	**1,478**	1,966	1,584	-25%	-7%
60-89 days	**733**	958	865	-23%	-15%
>90 days	**1,713**	1,876	1,834	-9%	-7%
Total	**11,135**	12,484	11,851	-11%	-6%

Income tax expense

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Income tax expense on underlying profit	**1,152**	1,142	1%	**2,294**	2,222	3%
Effective tax rate (underlying profit)	**27.5%**	27.7%		**27.6%**	28.2%	

- **September 2012 v March 2012**

The effective tax rate was virtually unchanged, down 0.2%.

- **September 2012 v September 2011**

The effective tax rate decreased 0.6% primarily due to a favourable increase in the overseas tax rate differential, including the reduction in the New Zealand corporate tax rate.

Impact of exchange rate movements/revenue hedges

The Group uses derivative instruments to economically hedge against the adverse impact on future offshore revenue streams from exchange rate movements.

Movements in average exchange rates, net of associated revenue hedges, resulted in an increase of $25 million in the Group's underlying profit after tax for the September 2012 half. This included the impact on earnings (underlying basis) from associated revenue and cost hedges, which increased by $15 million (before tax) over the March 2012 half (September 2012 full year: decrease of $31 million). Hedge revenue is booked in the Group Centre.

	Half Year Sep 2012 v. Half Year Mar 2012			Full Year Sep 2012 v. Full Year Sep 2011		
	FX unadjusted % growth	**FX adjusted % growth**	**FX Impact $M**	**FX unadjusted % growth**	**FX adjusted % growth**	**FX Impact $M**
Net interest income	2%	2%	16	5%	5%	28
Other operating income	1%	0%	24	3%	3%	(9)
Operating income	2%	1%	40	5%	4%	19
Operating expenses	0%	-1%	(5)	4%	4%	11
Profit before credit impairment and income tax	4%	3%	35	5%	5%	30
Provision for credit impairment	21%	21%	-	3%	3%	1
Profit before income tax	2%	1%	35	5%	5%	31
Income tax expense	1%	0%	(10)	3%	3%	(9)
Non-controlling interests	-50%	-50%	-	-33%	-33%	-
Underlying profit	**2%**	**1%**	**25**	**6%**	**6%**	**22**

The Group's underlying profit adjusted for exchange rate movements is as follows:

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**6,127**	6,000	2%	**12,111**	11,526	5%
Other operating income	**2,748**	2,744	0%	**5,468**	5,305	3%
Operating income	**8,875**	8,744	1%	**17,579**	16,831	4%
Operating expenses	**(4,002)**	(4,025)	-1%	**(8,022)**	(7,707)	4%
Profit before credit impairment and income tax	**4,873**	4,719	3%	**9,557**	9,124	5%
Provision for credit impairment	**(681)**	(565)	21%	**(1,246)**	(1,210)	3%
Profit before income tax	**4,192**	4,154	1%	**8,311**	7,914	5%
Income tax expense	**(1,152)**	(1,152)	0%	**(2,294)**	(2,231)	3%
Non-controlling interests	**(2)**	(4)	-50%	**(6)**	(9)	-33%
Underlying profit (exchange rate adjusted)	**3,038**	2,998	1%	**6,011**	5,674	6%

Earnings related hedges

The Group has taken out economic hedges against New Zealand dollar and US dollar (and USD linked) revenue and expense streams. New Zealand dollar exposure relates to the New Zealand geography (refer page 73) and the debt component of New Zealand dollar intra-group funding of this business, which amounted to NZD1.766 billion at 30 September 2012. Most of our US dollar earnings are in APEA (refer page 71). Details of these hedges are set out below.

	Half Year		Full Year	
	Sep 12 $M	**Mar 12 $M**	**Sep 12 $M**	**Sep 11 $M**
NZD Economic hedges				
Net open NZD position (notional principal)[1]	**997**	794	**997**	788
Amount taken to income (pre-tax) [2]	**-**	5	**5**	(3)
Amount taken to income (pre-tax underlying basis) [3]	**-**	3	**3**	40
USD Economic hedges				
Net open USD position (notional principal)[1]	**725**	1,060	**725**	1,068
Amount taken to income (pre-tax) [2]	**19**	103	**122**	24
Amount taken to income (pre-tax underlying basis) [3]	**40**	22	**62**	56

1. *Value in AUD at original contract rate*
2. *Unrealised valuation movement plus realised revenue from closed out hedges*
3. *Realised revenue from closed out hedges*

As at 30 September 2012, the following hedges are in place to partially hedge future earnings against adverse movements in exchange rates:

- NZD1.3 billion at a forward rate of approximately NZD1.26/AUD.
- USD0.7 billion at a forward rate of approximately USD0.97/AUD.
- An unrealised gain of $62 million (pre-tax) on the outstanding NZD and USD of economic hedges was booked to the income statement during the year and has been treated as an adjustment to statutory profit as these are hedges of future years' NZD and USD revenues.

- **September 2012 v March 2012**
  - NZD0.4 billion of economic hedges matured with zero impact to the income statement.
  - USD0.5 billion of economic hedges matured and a realised gain of $40 million (pre-tax) was booked to the income statement.
  - An unrealised loss of $21 million (pre-tax) on the outstanding NZD and USD of economic hedges was booked to the income statement during the half year and has been treated as an adjustment to statutory profit as these are hedges of future years' NZD and USD revenues.

- **September 2012 v September 2011**
  - NZD0.8 billion of economic hedges matured and a realised gain of $3 million (pre-tax) was booked to the income statement.
  - USD0.9 billion of economic hedges matured and a realised gain of $62 million (pre-tax) was booked to the income statement.

Earnings per share (cents)[1]

	Half Year			Full Year		
	Sep 12	**Mar 12**	**Movt**	**Sep 12**	**Sep 11**	**Movt**
Underlying earnings per share (cents)						
Basic	**113.1**	112.2	1%	**225.3**	218.4	3%
Diluted	**108.8**	107.4	1%	**216.5**	208.1	4%
Weighted average number of ordinary shares (M)[2]						
Basic	**2,682.2**	2,644.1	1%	**2,663.1**	2,582.8	3%
Diluted	**2,910.9**	2,904.0	0%	**2,903.3**	2,826.5	3%
Underlying profit ($M)	**3,038**	2,973	2%	**6,011**	5,652	6%
Preference share dividends ($M)[3]	**(4)**	(7)	-43%	**(11)**	(12)	-8%
Underlying profit less preference share dividends ($M)	**3,034**	2,966	2%	**6,000**	5,640	6%
Diluted underlying profit less preference share dividends ($M)	**3,167**	3,119	2%	**6,286**	5,882	7%

1. *Refer page 96 for full calculation*
2. *Includes Treasury shares held in OnePath Australia*
3. *The earnings per share calculation excludes the Euro Hybrid preference shares*

Dividends

	Half Year			Full Year		
Dividend per ordinary share (cents)	**Sep 12**	**Mar 12**	**Movt**	**Sep 12**	**Sep 11**	**Movt**
Interim (fully franked)	**n/a**	66	n/a	**66**	64	3%
Final (fully franked)[1]	**79**	n/a	n/a	**79**	76	4%
Total (fully franked)	**79**	66	20%	**145**	140	4%
Ordinary share dividends used in payout ratio ($M)[2]	**2,149**	1,769	21%	**3,918**	3,664	7%
Underlying profit ($M)	**3,038**	2,973	2%	**6,011**	5,652	6%
Less: Preference share dividends paid	**(4)**	(7)	-43%	**(11)**	(12)	-8%
Ordinary share dividend payout ratio (underlying basis)[2]	**70.8%**	59.7%		**65.3%**	65.0%	

1. *Final dividend for 2012 is proposed*
2. *Dividend payout ratio is calculated using proposed 2012 final dividend of $2,149 million, which is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2012 half year and September 2011 full year are calculated using actual dividend paid of $1,769 million and $3,664 million respectively. Dividend payout ratio is calculated by adjusting profit attributable to shareholders of the company by the amount of preference share dividends paid*

The Directors propose that a final dividend of 79 cents be paid on each eligible fully paid ANZ ordinary share on 19 December 2012. The proposed 2012 final dividend will be fully franked for Australian tax purposes.

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the 2012 final dividend and ANZ intends to provide shares under the DRP and BOP through the issue of new shares. The "Acquisition Price" to be used in determining the number of shares to be provided under the DRP and BOP will be calculated in accordance with the DRP and BOP Terms and Conditions. Refer to Note 5 of the Notes to Condensed Consolidated Financial Statements for further details regarding the calculation of the "Acquisition Price" and the operation of the DRP and BOP.

Economic profit

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Profit attributable to shareholders of the company	**2,742**	2,919	-6%	**5,661**	5,355	6%
Adjustments between statutory profit and underlying profit	**296**	54	large	**350**	297	18%
Underlying profit	**3,038**	2,973	2%	**6,011**	5,652	6%
Economic credit cost adjustment	**(111)**	(230)	-52%	**(341)**	(383)	-11%
Imputation credits	**580**	550	5%	**1,130**	1,097	3%
Economic return	**3,507**	3,293	6%	**6,800**	6,366	7%
Cost of capital	**(2,197)**	(2,064)	6%	**(4,261)**	(3,855)	11%
Economic profit	**1,310**	1,229	7%	**2,539**	2,511	1%

Economic profit is a risk adjusted profit measure used to evaluate business unit performance and is considered in determining the variable component of remuneration packages. This is used for internal management purposes and is not subject to audit.

Economic profit is calculated via a series of adjustments to underlying profit. The economic credit cost adjustment replaces the actual credit loss charge with internal expected loss based on the average loss per annum on the portfolio over an economic cycle. The benefit of imputation credits is recognised, measured at 70% of Australian tax. The cost of capital is a major component of economic profit. At an ANZ Group level, this is calculated using average ordinary shareholders' equity (excluding non-controlling interests), multiplied by the cost of capital rate (currently 11%) plus the dividend on preference shares. At a business unit level, capital is allocated based on economic capital, whereby higher risk businesses attract higher levels of capital. This method is designed to help drive appropriate risk management and ensure business returns align with the relevant risk. Key risks covered include credit risk, operating risk, market risk and other risks.

Economic profit has improved half on half due to:

- An increase in underlying profit;
- A decrease in the economic credit cost adjustment, reflecting actual credit losses moving closer to the economic expected loss during the half;
- Higher imputation credits as greater portion of credit adjusted profit is from Australian sources; and
- All of the above is partially offset by higher capital being held (in non-operating units) in line with prudential requirements.

Balance sheet, liquidity and capital

Condensed balance sheet

	As at ($B)			Movement	
	Sep 12	Mar 12	Sep 11	Sep 12 v. Mar 12	Sep 12 v. Sep 11
Assets					
Liquid assets	**36.6**	35.8	25.6	2%	43%
Due from other financial institutions	**17.1**	16.3	13.3	5%	29%
Trading and available-for-sale assets	**61.2**	56.0	58.3	9%	5%
Derivative financial instruments	**48.9**	39.6	58.6	24%	-17%
Net loans and advances	**427.8**	412.6	397.3	4%	8%
Regulatory deposits	**1.5**	1.4	1.5	3%	-2%
Investments backing policy liabilities	**29.9**	30.2	29.9	-1%	0%
Other	**19.1**	20.3	19.7	-6%	-3%
Total assets	**642.1**	612.2	604.2	5%	6%
Liabilities					
Due to other financial institutions	**30.5**	29.7	27.5	3%	11%
Customer deposits	**327.9**	308.3	296.8	6%	10%
Other deposits and other borrowings	**69.2**	74.8	71.9	-7%	-4%
Deposits and other borrowings	**397.1**	383.1	368.7	4%	8%
Derivative financial instruments	**52.6**	41.4	55.3	27%	-5%
Bonds and notes	**63.1**	61.1	56.6	3%	11%
Policy liabilities/external unit holder liabilities	**33.5**	33.5	32.5	0%	3%
Other	**24.1**	24.0	25.7	0%	-6%
Total liabilities	**600.9**	572.8	566.3	5%	6%
Total equity	**41.2**	39.4	37.9	5%	9%

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Group has insufficient capacity to fund increases in assets. The liquidity risk associated with the timing mismatch of cash flows is inherent in all banking operations and is closely monitored by the Group. The Group maintains a portfolio of liquid assets to manage potential stresses in funding sources. The minimum level of liquidity portfolio assets held is based on a range of ANZ specific and general market liquidity stress scenarios such that our cash flow obligations can continue to be met over the short to medium term.

The Group's approach to liquidity risk management incorporates the following key components:

- Scenario modelling of funding sources

  The Global Financial Crisis highlighted the importance of differentiating between stressed and normal market conditions in a name-specific crisis, including the different behaviour that offshore and domestic wholesale funding markets can exhibit during market stress events. ANZ's short term liquidity scenario modelling stresses cash flow projections against multiple 'survival horizons' over which the Group is required to remain cash flow positive. In addition, longer term scenarios are also in place that measure the structural liquidity position of the balance sheet. Scenarios modelled are either prudential requirements or Board mandated scenarios. Under these scenarios, customer and wholesale balance sheet asset/liability flows are stressed.

- Liquidity portfolio

  The Group holds a diversified portfolio of cash and high credit quality securities that may be sold or pledged to provide same-day liquidity. This portfolio helps protect the Group's liquidity position by providing cash in a severely stressed environment. All assets held in the prime portfolio are securities eligible for repurchase under agreements with the applicable central bank (i.e. 'repo eligible').

  The liquidity portfolio is well diversified by counterparty, currency and tenor. Under the liquidity policy framework, securities purchased for ANZ's liquidity portfolio must be of a similar or better credit quality to ANZ's external long term or short term credit ratings and continue to be central bank repo eligible.

  Supplementing the prime liquid asset portfolio, the Group holds additional liquidity:

  - central bank deposits with the US Federal Reserve, Bank of England, Bank of Japan and European Central Bank of $18.0 billion;
  - Australian Commonwealth and State Government securities and gold of $12.6 billion; and
  - cash and other securities to satisfy local country regulatory liquidity requirements which are not included in the liquid assets.

Liquidity risk, cont'd

Prime liquidity portfolio (Market Values)[1]	As at Sep 12 AUD $B	Mar 12 AUD $B	Sep 11 AUD $B
Australia	**24.0**	21.2	20.8
New Zealand	**11.0**	10.5	9.1
United States	**1.4**	1.4	1.4
United Kingdom	**3.3**	3.1	2.7
Singapore	**4.5**	5.0	6.4
Hong Kong	**0.6**	0.3	0.3
Japan	**1.3**	1.2	-
Total excluding internal Residential Mortgage Backed Securities	**46.1**	**42.7**	**40.7**
Internal Residential Mortgage Backed Securities (Australia)	**34.9**	24.6	26.8
Internal Residential Mortgage Backed Securities (New Zealand)	**3.0**	4.0	3.9
Total prime portfolio	**84.0**	**71.3**	**71.4**
Other eligible securities including gold and cash on deposit with central banks[2]	**30.6**	28.1	20.1
Total liquidity portfolio	**114.6**	**99.4**	**91.5**

1. *Market value is post the repo discount applied by the applicable central bank*
2. *Mar 2012 and Sep 2011 restated to include Bank of England reserve*

Regulatory Change

The Basel 3 liquidity proposals remain subject to finalisation from both the Basel Committee and APRA. The proposed changes include the introduction of two new liquidity ratios to measure liquidity risk (the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR)). A component of the liquidity required under the proposed standards will likely be met via the previously announced Committed Liquidity Facility from the Reserve Bank of Australia (RBA), however the size and availability of the facility is not yet agreed with APRA and the RBA. While ANZ has an existing stress scenario framework and structural liquidity risk metrics and limits in place, the new requirements proposed are in general more challenging. These changes may impact the future composition and size of ANZ's liquidity portfolio, the size and composition of the Bank's funding base and consequently could affect future profitability. APRA is proposing to release further details on its requirements during the first quarter of 2013 following an anticipated release of further information from the Basel Committee on Banking Supervision early in calendar 2013. APRA currently proposes to implement the LCR on 1 January 2015 and the NSFR on 1 January 2018 in line with the Basel Committee's timetable for liquidity risk.

Wholesale Funding

ANZ targets a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency. Diversification was further enhanced during the year ended September 2012 with the introduction of a covered bond funding programme.

As at September 2012, the composition of the Group's wholesale funding profile was:

- Term wholesale funding with a remaining maturity of more than one year of $68.4 billion (12% of total funding);
- Term wholesale funding with a remaining maturity of one year or less of $25.4 billion (5% of total funding);
- Short term wholesale funding (including central bank deposits) of $78.9 billion (14% of total funding); and
- Shareholders' equity and hybrids, of $46.3 billion (8% of total funding).

$25.8 billion of term wholesale debt (with a remaining term greater than one year as at 30 September 2012) was issued during the September 2012 financial year, of which $4.5 billion is pre-funding for the September 2013 financial year.

ANZ maintained access to all major global wholesale funding markets during 2012.

- Benchmark term debt issues were completed in AUD, USD, EUR, JPY, CHF, GBP, CNH and NZD;
- All short term wholesale funding needs were met;
- The weighted average tenor of new term debt issuance remained relatively flat at 4.6 years (4.7 years in 2011); and
- The weighted average cost of new term debt issuance increased further in 2012 as a result of volatility in global markets. Conditions improved towards the end of the year, however average portfolio costs remain substantially above pre-crisis levels and continue to increase as maturing term wholesale funding is replaced at higher spreads.

Liquidity risk, cont'd

The following tables show the Group's funding composition:

	As at ($M)			Movement	
	Sep 12	**Mar 12**	**Sep 11**	**Sep 12 v. Mar 12**	**Sep 12 v. Sep 11**
Customer deposits and other liabilities[1]					
Australia	**140,798**	132,761	126,969	6%	11%
International and Institutional Banking	**142,662**	132,767	129,683	7%	10%
New Zealand	**39,622**	37,782	35,938	5%	10%
Global Wealth and Private Banking	**9,449**	9,659	8,129	-2%	16%
Group Centre	**(4,655)**	(4,666)	(3,965)	0%	17%
Customer deposits	**327,876**	308,303	296,754	6%	10%
Other[2]	**9,841**	9,624	11,450	2%	-14%
Total customer deposits and other liabilities (funding)	**337,717**	317,927	308,204	6%	10%
Wholesale funding[4,5]					
Bonds and notes[6]	**62,693**	61,107	56,551	3%	11%
Loan capital	**11,914**	12,605	11,993	-5%	-1%
Certificates of deposit	**56,838**	59,603	55,554	-5%	2%
Commercial paper issued	**12,164**	15,084	14,333	-19%	-15%
Due to other financial institutions	**30,538**	29,688	27,535	3%	11%
Other wholesale borrowings[3]	**4,585**	2,665	(450)	72%	large
Total wholesale funding	**178,732**	180,752	165,516	-1%	8%
Shareholders' equity (excl preference shares)	**40,349**	38,572	37,083	5%	9%
Total funding	**556,798**	537,251	510,803	4%	9%
Wholesale funding maturity[4,5]					
Short term wholesale funding (excluding Central Banks)	**63,433**	64,735	56,918	-2%	11%
Central Bank deposits	**15,475**	14,872	10,646	4%	45%
Long term wholesale funding[4]					
- Less than 1 year residual maturity	**25,391**	22,782	27,883	11%	-9%
- Greater than 1 year residual maturity	**68,449**	71,677	63,293	-5%	8%
Hybrid capital including preference shares	**5,984**	6,686	6,776	-10%	-12%
Total wholesale funding and preference share capital excluding shareholders' equity	**178,732**	180,752	165,516	-1%	8%
Total funding maturity					
Short term wholesale funding (excluding Central Banks)	**11%**	12%	11%		
Central Bank deposits	**3%**	3%	2%		
Long term wholesale funding					
- Less than 1 year residual maturity	**5%**	4%	6%		
- Greater than 1 year residual maturity	**12%**	13%	12%		
Total customer liabilities (funding)	**61%**	59%	60%		
Shareholders' equity and hybrid debt	**8%**	9%	9%		
Total funding and shareholders' equity	**100%**	100%	100%		

1. *Includes term deposits, other deposits and an adjustment to the Group Centre to eliminate OnePath Australia investments in ANZ deposit products*
2. *Includes interest accruals, payables and other liabilities, provisions and net tax provisions, excluding other liabilities in OnePath Australia*
3. *Includes net derivative balances, special purpose vehicles, other borrowings and preference share capital Euro hybrids*
4. *Long term wholesale funding amounts are stated at original hedged exchange rates. Movements due to currency fluctuations in actual amounts borrowed are classified as short term wholesale funding*
5. *Liability for acceptances have been removed as they do not provide net funding*
6. *Excludes term debt issued externally by OnePath*

Capital Management

APRA Capital Ratios

	As at					
	Basel 3			Basel 2		
	Sep 12	**Mar 12**	**Sep 11**	**Sep 12**	**Mar 12**	**Sep 11**
Common Equity Tier 1[1]	**8.0%**	7.8%	7.5%	**8.8%**	**8.9%**	8.5%
Tier 1[2]	**9.7%**	9.7%	9.6%	**10.8%**	**11.3%**	10.9%
Tier 2[2]	**2.0%**	2.1%	1.9%	**1.4%**	**1.3%**	1.2%
Total capital	**11.7%**	11.8%	11.5%	**12.2%**	**12.6%**	12.1%
Risk weighted assets ($B)	**315.4**	303.7	295.7	**300.1**	**284.8**	280.0

1. *Common Equity Tier 1 is Tier 1 excluding hybrid Tier 1 capital instruments*
2. *Basel 3 ratios include the application of a 10% 'hair cut' to the face value of the additional Tier 1 and Tier 2 securities on issue at those dates*

Further details of the components of capital and the capital adequacy calculation are set out on pages 105 to 109

Basel 2

The Basel 2 Accord principles took effect from 1 January 2008. For calculation of minimum capital requirements under Pillar 1 (Capital Requirements) of the Basel 2 Accord, ANZ has been accredited by Australian Prudential Regulation Authority (APRA) to use Advanced Internal Ratings Based (AIRB) methodology for credit risk weighted assets and Advanced Measurement Approach (AMA) for the operational risk weighted asset equivalent.

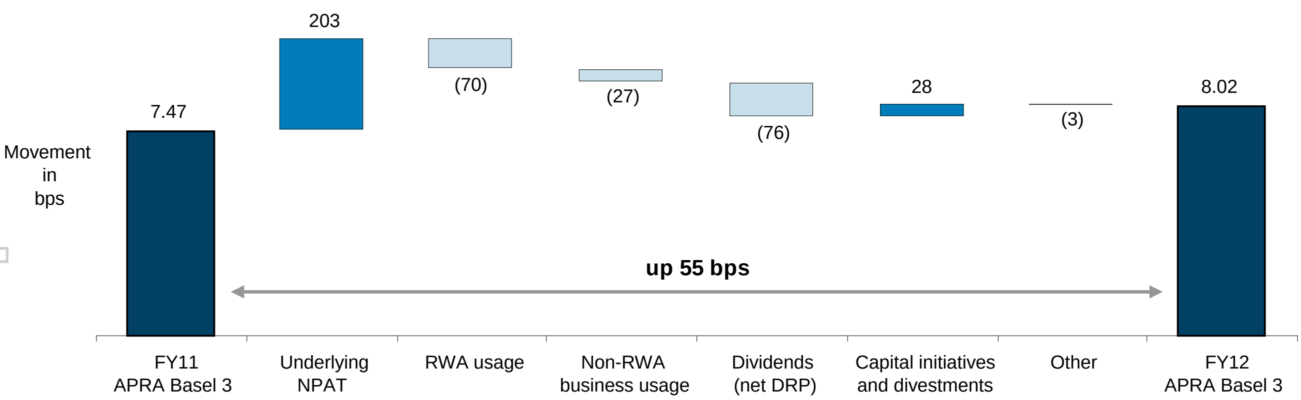
Basel 3

APRA released its new prudential capital standards in September 2012 detailing the implementation of the majority of Basel 3 capital reforms in Australia. APRA is adopting the Basel 3 reforms with increased capital deductions from Common Equity Tier 1 ("CET1") capital, an increase in capitalisation rates (including prescribed minimum capital buffers), tighter requirements around new Tier 1 and Tier 2 securities and transitional arrangements for existing Tier 1 and Tier 2 securities that do not conform to the new regulations.

Based upon the APRA Basel 3 standards, ANZ would have reported a 55 bps increase in the CET1 capital ratio for the year ended 30 September 2012, with underlying earnings and capital initiatives (including divestments) outweighing dividends, incremental RWAs and deductions.

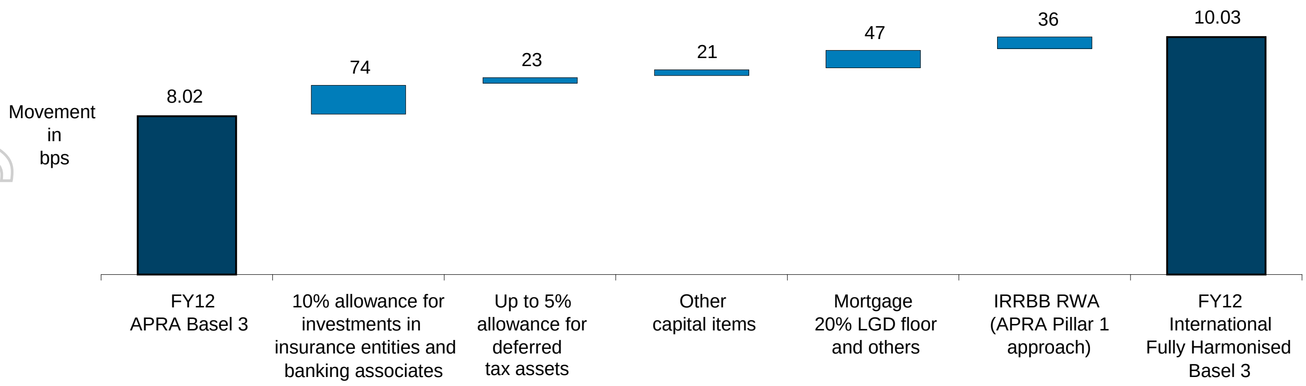
With a CET1 capital ratio of 8.02% (Basel 3 international fully harmonised 10.0%), and strong capital generation under APRA Basel 3 capital standards, ANZ is well placed to meet APRA's early adoption of the Basel 3 capital reforms on 1 January 2013, and the implementation of the capital conservation measures, including the Capital Conservation Buffer, on 1 January 2016. As such, ANZ has removed the 1.5% discount on the Dividend Reinvestment and Bonus Option Plans for the proposed final 2012 dividend.

APRA Basel 3 Common Equity Tier 1 – September 2012 v September 2011



Capital Management, cont'd

International Fully Harmonised Basel 3 Common Equity Tier 1 – September 2012[1]



The above table provides a reconciliation of CET1 under APRA's Basel 3 prudential capital standards to international "fully harmonised" Basel 3 standards. APRA views the Basel 3 reforms as a minimum requirement and hence has not incorporated some of the concessions proposed in the Basel 3 rules and has also set higher requirements in other areas. As a result, Australian banks' APRA Basel 3 reported capital ratios will not be directly comparable with international peers.

In addition, APRA is proposing an accelerated implementation timetable for the Basel 3 capital reforms, particularly in relation to minimum capital ratios and deductions which will be effective 1 January 2013. Introduction of the prescribed minimum capital buffers will be fully effective 1 January 2016 and the Leverage Ratio from 1 January 2015.

APRA is still yet to finalise capital standards on the Basel 3 reforms dealing with the improvements in capital disclosures, including the leverage ratio, counterparty credit risk, contingent capital and measures to address systematic and inter-connected risks.

Level 3 Conglomerates ("Level 3")

APRA has announced that it will proceed with implementing Level 3 Conglomerates prudential standards in 2014, with an update to the March 2010 discussion paper expected in early 2013. The standards will regulate a bancassurance group such as ANZ as a single economic entity with minimum capital requirements and additional reporting on risk exposure levels. Based upon APRA's March 2010 Discussion Paper, ANZ is not expecting any material impact on its operations.

Life insurance And General Insurance Capital reforms ("LAGIC")

APRA has undertaken a review of the prudential capital standards as they apply to life insurance and general insurance entities with the view to increasing the level of risk sensitivity and to more closely align the standards to the capital regulations applied to banking groups, particularly for capital targets and class of capital.

APRA released final prudential standards in October 2012 following an extensive period of industry consultation. The proposed reforms will not have a material impact on the capital requirements for ANZ.

1. *ANZ's interpretation of the regulations documented in the Basel Committee publications; "Basel III: A global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006)*

Deferred acquisition costs and deferred income

The Group recognises as assets deferred acquisition costs relating to the acquisition of interest earning assets. The Group also recognises deferred income that is integral to the yield of an originated financial instrument, net of any direct incremental costs. This income is deferred and recognised as net interest income over the expected life of the financial instrument under AASB 139: 'Financial Instruments: Recognition and Measurement'. Deferred acquisition costs that do not relate to interest earning assets, for example those relating to the acquisition of life investment contracts, are excluded from this analysis.

The balances of deferred acquisition costs and deferred income were:

	Deferred Acquisition Costs[1]			Deferred Income		
	Sep 12	Mar 12	Sep 11	Sep 12	Mar 12	Sep 11
	$M	$M	$M	$M	$M	$M
Australia	**704**	647	597	**68**	66	84
International and Institutional Banking	**12**	6	-	**309**	326	299
New Zealand	**80**	43	32	**35**	30	28
Global Wealth and Private Banking	**1**	1	-	**3**	3	3
Group Centre	**53**	64	59	**-**	-	-
Total	**850**	761	688	**415**	425	414

1. *Deferred acquisition costs largely include the amounts of brokerage capitalised and amortised in the Australia and New Zealand divisions. Deferred acquisition costs also include capitalised debt raising expenses*

Deferred acquisition costs and associated amortisation during the period were:

	Full Year Sep 2012		Full Year Sep 2011	
	Amortisation Charge	Capitalised Costs[1]	Amortisation Charge	Capitalised Costs[1]
	$M	$M	$M	$M
Australia	**356**	**464**	314	355
International and Institutional Banking	**4**	**16**	1	-
New Zealand	**25**	**72**	31	21
Global Wealth and Private Banking	**-**	**-**	-	-
Group Centre	**21**	**16**	19	25
Total	**406**	**568**	365	401

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

Software capitalisation

At 30 September 2012, the Group's intangibles included $1,762 million in relation to costs incurred in acquiring and developing software. Details are set out in the table below:

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Balance at start of period	**1,743**	1,572	11%	**1,572**	1,217	29%
Software capitalised during the period	**462**	324	43%	**786**	645	22%
Amortisation during the period	**(170)**	(150)	13%	**(320)**	(249)	29%
Software impaired/written-off	**(273)**	(1)	large	**(274)**	(44)	large
Foreign exchange differences	**-**	(2)	-100%	**(2)**	3	large
Total capitalised software	**1,762**	1,743	1%	**1,762**	1,572	12%
Less: OnePath software (different treatment for Capital calculation)	**(60)**	(83)	-28%	**(60)**	(82)	-27%
Capitalised software as per deductions from Tier 1 capital	**1,702**	1,660	3%	**1,702**	1,490	14%

Capitalised cost analysis by Division	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Australia	**116**	64	81%	**180**	77	large
International and Institutional Banking	**195**	150	30%	**345**	347	-1%
New Zealand	**18**	13	38%	**31**	36	-14%
Global Wealth and Private Banking	**26**	20	30%	**46**	42	10%
Group Centre	**107**	77	39%	**184**	143	29%
Total	**462**	324	43%	**786**	645	22%

Net book value by Division	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Australia	**338**	323	5%	**338**	302	12%
International and Institutional Banking	**906**	949	-5%	**906**	860	5%
New Zealand	**81**	72	13%	**81**	66	23%
Global Wealth and Private Banking	**75**	94	-20%	**75**	93	-19%
Group Centre	**362**	305	19%	**362**	251	44%
Total	**1,762**	1,743	1%	**1,762**	1,572	12%

Following the identification of impairment triggers, an impairment assessment was performed on intangible assets, including internally generated software assets. A detailed review of the recoverable amount was performed, and where the benefits associated with the asset were substantially reduced from what had originally been anticipated, the assets were written down to their recoverable amount. This resulted in the write down of $273 million (pre-tax) during the second half. Given the size and nature of the write-down and the infrequency of such large impairments, the write-down has been excluded from underlying profit.

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CONTENTS

Section 5 – Segment Review

Segment performance

Australia

International and Institutional Banking

New Zealand

Global Wealth and Private Banking

Group Centre

Segment Performance

In February 2012 the Group announced that it had put in place a new senior management structure and other organisational changes designed to support our super regional aspirations, give focus to areas of growth and opportunity, and to strengthen succession planning within the senior management team.

The Group operates on a divisional structure with Australia, International and Institutional Banking (IIB), New Zealand and Global Wealth and Private Banking being the major operating divisions.

Corporate Banking Australia continues to be reported within IIB, however effective 1 October 2012, Corporate Banking Australia will transfer to the Australia division.

All March 2012 and 2011 comparatives have been restated to reflect the new structure.

The Segment Review section is reported on an underlying basis.

September 2012 Half Year

AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth & Private Banking	Group Centre	Group
Net interest income	3,050	1,898	887	59	233	6,127
Other external operating income	608	1,355	166	691	(72)	2,748
Operating income	3,658	3,253	1,053	750	161	8,875
Operating expenses	(1,437)	(1,457)	(461)	(422)	(225)	(4,002)
Profit before credit impair't and income tax	2,221	1,796	592	328	(64)	4,873
Provision for credit impairment	(357)	(252)	(70)	(2)	-	(681)
Profit before income tax	1,864	1,544	522	326	(64)	4,192
Income tax expense and non-controlling interests	(559)	(407)	(144)	(81)	37	(1,154)
Underlying profit	1,305	1,137	378	245	(27)	3,038

March 2012 Half Year

AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth & Private Banking	Group Centre	Group
Net interest income	2,874	1,944	885	64	217	5,984
Other external operating income	586	1,395	159	664	(84)	2,720
Operating income	3,460	3,339	1,044	728	133	8,704
Operating expenses	(1,456)	(1,476)	(460)	(435)	(193)	(4,020)
Profit before credit impair't and income tax	2,004	1,863	584	293	(60)	4,684
Provision for credit impairment	(309)	(175)	(78)	(2)	(1)	(565)
Profit before income tax	1,695	1,688	506	291	(61)	4,119
Income tax expense and non-controlling interests	(508)	(453)	(141)	(85)	41	(1,146)
Underlying profit	1,187	1,235	365	206	(20)	2,973

September 2012 Half Year vs March 2012 Half Year

%	Australia	International & Institutional Banking	New Zealand	Global Wealth & Private Banking	Group Centre	Group
Net interest income	6%	-2%	0%	-8%	7%	2%
Other external operating income	4%	-3%	4%	4%	-14%	1%
Operating income	6%	-3%	1%	3%	21%	2%
Operating expenses	-1%	-1%	0%	-3%	17%	0%
Profit before credit impair't and income tax	11%	-4%	1%	12%	7%	4%
Provision for credit impairment	16%	44%	-10%	0%	-100%	21%
Profit before income tax	10%	-9%	3%	12%	5%	2%
Income tax expense and non-controlling interests	10%	-10%	2%	-5%	-10%	1%
Underlying profit	10%	-8%	4%	19%	35%	2%

September 2012 Full Year

AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth & Private Banking	Group Centre	Group
Net interest income	5,924	3,842	1,772	123	450	12,111
Other external operating income	1,194	2,750	325	1,355	(156)	5,468
Operating income	7,118	6,592	2,097	1,478	294	17,579
Operating expenses	(2,893)	(2,933)	(921)	(857)	(418)	(8,022)
Profit before credit impair't and income tax	4,225	3,659	1,176	621	(124)	9,557
Provision for credit impairment	(666)	(427)	(148)	(4)	(1)	(1,246)
Profit before income tax	3,559	3,232	1,028	617	(125)	8,311
Income tax expense and non-controlling interests	(1,067)	(860)	(285)	(166)	78	(2,300)
Underlying profit	2,492	2,372	743	451	(47)	6,011

September 2011 Full Year

AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth & Private Banking	Group Centre	Group
Net interest income	5,782	3,667	1,701	135	213	11,498
Other external operating income	1,185	2,523	316	1,350	(60)	5,314
Operating income	6,967	6,190	2,017	1,485	153	16,812
Operating expenses	(2,836)	(2,757)	(906)	(853)	(366)	(7,718)
Profit before credit impair't and income tax	4,131	3,433	1,111	632	(213)	9,094
Provision for credit impairment	(719)	(293)	(166)	8	(41)	(1,211)
Profit before income tax	3,412	3,140	945	640	(254)	7,883
Income tax expense and non-controlling interests	(1,022)	(839)	(283)	(183)	96	(2,231)
Underlying profit	2,390	2,301	662	457	(158)	5,652

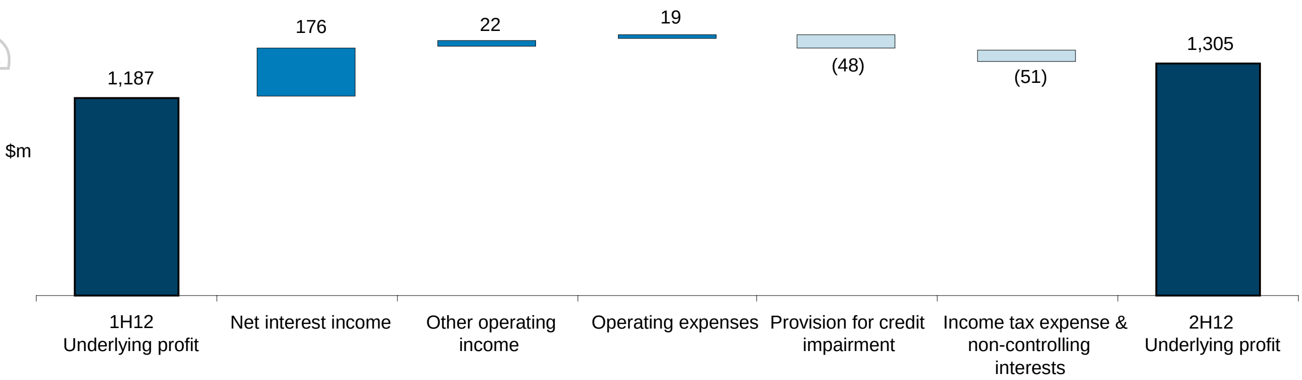
September 2012 Full Year vs September 2011 Full Year

%	Australia	International & Institutional Banking	New Zealand	Global Wealth & Private Banking	Group Centre	Group
Net interest income	2%	5%	4%	-9%	large	5%
Other external operating income	1%	9%	3%	0%	large	3%
Operating income	2%	6%	4%	0%	92%	5%
Operating expenses	2%	6%	2%	0%	14%	4%
Profit before credit impair't and income tax	2%	7%	6%	-2%	-42%	5%
Provision for credit impairment	-7%	46%	-11%	large	-98%	3%
Profit before income tax	4%	3%	9%	-4%	-51%	5%
Income tax expense and non-controlling interests	4%	3%	1%	-9%	-19%	3%
Underlying profit	4%	3%	12%	-1%	-70%	6%

Australia
Philip Chronican

Australia division comprises Retail and Commercial businesses. Retail includes Mortgages, Credit Cards and Unsecured Lending and Deposits. Commercial includes our core banking offerings to Business Banking, Regional Commercial Banking and Small Business Banking customers and Esanda.

Underlying profit – September 2012 Half Year v March 2012 Half Year



- **September 2012 v March 2012**

Profit increased 10% in the half, with profit before credit impairment and income tax up 11%.

Key factors affecting the result were:

- Net interest income increased 6% driven by strong growth in average net loans and advances of 4% and a 4 basis points improvement in net interest margin.
- The 4% growth in average net loans and advances was driven by above system growth in Mortgages, and growth in Business Banking and Small Business Banking. Asset growth was largely self-funded with average deposit growth of 6% in the half with the majority of the deposit growth coming from savings products.
- Net interest margin increased by 4 basis points as a result of disciplined margin management, partly offset by deposit pricing pressures.
- Operating expenses were down 1% as result of restructuring activity in the March half driving a reduction in average FTE and benefits from operational efficiencies, procurement saves and lower discretionary spending.
- Provision for credit impairment increased 16% in the half reflecting higher individual provisions partly offset by lower collective provisions. The individual provision charge was predominantly driven by softer economic conditions in a number of sectors. The collective provision reduction was driven by the release of surplus flood provisions.

- **September 2012 v September 2011**

Profit increased 4%, with profit before credit impairment and income tax up 2%.

Key factors affecting the result were:

- Net interest income increased 2% as a result of strong growth in average net loans and advances of 7% offset by a decline in net interest margin of 12 basis points.
- Growth in average net loans and advances of 7% was driven by above system growth in Mortgages of 8% and growth in Business Banking of 11%. Asset growth was largely self-funded with average deposit growth of 12% in the year with the majority of the deposit growth coming from savings products.
- Net interest margin declined 12 basis points over the year as a result of deposit pricing pressures and higher wholesale funding costs partly offset by benefits from asset pricing and disciplined margin management.
- Operating expenses increased 2% due to higher restructuring costs and annual salary increases, partially offset by the benefits from productivity initiatives (reducing average FTE in the September half) and operational efficiencies, procurement saves and lower discretionary spending throughout the year.
- Provision for credit impairment decreased 7% reflecting lower collective provisions due to the release of surplus flood provisions partly offset by an increase in individual provisions due to a large provision raised for a merchant facility and softer economic conditions.

Retail update

As a result of a targeted focus on higher value customer segments, growth in share of wallet and above system growth in both Household Lending and Household Deposits, ANZ has continued to grow Traditional Banking market share and is now ranked 2nd amongst peers for this measure[1]. ANZ achieved market recognition and was awarded Money Magazine's Bank of the Year and Home Lender of the Year. As part of Australia's transformation agenda, we are continuing to transform our distribution channels with 46 new look branches expected to be completed by end of 2012. Our digital agenda has strong momentum with increased self service capability on internet banking and we have expanded our market-leading goMoney product which has over 780,000 registered users and a new Android version.

Commercial update

Commercial continues to focus on growing the business through targeted customer acquisition, increased cross-sell and leveraging ANZ's super regional footprint to meet the needs of our customers. As a result, customer numbers grew by a net ~30k throughout the year and the cross-sell of Institutional products increased by ~25%. Cross border referrals also grew by ~40%. ANZ is investing to enhance the customer experience and improve banker productivity. ANZ achieved market recognition and was awarded Capital CFO's Business Bank of the Year in 2012.

1. *Source: Roy Morgan Research: Aust Population aged 14+, rolling 12 months, Trade Banking Consumer Market (Deposits, Cards & Loans), Peers: CBA (excl Bankwest), NAB, Westpac (excl Bank of Melbourne & St George)*

Australia
Philip Chronican

Australia Total

	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Net interest income	**3,050**	2,874	6%	**5,924**	5,782	2%
Other external operating income	**608**	586	4%	**1,194**	1,185	1%
Operating income	**3,658**	3,460	6%	**7,118**	6,967	2%
Operating expenses	**(1,437)**	(1,456)	-1%	**(2,893)**	(2,836)	2%
Profit before credit impairment and income tax	**2,221**	2,004	11%	**4,225**	4,131	2%
Provision for credit impairment	**(357)**	(309)	16%	**(666)**	(719)	-7%
Profit before tax	**1,864**	1,695	10%	**3,559**	3,412	4%
Income tax expense and non-controlling interests	**(559)**	(508)	10%	**(1,067)**	(1,022)	4%
Underlying profit	**1,305**	1,187	10%	**2,492**	2,390	4%
Consisting of:						
Retail	**815**	660	23%	**1,475**	1,417	4%
Commercial	**486**	531	-8%	**1,017**	973	5%
Other	**4**	(4)	large	**-**	-	n/a
Underlying profit	**1,305**	1,187	10%	**2,492**	2,390	4%
Balance Sheet						
Net loans & advances	**244,725**	238,768	2%	**244,725**	228,547	7%
Other external assets	**2,806**	2,763	2%	**2,806**	2,566	9%
External assets	**247,531**	241,531	2%	**247,531**	231,113	7%
Customer deposits	**140,798**	132,761	6%	**140,798**	126,969	11%
Other external liabilities	**13,868**	11,474	21%	**13,868**	11,199	24%
External liabilities	**154,666**	144,235	7%	**154,666**	138,168	12%
Risk weighted assets	**89,719**	85,844	5%	**89,719**	82,060	9%
Average net loans and advances	**243,093**	233,264	4%	**238,178**	221,976	7%
Average deposits and other borrowings	**136,989**	129,528	6%	**133,258**	119,405	12%
Ratios						
Return on average assets	**1.06%**	1.01%		**1.04%**	1.06%	
Net interest average margin	**2.49%**	2.45%		**2.47%**	2.59%	
Operating expenses to operating income	**39.3%**	42.1%		**40.6%**	40.7%	
Operating expenses to average assets	**1.17%**	1.23%		**1.20%**	1.26%	
Individual provision charge/(release)	**384**	320	20%	**704**	671	5%
Individual provision charge/(release) as a % of average net advances	**0.32%**	0.27%		**0.30%**	0.30%	
Collective provision charge/(release)	**(27)**	(11)	large	**(38)**	48	large
Collective provision charge/(release) as a % of average net advances	**(0.02%)**	(0.01%)		**(0.02%)**	0.02%	
Net impaired assets	**767**	705	9%	**767**	660	16%
Net impaired assets as a % of net advances	**0.31%**	0.30%		**0.31%**	0.29%	
Total full time equivalent staff (FTE)	**13,982**	14,390	-3%	**13,982**	14,635	-4%

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Individual provision charge/(release)	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Retail	**208**	**208**	**0%**	**416**	**373**	**12%**
Mortgages	21	22	-5%	43	28	54%
Consumer Cards & Unsecured Lending	166	148	12%	314	312	1%
Deposits	8	7	14%	15	16	-6%
Other	13	31	-58%	44	17	large
Commercial	**176**	**112**	**57%**	**288**	**298**	**-3%**
Esanda	50	32	56%	82	81	1%
Regional Commercial Banking	62	32	94%	94	120	-22%
Business Banking	32	22	45%	54	48	13%
Small Business Banking	32	26	23%	58	49	18%
Individual provision charge/(release)	**384**	**320**	**20%**	**704**	**671**	**5%**

Collective provision charge/(release)	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Retail	**(24)**	**(9)**	**large**	**(33)**	**46**	**large**
Mortgages	(12)	(2)	large	(14)	12	large
Consumer Cards & Unsecured Lending	(14)	1	large	(13)	24	large
Other	2	(8)	large	(6)	10	large
Commercial	**(3)**	**(2)**	**50%**	**(5)**	**2**	**large**
Esanda	10	9	11%	19	(14)	large
Regional Commercial Banking	4	3	33%	7	(7)	large
Business Banking	9	1	large	10	(35)	large
Small Business Banking	5	9	-44%	14	5	large
Other	(31)	(24)	29%	(55)	53	large
Collective provision charge/(release)	**(27)**	**(11)**	**large**	**(38)**	**48**	**large**
Total provision charge/(release)	**357**	**309**	**16%**	**666**	**719**	**-7%**

Australia
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Net loans & advances	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Retail	**192,740**	**189,429**	**2%**	**192,740**	**180,711**	**7%**
Mortgages	182,115	178,527	2%	182,115	169,924	7%
Consumer Cards & Unsecured Lending	7,702	8,153	-6%	7,702	8,148	-5%
Other	2,923	2,749	6%	2,923	2,639	11%
Commercial	**51,985**	**49,339**	**5%**	**51,985**	**47,836**	**9%**
Esanda	15,847	14,957	6%	15,847	14,481	9%
Regional Commercial Banking	14,240	13,648	4%	14,240	13,575	5%
Business Banking	16,530	15,742	5%	16,530	14,954	11%
Small Business Banking	5,368	5,022	7%	5,368	4,880	10%
Other	-	(30)	-100%	-	(54)	-100%
Net loans & advances	**244,725**	**238,768**	**2%**	**244,725**	**228,547**	**7%**

Customer deposits	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Retail	**97,616**	**91,914**	**6%**	**97,616**	**87,275**	**12%**
Mortgages	13,187	12,221	8%	13,187	11,279	17%
Consumer Cards & Unsecured Lending	118	110	7%	118	114	4%
Deposits	84,032	79,359	6%	84,032	75,619	11%
Other	279	224	25%	279	263	6%
Commercial	**43,182**	**40,847**	**6%**	**43,182**	**39,694**	**9%**
Esanda	96	129	-26%	96	203	-53%
Regional Commercial Banking	11,715	11,358	3%	11,715	10,776	9%
Business Banking	13,869	12,866	8%	13,869	12,852	8%
Small Business Banking	17,502	16,494	6%	17,502	15,863	10%
Customer deposits	**140,798**	**132,761**	**6%**	**140,798**	**126,969**	**11%**

Australia
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Retail Business Unit

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**1,863**	1,688	10%	**3,551**	3,468	2%
Other external operating income	**471**	451	4%	**922**	918	0%
Operating income	**2,334**	2,139	9%	**4,473**	4,386	2%
Operating expenses	**(990)**	(995)	-1%	**(1,985)**	(1,947)	2%
Profit before credit impairment and income tax	**1,344**	1,144	17%	**2,488**	2,439	2%
Provision for credit impairment	**(184)**	(199)	-8%	**(383)**	(419)	-9%
Profit before tax	**1,160**	945	23%	**2,105**	2,020	4%
Income tax expense and non-controlling interests	**(345)**	(285)	21%	**(630)**	(603)	4%
Underlying profit	**815**	660	23%	**1,475**	1,417	4%
Risk weighted assets	**47,237**	46,948	1%	**47,237**	43,765	8%

	Half Year			Full Year		
Individual provision charge/(release)	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Mortgages	**21**	22	-5%	**43**	28	54%
Consumer Cards & Unsecured Lending	**166**	148	12%	**314**	312	1%
Deposits	**8**	7	14%	**15**	16	-6%
Other	**13**	31	-58%	**44**	17	large
Individual provision charge/(release)	**208**	**208**	**0%**	**416**	**373**	**12%**
Collective provision charge/(release)						
Mortgages	**(12)**	(2)	large	**(14)**	12	large
Consumer Cards & Unsecured Lending	**(14)**	1	large	**(13)**	24	large
Other	**2**	(8)	large	**(6)**	10	large
Collective provision charge/(release)	**(24)**	**(9)**	**large**	**(33)**	**46**	**large**
Total provision charge/(release)	**184**	**199**	**-8%**	**383**	**419**	**-9%**

	Half Year			Full Year		
Net loans & advances	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Mortgages	**182,115**	178,527	2%	**182,115**	169,924	7%
Consumer Cards & Unsecured Lending	**7,702**	8,153	-6%	**7,702**	8,148	-5%
Other	**2,923**	2,749	6%	**2,923**	2,639	11%
Net loans & advances	**192,740**	**189,429**	**2%**	**192,740**	**180,711**	**7%**
Customer deposits						
Mortgages	**13,187**	12,221	8%	**13,187**	11,279	17%
Consumer Cards & Unsecured Lending	**118**	110	7%	**118**	114	4%
Deposits	**84,032**	79,359	6%	**84,032**	75,619	11%
Other	**279**	224	25%	**279**	263	6%
Customer deposits	**97,616**	**91,914**	**6%**	**97,616**	**87,275**	**12%**

Australia
Philip Chronican

Commercial Business Unit

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Net interest income	**1,184**	1,183	0%	**2,367**	2,302	3%
Other external operating income	**138**	135	2%	**273**	268	2%
Operating income	**1,322**	1,318	0%	**2,640**	2,570	3%
Operating expenses	**(452)**	(451)	0%	**(903)**	(879)	3%
Profit before credit impairment and income tax	**870**	867	0%	**1,737**	1,691	3%
Provision for credit impairment	**(173)**	(110)	57%	**(283)**	(300)	-6%
Profit before tax	**697**	757	-8%	**1,454**	1,391	5%
Income tax expense and non-controlling interests	**(211)**	(226)	-7%	**(437)**	(418)	5%
Underlying profit	**486**	531	-8%	**1,017**	973	5%
Risk weighted assets	**41,809**	38,475	9%	**41,809**	37,878	10%

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Individual provision charge/(release)						
Esanda	**50**	32	56%	**82**	81	1%
Regional Commercial Banking	**62**	32	94%	**94**	120	-22%
Business Banking	**32**	22	45%	**54**	48	13%
Small Business Banking	**32**	26	23%	**58**	49	18%
Individual provision charge/(release)	**176**	**112**	**57%**	**288**	**298**	**-3%**
Collective provision charge/(release)						
Esanda	**10**	9	11%	**19**	(14)	large
Regional Commercial Banking	**4**	3	33%	**7**	(7)	large
Business Banking	**9**	1	large	**10**	(35)	large
Small Business Banking	**5**	9	-44%	**14**	5	large
Other	**(31)**	(24)	29%	**(55)**	53	large
Collective provision charge/(release)	**(3)**	**(2)**	**50%**	**(5)**	**2**	**large**
Total provision charge/(release)	**173**	**110**	**57%**	**283**	**300**	**-6%**

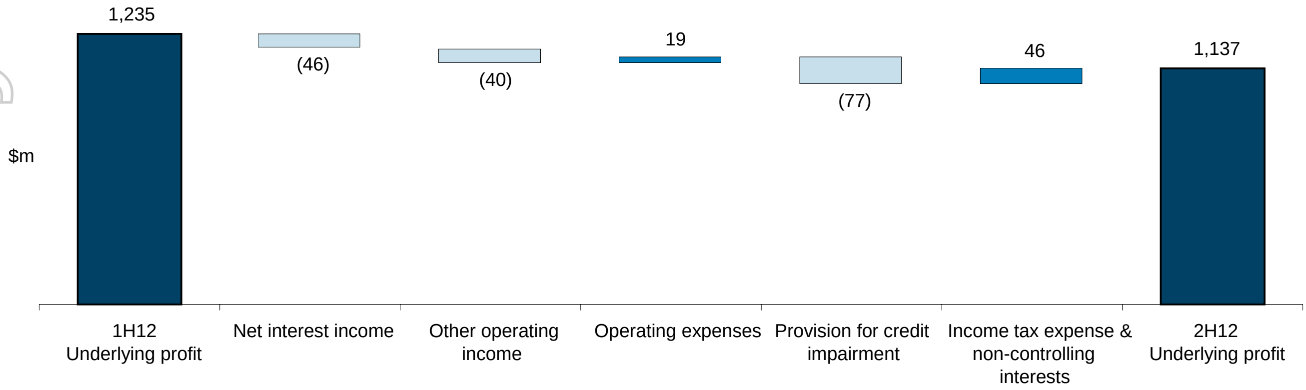
	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Net loans & advances						
Esanda	**15,847**	14,957	6%	**15,847**	14,481	9%
Regional Commercial Banking	**14,240**	13,648	4%	**14,240**	13,575	5%
Business Banking	**16,530**	15,742	5%	**16,530**	14,954	11%
Small Business Banking	**5,368**	5,022	7%	**5,368**	4,880	10%
Other	**-**	(30)	-100%	**-**	(54)	-100%
Net loans & advances	**51,985**	**49,339**	**5%**	**51,985**	**47,836**	**9%**
Customer deposits						
Esanda	**96**	129	-26%	**96**	203	-53%
Regional Commercial Banking	**11,715**	11,358	3%	**11,715**	10,776	9%
Business Banking	**13,869**	12,866	8%	**13,869**	12,852	8%
Small Business Banking	**17,502**	16,494	6%	**17,502**	15,863	10%
Customer deposits	**43,182**	**40,847**	**6%**	**43,182**	**39,694**	**9%**

International and Institutional Banking

Alex Thursby

The International and Institutional Banking (IIB) division comprises Global Institutional (including Transaction Banking, Global Loans and Global Markets), Retail Asia Pacific and Asia Partnerships, together with Relationship & Infrastructure.

Underlying profit – September 2012 Half Year v March 2012 Half Year



IIB continued to build momentum on the super regional strategy, focusing on the priority products of Foreign Exchange, Capital Markets, Cash Management and Trade and priority customer segments of Resources, Utilities and Infrastructure, Agribusiness and Financial Institutions to drive growth.

The results reflected greater customer connectivity and an increasingly diversified geographic mix. Cross-border network revenues for the September 2012 year reached $1.4 billion, up 16% compared to the prior year. The APEA based businesses produced 14% income growth for the September 2012 year, representing 43% of total IIB income.

While negatively impacted by the individual provision charges relating to a small number of legacy Global Institutional customers in Australia, strong underlying credit quality has been maintained.

- **September 2012 v March 2012**

Profit decreased 8%, impacted by continued margin compression in lending books and higher individual provision charges in the Global Institutional business in Australia.

Key factors affecting the result were:

- Net interest income declined 2% with net interest margin (excluding Global Markets) 33 basis points lower. This reflected higher funding costs and increased price competition for customer deposits and loans in Australia. The change in the funding and asset mix also lowered margin by 8 basis points with an increased proportion of wholesale funding. The above offset the benefits from the volume growth. Overall customer deposits increased 7% and net loans and advances 5%, with growth concentrated in the APEA region.
- Other external operating income was 3% lower. Global Markets' other income was 19% lower with softening in the trading conditions together with a normalised flow in capital markets. Asia Partnerships' contribution was higher due to higher earnings, the gain arising from dilution of our Bank of Tianjin stake and the impact of the impairment charge in the March 2012 half year relating to the carrying value of our investment in Saigon Securities Incorporation.
- Operating expenses were 1% lower. Cost savings from productivity initiatives and utilisation of our hub resources were partially offset by higher amortisation charges and restructuring costs. Targeted investments continued to be made in front line capabilities and cash management platforms across Asia.
- Provision charges for credit impairment increased 44%, driven by individual provision charges on a few legacy Global Institutional loans in Australia, partially offset by collective provision releases from associated concentration risk provisions.

- **September 2012 v September 2011**

Profit increased 3%, impacted by higher individual provision charges in the Global Institutional businesses.

Key factors affecting the result were:

- Net interest income increased 5%. Solid growth in APEA accounted for most of the overall increases in customer deposits (up 10%) and net loans and advances (up 11%). However, net interest margin (excluding Global Markets) declined 40 basis points reflecting the higher funding cost, margin compression in the competitive environment in Australia and the impact of the change in lending mix tilted towards Asia where margins are lower.
- Other external operating income increased 9% mainly from increases in Global Institutional in APEA (in particular, Transaction Banking and Global Markets).
- Operating expenses were up 6%, driven by higher amortisation charges and restructuring costs with continued re-investment in the business, partially offset by cost savings from productivity gains and greater utilisation of our hub resources.
- Provision charges for credit impairment were 46% higher, driven by individual provision charges on a few legacy Global Institutional loans in Australia, partially offset by collective provision releases from associated concentration risk provisions.

International and Institutional Banking
Alex Thursby

International and Institutional Banking Total

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**1,898**	1,944	-2%	**3,842**	3,667	5%
Other external operating income	**1,355**	1,395	-3%	**2,750**	2,523	9%
Operating income	**3,253**	3,339	-3%	**6,592**	6,190	6%
Operating expenses	**(1,457)**	(1,476)	-1%	**(2,933)**	(2,757)	6%
Profit before credit impairment and income tax	**1,796**	1,863	-4%	**3,659**	3,433	7%
Provision for credit impairment	**(252)**	(175)	44%	**(427)**	(293)	46%
Profit before income tax	**1,544**	1,688	-9%	**3,232**	3,140	3%
Income tax expense and non-controlling interests	**(407)**	(453)	-10%	**(860)**	(839)	3%
Underlying profit	**1,137**	1,235	-8%	**2,372**	2,301	3%
Consisting of:						
Global Institutional	**895**	1,116	-20%	**2,011**	1,947	3%
Asia Partnerships	**210**	120	75%	**330**	318	4%
Retail Asia Pacific	**76**	53	43%	**129**	80	61%
Relationship & Infrastructure	**(44)**	(54)	-19%	**(98)**	(44)	large
Underlying profit	**1,137**	1,235	-8%	**2,372**	2,301	3%
Balance Sheet						
Net loans & advances	**107,612**	102,164	5%	**107,612**	97,198	11%
Other external assets	**168,694**	152,831	10%	**168,694**	162,199	4%
External assets	**276,306**	254,995	8%	**276,306**	259,397	7%
Customer deposits	**142,662**	132,767	7%	**142,662**	129,683	10%
Other deposits and borrowings	**9,040**	8,862	2%	**9,040**	11,111	-19%
Deposits and other borrowings	**151,702**	141,629	7%	**151,702**	140,794	8%
Other external liabilities	**80,264**	69,504	15%	**80,264**	82,626	-3%
External liabilities	**231,966**	211,133	10%	**231,966**	223,420	4%
Risk weighted assets	**163,511**	155,068	5%	**163,511**	153,463	7%
Average net loans and advances	**106,079**	100,213	6%	**103,146**	89,589	15%
Average deposits and other borrowings	**146,780**	139,909	5%	**143,345**	127,536	12%
Ratios						
Return on average assets	**0.83%**	0.96%		**0.89%**	1.03%	
Net interest average margin	**1.76%**	1.95%		**1.85%**	2.09%	
Net interest average margin (excluding Global Markets)	**2.82%**	3.15%		**2.98%**	3.38%	
Operating expenses to operating income	**44.8%**	44.2%		**44.5%**	44.5%	
Operating expenses to average assets	**1.06%**	1.15%		**1.10%**	1.23%	
Individual provision charge/(release)	**437**	290	51%	**727**	278	large
Individual provision charge/(release) as a % of average net advances	**0.82%**	0.58%		**0.70%**	0.31%	
Collective provision charge/(release)	**(185)**	(115)	61%	**(300)**	15	large
Collective provision charge/(release) as a % of average net advances	**(0.35%)**	(0.23%)		**(0.29%)**	0.02%	
Net impaired assets	**1,961**	2,053	-4%	**1,961**	2,244	-13%
Net impaired assets as a % of net advances	**1.82%**	2.01%		**1.82%**	2.31%	
Total full time equivalent staff (FTE)	**16,049**	16,328	-2%	**16,049**	16,527	-3%

International and Institutional Banking
Alex Thursby

Individual provision charge/(release)	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Retail Asia Pacific	**(13)**	**4**	**large**	**(9)**	**54**	**large**
Global Institutional	**447**	**276**	**62%**	**723**	**206**	**large**
Transaction Banking	60	(7)	large	53	39	36%
Global Loans	360	215	67%	575	146	large
Global Markets	27	68	-60%	95	21	large
Relationship & Infrastructure	**3**	**10**	-70%	**13**	**18**	-28%
Individual provision charge/(release)	**437**	**290**	**51%**	**727**	**278**	**large**

Collective provision charge/(release)	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Retail Asia Pacific	**4**	**(11)**	**large**	**(7)**	**(18)**	**-61%**
Global Institutional	**(183)**	**(89)**	**large**	**(272)**	**43**	**large**
Transaction Banking	4	(2)	large	2	(3)	large
Global Loans	(136)	(80)	70%	(216)	68	large
Global Markets	(51)	(7)	large	(58)	(22)	large
Relationship & Infrastructure	**(6)**	**(15)**	**-60%**	**(21)**	**(10)**	**large**
Collective provision charge/(release)	**(185)**	**(115)**	**61%**	**(300)**	**15**	**large**
Total provision charge/(release)	**252**	**175**	**44%**	**427**	**293**	**46%**

Net loans & advances	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Retail Asia Pacific	**6,777**	**5,883**	**15%**	**6,777**	**5,327**	**27%**
Global Institutional	**100,159**	**95,787**	**5%**	**100,159**	**91,452**	**10%**
Transaction Banking	18,956	16,333	16%	18,956	15,087	26%
Global Loans	75,632	73,370	3%	75,632	70,368	7%
Global Markets	5,571	6,084	-8%	5,571	5,997	-7%
Relationship & Infrastructure	**676**	**494**	**37%**	**676**	**419**	**61%**
Net loans & advances	**107,612**	**102,164**	**5%**	**107,612**	**97,198**	**11%**

Customer deposits	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Retail Asia Pacific	**13,446**	**12,662**	**6%**	**13,446**	**11,499**	**17%**
Global Institutional	**129,078**	**119,956**	**8%**	**129,078**	**118,003**	**9%**
Transaction Banking	63,685	59,955	6%	63,685	63,744	0%
Global Loans	2,744	2,907	-6%	2,744	2,836	-3%
Global Markets	62,649	57,094	10%	62,649	51,423	22%
Relationship & Infrastructure	**138**	**149**	**-7%**	**138**	**181**	**-24%**
Customer deposits	**142,662**	**132,767**	**7%**	**142,662**	**129,683**	**10%**

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Global Institutional

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**1,635**	1,694	-3%	**3,329**	3,193	4%
Other external operating income	**933**	1,058	-12%	**1,991**	1,768	13%
Operating income	**2,568**	2,752	-7%	**5,320**	4,961	7%
Operating expenses	**(1,056)**	(1,031)	2%	**(2,087)**	(1,988)	5%
Profit before credit impairment and income tax	**1,512**	1,721	-12%	**3,233**	2,973	9%
Provision for credit impairment	**(264)**	(187)	41%	**(451)**	(249)	81%
Profit before income tax	**1,248**	1,534	-19%	**2,782**	2,724	2%
Income tax expense and non-controlling interests	**(353)**	(418)	-16%	**(771)**	(777)	-1%
Underlying profit	**895**	1,116	-20%	**2,011**	1,947	3%
Consisting of:						
Transaction Banking	**241**	324	-26%	**565**	458	23%
Global Loans	**328**	443	-26%	**771**	934	-17%
Global Markets	**326**	349	-7%	**675**	555	22%
Underlying profit	**895**	1,116	-20%	**2,011**	1,947	3%
Balance Sheet						
Net loans & advances	**100,159**	95,787	5%	**100,159**	91,452	10%
Other external assets	**162,250**	146,534	11%	**162,250**	155,771	4%
External assets	**262,409**	242,321	8%	**262,409**	247,223	6%
Customer deposits	**129,078**	119,956	8%	**129,078**	118,003	9%
Other deposits and borrowings	**8,994**	8,823	2%	**8,994**	11,077	-19%
Deposits and other borrowings	**138,072**	128,779	7%	**138,072**	129,080	7%
Other external liabilities	**79,466**	68,779	16%	**79,466**	81,717	-3%
External liabilities	**217,538**	197,558	10%	**217,538**	210,797	3%
Risk weighted assets	**150,281**	142,479	5%	**150,281**	141,420	6%
Ratios						
Return on average assets	**0.68%**	0.91%		**0.80%**	0.91%	
Net interest average margin	**1.58%**	1.77%		**1.67%**	1.89%	
Net interest average margin (excluding Global Markets)	**2.54%**	2.88%		**2.70%**	3.09%	
Operating expenses to operating income	**41.1%**	37.5%		**39.2%**	40.1%	
Operating expenses to average assets	**0.81%**	0.84%		**0.83%**	0.93%	
Individual provision charge/(release)	**447**	276	62%	**723**	206	large
Individual provision charge/(release) as a % of average net advances	**0.90%**	0.58%		**0.75%**	0.24%	
Collective provision charge/(release)	**(183)**	(89)	large	**(272)**	43	large
Collective provision charge/(release) as a % of average net advances	**(0.37%)**	(0.19%)		**(0.28%)**	0.05%	
Net impaired assets	**1,913**	1,996	-4%	**1,913**	2,177	-12%
Net impaired assets as a % of net advances	**1.91%**	2.08%		**1.91%**	2.38%	

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Global Institutional by Product

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Transaction Banking						
Net interest income	**404**	426	-5%	**830**	675	23%
Other external operating income	**318**	319	0%	**637**	589	8%
Operating income	**722**	745	-3%	**1,467**	1,264	16%
Operating expenses	**(322)**	(302)	7%	**(624)**	(592)	5%
Profit before credit impairment and income tax	**400**	443	-10%	**843**	672	25%
Provision for credit impairment	**(64)**	9	large	**(55)**	(36)	53%
Profit before income tax	**336**	452	-26%	**788**	636	24%
Income tax expense and non-controlling interests	**(95)**	(128)	-26%	**(223)**	(178)	25%
Underlying profit	**241**	324	-26%	**565**	458	23%
Risk weighted assets	**30,006**	28,170	7%	**30,006**	24,789	21%
Individual provision charge/(release)	**60**	(7)	large	**53**	39	36%
Collective provision charge/(release)	**4**	(2)	large	**2**	(3)	large
Net loans & advances	**18,956**	16,333	16%	**18,956**	15,087	26%
Customer deposits	**63,685**	59,955	6%	**63,685**	63,744	0%
Global Loans						
Net interest income	**869**	920	-6%	**1,789**	1,880	-5%
Other external operating income	**68**	65	5%	**133**	127	5%
Operating income	**937**	985	-5%	**1,922**	2,007	-4%
Operating expenses	**(255)**	(251)	2%	**(506)**	(497)	2%
Profit before credit impairment and income tax	**682**	734	-7%	**1,416**	1,510	-6%
Provision for credit impairment	**(224)**	(135)	66%	**(359)**	(214)	68%
Profit before income tax	**458**	599	-24%	**1,057**	1,296	-18%
Income tax expense and non-controlling interests	**(130)**	(156)	-17%	**(286)**	(362)	-21%
Underlying profit	**328**	443	-26%	**771**	934	-17%
Risk weighted assets	**82,295**	81,940	0%	**82,295**	84,373	-2%
Individual provision charge/(release)	**360**	215	67%	**575**	146	large
Collective provision charge/(release)	**(136)**	(80)	70%	**(216)**	68	large
Net loans & advances	**75,632**	73,370	3%	**75,632**	70,368	7%
Global Markets						
Net interest income	**362**	348	4%	**710**	638	11%
Other external operating income	**547**	674	-19%	**1,221**	1,052	16%
Operating income	**909**	1,022	-11%	**1,931**	1,690	14%
Operating expenses	**(479)**	(478)	0%	**(957)**	(899)	6%
Profit before credit impairment and income tax	**430**	544	-21%	**974**	791	23%
Provision for credit impairment	**24**	(61)	large	**(37)**	1	large
Profit before income tax	**454**	483	-6%	**937**	792	18%
Income tax expense and non-controlling interests	**(128)**	(134)	-4%	**(262)**	(237)	11%
Underlying profit	**326**	349	-7%	**675**	555	22%
Risk weighted assets	**37,981**	32,370	17%	**37,981**	32,258	18%
Individual provision charge/(release)	**27**	68	-60%	**95**	21	large
Collective provision charge/(release)	**(51)**	(7)	large	**(58)**	(22)	large
Customer deposits	**62,649**	57,094	10%	**62,649**	51,423	22%

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Analysis of Global Markets operating income

Composition of Global Markets underlying operating income by product class	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Fixed income	**365**	396	-8%	**761**	608	25%
Foreign exchange	**361**	400	-10%	**761**	652	17%
Capital markets	**89**	116	-23%	**205**	192	7%
Other	**94**	110	-15%	**204**	238	-14%
Underlying Global Markets operating income	**909**	1,022	-11%	**1,931**	1,690	14%

Composition of Global Markets underlying operating income by geography	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Australia	**431**	491	-12%	**922**	831	11%
Asia Pacific, Europe & America	**373**	403	-7%	**776**	617	26%
New Zealand	**105**	128	-18%	**233**	242	-4%
Underlying Global Markets operating income	**909**	1,022	-11%	**1,931**	1,690	14%

Composition of Global Markets underlying operating income by activity	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Sales[1]	**543**	642	-15%	**1,185**	1,082	10%
Trading[2]	**174**	229	-24%	**403**	331	22%
Balance sheet[3]	**192**	151	27%	**343**	277	24%
Underlying Global Markets operating income	**909**	1,022	-11%	**1,931**	1,690	14%

Composition of Global Markets' Sales underlying income by geography[1]	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Australia	**241**	316	-24%	**557**	543	3%
Asia Pacific, Europe & America	**243**	247	-2%	**490**	416	18%
New Zealand	**59**	79	-25%	**138**	123	12%
Underlying Global Markets' Sales income	**543**	642	-15%	**1,185**	1,082	10%

Composition of Global Markets' Trading and Balance Sheet underlying income by geography[2,3]	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Australia	**190**	175	9%	**365**	288	27%
Asia Pacific, Europe & America	**130**	156	-17%	**286**	201	42%
New Zealand	**46**	49	-6%	**95**	119	-20%
Underlying Global Markets' Trading and Balance Sheet income	**366**	380	-4%	**746**	608	23%

1. *Sales represents direct client flow business on core products such as fixed income, FX, commodities and capital markets*
2. *Trading primarily represents management of the Group's strategic positions and those taken as part of direct client sales flow*
3. *Balance sheet represents hedging of interest rate risk on the Group's loan and deposit books and the management of the Group's liquidity portfolio*

Global Market Analysis

Global Markets continued to focus on the priority customers, products, and regions recording strong growth in FX and in APEA.

- **September 2012 v March 2012**

Underlying income decreased 11% during the September half, continuing the trend in recent years of being lower than the March half. Key factors that affected the result were:

- Sales income eased from a strong March half but was steady compared to the September 2011 half year.
- Balance sheet trading experienced solid growth with more stable markets and tightening credit spreads.
- Trading revenues were lower in the September 2012 half with fewer opportunities as the interest rate markets stabilised.

- **September 2012 v September 2011**

Underlying income increased 14% driven by the following key factors:

- FX was up 17% with strong growth across all regions.
- Regionally APEA continued to grow strongly up 26% as continued focus on the super regional strategy provides a more diversified revenue base.
- Sales income increased 10% with 18% growth in APEA.
- Trading and Balance Sheet results experienced strong growth as volatility reduced from 2011.

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Market risk

Traded market risk

Below are aggregate Value at Risk (VaR) exposures at 99% confidence level covering both physical and derivatives trading positions for the Bank's principal trading centres. All figures are in AUD.

99% confidence level (1 day holding period)

	As at Sep 12 $M	High for year Sep 12 $M	Low for year Sep 12 $M	Avg for year Sep 12 $M	As at Sep 11 $M	High for year Sep 11 $M	Low for year Sep 11 $M	Avg for year Sep 11 $M
Value at Risk at 99% confidence								
Foreign exchange	**3.5**	**10.0**	**3.5**	**5.9**	7.8	10.9	1.0	4.2
Interest rate	**4.5**	**8.1**	**2.8**	**5.4**	7.0	26.4	5.4	13.5
Credit	**4.0**	**7.5**	**2.6**	**4.7**	4.9	10.5	3.2	6.9
Commodities	**1.8**	**4.8**	**1.5**	**3.3**	3.2	6.5	2.4	4.1
Equity	**1.2**	**4.0**	**0.7**	**1.6**	3.4	3.5	0.6	1.3
Diversification benefit	**(6.9)**	**n/a**	**n/a**	**(11.6)**	(14.6)	n/a	n/a	(14.2)
Total VaR	**8.1**	**13.6**	**5.7**	**9.3**	11.7	29.5	8.3	15.8

Non-traded interest rate risk

Non-traded interest rate risk is managed by Global Markets and relates to the potential adverse impact of changes in market interest rates on future net interest income for the Group. Interest rate risk is reported using various techniques including VaR and scenario analysis to a 1% rate shock.

99% confidence level (1 day holding period)

	As at Sep 12 $M	High for year Sep 12 $M	Low for year Sep 12 $M	Avg for year Sep 12 $M	As at Sep 11 $M	High for year Sep 11 $M	Low for year Sep 11 $M	Avg for year Sep 11 $M
Value at Risk at 99% confidence								
Australia	**25.9**	**28.5**	**13.7**	**20.4**	15.3	28.0	13.2	19.7
New Zealand	**11.2**	**14.6**	**10.3**	**12.3**	9.7	18.9	9.7	12.2
Asia Pacific, Europe & America	**5.5**	**6.0**	**4.5**	**5.2**	4.8	7.2	2.8	4.6
Diversification benefit	**(14.9)**	**n/a**	**n/a**	**(15.3)**	(10.8)	n/a	n/a	(12.2)
Total VaR	**27.7**	**29.4**	**15.7**	**22.6**	19.0	32.8	16.4	24.3

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

	As at Sep 12	As at Sep 11
As at period end	**1.55%**	1.36%
Maximum exposure	**2.45%**	1.51%
Minimum exposure	**1.26%**	0.50%
Average exposure (in absolute terms)	**1.95%**	1.08%

1 *The impact is expressed as a percentage of net interest income. A positive result indicates that a rate increase is positive for net interest income. Conversely, a negative indicates a rate increase is negative for net interest income.*

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Institutional by Geography

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Australia						
Net interest income	**1,059**	1,117	-5%	**2,176**	2,238	-3%
Other external operating income	**529**	596	-11%	**1,125**	987	14%
Operating income	**1,588**	1,713	-7%	**3,301**	3,225	2%
Operating expenses	**(608)**	(611)	0%	**(1,219)**	(1,218)	0%
Profit before credit impairment and income tax	**980**	1,102	-11%	**2,082**	2,007	4%
Provision for credit impairment	**(200)**	(134)	49%	**(334)**	(190)	76%
Profit before income tax	**780**	968	-19%	**1,748**	1,817	-4%
Income tax expense and non-controlling interests	**(229)**	(291)	-21%	**(520)**	(540)	-4%
Underlying profit	**551**	677	-19%	**1,228**	1,277	-4%
Risk weighted assets	**85,722**	82,650	4%	**85,722**	87,171	-2%
Individual provision charge/(release)	**411**	233	76%	**644**	145	large
Collective provision charge/(release)	**(211)**	(99)	large	**(310)**	45	large
Net loans & advances	**58,381**	57,382	2%	**58,381**	54,705	7%
Customer deposits	**55,969**	55,800	0%	**55,969**	58,741	-5%
Asia Pacific, Europe & America						
Net interest income	**418**	417	0%	**835**	644	30%
Other external operating income	**337**	371	-9%	**708**	606	17%
Operating income	**755**	788	-4%	**1,543**	1,250	23%
Operating expenses	**(380)**	(350)	9%	**(730)**	(640)	14%
Profit before credit impairment and income tax	**375**	438	-14%	**813**	610	33%
Provision for credit impairment	**(58)**	(55)	5%	**(113)**	(82)	38%
Profit before income tax	**317**	383	-17%	**700**	528	33%
Income tax expense and non-controlling interests	**(83)**	(78)	6%	**(161)**	(126)	28%
Underlying profit	**234**	305	-23%	**539**	402	34%
Risk weighted assets	**54,453**	49,631	10%	**54,453**	44,430	23%
Individual provision charge/(release)	**34**	47	-28%	**81**	72	13%
Collective provision charge/(release)	**24**	8	large	**32**	10	large
Net loans & advances	**36,219**	32,703	11%	**36,219**	31,366	15%
Customer deposits	**63,701**	54,848	16%	**63,701**	50,081	27%
New Zealand						
Net interest income	**158**	160	-1%	**318**	311	2%
Other external operating income	**67**	91	-26%	**158**	175	-10%
Operating income	**225**	251	-10%	**476**	486	-2%
Operating expenses	**(68)**	(70)	-3%	**(138)**	(130)	6%
Profit before credit impairment and income tax	**157**	181	-13%	**338**	356	-5%
Provision for credit impairment	**(6)**	2	large	**(4)**	23	large
Profit before income tax	**151**	183	-17%	**334**	379	-12%
Income tax expense and non-controlling interests	**(41)**	(49)	-16%	**(90)**	(111)	-19%
Underlying profit	**110**	134	-18%	**244**	268	-9%
Risk weighted assets	**10,106**	10,198	-1%	**10,106**	9,819	3%
Individual provision charge/(release)	**2**	(4)	large	**(2)**	(11)	-82%
Collective provision charge/(release)	**4**	2	100%	**6**	(12)	large
Net loans & advances	**5,559**	5,702	-3%	**5,559**	5,381	3%
Customer deposits	**9,408**	9,308	1%	**9,408**	9,181	2%

International and Institutional Banking
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Retail Asia Pacific

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**272**	275	-1%	**547**	519	5%
Other external operating income	**182**	170	7%	**352**	325	8%
Operating income	**454**	445	2%	**899**	844	7%
Operating expenses	**(364)**	(376)	-3%	**(740)**	(703)	5%
Profit before credit impairment and income tax	**90**	69	30%	**159**	141	13%
Provision for credit impairment	**9**	7	29%	**16**	(36)	large
Profit before income tax	**99**	76	30%	**175**	105	67%
Income tax expense and non-controlling interests	**(23)**	(23)	0%	**(46)**	(25)	84%
Underlying profit	**76**	53	43%	**129**	80	61%
Risk weighted assets	**12,235**	11,593	6%	**12,235**	11,036	11%

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Individual provision charge/(release)	**(13)**	4	large	**(9)**	54	large
Collective provision charge/(release)	**4**	(11)	large	**(7)**	(18)	-61%
Net loans & advances	**6,777**	5,883	15%	**6,777**	5,327	27%
Customer deposits	**13,446**	12,662	6%	**13,446**	11,499	17%

Asia Partnerships

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**(28)**	(30)	-7%	**(58)**	(57)	2%
Other external operating income	**237**	149	59%	**386**	384	1%
Operating income	**209**	119	76%	**328**	327	0%
Operating expenses	**(3)**	(5)	-40%	**(8)**	(11)	-27%
Profit before credit impairment and income tax	**206**	114	81%	**320**	316	1%
Profit before income tax	**206**	114	81%	**320**	316	1%
Income tax expense and non-controlling interests	**4**	6	-33%	**10**	2	large
Underlying profit	**210**	120	75%	**330**	318	4%

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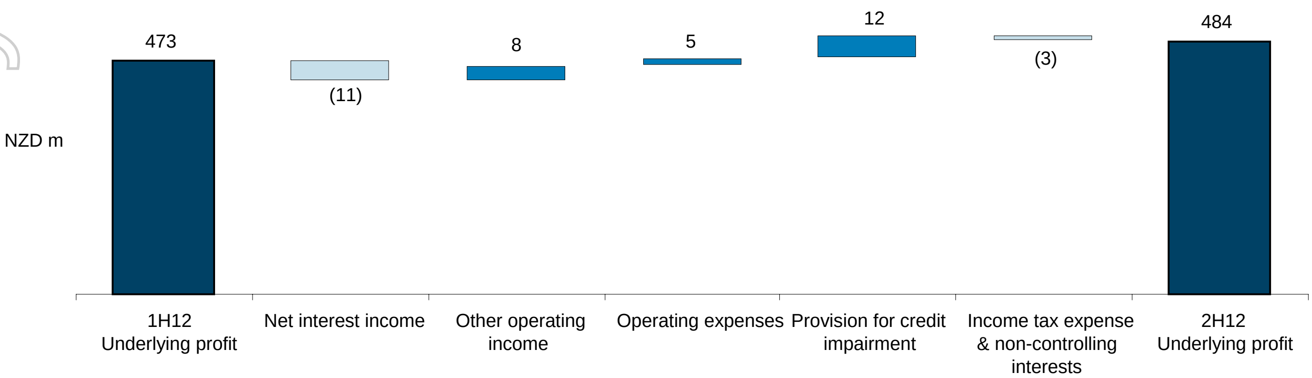
New Zealand
David Hisco

The New Zealand division comprises Retail and Commercial business units. Retail includes Mortgages, Cards and Unsecured Lending to personal customers. Commercial includes Commercial & Agri ('CommAgri') and Small Business Banking.

New Zealand's results and commentary are reported in NZD. AUD results are shown on page 59.

Underlying profit – September 2012 Half Year v March 2012 Half Year



▪ **September 2012 v March 2012**

Profit increased 2% as balance sheet growth, from gains in market share in Retail and Small Business Banking, together with strong cost control and credit risk management moderated the negative impact of margin contraction.

Key factors affecting the result were:

- Lending volumes increased 3%, driven primarily by above system growth in mortgages.
- Strong customer deposits growth (3%), primarily from Retail and Small Business Banking, resulted in loan growth being predominantly self funded in the half.
- Net interest margin declined 7 basis points driven by competition for deposits, higher term funding costs and lower margins in the CommAgri lending book.
- Other operating income increased 4%, with growth reflecting good transaction volumes, earthquake insurance recoveries and seasonally higher Cards income.
- Operating expenses decreased 1%, reflecting productivity gains realised by simplifying the business and tight management of discretionary expenditure. The cost to income ratio is now 43.8%, reducing 30 basis points over the half.
- Credit quality continues to strengthen. The individual provision loss rate is down 6 basis points to 0.26% with improvement achieved across the book. Strong credit processes have seen delinquency rates decline and recovery and rehabilitation rates improve. The collective provision release reflected continued improvement in credit quality, although at a slower rate from that in the March 2012 half.

Retail

Profit increased 5% from market share gains in mortgages, increased fee income and strong cost control from efficiency initiatives.

Commercial

Profit increased 1%, with revenue impacted by net interest margin contraction. The business has focused on improving the quality of the lending book, both in new lending and rehabilitation of impaired loans, and this has driven an improvement in returns from the business. Over the second half, non-performing loans as a percentage of net advances decreased 30 basis points to 1.58%.

▪ **September 2012 v September 2011**

Profit increased by 11% driven by strong balance sheet growth, improved margins, lower provisions and a one off benefit from a lower tax rate.

Key factors affecting the result were:

- Lending volumes increased 3%, driven primarily by strong growth in mortgages.
- Strong customer deposits growth (9%), driven by Retail and Small Business Banking, resulted in an improvement in the funding mix year on year.
- Net interest margin improved by 10 basis points, driven by a favorable lending mix, a reduction in unproductive balances and lower mortgage break costs.
- Productivity initiatives enabled costs to be held flat during the year, resulting in the cost to income ratio falling 100bps to 43.9%.
- Provisioning was 12% lower over the year, reflecting an improvement in the quality of the loan book and improved recovery rates. The individual provision loss rate is down 9 basis points to 0.29% and net impaired assets fell 24% to represent 1.11% of net advances.
- Tax benefit of NZD26 million from the reduction in the corporate tax rate from 30% to 28% during the year.

New Zealand
David Hisco

New Zealand Total

Table reflects NZD for New Zealand
AUD results shown on page 59

	Half Year			Full Year		
	Sep 12 NZD M	**Mar 12 NZD M**	**Movt**	**Sep 12 NZD M**	**Sep 11 NZD M**	**Movt**
Net interest income	**1,136**	1,147	-1%	**2,283**	2,220	3%
Other external operating income	**213**	205	4%	**418**	413	1%
Operating income	**1,349**	1,352	0%	**2,701**	2,633	3%
Operating expenses	**(591)**	(596)	-1%	**(1,187)**	(1,183)	0%
Profit before credit impairment and income tax	**758**	756	0%	**1,514**	1,450	4%
Provision for credit impairment	**(89)**	(101)	-12%	**(190)**	(217)	-12%
Profit before income tax	**669**	655	2%	**1,324**	1,233	7%
Income tax expense and non-controlling interests	**(185)**	(182)	2%	**(367)**	(370)	-1%
Underlying profit	**484**	473	2%	**957**	863	11%
Consisting of:						
Retail	**176**	168	5%	**344**	277	24%
Commercial	**307**	305	1%	**612**	588	4%
Operations & Support	**1**	-	n/a	**1**	(2)	large
Underlying profit	**484**	473	2%	**957**	863	11%
Balance Sheet						
Net loans & advances	**87,883**	85,358	3%	**87,883**	85,482	3%
Other external assets	**2,097**	2,058	2%	**2,097**	2,426	-14%
External assets	**89,980**	87,416	3%	**89,980**	87,908	2%
Customer deposits	**49,644**	47,970	3%	**49,644**	45,739	9%
Other deposits and borrowings	**5,445**	4,458	22%	**5,445**	4,790	14%
Deposits and other borrowings	**55,089**	52,428	5%	**55,089**	50,529	9%
Other external liabilities	**17,382**	16,764	4%	**17,382**	16,975	2%
External liabilities	**72,471**	69,192	5%	**72,471**	67,504	7%
Risk weighted assets	**49,761**	46,802	6%	**49,761**	47,741	4%
Average net loans and advances	**86,687**	85,162	2%	**85,924**	86,973	-1%
Average deposits and other borrowings	**54,093**	50,747	7%	**52,420**	49,949	5%
Ratios						
Return on average assets	**1.09%**	1.08%		**1.09%**	0.96%	
Net interest average margin	**2.59%**	2.66%		**2.62%**	2.52%	
Operating expenses to operating income	**43.8%**	44.1%		**43.9%**	44.9%	
Operating expenses to average assets	**1.33%**	1.36%		**1.35%**	1.32%	
Individual provision charge/(release)	**114**	135	-16%	**249**	334	-25%
Individual provision charge/(release) as a % of average net advances	**0.26%**	0.32%		**0.29%**	0.38%	
Collective provision charge/(release)	**(25)**	(34)	-26%	**(59)**	(117)	-50%
Collective provision charge/(release) as a % of average net advances	**(0.06%)**	(0.08%)		**(0.07%)**	(0.14%)	
Net impaired assets	**979**	1,158	-15%	**979**	1,295	-24%
Net impaired assets as a % of net advances	**1.11%**	1.36%		**1.11%**	1.51%	
Total full time equivalent staff (FTE)	**7,841**	8,031	-2%	**7,841**	8,195	-4%

New Zealand
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Individual provision charge/(release)	Half Year			Full Year		
	Sep 12 NZD M	Mar 12 NZD M	Movt	Sep 12 NZD M	Sep 11 NZD M	Movt
Retail	**36**	**39**	**-8%**	**75**	**87**	**-14%**
Commercial	**78**	**96**	**-19%**	**174**	**247**	**-30%**
CommAgri	70	87	-20%	157	216	-27%
Small Business Banking	8	9	-11%	17	31	-45%
Individual provision charge/(release)	**114**	**135**	**-16%**	**249**	**334**	**-25%**

Collective provision charge/(release)	Half Year			Full Year		
	Sep 12 NZD M	Mar 12 NZD M	Movt	Sep 12 NZD M	Sep 11 NZD M	Movt
Retail	**(5)**	**(8)**	**-38%**	**(13)**	**(9)**	**44%**
Commercial	**(20)**	**(26)**	**-23%**	**(46)**	**(108)**	**-57%**
CommAgri	(15)	(27)	-44%	(42)	(100)	-58%
Small Business Banking	(5)	1	large	(4)	(8)	-50%
Collective provision charge/(release)	**(25)**	**(34)**	**-26%**	**(59)**	**(117)**	**-50%**
Total provision charge/(release)	**89**	**101**	**-12%**	**190**	**217**	**-12%**

Net loans & advances	Half Year			Full Year		
	Sep 12 NZD M	Mar 12 NZD M	Movt	Sep 12 NZD M	Sep 11 NZD M	Movt
Retail	**35,506**	**34,754**	**2%**	**35,506**	**35,080**	**1%**
Commercial	**52,377**	**50,604**	**4%**	**52,377**	**50,402**	**4%**
CommAgri	34,211	33,620	2%	34,211	34,168	0%
Small Business Banking	18,166	16,984	7%	18,166	16,234	12%
Net loans & advances	**87,883**	**85,358**	**3%**	**87,883**	**85,482**	**3%**

Customer deposits	Half Year			Full Year		
	Sep 12 NZD M	Mar 12 NZD M	Movt	Sep 12 NZD M	Sep 11 NZD M	Movt
Retail	**30,538**	**28,883**	**6%**	**30,538**	**27,935**	**9%**
Commercial	**19,106**	**19,087**	**0%**	**19,106**	**17,804**	**7%**
CommAgri	9,208	9,549	-4%	9,208	9,026	2%
Small Business Banking	9,898	9,538	4%	9,898	8,778	13%
Customer deposits	**49,644**	**47,970**	**3%**	**49,644**	**45,739**	**9%**

New Zealand
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Retail Business Unit

	Half Year			Full Year		
	Sep 12 NZD M	**Mar 12 NZD M**	**Movt**	**Sep 12 NZD M**	**Sep 11 NZD M**	**Movt**
Net interest income	**458**	463	-1%	**921**	864	7%
Other external operating income	**148**	142	4%	**290**	287	1%
Operating income	**606**	605	0%	**1,211**	1,151	5%
Operating expenses	**(332)**	(341)	-3%	**(673)**	(677)	-1%
Profit before credit impairment and income tax	**274**	264	4%	**538**	474	14%
Provision for credit impairment	**(31)**	(31)	0%	**(62)**	(78)	-21%
Profit before income tax	**243**	233	4%	**476**	396	20%
Income tax expense and non-controlling interests	**(67)**	(65)	3%	**(132)**	(119)	11%
Underlying profit	**176**	168	5%	**344**	277	24%
Risk weighted assets	**18,756**	16,805	12%	**18,756**	16,867	11%

	Half Year			Full Year		
	Sep 12 NZD M	**Mar 12 NZD M**	**Movt**	**Sep 12 NZD M**	**Sep 11 NZD M**	**Movt**
Individual provision charge/(release)	**36**	39	-8%	**75**	87	-14%
Collective provision charge/(release)	**(5)**	(8)	-38%	**(13)**	(9)	44%
Net loans & advances	**35,506**	34,754	2%	**35,506**	35,080	1%
Customer deposits	**30,538**	28,883	6%	**30,538**	27,935	9%

New Zealand
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Commercial Business Unit

	Half Year			Full Year		
	Sep 12 NZD M	**Mar 12 NZD M**	**Movt**	**Sep 12 NZD M**	**Sep 11 NZD M**	**Movt**
Net interest income	**666**	678	-2%	**1,344**	1,349	0%
Other external operating income	**67**	65	3%	**132**	127	4%
Operating income	**733**	743	-1%	**1,476**	1,476	0%
Operating expenses	**(251)**	(250)	0%	**(501)**	(496)	1%
Profit before credit impairment and income tax	**482**	493	-2%	**975**	980	-1%
Provision for credit impairment	**(58)**	(70)	-17%	**(128)**	(139)	-8%
Profit before income tax	**424**	423	0%	**847**	841	1%
Income tax expense and non-controlling interests	**(117)**	(118)	-1%	**(235)**	(253)	-7%
Underlying profit	**307**	305	1%	**612**	588	4%
Risk weighted assets	**30,603**	29,596	3%	**30,603**	30,290	1%

	Half Year			Full Year		
Individual provision charge/(release)	**Sep 12 NZD M**	**Mar 12 NZD M**	**Movt**	**Sep 12 NZD M**	**Sep 11 NZD M**	**Movt**
CommAgri	**70**	87	-20%	**157**	216	-27%
Small Business Banking	**8**	9	-11%	**17**	31	-45%
Individual provision charge/(release)	**78**	**96**	**-19%**	**174**	**247**	**-30%**
Collective provision charge/(release)						
CommAgri	**(15)**	(27)	-44%	**(42)**	(100)	-58%
Small Business Banking	**(5)**	1	large	**(4)**	(8)	-50%
Collective provision charge/(release)	**(20)**	**(26)**	**-23%**	**(46)**	**(108)**	**-57%**
Total provision charge/(release)	**58**	**70**	**-17%**	**128**	**139**	**-8%**

	Half Year			Full Year		
Net loans & advances	**Sep 12 NZD M**	**Mar 12 NZD M**	**Movt**	**Sep 12 NZD M**	**Sep 11 NZD M**	**Movt**
CommAgri	**34,211**	33,620	2%	**34,211**	34,168	0%
Small Business Banking	**18,166**	16,984	7%	**18,166**	16,234	12%
Net loans & advances	**52,377**	**50,604**	**4%**	**52,377**	**50,402**	**4%**
Customer deposits						
CommAgri	**9,208**	9,549	-4%	**9,208**	9,026	2%
Small Business Banking	**9,898**	9,538	4%	**9,898**	8,778	13%
Customer deposits	**19,106**	**19,087**	**0%**	**19,106**	**17,804**	**7%**

New Zealand
David Hisco

New Zealand Total

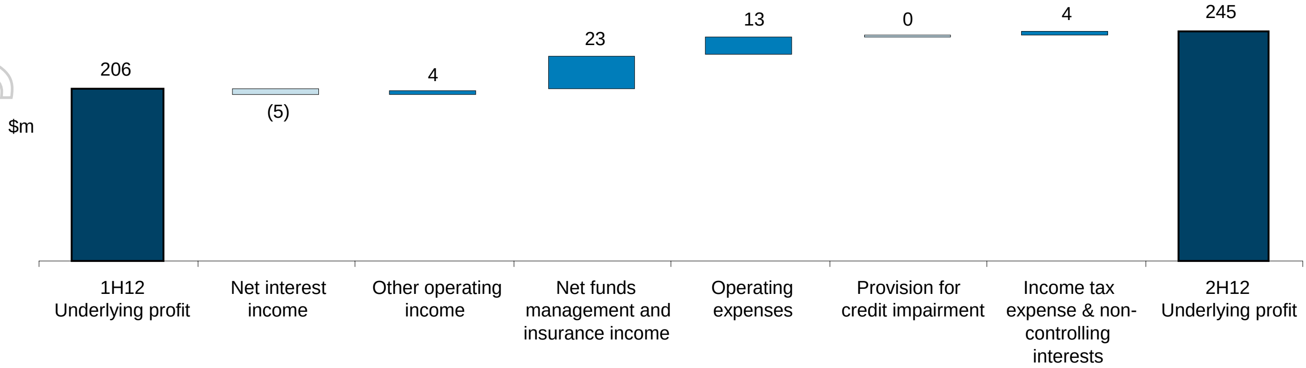
Table reflects AUD for New Zealand
NZD results shown on page 55

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**887**	885	0%	**1,772**	1,701	4%
Other external operating income	**166**	159	4%	**325**	316	3%
Operating income	**1,053**	1,044	1%	**2,097**	2,017	4%
Operating expenses	**(461)**	(460)	0%	**(921)**	(906)	2%
Profit before credit impairment and income tax	**592**	584	1%	**1,176**	1,111	6%
Provision for credit impairment	**(70)**	(78)	-10%	**(148)**	(166)	-11%
Profit before income tax	**522**	506	3%	**1,028**	945	9%
Income tax expense and non-controlling interests	**(144)**	(141)	2%	**(285)**	(283)	1%
Underlying profit	**378**	365	4%	**743**	662	12%
Consisting of:						
Retail	**137**	130	5%	**267**	212	26%
Commercial	**240**	235	2%	**475**	451	5%
Operations & Support	**1**	-	n/a	**1**	(1)	large
Underlying profit	**378**	365	4%	**743**	662	12%
Balance Sheet						
Net loans & advances	**70,142**	67,230	4%	**70,142**	67,166	4%
Other external assets	**1,674**	1,620	3%	**1,674**	1,906	-12%
External assets	**71,816**	68,850	4%	**71,816**	69,072	4%
Customer deposits	**39,622**	37,782	5%	**39,622**	35,938	10%
Other deposits and borrowings	**4,346**	3,511	24%	**4,346**	3,764	15%
Deposits and other borrowings	**43,968**	41,293	6%	**43,968**	39,702	11%
Other external liabilities	**13,874**	13,204	5%	**13,874**	13,337	4%
External liabilities	**57,842**	54,497	6%	**57,842**	53,039	9%
Risk weighted assets	**39,715**	36,862	8%	**39,715**	37,512	6%
Average net loans and advances	**67,670**	65,719	3%	**66,694**	66,641	0%
Average deposits and other borrowings	**42,216**	39,160	8%	**40,688**	38,272	6%
Ratios						
Return on average assets	**1.09%**	1.08%		**1.09%**	0.96%	
Net interest average margin	**2.59%**	2.66%		**2.62%**	2.52%	
Operating expenses to operating income	**43.8%**	44.1%		**43.9%**	44.9%	
Operating expenses to average assets	**1.33%**	1.36%		**1.35%**	1.32%	
Individual provision charge/(release)	**89**	104	-14%	**193**	256	-25%
Individual provision charge/(release) as a % of average net advances	**0.26%**	0.32%		**0.29%**	0.38%	
Collective provision charge/(release)	**(19)**	(26)	-27%	**(45)**	(90)	-50%
Collective provision charge/(release) as a % of average net advances	**(0.06%)**	(0.08%)		**(0.07%)**	(0.14%)	
Net impaired assets	**782**	912	-14%	**782**	1,017	-23%
Net impaired assets as a % of net advances	**1.11%**	1.36%		**1.11%**	1.51%	
Total full time equivalent staff (FTE)	**7,841**	8,031	-2%	**7,841**	8,195	-4%

Global Wealth and Private Banking
Joyce Phillips

The Global Wealth and Private Banking division comprises Funds Management, Insurance and Private Banking which provides investment, superannuation, insurance products and services (including Private Banking) for customers across Australia, New Zealand and Asia.

Underlying profit – September 2012 Half Year v March 2012 Half Year



- **September 2012 v March 2012**

Profit was higher by 19% mainly due to improved insurance results, higher investment earnings and a reduction in operating expenses.

Key factors affecting the result were:

- Net funds management and insurance income improved by 4% as a result of favourable insurance results and improved capital investment earnings offset by lower funds management and advice income which was adversely impacted by ongoing investment market uncertainty. The Insurance business had favourable claims experience offset by higher lapses.
- Operating expenses fell by 3% as a result of business simplification initiatives.

Funds Management and Insurance

Funds Management and Insurance profit increased by 15%. The key factors affecting the results were:

- Net insurance income improved by 4% as a result of continued growth in the inforce book and lower insurance claims, partially offset by higher lapses.
- Net funds management income decreased by 12% mainly due to adverse investor sentiment impacting volumes and margins.
- Capital investment earnings improved by 69% primarily driven by the impact of interest and inflation rates on insurance and annuity reserves.
- Decline in net advice income by 14% was mostly due to higher distribution related costs.
- Operating expenses declined by 3% as a result of business simplification initiatives undertaken in the Australian businesses.

Private Banking

Private Banking profit increased by $9 million. The key factors affecting the results were:

- Net interest income declined by 8% mainly as a result of higher funding costs, whilst other operating income improved by 5% as the March 2012 half results included a one-off asset impairment charge of $6 million.
- Private Banking Asia businesses' profit increased by $6 million mainly as a result of higher sales volume.
- Operating expenses were lower by 3% driven by business simplification initiatives.

- **September 2012 v September 2011**

Profit was 1% lower driven by adverse investor sentiment and subdued market returns negatively impacting volumes and resulting in lower net interest and other operating income.

Key factors affecting the result were:

- Net interest income and other operating income declined by 9% and 10% respectively as a result of challenging market conditions in 2012.
- Net funds management and insurance income increased by 2% mainly due to higher capital investment earnings as a result of the positive impact of interest and inflation rates on insurance and annuity reserves.
- Flat operating expenses were mainly driven by the investment in growth initiatives, partially offset by benefits realised from business simplification initiatives.

Funds Management and Insurance

Funds Management and Insurance profit increased by 1%. The key factors affecting the results were:

- Higher net funds management and insurance income by 1% due to higher capital investment earnings offset by the impact of lower volume and margin compression.
- Increase in operating expenses by 2% was mainly driven by investments in growth initiatives, partially offset by benefits realised from business simplification initiatives.

Private Banking

Private Banking profit decreased by 29%. The key factors affecting the results were:

- Whilst the core Private Banking profits in Australia increased by 3% year on year, net interest income and other operating income declined by 9% and 10% respectively as a result of reduced volumes in the investment lending business and reduced trading volumes in E*Trade.
- Private Banking Asia businesses' profit improved by 50% mainly due to higher sales volume.
- Operating expenses declined by 4% as a result of business simplification benefits.

Global Wealth and Private Banking
Joyce Phillips

Global Wealth and Private Banking Total

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Net interest income	**59**	64	-8%	**123**	135	-9%
Other operating income	**88**	84	5%	**172**	191	-10%
Net funds management and insurance income	**603**	580	4%	**1,183**	1,159	2%
Operating income	**750**	728	3%	**1,478**	1,485	0%
Operating expenses	**(422)**	(435)	-3%	**(857)**	(853)	0%
Profit before credit impairment and income tax	**328**	293	12%	**621**	632	-2%
Provision for credit impairment	**(2)**	(2)	0%	**(4)**	8	large
Profit before income tax	**326**	291	12%	**617**	640	-4%
Income tax expense and non-controlling interests	**(81)**	(85)	-5%	**(166)**	(183)	-9%
Underlying profit	**245**	206	19%	**451**	457	-1%
Consisting of:						
Funds Management and Insurance[1]						
Australia	**184**	167	10%	**351**	375	-6%
New Zealand	**43**	30	43%	**73**	44	66%
Total	**227**	197	15%	**424**	419	1%
Private Banking[2]						
Australia	**16**	13	23%	**29**	44	-34%
New Zealand	**1**	1	0%	**2**	2	0%
Asia	**1**	(5)	large	**(4)**	(8)	-50%
Total	**18**	9	100%	**27**	38	-29%
Total Global Wealth and Private Banking	**245**	206	19%	**451**	457	-1%
Balance Sheet						
Funds under management	**51,667**	50,981	1%	**51,667**	48,657	6%
Average funds under management	**50,723**	49,987	1%	**50,355**	52,226	-4%
In-force premiums	**1,822**	1,722	6%	**1,822**	1,758	4%
Average deposit FUM	**9,251**	9,125	1%	**9,186**	7,293	26%
Average lending FUM	**5,399**	5,093	6%	**5,245**	5,105	3%
Ratios						
Operating expenses to operating income	**56.3%**	59.8%		**58.0%**	57.4%	
Funds management expenses to average FUM						
Australia	**0.55%**	0.57%		**0.56%**	0.59%	
New Zealand	**0.43%**	0.48%		**0.44%**	0.53%	
Insurance expenses to in-force premiums						
Australia	**9.2%**	10.3%		**9.5%**	9.4%	
New Zealand	**34.1%**	35.2%		**34.1%**	33.5%	
Retail insurance lapse rates						
Australia	**14.8%**	14.0%		**14.5%**	12.7%	
New Zealand	**19.3%**	15.5%		**17.4%**	16.2%	
Total full time equivalent staff (FTE)	**4,042**	4,435	-9%	**4,042**	4,564	-11%
Aligned adviser numbers[3]	**2,109**	2,164	-3%	**2,109**	2,183	-3%

1. *Funds Management and Insurance includes OnePath Group (in Australia and New Zealand), ANZ Financial Planning, ANZ General insurance, Lender's Mortgage Insurance and Online Investment Account*
2. *Private Banking includes Private Bank, ANZ Trustees, E*Trade, Investment Lending, Super Concepts and Other Wealth*
3. *Includes corporate authorised representatives of dealer groups wholly or partially controlled by OnePath Group and ANZ Group financial planners*

Global Wealth and Private Banking
Joyce Phillips

Geographic segments (excluding Asia)

	Half Year			Full Year		
Australia	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**37**	37	0%	**74**	92	-20%
Other operating income	**82**	74	11%	**156**	173	-10%
Net funds management and insurance income	**501**	499	0%	**1,000**	1,014	-1%
Operating income	**620**	610	2%	**1,230**	1,279	-4%
Operating expenses	**(344)**	(355)	-3%	**(699)**	(691)	1%
Profit before credit impairment and income tax	**276**	255	8%	**531**	588	-10%
Provision for credit impairment	**(1)**	2	large	**1**	8	-88%
Profit before income tax	**275**	257	7%	**532**	596	-11%
Income tax expense and non-controlling interests	**(75)**	(77)	-3%	**(152)**	(177)	-14%
Underlying profit	**200**	180	11%	**380**	419	-9%

	Half Year			Full Year		
New Zealand	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**8**	11	-27%	**19**	13	46%
Other operating income	**2**	3	-33%	**5**	7	-29%
Net funds management and insurance income	**93**	79	18%	**172**	142	21%
Operating income	**103**	93	11%	**196**	162	21%
Operating expenses	**(52)**	(52)	0%	**(104)**	(109)	-5%
Profit before credit impairment and income tax	**51**	41	24%	**92**	53	74%
Provision for credit impairment	**-**	(1)	-100%	**(1)**	1	large
Profit before income tax	**51**	40	28%	**91**	54	69%
Income tax expense and non-controlling interests	**(7)**	(9)	-22%	**(16)**	(8)	100%
Underlying profit	**44**	31	42%	**75**	46	63%

Global Wealth and Private Banking
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Net funds management and insurance income	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Net funds management income	**172**	198	-13%	**370**	389	-5%
Net insurance income	**175**	167	5%	**342**	356	-4%
Net advice income	**70**	81	-14%	**151**	144	5%
Capital investment earnings[4]	**84**	53	58%	**137**	125	10%
Australia	**501**	499	0%	**1,000**	1,014	-1%
Net funds management income	**19**	18	6%	**37**	34	9%
Net insurance income	**44**	43	2%	**87**	76	14%
Private Banking	**11**	10	10%	**21**	20	5%
Capital investment earnings[4]	**19**	8	large	**27**	12	large
New Zealand	**93**	79	18%	**172**	142	21%
Asia	**9**	2	large	**11**	3	large
Total	**603**	580	4%	**1,183**	1,159	2%

4. *Includes yield on shareholder assets, interest and inflation rate impacts on risk and annuity reserves, and mark-to-market movement on capital-guaranteed reserves*

Net insurance income	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Planned profit margin						
Group & Individual	**178**	178	0%	**356**	333	7%
General Insurance	**26**	20	30%	**46**	45	2%
Experience profit[5]	**(30)**	(31)	-3%	**(61)**	(25)	large
Assumption changes[6]	**1**	-	n/a	**1**	3	-67%
Australia	**175**	167	5%	**342**	356	-4%
Planned profit margin						
Individual	**35**	39	-10%	**74**	77	-4%
Experience profit[5]	**2**	4	-50%	**6**	4	50%
Assumption changes[6]	**7**	-	n/a	**7**	(5)	large
New Zealand	**44**	43	2%	**87**	76	14%
Total	**219**	210	4%	**429**	432	-1%

5. *Experience profit variations are gains or losses arising from actual experience differing from plan on Group, Individual and General Insurance business*
6. *Assumption changes are gains or losses arising from a change in valuation methods and best estimate assumptions*

Operating expenses by business segment	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Funds Management and Insurance	**306**	316	-3%	**622**	609	2%
Private Banking	**116**	119	-3%	**235**	244	-4%
Total	**422**	435	-3%	**857**	853	0%

Operating expenses by geography	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Australia	**344**	355	-3%	**699**	691	1%
New Zealand	**52**	52	0%	**104**	109	-5%
Asia	**26**	28	-7%	**54**	53	2%
Total	**422**	435	-3%	**857**	853	0%

Global Wealth and Private Banking
Joyce Phillips

Funds under management	As at ($M) Sep 12	Mar 12	Sep 11	Movement Sep 12 v. Mar 12	Sep 12 v. Sep 11
Funds under management - average	**50,723**	49,987	51,374	1%	-1%
Funds under management - end of period	**51,667**	50,981	48,657	1%	6%
Composed of:					
Australian equities	**13,191**	13,681	12,954	-4%	2%
Global equities	**8,967**	8,597	8,202	4%	9%
Cash and fixed interest	**23,683**	22,839	21,954	4%	8%
Property and infrastructure	**3,033**	3,214	3,043	-6%	0%
ANZ Trustees	**2,793**	2,650	2,504	5%	12%
Total	**51,667**	50,981	48,657	1%	6%

Funds under management by origin	As at ($M) Sep 12	Mar 12	Sep 11	Movement Sep 12 v. Mar 12	Sep 12 v. Sep 11
Australia	**42,842**	42,573	40,984	1%	5%
New Zealand	**8,825**	8,408	7,673	5%	15%
Total	**51,667**	50,981	48,657	1%	6%

Funds Management cashflows	Sep 12 $M	In-flows	Out-flows	Other flows[7]	Sep 11 $M
OneAnswer	**16,305**	2,411	(2,864)	1,292	15,466
Other Personal Investment	**4,779**	301	(851)	391	4,938
Mezzanine	**752**	94	(371)	61	968
Employer Super	**12,941**	1,665	(1,501)	862	11,915
Oasis	**5,272**	626	(952)	405	5,193
ANZ Trustees	**2,793**	216	(89)	162	2,504
Kiwisaver	**2,520**	594	(125)	238	1,813
Private Bank - New Zealand	**3,113**	474	(363)	170	2,832
Other New Zealand	**3,192**	598	(768)	334	3,028
Total	**51,667**	6,979	(7,884)	3,915	48,657

7. *Other flows include investment income net of taxes, fees and charges and distributions*

Global Wealth and Private Banking
Joyce Phillips

	As at ($M)			Movement	
Insurance annual in-force premiums	**Sep 12**	**Mar 12**	**Sep 11**	**Sep 12 v. Mar 12**	**Sep 12 v. Sep 11**
Group	**431**	408	501	6%	-14%
Individual	**967**	906	869	7%	11%
General Insurance	**424**	408	388	4%	9%
Total	**1,822**	1,722	1,758	6%	4%
Insurance annual in-force premiums by region					
Australia	**1,694**	1,598	1,639	6%	3%
New Zealand	**128**	124	119	3%	8%
Total	**1,822**	1,722	1,758	6%	4%

Insurance in-force book movement	**Sep 12 $M**	**New business $M**	**Lapses $M**	**Sep 11 $M**
Group	**431**	49	(119)	501
Individual	**967**	264	(166)	869
General Insurance	**424**	138	(102)	388
Total	**1,822**	451	(387)	1,758
Insurance in-force book movement by region				
Australia	**1,694**	419	(364)	1,639
New Zealand	**128**	32	(23)	119
Total	**1,822**	451	(387)	1,758

Embedded value and value of new business (insurance and investments only)	**Australia $M**	**New Zealand $M**	**Total $M**
Embedded value as at September 2011[8]	3,342	271	**3,613**
Value of new business[9]	246	(5)	**241**
Expected return[10]	315	20	**335**
Experience deviations and assumption changes[11]	(92)	30	**(62)**
Sub-total embedded value before economic assumption changes and net transfer	3,811	316	**4,127**
Economic assumptions change[12]	118	15	**133**
Net transfer[13]	(208)	39	**(169)**
Embedded value as at September 2012[8]	3,721	370	**4,091**

8. *Embedded value represents the present value of future profits, franking credits and the release of capital in respect of the funds management and insurance business in force at the valuation date. Cashflows projected using best estimate assumptions are discounted at 8.00% to 9.50%. The embedded value also includes adjusted net assets. The Lenders Mortgage Insurance business is not included. The impact of new insurance regulatory capital requirements in Australia and New Zealand will not materially impact the total value*
9. *Value of new business represents the present value of future profits less the cost of capital arising from the new business written over the period*
10. *Expected return represents expected increase in value over the period*
11. *Experience deviations and assumption changes arise from deviations from and changes to best estimate assumptions underlying the prior year embedded value. The adverse movement for Australian business is primarily due to higher lapse assumptions on both Funds Management and Insurance business, partially offset by expense reductions for the Funds Management business. The favourable movement for New Zealand's business is due to improvements in lapse and mortality rates in Bancassurance Business, partially offset by adverse lapse assumption changes for the adviser-based business*
12. *Risk discount rates have decreased by 96-125 bps over the twelve month period, leading to a positive impact*
13. *Net transfer represents net capital movements over the period including capital injections, transfer of cash dividends and value of franking credits. In the past 12 months, net capital of $111 million and franking credits of $58 million were transferred from the business to the ANZ Group*

Group Centre

Group Centre comprises Global Services & Operations, Group Technology, Group Human Resources, Group Risk, Group Strategy, Group Corporate Affairs, Group Corporate Communications, Group Treasury, Global Internal Audit, Group Finance, Group Marketing, Innovation and Digital and Shareholder Functions.

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income[1]	**233**	217	7%	**450**	213	large
Other external operating income[1]	**(72)**	(84)	-14%	**(156)**	(60)	large
Operating income	**161**	133	21%	**294**	153	92%
Operating expenses	**(225)**	(193)	17%	**(418)**	(366)	14%
Profit/(Loss) before credit impairment and income tax	**(64)**	(60)	7%	**(124)**	(213)	-42%
Provision for credit impairment	**-**	(1)	-100%	**(1)**	(41)	-98%
Profit/(Loss) before income tax	**(64)**	(61)	5%	**(125)**	(254)	-51%
Income tax expense and non-controlling interests	**37**	41	-10%	**78**	96	-19%
Underlying profit/(loss)	**(27)**	(20)	35%	**(47)**	(158)	-70%
Total full time equivalent staff (FTE)	**5,919**	6,199	-5%	**5,919**	5,981	-1%

1. *Includes offsetting variances between net interest and other income as a result of elimination entries associated with the consolidation of OnePath Australia. This elimination has increased by $53 million in 2012*

- **September 2012 v March 2012**

The underlying loss of $27 million was $7 million higher than the prior half, with higher expense partly offset by higher income.

Key factors affecting the result were:

- Operating income improved $28 million due to higher earnings on central capital and higher realised revenue hedge profits.
- Operating expenses increased $32 million largely as a result of increased investment in technology infrastructure.

- **September 2012 v September 2011**

The underlying loss of $47 million was $111 million lower than the prior year, with higher income and lower credit impairment charges, partially offset by higher expense.

Key factors affecting the result were:

- Operating income improved $141 million largely due to higher earnings on central capital partly offset by lower realised revenue hedge profits in 2012 and the 2011 benefit from the sale of Martin Place.
- Operating expenses increased $52 million largely as a result of increased investment in technology infrastructure.
- Provision for credit impairment reduced $40 million due to a centrally held provision made in 2011 for emerging issues resulting from global uncertainty.

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Section 6 – Geographic Review

Geographic performance
Australia geography
Asia Pacific, Europe & America geography
New Zealand geography

Geographic Performance

Statutory Profit [1]	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Australia	**1,733**	1,995	-13%	**3,728**	3,834	-3%
Asia Pacific, Europe & America	**502**	449	12%	**951**	690	38%
New Zealand	**507**	475	7%	**982**	831	18%
	2,742	2,919	-6%	**5,661**	5,355	6%

Underlying Profit [1]	Half Year Sep 12 $M	Half Year Mar 12 $M	Half Year Movt	Full Year Sep 12 $M	Full Year Sep 11 $M	Full Year Movt
Australia	**1,982**	1,991	0%	**3,973**	3,938	1%
Asia Pacific, Europe & America	**521**	455	15%	**976**	762	28%
New Zealand	**535**	527	2%	**1,062**	952	12%
	3,038	2,973	2%	**6,011**	5,652	6%

Net loans & advances	As at ($M) Sep 12	As at ($M) Mar 12	As at ($M) Sep 11	Movement Sep 12 v. Mar 12	Movement Sep 12 v. Sep 11
Australia	**305,817**	298,013	284,973	3%	7%
Asia Pacific, Europe & America	**45,310**	40,723	38,779	11%	17%
New Zealand	**76,696**	73,892	73,555	4%	4%
Net loans & advances	**427,823**	**412,628**	**397,307**	**4%**	**8%**

Customer deposits	As at ($M) Sep 12	As at ($M) Mar 12	As at ($M) Sep 11	Movement Sep 12 v. Mar 12	Movement Sep 12 v. Sep 11
Australia	**194,695**	186,975	183,217	4%	6%
Asia Pacific, Europe & America	**80,464**	70,779	64,827	14%	24%
New Zealand	**52,717**	50,549	48,710	4%	8%
Customer deposits	**327,876**	**308,303**	**296,754**	**6%**	**10%**

1. *Refer to page 84 for a reconciliation of divisional to geographic region results*

Australia geography

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Net interest income	**4,395**	4,274	3%	**8,669**	8,412	3%
Other external operating income	**1,656**	1,669	-1%	**3,325**	3,326	0%
Operating income	**6,051**	5,943	2%	**11,994**	11,738	2%
Operating expenses	**(2,652)**	(2,651)	0%	**(5,303)**	(5,144)	3%
Profit before credit impairment and income tax	**3,399**	3,292	3%	**6,691**	6,594	1%
Provision for credit impairment	**(556)**	(441)	26%	**(997)**	(957)	4%
Profit before tax	**2,843**	2,851	0%	**5,694**	5,637	1%
Income tax expense and non-controlling interests	**(861)**	(860)	0%	**(1,721)**	(1,699)	1%
Underlying profit	**1,982**	1,991	0%	**3,973**	3,938	1%
Adjustments between statutory profit and underlying profit	**(249)**	4	large	**(245)**	(104)	large
Statutory profit	**1,733**	1,995	-13%	**3,728**	3,834	-3%
Balance Sheet						
Net loans & advances	**305,817**	298,013	3%	**305,817**	284,973	7%
Other external assets	**123,592**	113,176	9%	**123,592**	124,163	0%
External assets	**429,409**	411,189	4%	**429,409**	409,136	5%
Customer deposits	**194,695**	186,975	4%	**194,695**	183,217	6%
Other deposits and borrowings	**55,782**	61,903	-10%	**55,782**	58,797	-5%
Deposits and other borrowings	**250,477**	248,878	1%	**250,477**	242,014	3%
Other external liabilities	**148,506**	138,841	7%	**148,506**	144,071	3%
External liabilities	**398,983**	387,719	3%	**398,983**	386,085	3%
Risk weighted assets	**179,957**	173,421	4%	**179,957**	174,209	3%
Average net loans and advances	**305,500**	292,553	4%	**299,026**	277,775	8%
Average deposits and other borrowings	**253,904**	249,597	2%	**251,751**	225,345	12%
Ratios						
Net interest average margin	**2.48%**	2.51%		**2.49%**	2.59%	
Net interest average margin (excluding Global Markets)	**2.76%**	2.81%		**2.78%**	2.90%	
Operating expenses to operating income - underlying	**43.8%**	44.6%		**44.2%**	43.8%	
Operating expenses to average assets - underlying	**1.22%**	1.27%		**1.25%**	1.29%	
Individual provision charge/(release) - underlying	**795**	563	41%	**1,358**	830	64%
Individual provision charge/(release) as a % of average net advances - underlying	**0.52%**	0.38%		**0.45%**	0.30%	
Collective provision charge/(release) - underlying	**(239)**	(122)	96%	**(361)**	127	large
Collective provision charge/(release) as a % of average net advances - underlying	**(0.16%)**	(0.08%)		**(0.12%)**	0.05%	
Net impaired assets	**2,419**	2,408	0%	**2,419**	2,643	-8%
Net impaired assets as a % of net advances	**0.79%**	0.81%		**0.79%**	0.93%	
Total full time equivalent staff (FTE)	**21,682**	23,583	-8%	**21,682**	24,381	-11%

Asia Pacific, Europe & America geography

Table reflects AUD for the APEA region

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**681**	658	3%	**1,339**	1,094	22%
Other external operating income	**765**	717	7%	**1,482**	1,347	10%
Operating income	**1,446**	1,375	5%	**2,821**	2,441	16%
Operating expenses	**(762)**	(779)	-2%	**(1,541)**	(1,425)	8%
Profit before credit impairment and income tax	**684**	596	15%	**1,280**	1,016	26%
Provision for credit impairment	**(49)**	(48)	2%	**(97)**	(111)	-13%
Profit before income tax	**635**	548	16%	**1,183**	905	31%
Income tax expense and non-controlling interests	**(114)**	(93)	23%	**(207)**	(143)	45%
Underlying profit	**521**	455	15%	**976**	762	28%
Adjustments between statutory profit and underlying profit	**(19)**	(6)	large	**(25)**	(72)	-65%
Statutory profit	**502**	449	12%	**951**	690	38%
Geographic segments:						
Asia	**309**	259	19%	**568**	471	21%
Europe & America	**120**	98	22%	**218**	143	52%
Pacific	**92**	98	-6%	**190**	148	28%
Underlying profit	**521**	455	15%	**976**	762	28%
Balance Sheet						
Net loans & advances	**45,310**	40,723	11%	**45,310**	38,779	17%
Other external assets	**65,571**	62,617	5%	**65,571**	55,482	18%
External assets	**110,881**	103,340	7%	**110,881**	94,261	18%
Customer deposits	**80,464**	70,779	14%	**80,464**	64,827	24%
Other deposits and borrowings	**7,398**	7,630	-3%	**7,398**	7,485	-1%
Deposits and other borrowings	**87,862**	78,409	12%	**87,862**	72,312	22%
Other external liabilities	**30,453**	27,788	10%	**30,453**	26,387	15%
External liabilities	**118,315**	106,197	11%	**118,315**	98,699	20%
Risk weighted assets	**69,261**	63,241	10%	**69,261**	57,314	21%
Average net loans and advances	**43,387**	38,837	12%	**41,112**	31,954	29%
Average deposits and other borrowings	**81,943**	72,421	13%	**77,182**	60,509	28%
Ratios						
Net interest average margin	**1.27%**	1.39%		**1.33%**	1.42%	
Net interest average margin (excluding Global Markets)	**2.27%**	2.36%		**2.35%**	2.52%	
Operating expenses to operating income - underlying	**52.7%**	56.7%		**54.6%**	58.5%	
Operating expenses to average assets - underlying	**1.28%**	1.44%		**1.36%**	1.60%	
Individual provision charge/(release) - underlying	**26**	53	-51%	**79**	129	-39%
Individual provision charge/(release) as a % of average net advances - underlying	**0.12%**	0.27%		**0.19%**	0.40%	
Collective provision charge/(release) - underlying	**23**	(5)	large	**18**	(18)	large
Collective provision charge/(release) as a % of average net advances - underlying	**0.10%**	(0.03%)		**0.04%**	(0.06%)	
Net impaired assets	**319**	301	6%	**319**	283	13%
Net impaired assets as a % of net advances	**0.70%**	0.74%		**0.70%**	0.73%	
Total full time equivalent staff (FTE)	**17,500**	16,874	4%	**17,500**	16,492	6%

Asia Pacific, Europe & America geography

Table reflects USD for the APEA region

	Half Year			Full Year		
	Sep 12 USD M	**Mar 12 USD M**	**Movt**	**Sep 12 USD M**	**Sep 11 USD M**	**Movt**
Net interest income	**697**	679	3%	**1,376**	1,121	23%
Other external operating income	**783**	740	6%	**1,523**	1,381	10%
Operating income	**1,480**	1,419	4%	**2,899**	2,502	16%
Operating expenses	**(779)**	(804)	-3%	**(1,583)**	(1,461)	8%
Profit before credit impairment and income tax	**701**	615	14%	**1,316**	1,041	26%
Provision for credit impairment	**(50)**	(50)	0%	**(100)**	(114)	-12%
Profit before income tax	**651**	565	15%	**1,216**	927	31%
Income tax expense and non-controlling interests	**(117)**	(96)	22%	**(213)**	(146)	46%
Underlying profit	**534**	469	14%	**1,003**	781	28%
Adjustments between statutory profit and underlying profit	**(19)**	(6)	large	**(25)**	(76)	-67%
Statutory profit	**515**	463	11%	**978**	705	39%
Geographic segments:						
Asia	**317**	267	19%	**584**	484	21%
Europe & America	**123**	101	22%	**224**	146	53%
Pacific	**94**	101	-7%	**195**	151	29%
Underlying profit	**534**	469	14%	**1,003**	781	28%
Balance Sheet						
Net loans & advances	**47,403**	42,356	12%	**47,403**	37,736	26%
Other external assets	**68,601**	65,128	5%	**68,601**	53,989	27%
External assets	**116,004**	107,484	8%	**116,004**	91,725	26%
Customer deposits	**84,182**	73,616	14%	**84,182**	63,084	33%
Other deposits and borrowings	**7,739**	7,937	-2%	**7,739**	7,283	6%
Deposits and other borrowings	**91,921**	81,553	13%	**91,921**	70,367	31%
Other external liabilities	**31,860**	28,902	10%	**31,860**	25,677	24%
External liabilities	**123,781**	110,455	12%	**123,781**	96,044	29%
Risk weighted assets	**72,461**	65,776	10%	**72,461**	55,772	30%
Average net loans and advances	**44,433**	40,077	11%	**42,255**	32,756	29%
Average deposits and other borrowings	**83,923**	74,735	12%	**79,329**	62,028	28%
Ratios						
Net interest average margin	**1.27%**	1.39%		**1.33%**	1.42%	
Net interest average margin (excluding Global Markets)	**2.27%**	2.36%		**2.35%**	2.52%	
Operating expenses to operating income - underlying	**52.7%**	56.7%		**54.6%**	58.5%	
Operating expenses to average assets - underlying	**1.28%**	1.44%		**1.36%**	1.60%	
Individual provision charge/(release) - underlying	**26**	55	-53%	**81**	133	-39%
Individual provision charge/(release) as a % of average net advances - underlying	**0.12%**	0.27%		**0.19%**	0.40%	
Collective provision charge/(release) - underlying	**24**	(5)	large	**19**	(19)	large
Collective provision charge/(release) as a % of average net advances - underlying	**0.10%**	(0.03%)		**0.04%**	(0.06%)	
Net impaired assets	**333**	313	6%	**333**	276	21%
Net impaired assets as a % of net advances	**0.70%**	0.74%		**0.70%**	0.73%	
Total full time equivalent staff (FTE)	**17,500**	16,874	4%	**17,500**	16,492	6%

New Zealand geography

Table reflects AUD results for the New Zealand geography

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**1,051**	1,052	0%	**2,103**	1,992	6%
Other external operating income	**327**	334	-2%	**661**	641	3%
Operating income	**1,378**	1,386	-1%	**2,764**	2,633	5%
Operating expenses	**(588)**	(590)	0%	**(1,178)**	(1,149)	3%
Profit before credit impairment and income tax	**790**	796	-1%	**1,586**	1,484	7%
Provision for credit impairment	**(76)**	(76)	0%	**(152)**	(143)	6%
Profit before income tax	**714**	720	-1%	**1,434**	1,341	7%
Income tax expense and non-controlling interests	**(179)**	(193)	-7%	**(372)**	(389)	-4%
Underlying profit	**535**	527	2%	**1,062**	952	12%
Adjustments between statutory profit and underlying profit	**(28)**	(52)	-46%	**(80)**	(121)	-34%
Statutory profit	**507**	475	7%	**982**	831	18%
Balance Sheet						
Net loans & advances	**76,696**	73,892	4%	**76,696**	73,555	4%
Other external assets	**25,145**	23,786	6%	**25,145**	27,305	-8%
External assets	**101,841**	97,678	4%	**101,841**	100,860	1%
Customer deposits	**52,717**	50,549	4%	**52,717**	48,710	8%
Other deposits and borrowings	**6,067**	5,305	14%	**6,067**	5,693	7%
Deposits and other borrowings	**58,784**	55,854	5%	**58,784**	54,403	8%
Other external liabilities	**24,808**	22,989	8%	**24,808**	27,112	-8%
External liabilities	**83,592**	78,843	6%	**83,592**	81,515	3%
Risk weighted assets	**50,901**	48,174	6%	**50,901**	48,441	5%
Average net loans and advances	**74,072**	72,145	3%	**73,109**	72,763	0%
Average deposits and other borrowings	**57,173**	53,897	6%	**55,535**	53,324	4%
Ratios						
Net interest average margin	**2.39%**	2.47%		**2.43%**	2.35%	
Net interest average margin (excluding Global Markets)	**2.57%**	2.63%		**2.60%**	2.47%	
Operating expenses to operating income - underlying	**42.7%**	42.5%		**42.6%**	43.6%	
Operating expenses to average assets - underlying	**1.16%**	1.20%		**1.18%**	1.19%	
Individual provision charge/(release) - underlying	**90**	102	-12%	**192**	244	-21%
Individual provision charge/(release) as a % of average net advances - underlying	**0.24%**	0.28%		**0.26%**	0.34%	
Collective provision charge/(release) - underlying	**(14)**	(26)	-46%	**(40)**	(101)	-60%
Collective provision charge/(release) as a % of average net advances - underlying	**(0.04%)**	(0.07%)		**(0.05%)**	(0.14%)	
Net impaired assets	**790**	920	-14%	**790**	1,027	-23%
Net impaired assets as a % of net advances	**1.03%**	1.25%		**1.03%**	1.40%	
Total full time equivalent staff (FTE)[1]	**9,057**	9,052	0%	**9,057**	9,424	-4%

1. *Includes FTE associated with the New Zealand Simplification programme*

New Zealand geography

Table reflects NZD results for the New Zealand geography

	Half Year			Full Year		
	Sep 12 NZD M	**Mar 12 NZD M**	**Movt**	**Sep 12 NZD M**	**Sep 11 NZD M**	**Movt**
Net interest income	**1,345**	1,363	-1%	**2,708**	2,600	4%
Other external operating income	**419**	433	-3%	**852**	837	2%
Operating income	**1,764**	1,796	-2%	**3,560**	3,437	4%
Operating expenses	**(754)**	(764)	-1%	**(1,518)**	(1,499)	1%
Profit before credit impairment and income tax	**1,010**	1,032	-2%	**2,042**	1,938	5%
Provision for credit impairment	**(96)**	(99)	-3%	**(195)**	(187)	4%
Profit before income tax	**914**	933	-2%	**1,847**	1,751	5%
Income tax expense and non-controlling interests	**(230)**	(249)	-8%	**(479)**	(507)	-6%
Underlying profit	**684**	684	0%	**1,368**	1,244	10%
Adjustments between statutory profit and underlying profit	**(34)**	(69)	-51%	**(103)**	(159)	-35%
Statutory profit	**650**	615	6%	**1,265**	1,085	17%
Balance Sheet						
Net loans & advances	**96,094**	93,818	2%	**96,094**	93,614	3%
Other external assets	**31,505**	30,199	4%	**31,505**	34,750	-9%
External assets	**127,599**	124,017	3%	**127,599**	128,364	-1%
Customer deposits	**66,051**	64,179	3%	**66,051**	61,994	7%
Other deposits and borrowings	**7,601**	6,735	13%	**7,601**	7,244	5%
Deposits and other borrowings	**73,652**	70,914	4%	**73,652**	69,238	6%
Other external liabilities	**31,083**	29,189	6%	**31,083**	34,506	-10%
External liabilities	**104,735**	100,103	5%	**104,735**	103,744	1%
Risk weighted assets	**63,775**	61,165	4%	**63,775**	61,651	3%
Average net loans and advances	**94,886**	93,490	1%	**94,188**	94,963	-1%
Average deposits and other borrowings	**73,251**	69,843	5%	**71,547**	69,593	3%
Ratios						
Net interest average margin	**2.39%**	2.47%		**2.43%**	2.35%	
Net interest average margin (excluding Global Markets)	**2.57%**	2.63%		**2.60%**	2.47%	
Operating expenses to operating income - underlying	**42.7%**	42.5%		**42.6%**	43.6%	
Operating expenses to average assets - underlying	**1.16%**	1.20%		**1.18%**	1.19%	
Individual provision charge/(release) - underlying	**115**	132	-13%	**247**	319	-23%
Individual provision charge/(release) as a % of average net advances - underlying	**0.24%**	0.28%		**0.26%**	0.34%	
Collective provision charge/(release) - underlying	**(19)**	(33)	-42%	**(52)**	(132)	-61%
Collective provision charge/(release) as a % of average net advances - underlying	**(0.04%)**	(0.07%)		**(0.05%)**	(0.14%)	
Net impaired assets	**990**	1,169	-15%	**990**	1,307	-24%
Net impaired assets as a % of net advances	**1.03%**	1.25%		**1.03%**	1.40%	
Total full time equivalent staff (FTE)[1]	**9,057**	9,052	0%	**9,057**	9,424	-4%

1. *Includes FTE associated with the New Zealand Simplification programme*

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CONTENTS

Section 7 – Profit Reconciliation

Adjustments between statutory profit and underlying profit
Explanation of adjustments between statutory profit and underlying profit
Reconciliation of statutory profit to underlying profit
Divisional to Geographic region reconciliation matrix

Non-IFRS information

The Group provides two additional measures of performance in the Results Announcement which are prepared on a basis other than in accordance with the accounting standards; namely underlying profit and economic profit. The guidance provided in Australian Securities and Investments Commission Regulatory Guide 230 has been followed when presenting this information.

Adjustments between statutory profit and underlying profit

Profit has been adjusted to exclude non-core items to arrive at underlying profit, the result for the ongoing business activities of the Group. These adjustments have been determined on a consistent basis with those made in prior periods. The adjustments made in arriving at underlying profit are included in statutory profit which is subject to audit within the context of the Group statutory audit opinion. The Financial Report is in the process of being audited. Underlying profit is not audited, however, the external auditor has informed the Audit Committee that the adjustments, and the presentation thereof, are based on the guidelines released by the Australian Institute of Company Directors (AICD) and the Financial Services Institute of Australasia (FINSIA), and have been determined on a consistent basis with those made in prior periods.

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Statutory profit attributable to shareholders of the Company	**2,742**	2,919	-6%	**5,661**	5,355	6%
Adjustments between statutory profit and underlying profit	**296**	54	large	**350**	297	18%
Underlying profit	**3,038**	2,973	2%	**6,011**	5,652	6%

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Adjustments between statutory profit and underlying profit						
Gain on sale of Visa shares	**(224)**	-	n/a	**(224)**	-	n/a
New Zealand Simplification programme	**59**	46	28%	**105**	86	22%
Acquisition related adjustments	**13**	28	-54%	**41**	126	-67%
Treasury shares adjustment	**26**	70	-63%	**96**	(41)	large
Changes in New Zealand tax legislation	**-**	-	n/a	**-**	(2)	-100%
Economic hedging - fair value (gains)/losses	**207**	22	large	**229**	117	96%
Revenue and net investment hedges (gains)/losses	**10**	(63)	large	**(53)**	51	large
Capitalised software impairment	**220**	-	n/a	**220**	-	n/a
NZ managed funds impacts	**-**	1	-100%	**1**	(39)	large
Non continuing businesses	**(15)**	(50)	-70%	**(65)**	(1)	large
Total adjustments between statutory profit and underlying profit	**296**	54	large	**350**	297	18%

Explanation of adjustments between statutory profit and underlying profit

- Gain on sale of Visa shares

  During the period the Group disposed of its equity interest in Visa International which it has held since Visa's initial IPO in 2008. The gain recognised on the sale has not been recognised in underlying profit as the gain is not reflective of the core business performance.

- New Zealand Simplification programme

  The New Zealand Simplification programme (which commenced in 2011) will deliver a single core banking system, a single banking brand and an optimised branch network in New Zealand. This programme is expected to result in lower operational and technology costs. Costs of $59 million after tax ($83 million pre-tax) and $46 million after tax ($63 million pre-tax) were incurred in the September 2012 and March 2012 halves respectively. This includes a restructuring provision raised in September 2012 upon the announcement of the brand and branch phase of the programme. Given the size and significance of the changes to the operations in New Zealand, the associated costs have been excluded from underlying profit.

- Acquisition related adjustments

  The second half includes adjustments of $13 million ($19 million pre-tax) including the following:

	Pre-tax				Net of tax			
	Half Year		Full Year		Half Year		Full Year	
	Sep 12 $M	Mar 12 $M	Sep 12 $M	Sep 11 $M	Sep 12 $M	Mar 12 $M	Sep 12 $M	Sep 11 $M
AFS reserve write-off recovery[1]	**(1)**	(5)	**(6)**	(3)	**-**	(4)	**(4)**	(2)
Integration and transaction costs	**5**	12	**17**	110	**2**	10	**12**	89
Amortisation of acquisition related intangibles[2]	**15**	29	**44**	54	**11**	22	**33**	39
Total	**19**	36	**55**	161	**13**	28	**41**	126

1. *Adjusted to reverse recoveries on available-for-sale assets written down through equity by OnePath Australia before obtaining control*
2. *The acquisition of OnePath and RBS resulted in the recognition of intangible assets which previously were not recognised in the underlying business acquired*

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

These items are not recognised in underlying profit as they are not representative of the Group's expected ongoing financial performance following integration.

- Treasury shares adjustment

ANZ shares held by ANZ in the consolidated managed funds and life business are deemed to be Treasury shares. Realised and unrealised gains and losses from these shares and dividends received on these shares are reversed as these are not permitted to be recognised in income for statutory reporting purposes. In deriving underlying profit, these earnings are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares support policyholder liabilities which are revalued in deriving income. Accordingly, an adjustment to statutory profit of $26 million gain after tax ($28 million gain pre-tax) has been recognised.

- Changes in New Zealand tax legislation

In 2010 legislation was passed to reduce the New Zealand corporate tax rate from 30% to 28% and to remove the ability to claim tax depreciation on buildings with an estimated useful life greater than 50 years, effective for the 2011-2012 income tax year. A residual component relating to the impact on the value of deferred tax was recognised in 2011. There was no impact in the current year.

- Economic hedging – fair value gains/(losses) and mark-to-market adjustments on revenue and net investment hedges

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. The application of AASB 139: Financial Instruments – Recognition and Measurement results in fair value gains/(losses) and mark-to-market adjustments being recognised within the income statement. ANZ includes the mark-to-market adjustments relating to economic hedges as an adjustment to underlying profit as the profit or loss resulting from the transactions will reverse over time to match with the profit or loss from the economically hedged item as part of underlying profit. This includes income/(loss) arising from:

- approved classes of derivatives not designated in accounting hedge relationships but which are considered to be economic hedges, including hedges of NZD and USD revenue;
- the use of the fair value option (principally arising from the valuation of the 'own name' credit spread on debt issues designated at fair value); and
- ineffectiveness from designated accounting cash flow, fair value and net investment hedges.

In the table below, funding and lending related swaps are primarily foreign exchange rate swaps which are being used to convert the proceeds of foreign currency debt issuances into floating rate Australian dollar and New Zealand dollar debt ('funding swaps'). As these swaps do not qualify for hedge accounting, movements in the fair values are recorded in the Income Statement. The main drivers of these fair values are currency basis spreads and the Australian dollar and New Zealand dollar fluctuation against other major funding currencies. This category also includes economic hedges of select structured finance and leasing transactions that do not qualify for hedge accounting. The main drivers of these fair value adjustments are Australian and New Zealand yield curves.

Losses in the second half of 2012 from funding and lending related swaps have been strongly impacted by the falling yield curves in both Australia and New Zealand. Gains seen in the first half of 2012 from widening AUD/USD currency spreads have moderated in the second half of 2012 as basis spread volatility eased in the period. Throughout 2012 the continuing strong Australian dollar drove losses from the currency components of the Group's offshore funding hedges, albeit principally in the first half of 2012.

Losses arising from the use of the fair value option on own name debt hedged by derivatives have been driven by contraction of credit spreads in the first half of 2012. First half losses were partially reversed as spreads widened slightly in the second half of 2012.

The gains from revenue hedges for 2012 were principally attributed to the appreciation of the AUD against the USD in the first half of 2012. This was partially reduced in the second half of 2012 as a result of the appreciation of the NZD against the AUD.

	Half Year		Full Year	
Impact on income statement	**Sep 12 $M**	**Mar 12 $M**	**Sep 12 $M**	**Sep 11 $M**
Timing differences where IFRS results in asymmetry between the hedge and hedged items				
Funding and lending related swaps	**(299)**	105	**(194)**	(317)
Use of the fair value option on own debt hedged by derivatives	**8**	(127)	**(119)**	155
Revenue and net investment hedges	**(15)**	90	**75**	(76)
Ineffective portion of cash flow and fair value hedges	**(5)**	(11)	**(16)**	(5)
Profit/(loss) before tax	**(311)**	57	**(254)**	(243)
Profit/(loss) after tax	**(217)**	41	**(176)**	(168)

Cumulative pre-tax timing differences relating to economic hedging	As at ($M)		
	Sep 12	**Mar 12**	**Sep 11**
Timing differences where IFRS results in asymmetry between the hedge and hedged items (before tax)			
Funding and lending related swaps	**(756)**	(457)	(562)
Use of the fair value option on own debt hedged by derivatives	**64**	56	183
Revenue and net investment hedges	**45**	60	(30)
Ineffective portion of cash flow and fair value hedges	**17**	22	33
	(630)	(319)	(376)

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

- Capitalised software impairment

  Following the identification of impairment triggers, an impairment assessment was performed on intangible assets, including internally generated software assets. A detailed review of the recoverable amount was performed, and where the benefits associated with the asset were substantially reduced from what had originally been anticipated, the assets were written down to their recoverable amount. This resulted in the write down of $220 million after tax ($273 million pre-tax) during the second half. Given the size and nature of the write-down and the infrequency of such large impairments, the write-down has been excluded from underlying profit.

- NZ Managed Funds impacts

  During 2011, the collateralised debt obligations held within the Diversified Yield Fund and the Regular Income Fund were sold and the funds wound up. This resulted in a profit after tax of $39 million ($61 million pre-tax). There was no material impact in the current year.

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

  Reclassification of a charge to income for credit valuation adjustments on defaulted and impaired derivative exposures to provision for credit impairment of $28 million (Mar 2012 half: $32 million; Sep 2011 full year: $17 million reversal). The reclassification has been made to reflect the manner in which the defaulted and impaired derivatives are managed.

- Policyholders Tax Gross up (nil profit after tax impact)

  For statutory reporting purposes policyholder income tax and other related taxes paid on behalf of policyholders are included in net income from wealth management and the Group's income tax expense. The gross up of $63 million (Mar 2012 half: $88 million; Sep 2011 full year: $208 million) has been excluded from the underlying results as it does not reflect the underlying performance of the business which is assessed on a net of policyholder tax basis.

- Non continuing businesses

  In 2009, Global Institutional reviewed its existing business portfolio in light of its new strategic and business goals to determine the optimal structure for the division. As a result, new business ceased in several product areas, including the Alternative Assets and Private Equity businesses. The Group's structured credit intermediation trades are also included within non continuing businesses and will result in the profit/(loss) fluctuating as the credit risk adjustment is impacted by market movements in credit spreads and exchange rate movements. These have been excluded from underlying earnings in line with how management assesses the performance of the underlying business. A summary of the impact of non continuing businesses including structured credit intermediation trades follows:

Non continuing businesses	**Half Year**			**Full Year**		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Net interest income	**1**	-	n/a	**1**	(2)	large
Other operating income	**29**	71	-59%	**100**	23	large
Operating income	**30**	71	-58%	**101**	21	large
Operating expenses	**(7)**	(7)	0%	**(14)**	(14)	0%
Profit before credit impairment and income tax	**23**	64	-64%	**87**	7	large
Provision for credit impairment	**(7)**	(5)	40%	**(12)**	(9)	33%
Profit before income tax	**16**	59	-73%	**75**	(2)	large
Income tax expense	**(1)**	(9)	-89%	**(10)**	3	large
Profit	**15**	50	-70%	**65**	1	large

Structured credit intermediation trades

ANZ entered into a series of structured credit intermediation trades from 2004 to 2007. The underlying structures involve credit default swaps (CDS) over synthetic collateralised debt obligations (CDOs), portfolios of external collateralised loan obligations (CLOs) or specific bonds/floating rate notes (FRNs). ANZ sold protection using credit default swaps over these structures and then to mitigate risk, purchased protection via credit default swaps over the same structures from eight US financial guarantors.

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

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

ANZ is actively monitoring this portfolio with a view to reducing the exposure via termination and restructuring of both the bought and sold protection if and when ANZ deems it cost effective relative to the perceived risk associated with a specific trade or counterparty. Costs were incurred in prior periods managing these positions. The notional amount on the outstanding sold trades at Sep 2012 was US$8.0 billion (Mar 2012: US$8.1 billion; Sep 2011: $8.3 billion).

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

The credit risk expense on structured credit derivatives remains volatile reflecting the impact of market movements in credit spreads and AUD/USD rates. It is likely there will continue to be volatility in this market value.

The (gain)/loss included in income for these transactions is set out below.

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Credit risk on intermediation trades	**(21)**	(52)	-60%	**(73)**	(4)	large

	As at ($M)			Movement	
Financial impacts on credit intermediation trades	**Sep 12**	**Mar 12**	**Sep 11**	**Sep 12 v. Mar 12**	**Sep 12 v. Sep 11**
Mark-to-market exposure to financial guarantors	**359**	447	803	-20%	-55%
Cumulative costs relating to financial guarantors					
Credit valuation adjustment for outstanding transactions	**116**	139	197	-17%	-41%
Realised close out and hedge costs	**322**	320	314	1%	3%
Cumulative life to date charges	**438**	459	511	-5%	-14%

Reconciliation of statutory profit to underlying profit

September 2012 Half Year

	Statutory profit	Less: Adjustments to statutory profit					
		Gain on sale of Visa shares	Acquisition related adjustments	Treasury shares adjustment	Policy-holders tax gross up	Changes in New Zealand tax legislation	Economic hedging - fair value gains/ losses
	$M	$M	$M	$M	$M	$M	$M
Net interest income	6,126	-	(1)	-	-	-	(2)
Fee income	1,194	-	-	-	-	-	-
Foreign exchange earnings	511	-	-	-	-	-	(4)
Profit on trading instruments	79	-	-	-	-	-	(14)
Net income from wealth mgmt	626	-	2	(28)	63	-	-
Other	358	291	-	-	-	-	(276)
Other operating income	2,768	291	2	(28)	63	-	(294)
Operating income	**8,894**	**291**	**1**	**(28)**	**63**	**-**	**(296)**
Personnel expenses	(2,338)	-	-	-	-	-	-
Premises expenses	(363)	-	-	-	-	-	-
Computer expenses	(825)	-	(3)	-	-	-	-
Restructuring expenses	(136)	-	-	-	-	-	-
Other expenses	(724)	-	(17)	-	-	-	-
Operating expenses	**(4,386)**	**-**	**(20)**	**-**	**-**	**-**	**-**
Profit before credit impairment and tax	4,508	291	(19)	(28)	63	-	(296)
Provision for credit impairment	(660)	-	-	-	-	-	-
Profit before income tax	**3,848**	**291**	**(19)**	**(28)**	**63**	**-**	**(296)**
Income tax expense	(1,104)	(67)	6	2	(63)	-	89
Non-controlling interests	(2)	-	-	-	-	-	-
Profit	**2,742**	**224**	**(13)**	**(26)**	**-**	**-**	**(207)**

March 2012 Half Year

	Statutory profit	Less: Adjustments to statutory profit					
		Gain on sale of Visa shares	Acquisition related adjustments	Treasury shares adjustment	Policy-holders tax gross up	Changes in New Zealand tax legislation	Economic hedging - fair value gains/ losses
	$M	$M	$M	$M	$M	$M	$M
Net interest income	5,984	-	1	-	-	-	-
Fee income	1,218	-	-	-	-	-	-
Foreign exchange earnings	570	-	-	-	-	-	4
Profit on trading instruments	274	-	-	-	-	-	5
Net income from wealth mgmt	577	-	5	(76)	88	-	-
Other	194	-	-	-	-	-	(42)
Other operating income	2,833	-	5	(76)	88	-	(33)
Operating income	**8,817**	**-**	**6**	**(76)**	**88**	**-**	**(33)**
Personnel expenses	(2,427)	-	(1)	-	-	-	-
Premises expenses	(353)	-	-	-	-	-	-
Computer expenses	(558)	-	(7)	-	-	-	-
Restructuring expenses	(138)	-	-	-	-	-	-
Other expenses	(657)	-	(34)	-	-	-	-
Operating expenses	**(4,133)**	**-**	**(42)**	**-**	**-**	**-**	**-**
Profit before credit impairment and tax	4,684	-	(36)	(76)	88	-	(33)
Provision for credit impairment	(538)	-	-	-	-	-	-
Profit before income tax	**4,146**	**-**	**(36)**	**(76)**	**88**	**-**	**(33)**
Income tax expense	(1,223)	-	8	6	(88)	-	11
Non-controlling interests	(4)	-	-	-	-	-	-
Profit	**2,919**	**-**	**(28)**	**(70)**	**-**	**-**	**(22)**

September 2012 Half Year

Revenue and investment hedges - MtM	Cash profit	Less: Adjustments to statutory profit: NZ Simplification programme	Capitalised software impairment	NZ managed funds impacts	Non continuing businesses	Credit risk on impaired derivatives	Total adjustments to statutory profits	Underlying profit
$M	$M	$M	$M	$M	$M	$M	$M	$M
-	6,129	1	-	-	1	-	(1)	6,127
-	1,194	-	-	-	1	-	1	1,193
(15)	530	-	-	-	-	-	(19)	530
-	93	-	-	-	21	(28)	(21)	100
-	589	-	-	-	-	-	37	589
-	343	-	-	-	7	-	22	336
(15)	2,749	-	-	-	29	(28)	20	2,748
(15)	**8,878**	**1**	**-**	**-**	**30**	**(28)**	**19**	**8,875**
-	(2,338)	21	-	-	(4)	-	17	(2,355)
-	(363)	-	-	-	-	-	-	(363)
-	(822)	4	(273)	-	1	-	(271)	(554)
-	(136)	(84)	-	-	-	-	(84)	(52)
-	(707)	(25)	-	-	(4)	-	(46)	(678)
-	**(4,366)**	**(84)**	**(273)**	**-**	**(7)**	**-**	**(384)**	**(4,002)**
(15)	4,512	(83)	(273)	-	23	(28)	(365)	4,873
-	(660)	-	-	-	(7)	28	21	(681)
(15)	**3,852**	**(83)**	**(273)**	**-**	**16**	**-**	**(344)**	**4,192**
5	(1,076)	24	53	-	(1)	-	48	(1,152)
-	(2)	-	-	-	-	-	-	(2)
(10)	**2,774**	**(59)**	**(220)**	**-**	**15**	**-**	**(296)**	**3,038**

March 2012 Half Year

Revenue and investment hedges - MtM	Cash profit	Less: Adjustments to statutory profit: NZ Simplification programme	Capitalised software impairment	NZ managed funds impacts	Non continuing businesses	Credit risk on impaired derivatives	Total adjustments to statutory profits	Underlying profit
$M	$M	$M	$M	$M	$M	$M	$M	$M
-	5,983	1	-	(2)	-	-	-	5,984
-	1,218	-	-	-	-	-	-	1,218
90	476	-	-	-	-	-	94	476
-	269	-	-	-	52	(32)	25	249
-	560	-	-	-	-	-	17	560
-	236	-	-	-	19	-	(23)	217
90	2,759	-	-	-	71	(32)	113	2,720
90	**8,742**	**1**	**-**	**(2)**	**71**	**(32)**	**113**	**8,704**
-	(2,426)	(1)	-	-	(6)	-	(8)	(2,419)
-	(353)	-	-	-	-	-	-	(353)
-	(551)	-	-	-	-	-	(7)	(551)
-	(138)	(64)	-	-	-	-	(64)	(74)
-	(623)	1	-	-	(1)	-	(34)	(623)
-	**(4,091)**	**(64)**	**-**	**-**	**(7)**	**-**	**(113)**	**(4,020)**
90	4,651	(63)	-	(2)	64	(32)	-	4,684
-	(538)	-	-	-	(5)	32	27	(565)
90	**4,113**	**(63)**	**-**	**(2)**	**59**	**-**	**27**	**4,119**
(27)	(1,133)	17	-	1	(9)	-	(81)	(1,142)
-	(4)	-	-	-	-	-	-	(4)
63	**2,976**	**(46)**	**-**	**(1)**	**50**	**-**	**(54)**	**2,973**

September 2012 Full Year

	Statutory profit	Less: Adjustments to statutory profit					
		Gain on sale of Visa shares	Acquisition related adjustments	Treasury shares adjustment	Policy-holders tax gross up	Changes in New Zealand tax legislation	Economic hedging - fair value gains/ losses
	$M	$M	$M	$M	$M	$M	$M
Net interest income	12,110	-	-	-	-	-	(2)
Fee income	2,412	-	-	-	-	-	-
Foreign exchange earnings	1,081	-	-	-	-	-	-
Profit on trading instruments	353	-	-	-	-	-	(9)
Net income from wealth mgmt	1,203	-	7	(104)	151	-	-
Other	552	291	-	-	-	-	(318)
Other operating income	5,601	291	7	(104)	151	-	(327)
Operating income	**17,711**	**291**	**7**	**(104)**	**151**	**-**	**(329)**
Personnel expenses	(4,765)	-	(1)	-	-	-	-
Premises expenses	(716)	-	-	-	-	-	-
Computer expenses	(1,383)	-	(10)	-	-	-	-
Restructuring expenses	(274)	-	-	-	-	-	-
Other expenses	(1,381)	-	(51)	-	-	-	-
Operating expenses	**(8,519)**	**-**	**(62)**	**-**	**-**	**-**	**-**
Profit before credit impair't and tax	9,192	291	(55)	(104)	151	-	(329)
Provision for credit impairment	(1,198)	-	-	-	-	-	-
Profit before income tax	**7,994**	**291**	**(55)**	**(104)**	**151**	**-**	**(329)**
Income tax expense	(2,327)	(67)	14	8	(151)	-	100
Non-controlling interests	(6)	-	-	-	-	-	-
Profit	**5,661**	**224**	**(41)**	**(96)**	**-**	**-**	**(229)**

September 2011 Full Year

	Statutory profit	Less: Adjustments to statutory profit					
		Gain on sale of Visa shares	Acquisition related adjustments	Treasury shares adjustment	Policy-holders tax gross up	Changes in New Zealand tax legislation	Economic hedging - fair value gains/ losses
	$M	$M	$M	$M	$M	$M	$M
Net interest income	11,500	-	2	-	-	-	-
Fee income	2,391	-	-	-	-	-	-
Foreign exchange earnings	817	-	-	-	-	-	-
Profit on trading instruments	299	-	-	-	-	-	(21)
Net income from wealth mgmt	1,405	-	3	48	208	-	-
Other	520	-	-	-	-	-	(147)
Other operating income	5,432	-	3	48	208	-	(168)
Operating income	**16,932**	**-**	**5**	**48**	**208**	**-**	**(168)**
Personnel expenses	(4,724)	-	(24)	-	-	-	-
Premises expenses	(685)	-	(4)	-	-	-	-
Computer expenses	(1,040)	-	(19)	-	-	-	-
Restructuring expenses	(148)	-	-	-	-	-	-
Other expenses	(1,426)	-	(119)	-	-	-	-
Operating expenses	**(8,023)**	**-**	**(166)**	**-**	**-**	**-**	**-**
Profit before credit impair't and tax	8,909	-	(161)	48	208	-	(168)
Provision for credit impairment	(1,237)	-	-	-	-	-	-
Profit before income tax	**7,672**	**-**	**(161)**	**48**	**208**	**-**	**(168)**
Income tax expense	(2,309)	-	34	(7)	(208)	2	51
Non-controlling interests	(8)	-	1	-	-	-	-
Profit	**5,355**	**-**	**(126)**	**41**	**-**	**2**	**(117)**

September 2012 Full Year

	Cash profit	Less: Adjustments to statutory profit						Underlying profit
Revenue and investment hedges - MtM		**NZ Simplification programme**	**Capitalised software impairment**	**NZ managed funds impacts**	**Non continuing businesses**	**Credit risk on impaired derivatives**	**Total adjustments to statutory profits**	
$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
-	**12,112**	2	-	(2)	1	-	(1)	12,111
-	**2,412**	-	-	-	1	-	1	2,411
75	**1,006**	-	-	-	-	-	75	1,006
-	**362**	-	-	-	73	(60)	4	349
-	**1,149**	-	-	-	-	-	54	1,149
-	**579**	-	-	-	26	-	(1)	553
75	**5,508**	-	-	-	100	(60)	133	5,468
75	**17,620**	**2**	**-**	**(2)**	**101**	**(60)**	**132**	**17,579**
-	**(4,764)**	20	-	-	(10)	-	9	(4,774)
-	**(716)**	-	-	-	-	-	-	(716)
-	**(1,373)**	4	(273)	-	1	-	(278)	(1,105)
-	**(274)**	(148)	-	-	-	-	(148)	(126)
-	**(1,330)**	(24)	-	-	(5)	-	(80)	(1,301)
-	**(8,457)**	**(148)**	**(273)**	**-**	**(14)**	**-**	**(497)**	**(8,022)**
75	**9,163**	(146)	(273)	(2)	87	(60)	(365)	9,557
-	**(1,198)**	-	-	-	(12)	60	48	(1,246)
75	**7,965**	**(146)**	**(273)**	**(2)**	**75**	**-**	**(317)**	**8,311**
(22)	**(2,209)**	41	53	1	(10)	-	(33)	(2,294)
-	**(6)**	-	-	-	-	-	-	(6)
53	**5,750**	**(105)**	**(220)**	**(1)**	**65**	**-**	**(350)**	**6,011**

September 2011 Full Year

	Cash profit	Less: Adjustments to statutory profit						Underlying profit
Revenue and investment hedges - MtM		**NZ Simplification programme**	**Capitalised software impairment**	**NZ managed funds impacts**	**Non continuing businesses**	**Credit risk on impaired derivatives**	**Total adjustments to statutory profits**	
$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
-	11,498	2	-	-	(2)	-	2	11,498
-	2,391	-	-	-	3	-	3	2,388
(74)	891	-	-	(1)	-	-	(75)	892
-	320	-	-	62	4	17	62	237
-	1,146	-	-	-	-	-	259	1,146
-	667	-	-	-	16	-	(131)	651
(74)	5,415	-	-	61	23	17	118	5,314
(74)	**16,913**	**2**	**-**	**61**	**21**	**17**	**120**	**16,812**
-	(4,700)	-	-	-	(13)	-	(37)	(4,687)
-	(681)	-	-	-	-	-	(4)	(681)
-	(1,021)	-	-	-	-	-	(19)	(1,021)
-	(148)	(125)	-	-	-	-	(125)	(23)
-	(1,307)	-	-	-	(1)	-	(120)	(1,306)
-	**(7,857)**	**(125)**	**-**	**-**	**(14)**	**-**	**(305)**	**(7,718)**
(74)	9,056	(123)	-	61	7	17	(185)	9,094
-	(1,237)	-	-	-	(9)	(17)	(26)	(1,211)
(74)	**7,819**	**(123)**	**-**	**61**	**(2)**	**-**	**(211)**	**7,883**
23	(2,204)	37	-	(22)	3	-	(87)	(2,222)
-	(9)	-	-	-	-	-	1	(9)
(51)	**5,606**	**(86)**	**-**	**39**	**1**	**-**	**(297)**	**5,652**

Divisional to Geographic region reconciliation matrix

		Geographies			
September 2012 Half Year AUD M		**Australia**	**Asia Pacific, Europe & America**	**New Zealand**	**Total**
Divisions	Australia	1,304	3	(2)	1,305
	International and Institutional Banking	504	521	112	1,137
	New Zealand	n/a	n/a	378	378
	Global Wealth and Private Banking	200	1	44	245
	Group Centre	(26)	(4)	3	(27)
Underlying profit		1,982	521	535	3,038
Adjustments between statutory profit and underlying profit		(249)	(19)	(28)	(296)
Statutory profit		1,733	502	507	2,742
March 2012 Half Year AUD M					
Divisions	Australia	1,183	2	2	1,187
	International and Institutional Banking	647	454	134	1,235
	New Zealand	n/a	n/a	365	365
	Global Wealth and Private Banking	180	(6)	32	206
	Group Centre	(19)	5	(6)	(20)
Underlying profit		1,991	455	527	2,973
Adjustments between statutory profit and underlying profit		4	(6)	(52)	(54)
Statutory profit		1,995	449	475	2,919
September 2012 Full Year AUD M					
Divisions	Australia	2,487	5	-	2,492
	International and Institutional Banking	1,151	975	246	2,372
	New Zealand	n/a	n/a	743	743
	Global Wealth and Private Banking	380	(5)	76	451
	Group Centre	(45)	1	(3)	(47)
Underlying profit		3,973	976	1,062	6,011
Adjustments between statutory profit and underlying profit		(245)	(25)	(80)	(350)
Statutory profit		3,728	951	982	5,661
September 2011 Full Year AUD M					
Divisions	Australia	2,386	3	1	2,390
	International and Institutional Banking	1,257	778	266	2,301
	New Zealand	n/a	n/a	662	662
	Global Wealth and Private Banking	419	(8)	46	457
	Group Centre	(124)	(11)	(23)	(158)
Underlying profit		3,938	762	952	5,652
Adjustments between statutory profit and underlying profit		(104)	(72)	(121)	(297)
Statutory profit		3,834	690	831	5,355

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Australia and New Zealand Banking Group Limited

	Note	Half Year			Full Year		
		Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Interest income		**15,098**	15,440	-2%	**30,538**	30,443	0%
Interest expense		**(8,972)**	(9,456)	-5%	**(18,428)**	(18,943)	-3%
Net interest income	2	**6,126**	5,984	2%	**12,110**	11,500	5%
Other operating income	2	**1,913**	2,090	-8%	**4,003**	3,591	11%
Net funds management and insurance income	2	**626**	577	8%	**1,203**	1,405	-14%
Share of associates' profit	15	**229**	166	38%	**395**	436	-9%
Operating income		**8,894**	8,817	1%	**17,711**	16,932	5%
Operating expenses	3	**(4,386)**	(4,133)	6%	**(8,519)**	(8,023)	6%
Profit before credit impairment and income tax		**4,508**	4,684	-4%	**9,192**	8,909	3%
Provision for credit impairment	8	**(660)**	(538)	23%	**(1,198)**	(1,237)	-3%
Profit before income tax		**3,848**	4,146	-7%	**7,994**	7,672	4%
Income tax expense	4	**(1,104)**	(1,223)	-10%	**(2,327)**	(2,309)	1%
Profit for the period		**2,744**	2,923	-6%	**5,667**	5,363	6%
Comprising:							
Profit attributable to non-controlling interests		**2**	4	-50%	**6**	8	-25%
Profit attributable to shareholders of the Company		**2,742**	2,919	-6%	**5,661**	5,355	6%
Earnings per ordinary share (cents)							
Basic	6	**102.6**	110.8	-7%	**213.4**	208.2	2%
Diluted	6	**99.1**	106.2	-7%	**205.6**	198.8	3%
Dividend per ordinary share (cents)	5	**79**	66	20%	**145**	140	4%

The notes appearing on pages 91 to 102 form an integral part of the Condensed Consolidated Financial Statements

Australia and New Zealand Banking Group Limited

	Full Year		
	Sep 12 $M	**Sep 11 $M**	**Movt**
Profit for the period	**5,667**	5,363	6%
Other comprehensive income			
Foreign currency translation adjustments			
Exchange differences taken to equity	**(416)**	330	large
Available-for-sale assets			
Valuation gain/(loss) taken to equity	**259**	77	large
Cumulative (gain)/loss transferred to the income statement	**(246)**	19	large
Cash flow hedges			
Valuation gain/(loss) taken to equity	**43**	229	-81%
Transferred to income statement for the period	**17**	(9)	large
Share of associates' other comprehensive income	**(31)**	(15)	large
Actuarial gain/(loss) on defined benefit plans	**(54)**	(15)	large
Income tax on items transferred directly to/from equity			
Foreign currency translation reserve	**(1)**	(5)	-80%
Available-for-sale reserve	**(17)**	(35)	-51%
Cash flow hedge reserve	**(17)**	(63)	-73%
Actuarial gain/(loss) on defined benefits plan	**10**	5	100%
Other comprehensive income net of tax	**(453)**	518	large
Total comprehensive income for the period	**5,214**	5,881	-11%
Comprising total comprehensive income attributable to:			
non-controlling interests	**3**	8	-63%
shareholders of the Company	**5,211**	5,873	-11%

The notes appearing on pages 91 to 102 form an integral part of the Condensed Consolidated Financial Statements

Australia and New Zealand Banking Group Limited

		As at ($M)			Movement	
Assets	**Note**	**Sep 12**	**Mar 12**	**Sep 11**	**Sep 12 v. Mar 12**	**Sep 12 v. Sep 11**
Liquid assets[1]		**36,578**	35,771	25,627	2%	43%
Due from other financial institutions[1]		**17,103**	16,287	13,298	5%	29%
Trading securities		**40,602**	32,859	36,074	24%	13%
Derivative financial instruments[1]		**48,929**	39,597	58,641	24%	-17%
Available-for-sale assets		**20,562**	23,125	22,264	-11%	-8%
Net loans and advances	7	**427,823**	412,628	397,307	4%	8%
Regulatory deposits		**1,478**	1,436	1,505	3%	-2%
Investment in associates		**3,520**	3,424	3,513	3%	0%
Current tax assets		**33**	116	41	-72%	-20%
Deferred tax assets		**785**	484	599	62%	31%
Goodwill and other intangible assets		**7,082**	7,070	6,964	0%	2%
Investments backing policy liabilities		**29,895**	30,204	29,859	-1%	0%
Other assets		**5,623**	7,116	6,396	-21%	-12%
Premises and equipment		**2,114**	2,095	2,125	1%	-1%
Total assets[1]		**642,127**	612,212	604,213	5%	6%
Liabilities						
Due to other financial institutions[1]		**30,538**	29,688	27,535	3%	11%
Deposits and other borrowings	9	**397,123**	383,141	368,729	4%	8%
Derivative financial instruments[1]		**52,639**	41,371	55,290	27%	-5%
Current tax liabilities		**781**	648	1,128	21%	-31%
Deferred tax liabilities		**18**	26	28	-31%	-36%
Policy liabilities		**29,537**	29,003	27,503	2%	7%
External unit holder liabilities (life insurance funds)		**3,949**	4,528	5,033	-13%	-22%
Payables and other liabilities		**10,109**	9,418	11,221	7%	-10%
Provisions		**1,201**	1,234	1,248	-3%	-4%
Bonds and notes		**63,098**	61,107	56,551	3%	12%
Loan capital	10	**11,914**	12,605	11,993	-5%	-1%
Total liabilities[1]		**600,907**	572,769	566,259	5%	6%
Net assets		**41,220**	39,443	37,954	5%	9%
Shareholders' equity						
Ordinary share capital		**23,070**	22,195	21,343	4%	8%
Preference share capital		**871**	871	871	0%	0%
Reserves	12	**(2,498)**	(2,430)	(2,095)	3%	19%
Retained earnings	12	**19,728**	18,758	17,787	5%	11%
Share capital and reserves attributable to shareholders of the Company	12	**41,171**	39,394	37,906	5%	9%
Non-controlling interests	12	**49**	49	48	0%	2%
Total shareholders' equity	12	**41,220**	39,443	37,954	5%	9%

1 *Comparative amounts have changed. Refer to Note 1 for details*

The notes appearing on pages 91 to 102 form an integral part of the Condensed Consolidated Financial Statements

Australia and New Zealand Banking Group Limited

	Full Year	
	Sep 12 Inflows (Outflows) $M	Sep 11 Inflows (Outflows) $M
Cash flows from operating activities		
Interest received	**30,421**	30,310
Interest paid	**(18,827)**	(18,797)
Dividends received	**80**	84
Other operating income received	**2,698**	3,879
Personnel expenses paid	**(4,773)**	(4,547)
Other operating expenses paid	**(3,062)**	(2,630)
Net cash (paid)/received on derivatives	**4,734**	(2,038)
Income taxes (paid)/refunds received	**(2,835)**	(2,033)
Net cash flows from funds management and insurance business		
Premiums and other income received	**5,955**	5,858
Investment income and policy deposits received (paid)	**78**	(21)
Claims and policy withdrawals paid	**(4,428)**	(4,531)
Commission expense paid	**(439)**	(491)
Cash flows from operating activities before changes in operating assets and liabilities	**9,602**	5,043
Changes in operating assets and liabilities arising from cash flow movements		
(Increase)/decrease in operating assets		
Liquid assets - greater than three months	**435**	1,593
Due from other financial institutions - greater than three months	**(4,256)**	(1,476)
Trading securities	**(4,589)**	(7,614)
Loans and advances	**(32,748)**	(25,568)
Net cash flows from investments backing policy liabilities		
Purchase of insurance assets	**(7,949)**	(9,127)
Proceeds from sale/maturity of insurance assets	**7,866**	10,182
Increase/(decrease) in operating liabilities		
Deposits and other borrowings	**33,662**	43,834
Due to other financial institutions	**4,184**	1,350
Payables and other liabilities	**209**	584
Change in operating assets and liabilities arising from cash flow movements	**(3,186)**	13,758
Net cash provided by/(used in) operating activities	**6,416**	18,801
Cash flows from investing activities		
Available-for-sale assets		
Purchases	**(30,441)**	(40,657)
Proceeds from sale or maturity	**31,200**	39,518
Controlled entities and associates		
Purchased (net of cash acquired)	**(1)**	(304)
Proceeds from sale (net of cash disposed)	**18**	74
Premises and equipment		
Purchases	**(319)**	(319)
Proceeds from sale	**20**	6
Other assets	**(702)**	(849)
Net cash provided by/(used in) investing activities	**(225)**	(2,531)
Cash flows from financing activities		
Bonds and notes		
Issue proceeds	**24,352**	12,213
Redemptions	**(15,662)**	(17,193)
Loan capital		
Issue proceeds	**2,724**	1,341
Redemptions	**(2,593)**	(1,579)
Dividends paid	**(2,219)**	(2,113)
Share capital issues	**60**	43
On market share purchases	**(55)**	(137)
Net cash provided by/(used in) financing activities	**6,607**	(7,425)
Net cash provided by/(used in) operating activities	**6,416**	18,801
Net cash provided by/(used in) investing activities	**(225)**	(2,531)
Net cash provided by/(used in) financing activities	**6,607**	(7,425)
Net increase/(decrease) in cash and cash equivalents	**12,798**	8,845
Cash and cash equivalents at beginning of period	**30,021**	20,610
Effects of exchange rate changes on cash and cash equivalents	**(1,369)**	566
Cash and cash equivalents at end of period	**41,450**	30,021

The notes appearing on pages 91 to 102 form an integral part of the Condensed Consolidated Financial Statements

Australia and New Zealand Banking Group Limited

	Ordinary share capital	Preference shares	Reserves[1]	Retained earnings	Shareholders' equity attributable to Equity holders of the Bank	Non-controlling interests	Total Shareholders' equity
	$M	$M	$M	$M	$M	$M	$M
As at 1 October 2010	19,886	871	(2,587)	15,921	**34,091**	64	**34,155**
Profit or loss	-	-	-	5,355	**5,355**	8	**5,363**
Other comprehensive income for the period	-	-	528	(10)	**518**	-	**518**
Total comprehensive income for the period	-	-	528	5,345	**5,873**	8	**5,881**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(3,503)	**(3,503)**	-	**(3,503)**
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	-	23	**23**	-	**23**
Dividend reinvestment plan	1,367	-	-	-	**1,367**	-	**1,367**
Transactions with non-controlling interests	-	-	(22)	-	**(22)**	(22)	**(44)**
Other equity movements:							
Share based payments and exercises	-	-	(14)	-	**(14)**	-	**(14)**
Group share option scheme	43	-	-	-	**43**	-	**43**
Treasury shares OnePath Australia adjustment	2	-	-	-	**2**	-	**2**
Group employee share acquisition scheme	45	-	-	-	**45**	-	**45**
Other changes	-	-	-	1	**1**	(2)	**(1)**
As at 30 September 2011	21,343	871	(2,095)	17,787	**37,906**	48	**37,954**
Profit or loss	-	-	-	5,661	**5,661**	6	**5,667**
Other comprehensive income for the period	-	-	(406)	(44)	**(450)**	(3)	**(453)**
Total comprehensive income for the period	-	-	(406)	5,617	**5,211**	3	**5,214**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(3,702)	**(3,702)**	(2)	**(3,704)**
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	-	24	**24**	-	**24**
Dividend reinvestment plan	1,461	-	-	-	**1,461**	-	**1,461**
Transactions with non-controlling interests	-	-	(1)	-	**(1)**	-	**(1)**
Other equity movements:							
Share based payments and exercises	-	-	6	-	**6**	-	**6**
Group share option scheme	60	-	-	-	**60**	-	**60**
Treasury shares OnePath Australia adjustment	78	-	-	-	**78**	-	**78**
Group employee share acquisition scheme	128	-	-	-	**128**	-	**128**
Other changes	-	-	(2)	2	**-**	-	**-**
As at 30 September 2012	23,070	871	(2,498)	19,728	**41,171**	49	**41,220**

1. *Further information on other comprehensive income is disclosed in Note 12*

The notes appearing on pages 91 to 102 form an integral part of the Condensed Consolidated Financial Statements

1. Basis of preparation

These Condensed Consolidated Financial Statements:

- have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (AASs);
- should be read in conjunction with the ANZ Annual Report for the year ended 30 September 2012 when released and any public announcements made by the Parent Entity and its controlled entities (the Group) for the year ended 30 September 2012 in accordance with the continuous disclosure obligations under the Corporations Act 2001 and the ASX Listing Rules;
- do not include all notes of the type normally included in the annual financial report;
- are presented in Australian dollars unless otherwise stated; and
- were approved by the Board of Directors on 24 October 2012.

i) Accounting policies

These Condensed Consolidated Financial Statements have been prepared on the basis of accounting policies consistent with those applied in the 30 September 2011 Annual Financial Report. All new AASs and Australian Accounting Standards Board Interpretations applicable to annual reporting periods beginning on or after 1 October 2011 have been applied to the Group effective from the required date of application. The initial application of these Standards and Interpretations has not had a material impact on the financial position or the financial results of the Group. Further details of the Group's accounting policies will be included in the ANZ Annual Report for the year ended 30 September 2012 when released.

ii) Use of estimates, assumptions and judgments

The preparation of these Condensed Consolidated Financial Statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates and the estimates may require review in future periods.

A review of the recoverable amount of software assets indicated an impairment of certain software assets. Significant judgement was required in determining the recoverable amount of these assets before recognising an impairment of $273 million (before tax) in the September 2012 half year.

Further details of the Group's critical estimates and judgements will be contained in the Group's financial report for the year ended 30 September 2012 when released.

iii) Comparatives

Certain amounts in the comparative information have been reclassified to conform with current period financial statement presentations.

During the current year, the reporting treatment of collateral received on derivative asset positions and collateral posted on derivative liability positions has changed to better reflect the nature of the asset/liabilities and to be consistent with market practice. This has resulted in the following changes to previously reported balance sheet classifications, with no impact on net assets.

	Mar 12 $m			Sep 11 $m		
	Previously reported	Change	Currently reported	Previously reported	Change	Currently reported
Liquid assets[1]	35,771	-	35,771	24,899	728	25,627
Due from other financial institutions[1]	10,035	6,252	16,287	8,824	4,474	13,298
Derivative financial instruments	36,873	2,724	39,597	54,118	4,523	58,641
Total assets	603,236	8,976	612,212	594,488	9,725	604,213
Due to other financial institutions	26,964	2,724	29,688	23,012	4,523	27,535
Derivative financial instruments	35,119	6,252	41,371	50,088	5,202	55,290
Total liabilities	563,793	8,976	572,769	556,534	9,725	566,259

1. *"Due from other financial institutions" at 30 September 2011 was also reduced by the reclassification of $728 million of "securities purchased under agreements to resell" to "liquid assets"*

2. Income

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Interest income	**15,098**	15,440	-2%	**30,538**	30,443	0%
Interest expense	**(8,972)**	(9,456)	-5%	**(18,428)**	(18,943)	-3%
Net interest income	**6,126**	5,984	2%	**12,110**	11,500	5%
i) Fee and commission income						
Lending fees	**356**	341	4%	**697**	652	7%
Non-lending fees and commissions[1]	**1,012**	1,048	-3%	**2,060**	2,053	0%
Total fee and commission income	**1,368**	1,389	-2%	**2,757**	2,705	2%
Fee and commission expense	**(174)**	(171)	2%	**(345)**	(314)	10%
Net fee and commission income[2]	**1,194**	1,218	-2%	**2,412**	2,391	1%
ii) Other income						
Net foreign exchange earnings	**511**	570	-10%	**1,081**	817	32%
Net gains from trading securities and derivatives	**58**	222	-74%	**280**	295	-5%
Credit risk on intermediation trades	**21**	52	-60%	**73**	4	large
Movement on financial instruments measured at fair value through profit & loss[3]	**(294)**	(33)	large	**(327)**	(167)	96%
Brokerage income	**32**	23	39%	**55**	61	-10%
NZ managed funds impacts	**-**	-	n/a	**-**	61	-100%
Write-down on assets in non continuing businesses	**-**	-	n/a	**-**	(13)	-100%
Gain on sale/(write-down) of investment in Sacombank	**-**	10	-100%	**10**	(35)	large
Write-down of investment in SSI	**-**	(31)	-100%	**(31)**	-	n/a
Private equity and infrastructure earnings	**6**	22	-73%	**28**	26	8%
Profit on sale of property	**-**	1	-100%	**1**	24	-96%
Gain on sale of Visa shares	**291**	-	n/a	**291**	-	n/a
Dilution gain on investment in Bank of Tianjin	**10**	-	n/a	**10**	-	n/a
Other	**84**	36	large	**120**	127	-6%
Total other income	**719**	872	-18%	**1,591**	1,200	33%
Other operating income	**1,913**	2,090	-8%	**4,003**	3,591	11%
iii) Net funds management and insurance income						
Funds management income	**408**	417	-2%	**825**	868	-5%
Investment income	**818**	1,912	-57%	**2,730**	(511)	large
Insurance premium income	**647**	590	10%	**1,237**	1,184	4%
Commission income/(expense)	**(238)**	(200)	19%	**(438)**	(490)	-11%
Claims	**(289)**	(309)	-6%	**(598)**	(548)	9%
Changes in policy liabilities[4]	**(692)**	(1,757)	-61%	**(2,449)**	854	large
Elimination of treasury share (gain)/loss	**(28)**	(76)	-63%	**(104)**	48	large
Total net funds management and insurance income	**626**	577	8%	**1,203**	1,405	-14%
Share of associates' profit	**229**	166	38%	**395**	436	-9%
Total income[5]	**17,866**	18,273	-2%	**36,139**	35,875	1%
Profit before income tax as a % of total income	**21.54%**	22.69%		**22.12%**	21.39%	

1. *Lending fees exclude fees treated as part of the effective yield calculation which are included in interest income*
2. *Includes interchange fees paid*
3. *Includes fair value movements (excluding realised and accrued interest) on derivatives entered into to manage interest rate and foreign exchange risk on funding instruments and not designated as accounting hedges, ineffective portions of cashflow hedges, and fair value movements in financial assets and liabilities designated fair value*
4. *Includes policyholder tax gross up, which represents contribution tax (recovered at 15% on the super contributions made by members) debited to the policyholder account once a year in July when the statement is issued to the members at the end of the 30 June financial year*
5. *Total income includes external dividend income of $4 million (Mar 2012 half: $1 million; Sep 2011 full year: $11 million)*

3. Operating expenses

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Personnel						
Employee entitlements and taxes	**145**	143	1%	**288**	306	-6%
Salaries and wages	**1,512**	1,554	-3%	**3,066**	2,960	4%
Superannuation costs - defined benefit plans	**5**	5	0%	**10**	13	-23%
Superannuation costs - defined contribution plans	**143**	152	-6%	**295**	287	3%
Equity-settled share-based payments	**88**	101	-13%	**189**	165	15%
Temporary staff	**106**	112	-5%	**218**	250	-13%
Other	**339**	360	-6%	**699**	743	-6%
Total personnel expenses	**2,338**	2,427	-4%	**4,765**	4,724	1%
Premises						
Depreciation and amortisation	**46**	44	5%	**90**	89	1%
Rent	**207**	205	1%	**412**	387	6%
Utilities and other outgoings	**86**	82	5%	**168**	165	2%
Other	**24**	22	9%	**46**	44	5%
Total premises expenses	**363**	353	3%	**716**	685	5%
Computer						
Computer contractors	**68**	82	-17%	**150**	143	5%
Data communications	**54**	52	4%	**106**	125	-15%
Depreciation and amortisation	**222**	202	10%	**424**	348	22%
Rentals and repairs	**62**	69	10%	**131**	130	1%
Software purchased	**131**	122	7%	**253**	241	5%
Software impairment	**273**	1	large	**274**	20	large
Other	**15**	30	-50%	**45**	33	36%
Total computer expenses	**825**	558	48%	**1,383**	1,040	33%
Other						
Advertising and public relations	**124**	105	18%	**229**	235	-3%
Audit and other fees	**10**	8	25%	**18**	18	0%
Depreciation of furniture and equipment	**49**	50	-2%	**99**	97	2%
Freight and cartage	**32**	33	-3%	**65**	65	0%
Loss on sale and write-off of equipment	**3**	5	-40%	**8**	4	100%
Non-lending losses	**27**	25	8%	**52**	53	-2%
Postage and stationery	**70**	67	4%	**137**	130	5%
Professional fees	**144**	109	32%	**253**	269	-6%
Telephone	**36**	33	9%	**69**	75	-8%
Travel	**88**	82	7%	**170**	208	-18%
Amortisation and impairment of intangible assets	**55**	55	0%	**110**	122	-10%
Other	**86**	85	1%	**171**	150	14%
Total other expenses	**724**	657	10%	**1,381**	1,426	-3%
Restructuring						
New Zealand simplification programme	**84**	64	31%	**148**	125	18%
Other	**52**	74	-30%	**126**	23	large
Total restructuring expenses	**136**	138	-1%	**274**	148	85%
Operating expenses	**4,386**	4,133	6%	**8,519**	8,023	6%

4. Income tax expense

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense charged in the Income Statement	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	Sep 12 $M	Sep 11 $M	Movt
Profit before income tax	**3,848**	4,146	-7%	**7,994**	7,672	4%
Prima facie income tax expense at 30%	**1,154**	1,244	-7%	**2,398**	2,302	4%
Tax effect of permanent differences:						
Overseas tax rate differential	**(17)**	(31)	-45%	**(48)**	(29)	66%
Rebateable and non-assessable dividends	**(2)**	(2)	0%	**(4)**	(5)	-20%
Profit from associates	**(68)**	(50)	36%	**(118)**	(131)	-10%
(Gain on sale)/write-down of investment in Sacombank	**-**	(3)	-100%	**(3)**	11	large
Write-down of investment in SSI	**-**	9	-100%	**9**	-	n/a
Offshore Banking Unit	**(3)**	(9)	-67%	**(12)**	-	n/a
OnePath Australia - Policyholder income and contributions tax	**44**	62	-29%	**106**	146	-27%
Tax provisions no longer required	**(47)**	(23)	large	**(70)**	(43)	63%
Interest on Convertible Preference Shares	**33**	35	-6%	**68**	50	36%
Other	**5**	(6)	large	**(1)**	5	large
	1,099	1,226	-10%	**2,325**	2,306	1%
Income tax under/(over) provided in previous years	**5**	(3)	large	**2**	3	-33%
Total income tax expense charged in the income statement	**1,104**	1,223	-10%	**2,327**	2,309	1%
Australia	**860**	964	-11%	**1,823**	1,845	-1%
Overseas	**244**	259	-6%	**504**	464	9%
	1,104	1,223	-10%	**2,327**	2,309	1%
Effective Tax Rate - Group	**28.7%**	29.5%		**29.1%**	30.1%	

5. Dividends

	Half Year			Full Year		
Dividend per ordinary share (cents)	**Sep 12**	**Mar 12**	**Movt**	**Sep 12**	**Sep 11**	**Movt**
Interim (fully franked)	**n/a**	66	n/a	**66**	64	3%
Final (fully franked)	**79**	n/a	n/a	**79**	76	4%
Total	**79**	66	20%	**145**	140	4%
Ordinary share dividend	**$M**	**$M**	**%**	**$M**	**$M**	**%**
Interim dividend	**1,769**	-	n/a	**1,769**	1,662	6%
Final dividend	**-**	2,002	n/a	**2,002**	1,895	6%
Bonus option plan adjustment	**(33)**	(47)	-30%	**(80)**	(66)	21%
Total[1]	**1,736**	1,955	-11%	**3,691**	3,491	6%
Ordinary share dividend payout ratio (%)[2]	**78.5%**	60.8%		**69.3%**	68.6%	

1. *Dividends payable are not accrued and are recorded when paid*
2. *Dividend payout ratio is calculated using proposed 2012 final dividend of $2,149 million (not shown in the above table). The proposed 2012 final dividend of $2,149 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2012 half year and September 2011 full year were calculated using actual dividend paid of $1,769 million and $3,664 million respectively. Dividend payout ratio is calculated by adjusting profit attributable to shareholders of the company by the amount of preference shares dividend paid*

Ordinary Shares

The Directors propose that a final dividend of 79 cents be paid on each eligible fully paid ANZ ordinary share on 19 December 2012. The proposed 2012 final dividend will be fully franked for Australian tax purposes.

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the 2012 final dividend. For the 2012 final dividend, ANZ intends to provide shares under the DRP and BOP through the issue of new shares. The “Acquisition Price” to be used in determining the number of shares to be provided under the DRP and BOP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of fully paid ANZ ordinary shares sold on the ASX during the seven trading days commencing on 16 November 2012, and then rounded to the nearest whole cent. Shares provided under the DRP and BOP will rank equally in all respects with existing fully paid ANZ ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2012 final dividend must be received by ANZ's Share Registrar by 5.00 pm (Australian Eastern Daylight Time) on 14 November 2012. Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in Great Britain (including the Channel Islands and the Isle of Man) or New Zealand will be converted to Pounds Sterling and New Zealand dollars respectively at an exchange rate calculated at 5.00 pm (Australian Eastern Daylight Time) on 16 November 2012.

Preference Shares

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Preference share dividend						
Euro Trust Securities	**4**	7	-43%	**11**	12	-8%
Dividend per preference share						
Euro Trust Securities	**€7.38**	€10.80	-32%	**€18.18**	€18.24	0%

6. Earnings per share

	Half Year			Full Year		
	Sep 12	**Mar 12**	**Movt**	**Sep 12**	**Sep 11**	**Movt**
Number of fully paid ordinary shares on issue (M)[1]	**2,717.4**	2,679.5	1%	**2,717.4**	2,629.0	3%
Basic						
Profit attributable to shareholders of the Company ($M)	**2,742**	2,919	-6%	**5,661**	5,355	6%
Less Preference share dividends ($M)	**(4)**	(7)	-43%	**(11)**	(12)	-8%
Profit less preference share dividends ($M)	**2,738**	2,912	-6%	**5,650**	5,343	6%
Weighted average number of ordinary shares (M)[2]	**2,667.5**	2,627.4	2%	**2,647.4**	2,565.9	3%
Basic earnings per share (cents)	**102.6**	110.8	-7%	**213.4**	208.2	2%
Diluted						
Profit less preference share dividends ($M)	**2,738**	2,912	-6%	**5,650**	5,343	6%
Interest on US Stapled Trust Securities ($M)[3]	**16**	14	14%	**30**	28	7%
Interest on UK Hybrid Securities ($M)[4]	**9**	22	-59%	**31**	46	-33%
Interest on Convertible Preference Shares ($M)[5]	**108**	117	-8%	**225**	168	34%
Profit attributable to shareholders of the Company excluding interest on US Stapled Trust Securities, UK Hybrid Securities and Convertible Preference Shares ($M)	**2,871**	3,065	-6%	**5,936**	5,585	6%
Weighted average number of shares on issue (M)[2]	**2,667.5**	2,627.4	2%	**2,647.4**	2,565.9	3%
Weighted average number of convertible options (M)	**4.4**	4.6	-4%	**5.3**	4.5	18%
Weighted average number of convertible US Stapled Trust Securities (M)[3]	**30.5**	32.6	-6%	**30.5**	41.6	-27%
Weighted average number of convertible UK Hybrid Securities (M)[4]	**14.0**	31.3	-55%	**24.6**	38.9	-37%
Weighted average number of Convertible Preference Shares (M)[5]	**179.8**	191.4	-6%	**179.8**	158.7	13%
Adjusted weighted average number of shares - diluted (M)	**2,896.2**	2,887.3	0%	**2,887.6**	2,809.6	3%
Diluted earnings per share (cents)	**99.1**	106.2	-7%	**205.6**	198.8	3%

1. *Number of fully paid ordinary shares on issue includes Treasury shares of 28.8 million at 30 September 2012 (Mar 2012: 31.6 million; Sep 2011: 30.3 million)*
2. *Weighted average number of ordinary shares excludes Treasury shares held in OnePath and in ANZEST Pty Ltd for the group employee share acquisition scheme*
3. *The US Stapled Trust securities (issued on 27 November 2003) convert to ordinary shares in 2053 at the market price of ANZ ordinary shares less 5% unless redeemed or bought back prior to that date. The US Stapled Trust security issue can be de-stapled and the investor left with coupon paying preference shares at ANZ's discretion under certain circumstances. AASB 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be included in the calculation of diluted EPS*
4. *UK Hybrid (issued on 15 June 2007) is a GBP denominated stapled security that was due to convert to ordinary shares on the fifth anniversary at the market price of ANZ ordinary shares less 5% (subject to certain conversion conditions). Immediately prior to conversion on 15 June 2012 the securities were redeemed by ANZ for cash at face value. AASB 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be considered in the calculation of diluted EPS up to the date of conversion*
5. *There are three "Tranches" of convertible preference shares. The first are convertible preference shares issued on 30 September 2008 and convert to ordinary shares on 16 June 2014 at the market price of ANZ ordinary shares less 2.5% (subject to certain conversion conditions). The second are convertible preference shares issued on 17 December 2009 and convert to ordinary shares on 15 December 2016 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). The third are convertible preference shares issued on 28 September 2011 that convert to ordinary shares on 1 September 2019 at the market price of ANZ ordinary shares less 1% (subject to certain conversion conditions). AASB 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be included in the calculation of diluted EPS*

7. Net loans and advances

	As at ($M)			Movement	
	Sep 12	Mar 12	Sep 11	Sep 12 v. Mar 12	Sep 12 v. Sep 11
Australia					
Overdrafts	**6,031**	5,732	6,326	5%	-5%
Credit card outstandings	**8,632**	9,084	9,062	-5%	-5%
Commercial bills outstanding	**18,223**	18,476	17,326	-1%	5%
Term loans - housing	**181,971**	178,486	169,970	2%	7%
Term loans - non-housing	**82,922**	78,528	74,206	6%	12%
Lease receivables	**1,603**	1,868	1,769	-14%	-9%
Hire purchase	**9,880**	9,498	9,549	4%	3%
Other	**480**	580	891	-17%	-46%
	309,742	302,252	289,099	2%	7%
Asia Pacific, Europe & America					
Overdrafts	**892**	786	739	13%	21%
Credit card outstandings	**996**	964	1,053	3%	-5%
Commercial bills outstanding	**1,246**	812	1,008	53%	24%
Term loans - housing	**3,981**	3,374	2,850	18%	40%
Term loans - non-housing	**37,668**	34,761	33,012	8%	14%
Lease receivables	**143**	126	130	13%	10%
Other	**161**	168	212	-4%	-24%
	45,087	40,991	39,004	10%	16%
New Zealand					
Overdrafts	**1,091**	1,185	1,068	-8%	2%
Credit card outstandings	**1,113**	1,110	1,074	0%	4%
Term loans - housing	**44,754**	42,681	42,562	5%	5%
Term loans - non-housing	**29,909**	29,179	29,170	3%	3%
Lease receivables	**139**	168	185	-17%	-25%
Hire purchase	**505**	462	419	9%	21%
Other	**220**	218	216	1%	2%
	77,731	75,003	74,694	4%	4%
Total gross loans and advances	**432,560**	418,246	402,797	3%	7%
Less: Provision for credit impairment (refer note 8)	**(4,538)**	(4,708)	(4,873)	-4%	-7%
Less: Unearned income[1]	**(2,235)**	(2,283)	(2,216)	-2%	1%
Add: Capitalised brokerage/mortgage origination fees[2]	**797**	697	629	14%	27%
Add: Customers' liabilities for acceptances	**1,239**	676	970	83%	28%
	(4,737)	(5,618)	(5,490)	-16%	-14%
Total net loans and advances	**427,823**	412,628	397,307	4%	8%

1. *Includes fees deferred and amortised using the effective interest method of $415 million (Mar 2012: $425 million; Sep 2011: $414 million)*
2. *Capitalised brokerage/mortgage origination fees are amortised over the term of the loan*

8. Provision for credit impairment

	Half Year			Full Year		
Collective provision	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Balance at start of period	**2,994**	3,176	-6%	**3,176**	3,153	1%
Charge/(credit) to income statement	**(227)**	(152)	49%	**(379)**	7	large
Disposal	**(4)**	-	n/a	**(4)**	-	n/a
Adjustment for exchange rate fluctuations	**2**	(30)	large	**(28)**	16	large
Total collective provision[1]	**2,765**	2,994	-8%	**2,765**	3,176	-13%
Individual provision						
Balance at start of period	**1,714**	1,697	1%	**1,697**	1,875	-9%
New and increased provisions	**1,270**	1,023	24%	**2,293**	2,033	13%
Write-backs	**(286)**	(251)	14%	**(537)**	(613)	-12%
Adjustment for exchange rate fluctuations	**(5)**	(29)	-83%	**(34)**	8	large
Discount unwind	**(79)**	(64)	23%	**(143)**	(185)	-23%
Bad debts written-off	**(841)**	(662)	27%	**(1,503)**	(1,421)	6%
Total individual provision	**1,773**	1,714	3%	**1,773**	1,697	4%
Total provision for credit impairment	**4,538**	4,708	-4%	**4,538**	4,873	-7%

1 *The collective provision includes amounts for off-balance sheet credit exposures: $529 million at 30 September 2012 (Mar 2012: $545 million; Sep 2011: $572 million). The impact on the income statement for the half year ended 30 September 2012 was a $14 million release (Mar 2012 half: $22 million release; Sep 2011 full year: $7 million release)*

	Half Year			Full Year		
Provision movement analysis	**Sep 12 $M**	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
New and increased provisions						
Australia	**958**	772	24%	**1,730**	1,362	27%
Asia Pacific, Europe & America	**126**	61	large	**187**	212	-12%
New Zealand	**186**	190	-2%	**376**	459	-18%
	1,270	1,023	24%	**2,293**	2,033	13%
Write-backs	**(286)**	(251)	14%	**(537)**	(613)	-12%
	984	772	27%	**1,756**	1,420	24%
Recoveries of amounts previously written-off	**(97)**	(117)	-17%	**(214)**	(227)	-6%
Individual provision charge for loans and advances	**887**	655	35%	**1,542**	1,193	29%
Impairment on available-for-sale assets[1]	**-**	35	-100%	**35**	37	-5%
Collective provision charge/(credit) to income statement	**(227)**	(152)	49%	**(379)**	7	large
Charge to income statement	**660**	538	23%	**1,198**	1,237	-3%

1. *Includes impairment of $35 million on AFS assets reclassified to Net Loans & Advances (Sep 12 half: Nil; Mar 12 half: $35 million; Sep 2011 full year: $37 million)*

	As at ($M)			Movement	
Individual provision balance	**Sep 12**	**Mar 12**	**Sep 11**	**Sep 12 v. Mar 12**	**Sep 12 v. Sep 11**
Australia	**1,128**	985	908	15%	24%
Asia Pacific, Europe & America	**277**	326	387	-15%	-28%
New Zealand	**368**	403	402	-9%	-8%
Total individual provision	**1,773**	1,714	1,697	3%	4%

9. Deposits and other borrowings

	As at ($M)			Movement	
	Sep 12	**Mar 12**	**Sep 11**	**Sep 12 v. Mar 12**	**Sep 12 v. Sep 11**
Certificates of deposit	**56,838**	59,603	55,554	-5%	2%
Term deposits	**172,313**	164,439	153,200	5%	12%
Other deposits bearing interest and other borrowings	**142,753**	131,183	132,812	9%	7%
Deposits not bearing interest	**11,782**	11,452	11,334	3%	4%
Commercial paper	**12,164**	15,084	14,333	-19%	-15%
Borrowing corporations' debt	**1,273**	1,380	1,496	-8%	-15%
Total deposits and other borrowings	**397,123**	383,141	368,729	4%	8%

10. Loan capital

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Hybrid loan capital						
US Stapled Trust Securities[1]	**752**	768	-2%	**752**	835	-10%
UK Stapled Securities[2]	**-**	691	-100%	**-**	720	-100%
Convertible Preference Shares (ANZ CPS)						
ANZ CPS1[3]	**1,078**	1,077	0%	**1,078**	1,075	0%
ANZ CPS2[4]	**1,958**	1,956	0%	**1,958**	1,954	0%
ANZ CPS3[5]	**1,326**	1,324	0%	**1,326**	1,322	0%
Perpetual subordinated notes	**953**	946	1%	**953**	964	-1%
Subordinated notes	**5,847**	5,843	0%	**5,847**	5,123	14%
Total Loan Capital	**11,914**	12,605	-5%	**11,914**	11,993	-1%

1. *On 27 November 2003, ANZ issued USD750 million Trust Securities via ANZ Capital Trust II, each comprising an interest paying unsecured note issued by Samson Funding Limited (a wholly owned New Zealand subsidiary) and a preference share issued by ANZ which are stapled together. Subject to certain conditions, the securities are redeemable by the issuer on 15 December 2013. The instrument converts into ordinary shares of ANZ at a 5% discount (i) at the holder's request, if ANZ fails to redeem the instrument on 15 December 2013, or (ii) on 15 December 2053 unless redeemed earlier. The securities constitute Tier 1 capital as defined by APRA for capital adequacy purposes*
2. *On 15 June 2007, ANZ issued £450 million stapled securities, each comprising an interest paying subordinated note issued by ANZ New York branch and a preference share issued by ANZ which are stapled together. ANZ bought-back and cancelled the preference shares on 15 June 2012. The securities constituted Tier 1 capital as defined by APRA for capital adequacy purposes until 27 April 2012*
3. *On 30 September 2008, ANZ issued convertible preference shares which will convert into ordinary shares of ANZ on 16 June 2014 at a 2.5% discount (subject to certain conditions being satisfied), unless ANZ elects for a third party to purchase the convertible preference shares or they are exchanged earlier. The securities constitute Tier 1 capital as defined by APRA for capital adequacy purposes*
4. *On 17 December 2009, ANZ issued convertible preference shares which will convert into ordinary shares of ANZ on 15 December 2016 at a 1% discount (subject to certain conditions being satisfied), unless ANZ elects for a third party to purchase the convertible preference shares or they are exchanged earlier. The securities constitute Tier 1 capital as defined by APRA for capital adequacy purpose*
5. *On 28 September 2011, ANZ issued convertible preference shares which will convert into ordinary shares of ANZ on 1 September 2019 at a 1% discount (subject to certain conditions being satisfied), unless they are exchanged earlier. In addition, if ANZ's Common Equity Tier 1 capital ratio is equal to or less than 5.125% than the convertible preference shares will immediately convert into ANZ ordinary shares subject to a maximum conversion number. Subject to certain conditions, the convertible preference shares are redeemable by ANZ on and from 1 September 2017. The securities constitute Tier 1 capital as defined by APRA for capital adequacy purposes*

11. Share capital

Issued and quoted securities

	Number quoted	Issue price per share	Amount paid up per share
Ordinary shares			
As at 30 September 2012	2,717,356,961		
Issued during the year	88,322,924		
Preference shares			
As at 30 September 2012			
Euro Trust Securities[1]	500,000	€1,000	€1,000

1. On 13 December 2004 the Group issued €500 million hybrid capital. The instruments consist of Floating Rate Non-cumulative Trust Securities issued by ANZ Capital Trust III each representing a unit consisting of €1,000 principal amount of subordinated floating rate notes due 2053 issued by ANZ Jackson Funding PLC stapled to a fully paid up preference share with a liquidation preference of €1,000 each, issued by Australia and New Zealand Banking Group Limited

12. Shareholders' equity

	Half Year			Full Year		
	Sep 12 $M	Mar 12 $M	Movt	**Sep 12 $M**	Sep 11 $M	Movt
Share capital						
Balance at start of period	**23,066**	22,214	4%	**22,214**	20,757	7%
Ordinary share capital						
Dividend reinvestment plan	**704**	757	-7%	**1,461**	1,367	7%
Group employee share acquisition scheme[1]	**83**	45	84%	**128**	45	large
Treasury shares in OnePath Australia[2]	**57**	21	large	**78**	2	large
Group share option scheme	**31**	29	7%	**60**	43	40%
Total share capital	**23,941**	23,066	4%	**23,941**	22,214	8%
Foreign currency translation reserve						
Balance at start of period	**(2,830)**	(2,418)	17%	**(2,418)**	(2,742)	-12%
Currency translation adjustments net of hedges after tax	**(1)**	(412)	-100%	**(413)**	324	large
Total foreign currency translation reserve	**(2,831)**	(2,830)	0%	**(2,831)**	(2,418)	17%
Share option reserve[3]						
Balance at start of period	**44**	50	-12%	**50**	64	-22%
Share based payments/(exercises)	**10**	(4)	large	**6**	(13)	large
Transfer of options and rights lapsed to retained earnings	**-**	(2)	-100%	**(2)**	(1)	100%
Total share option reserve	**54**	44	23%	**54**	50	8%

1. As at 30 September 2012, there were 15,673,505 Treasury shares outstanding (Mar 12: 15,962,923; Sep 11: 13,795,601). Shares in the Company which are purchased on-market by ANZEST Pty Ltd (trustee of ANZ employee share and option plans) or issued by the Company to ANZEST Pty Ltd are classified as Treasury shares (to the extent that they relate to unvested employee share-based awards)

2. On acquisition of OnePath Australia, an adjustment was made for ANZ shares held by OnePath Australia. As at 30 September 2012, there were 13,081,042 OnePath Australia Treasury shares outstanding (Mar 12: 15,587,499; Sep 11: 16,469,102). OnePath Australia purchases and holds shares in the Company to back policy liabilities in the life insurance statutory funds. These shares are also classified as Treasury shares

3. The share option reserve arises on the grant of share options/deferred share rights/performance rights ("options and rights") to selected employees under the ANZ Share Option Plan. Amounts are transferred from the share option reserve to other equity accounts when the options and rights are exercised and to retained earnings when lapsed or forfeited after vesting. Forfeited options and rights due to termination prior to vesting are credited to the income statement

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Available-for-sale revaluation reserve[4]						
Balance at start of period	**246**	126	95%	**126**	80	58%
Gain/(loss) recognised after tax	**85**	108	-21%	**193**	30	large
Transferred to income statement	**(237)**	12	large	**(225)**	16	large
Total available-for-sale revaluation reserve	**94**	246	-62%	**94**	126	-25%
Hedging reserve[5]						
Balance at start of period	**133**	169	-21%	**169**	11	large
Gain/(loss) recognised after tax	**68**	(41)	large	**27**	164	-84%
Transferred to income statement	**7**	5	40%	**12**	(6)	large
Total hedging reserve	**208**	133	56%	**208**	169	23%
Transactions with non-controlling interests reserve						
Balance at the start of the period	**(23)**	(22)	5%	**(22)**	-	n/a
Transactions with non-controlling interests	**-**	(1)	-100%	**(1)**	(22)	-95%
Total transactions with non-controlling interests reserve	**(23)**	(23)	0%	**(23)**	(22)	5%
Total reserves	**(2,498)**	(2,430)	3%	**(2,498)**	(2,095)	19%
Retained earnings						
Balance at start of period	**18,758**	17,787	5%	**17,787**	15,921	12%
Profit attributable to shareholders of the Company	**2,742**	2,919	-6%	**5,661**	5,355	6%
Transfer of options lapsed from share option reserve	**-**	2	-100%	**2**	1	100%
Total available for appropriation	**21,500**	20,708	4%	**23,450**	21,277	10%
Actuarial gain/(loss) on defined benefit plans after tax[6]	**(42)**	(2)	large	**(44)**	(10)	large
Ordinary share dividends paid	**(1,736)**	(1,955)	-11%	**(3,691)**	(3,491)	6%
Dividend income on Treasury shares held within the Group's life insurance statutory funds	**10**	14	-29%	**24**	23	4%
Preference share dividends paid	**(4)**	(7)	-43%	**(11)**	(12)	-8%
Retained earnings at end of period	**19,728**	18,758	5%	**19,728**	17,787	11%
Share capital and reserves attributable to shareholders of the Company	**41,171**	39,394	5%	**41,171**	37,906	9%
Non-controlling interests	**49**	49	0%	**49**	48	2%
Total shareholders' equity	**41,220**	39,443	5%	**41,220**	37,954	9%

4. *The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset is realised and recognised in the income statement. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in the income statement*
5. *The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the income statement when the hedged transaction impacts profit or loss, consistent with the applicable accounting policy*
6. *ANZ has taken the option available under AASB 119 to recognise actuarial gains/losses on defined benefit superannuation plans directly in retained earnings*

13. Contingent liabilities and contingent assets

There are outstanding court proceedings, claims and possible claims against the Group, the aggregate amount of which cannot readily be quantified. Appropriate legal advice has been obtained and, in the light of such advice, provisions as deemed necessary have been made. In some instances we have not disclosed the estimated financial impact as this may prejudice the interests of the Group.

Refer to Note 43 of the 2012 ANZ Annual Financial Report (when released) for a description of current contingent liabilities and contingent assets.

– **Exception fees class action**

In 2010, litigation funder IMF (Australia) Ltd commenced a class action against ANZ. The action is claimed to be on behalf of approximately 38,000 ANZ customers for more than $50 million in exception fees claimed to have been charged to those customers. The case is at an early stage. ANZ is defending it. There is a risk that further claims could emerge.

– **Security recovery actions**

Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets over recent years. ANZ will defend these claims and any future claims.

14. Changes in composition of the Group

There were no material entities acquired or disposed during the year ended 30 September 2012 or for the year ended 30 September 2011.

15. Investments in Associates

	Half Year			Full Year		
	Sep 12 $M	**Mar 12 $M**	**Movt**	**Sep 12 $M**	**Sep 11 $M**	**Movt**
Profit after income tax	**229**	166	38%	**395**	436	-9%

Contributions to profit[1]

Associates	Contribution to Group post-tax profit				Ownership interest held by Group		
	Half Year		Full Year		As at		
	Sep 12 $M	**Mar 12 $M**	**Sep 12 $M**	**Sep 11 $M**	**Sep 12 %**	**Mar 12 %**	**Sep 11 %**
P.T. Bank Pan Indonesia	**57**	30	**87**	69	**39**	39	39
Metrobank Card Corporation Inc	**8**	7	**15**	10	**40**	40	40
Bank of Tianjin[2,3]	**35**	37	**72**	54	**18**	20	20
AMMB Holdings Berhad	**65**	53	**118**	114	**24**	24	24
Shanghai Rural Commercial Bank	**64**	46	**110**	173	**20**	20	20
Saigon Securities Inc.[3]	**-**	(1)	**(1)**	-	**18**	18	18
Other associates	**-**	(6)	**(6)**	16	**n/a**	n/a	n/a
Profit after income tax	**229**	166	**395**	436			

1. *The results differ from the published results of these entities due to the application of IFRS, Group Accounting Policies and acquisition adjustments. This amounted to a $6 million increase for the half year ended 2012 (Mar 2012 half: $18 million reduction; Sep 2011 full year: $81 million increase). Excludes gains or losses on disposal or valuation adjustments*
2. *During the period the Group elected not to participate in a rights issue. As a result of not participating the Group's interest was reduced to 18%*
3. *Significant influence was established via representation on the Board of Directors*

16. Significant events since balance date

There are no significant events from 30 September 2012 to the date of signing of this report.

The directors of Australia and New Zealand Banking Group Limited confirm that the financial information and notes of the consolidated entity set out on pages 86 to 102 are in the process of being audited.

John Morschel
Chairman

Michael R P Smith
Director

24 October 2012

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Capital management – APRA Basel 2

		As at ($M)			Movement	
Qualifying Capital		**Sep 12**	**Mar 12**	**Sep 11**	**Sep 12 v. Mar 12**	**Sep 12 v. Sep 11**
Tier 1						
Shareholders' equity and non-controlling interests		**41,220**	39,443	37,954	5%	9%
Prudential adjustments to shareholders' equity	Table 1	**(3,857)**	(3,170)	(3,479)	22%	11%
Fundamental Tier 1 capital		**37,363**	36,273	34,475	3%	8%
Deductions	Table 2	**(10,839)**	(10,858)	(10,611)	0%	2%
Common Equity Tier 1 capital		**26,524**	25,415	23,864	4%	11%
Non-innovative Tier 1 capital instruments	Table 11	**4,390**	5,081	5,111	-14%	-14%
Innovative Tier 1 capital instruments	Table 11	**1,587**	1,592	1,641	0%	-3%
Tier 1 capital		**32,501**	32,088	30,616	1%	6%
Tier 2						
Upper Tier 2 capital	Table 3	**1,185**	1,173	1,228	1%	-4%
Subordinated notes	Table 4	**5,702**	5,757	5,017	-1%	14%
Deductions	Table 2	**(2,814)**	(3,217)	(3,071)	-13%	-8%
Tier 2 capital		**4,073**	3,713	3,174	10%	28%
Total qualifying capital		**36,574**	35,801	33,790	2%	8%
Capital adequacy ratios						
Common Equity Tier 1		**8.8%**	8.9%	8.5%		
Tier 1		**10.8%**	11.3%	10.9%		
Tier 2		**1.4%**	1.3%	1.2%		
Total		**12.2%**	12.6%	12.1%		
Risk weighted assets	Table 5	**300,119**	284,836	279,964	5%	7%

Capital management, cont'd

		As at ($M)			Movement	
		Sep 12	Mar 12	Sep 11	Sep 12 v. Mar 12	Sep 12 v. Sep 11
Table 1: Prudential adjustments to shareholders' equity						
Treasury shares attributable to OnePath policy holders		**280**	337	358	-17%	-22%
Reclassification of preference share capital		**(871)**	(871)	(871)	0%	0%
Accumulated retained profits and reserves of insurance, funds management and securitisation entities and associates		**(1,660)**	(1,444)	(1,686)	15%	-2%
Deferred fee revenue including fees deferred as part of loan yields		**415**	425	414	-2%	0%
Hedging reserve		**(208)**	(133)	(169)	56%	23%
Available-for-sale reserve		**(94)**	(246)	(126)	-62%	-25%
Dividend not provided for		**(2,149)**	(1,769)	(1,999)	21%	8%
Accrual for Dividend Reinvestment Plans		**430**	531	600	-19%	-28%
Total		**(3,857)**	(3,170)	(3,479)	22%	11%
Table 2: Deductions from Tier 1 capital						
Unamortised goodwill & other intangibles (excluding OnePath Australia and New Zealand)		**(3,052)**	(3,017)	(3,027)	1%	1%
Intangible component of investments in OnePath Australia and New Zealand[1]		**(2,074)**	(2,071)	(2,071)	0%	0%
Capitalised software		**(1,702)**	(1,660)	(1,490)	3%	14%
Capitalised expenses including loan and lease origination fees		**(850)**	(761)	(688)	12%	24%
Applicable deferred tax assets (excluding the component relating to the general reserve for impairment of financial assets)		**(301)**	(92)	(136)	large	large
Mark-to-market impact of own credit spread		**(44)**	(40)	(128)	10%	-66%
Negative AFS reserve		**(2)**	-	-	n/a	n/a
Sub-total		**(8,025)**	(7,641)	(7,540)	5%	6%
Deductions taken 50% from Tier 1 and 50% from Tier 2	**Gross**	**50%**	**50%**	**50%**		
Investment in ANZ insurance subsidiaries	**(599)**	**(300)**	(300)	(200)	0%	50%
Investment in funds management entities	**(55)**	**(27)**	(27)	(29)	0%	-7%
Investment in OnePath Australia and New Zealand	**(1,441)**	**(721)**	(922)	(906)	-22%	-20%
Investment in other Authorised Deposit Taking Institutions and overseas equivalents	**(2,141)**	**(1,070)**	(1,118)	(1,151)	-4%	-7%
Expected losses in excess of eligible provisions	**(1,083)**	**(542)**	(524)	(475)	3%	14%
Other deductions	**(309)**	**(154)**	(326)	(310)	-53%	-50%
Sub-total	**(5,628)**	**(2,814)**	(3,217)	(3,071)	-13%	-8%
Total		**(10,839)**	(10,858)	(10,611)	0%	2%
Table 3: Upper Tier 2 capital						
Perpetual subordinated notes		**951**	943	962	1%	-1%
General reserve for impairment of financial assets net of attributable deferred tax asset[2]		**234**	230	266	2%	-12%
Total		**1,185**	1,173	1,228	1%	-4%

Table 4: Subordinated notes[3]

For capital adequacy calculation purposes, subordinated note issues are reduced by 20% of the original amount over the last four years to maturity and are limited to 50% of Tier 1 capital.

1. *Calculation based on prudential requirements*
2. *Under Basel 2, this consists of the surplus of the general reserve for impairment of financial assets, net of tax and/or the provisions attributable to the standardised portfolio*
3. *The fair value adjustment is excluded for prudential purposes as the prudential standard only permits inclusion of cash received and makes no allowance for hedging*

Capital management, cont'd

Table 5: Risk weighted assets	As at ($M)			Movement	
	Sep 12	Mar 12	Sep 11	Sep 12 v. Mar 12	Sep 12 v. Sep 11
On balance sheet	**190,210**	186,122	183,039	2%	4%
Commitments	**42,807**	43,571	43,041	-2%	-1%
Contingents	**9,962**	9,546	9,536	4%	4%
Derivatives	**11,896**	10,926	13,212	9%	-10%
Total credit risk	**254,875**	250,165	248,828	2%	2%
Market risk - Traded	**4,664**	4,201	3,046	11%	53%
Market risk - IRRBB	**12,455**	10,465	8,439	19%	48%
Operational risk	**28,125**	20,005	19,651	41%	43%
Total risk weighted assets	**300,119**	284,836	279,964	5%	7%

Table 6: Credit risk weighted assets by Basel asset class	As at ($M)			Movement	
	Sep 12	Mar 12	Sep 11	Sep 12 v. Mar 12	Sep 12 v. Sep 11
Subject to Advanced IRB approach					
Corporate	**111,796**	101,280	106,120	10%	5%
Sovereign	**4,088**	4,669	4,365	-12%	-6%
Bank	**11,077**	10,195	9,456	9%	17%
Residential mortgage	**42,959**	42,684	41,041	1%	5%
Qualifying revolving retail (credit cards)	**7,092**	7,610	7,468	-7%	-5%
Other retail	**21,277**	20,087	19,240	6%	11%
Credit risk weighted assets subject to Advanced IRB approach	**198,289**	186,525	187,690	6%	6%
Credit risk specialised lending exposures subject to slotting criteria	**27,628**	27,903	27,757	-1%	0%
Subject to Standardised approach					
Corporate	**18,168**	24,922	22,484	-27%	-19%
Residential mortgage	**1,812**	1,445	845	25%	large
Qualifying revolving retail (credit cards)	**2,028**	1,933	2,344	5%	-13%
Other retail	**1,165**	1,124	1,650	4%	-29%
Credit risk weighted assets subject to Standardised approach	**23,173**	29,424	27,323	-21%	-15%
Credit risk weighted assets relating to securitisation exposures	**1,170**	1,225	1,136	-4%	3%
Credit risk weighted assets relating to equity exposures	**1,030**	1,235	1,399	-17%	-26%
Other assets	**3,585**	3,853	3,523	-7%	2%
Total credit risk weighted assets	**254,875**	250,165	248,828	2%	2%

Table 7: Collective provision and regulatory expected loss by division	Collective Provision As at ($M)		Regulatory Expected Loss As at ($M)	
	Sep 12	Sep 11	Sep 12	Sep 11
Australia	**1,015**	1,058	**2,154**	1,878
International and Institutional Banking	**1,282**	1,610	**1,446**	1,450
New Zealand	**413**	454	**814**	896
Global Wealth and Private Banking	**11**	12	**23**	21
Group Centre	**41**	39	**-**	-
Underlying collective provision and regulatory expected loss	**2,762**	3,173	**4,437**	4,245
Adjustments between statutory and underlying	**3**	3	**-**	16
Collective provision and regulatory expected loss	**2,765**	3,176	**4,437**	4,261

Capital management, cont'd

Table 8: Expected loss in excess of eligible provisions	As at ($M) Sep 12	Mar 12	Sep 11	Movement Sep 12 v. Mar 12	Sep 12 v. Sep 11
Basel expected loss					
Defaulted	**2,168**	2,130	1,975	2%	10%
Non-defaulted	**2,269**	2,304	2,286	-2%	-1%
	4,437	4,434	4,261	0%	4%
Less: Qualifying collective provision after tax					
Collective provision	**(2,765)**	(2,994)	(3,176)	-8%	-13%
Non-qualifying collective provision	**334**	312	375	7%	-11%
Standardised collective provision	**269**	296	340	-9%	-21%
Deferred tax asset	**625**	708	730	-12%	-14%
	(1,537)	(1,678)	(1,731)	-8%	-11%
Less: Qualifying individual provision after tax					
Individual provision	**(1,773)**	(1,714)	(1,697)	3%	4%
Standardised individual provision	**268**	300	477	-11%	-44%
Collective provision on advanced defaulted	**(312)**	(293)	(359)	6%	-13%
	(1,817)	(1,707)	(1,579)	6%	15%
Gross deduction	**1,083**	1,049	951	3%	14%
50/50 deduction (refer table 2)	**542**	524	475	3%	14%

Table 9: APRA Basel 3 Common Equity Tier 1

	Full Year Sep 12 vs Sep 11
APRA Basel 3 Common Equity Tier 1	
September 2011 APRA Basel 3 Common Equity Tier 1	**7.47%**
Underlying profit after preference share dividends	+203bps ($6.0B)
Risk weighted assets	
Portfolio growth and mix	-38bps
Risk migration and Expected Losses in excess of Eligible Provisions	+2bps
Portfolio data review	+5bps
Non-credit risk (excluding Operational Risk model change)	-17bps
Operational Risk model change	-22bps
Capital retention in insurance businesses and associates	-13bps
Capitalised software and intangibles (excluding software write-off)	-21bps
Other items	+7bps
Organic Capital Generation	**+106bps**
Ordinary share dividends	-128bps
Dividends reinvested	+52bps
Ordinary share dividends net of reinvestment	**-76bps**
ANZ OnePath Refinance	+14bps
Sale of shares of VISA Inc.	+8bps
Other	+6bps
Capital initiatives and divestments	**+28bps**
Other (including non-underlying profit items)	**-3bps**
Total Common Equity Tier 1 movement	**+55bps**
September 2012 APRA Basel 3 Common Equity Tier 1	**8.02%**

Table 10: Capital Reconciliation

The following table reconciles the September 2012 APRA Basel 2 capital ratios to the pro forma APRA Basel 3 ratios, based on ANZ's interpretation of APRA's September 2012 prudential capital standards. This is then fully aligned to the Basel Committee's framework including the December 2010 consultation paper.

	Common Equity Tier 1 Capital	Tier 1 Capital	Total Capital
APRA September 2012 Basel 2	**8.8%**	**10.8%**	**12.2%**
Plus: Dividend not provided for (net of DRP)	0.5%	0.5%	0.5%
Less: Tier 2 capital deductions moved to Common Equity Tier 1			
Investment in banking associates	(0.4%)	(0.4%)	-
Investment in ANZ insurance entities including OnePath	(0.3%)	(0.3%)	-
Expected losses in excess of eligible provisions[1]	(0.2%)	(0.2%)	-
Other	-	(0.1%)	(0.1%)
Less: 10% reduction of existing hybrid Tier 1 and Tier 2 securities[2]	-	(0.2%)	(0.4%)
Less: estimated increase in RWA[3]	(0.4%)	(0.4%)	(0.5%)
APRA September 2012 Basel 3	**8.0%**	**9.7%**	**11.7%**
Plus: adjustments to fully align to Basel 3			
10% allowance for investments in insurance entities and banking associates	0.7%	0.7%	0.7%
Up to 5% allowance for deferred tax assets	0.2%	0.2%	0.2%
Other capital items	0.2%	0.2%	0.2%
Plus: additional APRA Basel 2 conservative RWA methodologies			
Mortgage 20% LGD floor and others	0.5%	0.6%	0.6%
IRRBB RWA (APRA Pillar 1 approach)	0.4%	0.4%	0.5%
International fully harmonised September 2012 Basel 3	**10.0%**	**11.8%**	**13.9%**

1. *APRA alignment to Basel treatment of Expected Losses in excess of Eligible Provisions, gross of associated deferred tax asset*
2. *From 1 January 2013 transitional treatment for existing securities on issue will apply. The maximum that can be included in the respective capital base is 90% of the volume of eligible transitional Tier 1 and Tier 2 securities on issue at 1 January 2013. The cap will reduce by 10 percentage points each year until 1 January 2022*
3. *Excludes potential impacts arising from APRA's yet to be released Basel 3 liquidity reforms*

Table 11: Hybrid Tier 1 Capital

ANZ raises hybrid Tier 1 capital to further strengthen the Group's capital base and supplement its Common Equity Tier 1 capital position, ensuring compliance with APRA's prudential capital requirements and meeting Group operating targets for Tier 1. The total amount of qualifying hybrid Tier 1 capital is currently known as Residual Tier 1 capital which is limited to 25% of Tier 1 capital. Innovative Tier 1 capital, a sub category of Residual Tier 1 capital, is limited to 15% of Tier 1 capital. On 28 September 2012, APRA released final prudential standards implementing the Basel 3 framework, with Residual Tier 1 capital replaced by additional Tier 1 capital, and the distinction between Innovative and Non-Innovative instruments abolished and the current limits removed, with effect from 1 January 2013.

As at 30 September 2012, ANZ's hybrid Tier 1 capital usage and instrument details were as follows:

Instrument	$M	% of Net Tier 1 capital	Limit	Amount in issue currency	Accounting classification	Interest rate
ANZ Convertible Preference Shares (CPS1)	1,081			$1,081 million	Debt	90 day BBSW + 2.50% (gross pay equivalent)
ANZ Convertible Preference Shares (CPS2)	1,969			$1,969 million	Debt	90 day BBSW + 3.10% (gross pay equivalent)
ANZ Convertible Preference Shares (CPS3)	1,340			$1,340 million	Debt	180 day BBSW + 3.10% (gross pay equivalent)
Non-innovative instruments	**4,390**					
Euro Trust Securities	871			€500 million	Equity	Euribor (3 month) + 0.66%
US Stapled Trust Securities	716			USD750 million	Debt	Coupon: 5.36%
Innovative instruments	**1,587**	**4.9%**	**15%**			
Residual Tier 1 capital	**5,977**	**18.4%**	**25%**			

Average balance sheet and related interest

Averages used in the following tables are predominantly daily averages. Interest income figures are presented on a tax-equivalent basis. Impaired loans are included under the interest earning asset category, 'loans and advances'.
Intra-group interest earning assets and interest bearing liabilities are treated as external assets and liabilities for the geographic segments.

	Half year Sep 12			Half year Mar 12		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets						
Due from other financial institutions						
Australia	**3,163**	**52**	**3.3%**	3,403	73	4.3%
Asia Pacific, Europe & America	**12,740**	**93**	**1.5%**	12,181	95	1.6%
New Zealand	**1,286**	**6**	**0.9%**	1,732	10	1.2%
Trading and available-for-sale assets						
Australia	**34,044**	**668**	**3.9%**	33,092	704	4.3%
Asia Pacific, Europe & America	**14,778**	**128**	**1.7%**	15,267	137	1.8%
New Zealand	**9,626**	**184**	**3.8%**	8,127	168	4.1%
Loans and advances and acceptances						
Australia	**308,587**	**10,523**	**6.8%**	295,540	10,877	7.4%
Asia Pacific, Europe & America	**44,145**	**915**	**4.1%**	39,665	850	4.3%
New Zealand	**74,947**	**2,301**	**6.1%**	73,041	2,271	6.2%
Other assets						
Australia	**4,699**	**86**	**3.7%**	3,733	90	4.8%
Asia Pacific, Europe & America	**27,934**	**77**	**0.6%**	20,726	98	0.9%
New Zealand	**2,212**	**65**	**5.9%**	2,255	67	5.9%
Intragroup assets						
Australia	**3,714**	**269**	**14.5%**	4,920	307	12.5%
Asia Pacific, Europe & America	**7,696**	**(5)**	**-0.1%**	6,891	(19)	-0.6%
	549,571	**15,362**		520,573	15,728	
Intragroup elimination	**(11,410)**	**(264)**		(11,811)	(288)	
	538,161	**15,098**	**5.6%**	508,762	15,440	6.1%
Non-interest earning assets						
Derivatives						
Australia	**39,210**			33,774		
Asia Pacific, Europe & America	**4,444**			5,122		
New Zealand	**9,979**			9,969		
Premises and equipment	**2,069**			2,101		
Insurance assets	**29,848**			30,097		
Other assets	**23,268**			27,165		
Provisions for credit impairment						
Australia	**(3,087)**			(2,987)		
Asia Pacific, Europe & America	**(758)**			(828)		
New Zealand	**(875)**			(895)		
	104,098			103,518		
Total average assets	**642,259**			612,280		

	Half year Sep 12			Half year Mar 12		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities						
Time deposits						
Australia	**138,964**	**3,354**	**4.8%**	130,046	3,468	5.3%
Asia Pacific, Europe & America	**65,372**	**373**	**1.1%**	55,915	368	1.3%
New Zealand	**28,188**	**571**	**4.1%**	27,774	560	4.0%
Savings deposits						
Australia	**22,242**	**428**	**3.8%**	21,316	433	4.1%
Asia Pacific, Europe & America	**4,250**	**12**	**0.6%**	4,311	12	0.6%
New Zealand	**4,743**	**79**	**3.3%**	2,772	40	2.9%
Other demand deposits						
Australia	**77,993**	**1,341**	**3.4%**	77,169	1,505	3.9%
Asia Pacific, Europe & America	**9,763**	**14**	**0.3%**	9,872	15	0.3%
New Zealand	**15,159**	**194**	**2.6%**	15,111	197	2.6%
Due to other financial institutions						
Australia	**8,201**	**127**	**3.1%**	6,416	133	4.1%
Asia Pacific, Europe & America	**22,890**	**97**	**0.8%**	20,357	84	0.8%
New Zealand	**2,028**	**19**	**1.9%**	1,673	13	1.6%
Commercial paper						
Australia	**9,376**	**188**	**4.0%**	13,977	322	4.6%
New Zealand	**4,176**	**69**	**3.3%**	3,161	54	3.4%
Borrowing corporations' debt						
Australia	**158**	**5**	**6.3%**	282	9	6.4%
New Zealand	**1,155**	**27**	**4.7%**	1,094	27	4.9%
Loan capital, bonds and notes						
Australia	**65,093**	**1,692**	**5.2%**	62,147	1,769	5.7%
Asia Pacific, Europe & America	**118**	**1**	**1.7%**	59	1	3.4%
New Zealand	**12,851**	**331**	**5.2%**	13,706	333	4.9%
Other liabilities[1]						
Australia	**1,083**	**67**	**n/a**	3,037	139	n/a
Asia Pacific, Europe & America	**1,592**	**32**	**n/a**	1,197	20	n/a
New Zealand	**183**	**(49)**	**n/a**	218	(46)	n/a
Intragroup liabilities						
New Zealand	**11,410**	**264**	**4.6%**	11,811	288	4.9%
	506,988	**9,236**		483,421	9,744	
Intragroup elimination	**(11,410)**	**(264)**		(11,811)	(288)	
	495,578	**8,972**	**3.6%**	471,610	9,456	4.0%
Non-interest bearing liabilities						
Deposits						
Australia	**5,094**			5,112		
Asia Pacific, Europe & America	**2,481**			2,293		
New Zealand	**3,751**			3,976		
Derivatives						
Australia	**35,325**			27,331		
Asia Pacific, Europe & America	**4,864**			5,223		
New Zealand	**9,381**			9,034		
Insurance Liabilities	**28,805**			27,968		
External unit holder liabilities	**4,525**			5,033		
Other liabilities	**11,649**			16,379		
	105,875			102,349		
Total average liabilities	**601,453**			573,959		

1. *Includes foreign exchange swap costs*

	Full year Sep 12			Full year Sep 11		
	Ave bal	Int	Rate	Ave bal	Int	Rate
	$M	$M	%	$M	$M	%
Interest earning assets						
Due from other financial institutions						
Australia	**3,283**	**125**	**3.8%**	3,284	152	4.6%
Asia Pacific, Europe & America	**12,461**	**188**	**1.5%**	11,642	127	1.1%
New Zealand	**1,509**	**16**	**1.1%**	1,720	16	0.9%
Trading and available-for-sale assets						
Australia	**33,568**	**1,372**	**4.1%**	32,685	1,520	4.7%
Asia Pacific, Europe & America	**15,022**	**265**	**1.8%**	11,460	192	1.7%
New Zealand	**8,877**	**353**	**4.0%**	7,212	336	4.7%
Loans and advances and Acceptances						
Australia	**302,063**	**21,400**	**7.1%**	280,821	21,533	7.7%
Asia Pacific, Europe & America	**41,905**	**1,766**	**4.2%**	32,832	1,426	4.3%
New Zealand	**73,994**	**4,572**	**6.2%**	73,736	4,654	6.3%
Other assets						
Australia	**4,216**	**175**	**4.2%**	4,370	220	5.0%
Asia Pacific, Europe & America	**24,330**	**174**	**0.7%**	12,305	115	0.9%
New Zealand	**2,233**	**132**	**5.9%**	2,235	152	6.8%
Intragroup assets						
Australia	**4,318**	**575**	**13.3%**	2,977	574	19.3%
Asia Pacific, Europe & America	**7,293**	**(24)**	**-0.3%**	9,073	9	0.1%
	535,072	**31,089**		486,352	31,026	
Intragroup elimination	**(11,611)**	**(551)**		(12,050)	(583)	
	523,461	**30,538**	**5.8%**	474,302	30,443	6.4%
Non-interest earning assets						
Derivatives						
Australia	**36,492**			28,632		
Asia Pacific, Europe & America	**4,783**			4,977		
New Zealand	**9,974**			8,377		
Premises and equipment	**2,085**			2,163		
Insurance Assets	**29,973**			32,448		
Other assets	**25,217**			26,300		
Provisions for credit impairment						
Australia	**(3,037)**			(3,046)		
Asia Pacific, Europe & America	**(793)**			(877)		
New Zealand	**(885)**			(973)		
	103,809			98,001		
Total average assets	**627,270**			572,303		

	Full year Sep 12			Full year Sep 11		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities						
Time deposits						
Australia	**134,508**	**6,821**	**5.1%**	124,080	6,862	5.5%
Asia Pacific, Europe & America	**60,643**	**741**	**1.2%**	46,364	549	1.2%
New Zealand	**27,981**	**1,130**	**4.0%**	29,310	1,305	4.5%
Savings deposits						
Australia	**21,779**	**862**	**4.0%**	20,109	821	4.1%
Asia Pacific, Europe & America	**4,280**	**24**	**0.6%**	5,097	23	0.5%
New Zealand	**3,757**	**119**	**3.2%**	2,023	47	2.3%
Other demand deposits						
Australia	**77,581**	**2,845**	**3.7%**	66,053	2,646	4.0%
Asia Pacific, Europe & America	**9,817**	**29**	**0.3%**	6,985	28	0.4%
New Zealand	**15,135**	**391**	**2.6%**	13,696	379	2.8%
Due to other financial institutions						
Australia	**7,308**	**260**	**3.6%**	9,249	420	4.5%
Asia Pacific, Europe & America	**21,624**	**181**	**0.8%**	16,222	141	0.9%
New Zealand	**1,851**	**32**	**1.7%**	1,352	24	1.8%
Commercial paper						
Australia	**11,676**	**510**	**4.4%**	7,570	378	5.0%
New Zealand	**3,669**	**123**	**3.4%**	3,384	111	3.3%
Borrowing corporations' debt						
Australia	**220**	**14**	**6.4%**	519	34	6.6%
New Zealand	**1,124**	**55**	**4.9%**	1,190	68	5.7%
Loan capital, bonds and notes						
Australia	**63,620**	**3,461**	**5.4%**	67,517	4,102	6.1%
Asia Pacific, Europe & America[1]	**89**	**2**	**1.8%**	39	-	0.7%
New Zealand	**13,278**	**664**	**5.0%**	15,042	725	4.8%
Other liabilities						
Australia	**2,060**	**206**	**n/a**	4,260	328	n/a
Asia Pacific, Europe & America	**1,394**	**53**	**n/a**	745	29	n/a
New Zealand	**200**	**(95)**	**n/a**	141	(77)	n/a
Intragroup liabilities						
New Zealand	**11,611**	**551**	**4.7%**	12,050	583	4.8%
	495,205	**18,979**		452,997	19,526	
Intragroup elimination	**(11,611)**	**(551)**		(12,050)	(583)	
	483,594	**18,428**	**3.8%**	440,947	18,943	4.3%
Non-interest bearing liabilities						
Deposits						
Australia	**5,103**			4,947		
Asia Pacific, Europe & America	**2,387**			2,034		
New Zealand	**3,863**			3,718		
Derivatives						
Australia	**31,329**			23,437		
Asia Pacific, Europe & America	**5,044**			4,055		
New Zealand	**9,207**			7,067		
Insurance Liabilities	**28,386**			29,285		
External unit holder liabilities	**4,779**			5,476		
Other liabilities	**14,014**			15,470		
	104,112			95,489		
Total average liabilities	**587,706**			536,436		

1. *Includes foreign exchange swap costs*

	Half Year		Full Year	
	Sep 12 $M	**Mar 12 $M**	**Sep 12 $M**	**Sep 11 $M**
Total average assets				
Australia	**433,578**	417,450	**425,515**	398,297
Asia Pacific, Europe & America	**118,569**	108,114	**113,341**	89,107
New Zealand	**101,522**	98,527	**100,025**	96,949
less intragroup elimination	**(11,410)**	(11,811)	**(11,611)**	(12,050)
	642,259	612,280	**627,270**	572,303
% of total average assets attributable to overseas activities	**33.1%**	32.6%	**32.9%**	30.9%
Average interest earning assets				
Australia	**354,207**	340,688	**347,448**	324,137
Asia Pacific, Europe & America	**107,293**	94,730	**101,011**	77,312
New Zealand	**88,071**	85,155	**86,613**	84,903
less intragroup elimination	**(11,410)**	(11,811)	**(11,611)**	(12,050)
	538,161	508,762	**523,461**	474,302
Total average liabilities				
Australia	**405,635**	391,639	**398,639**	374,008
Asia Pacific, Europe & America	**112,761**	102,364	**107,562**	83,733
New Zealand	**94,467**	91,767	**93,116**	90,745
less intragroup elimination	**(11,410)**	(11,811)	**(11,611)**	(12,050)
	601,453	573,959	**587,706**	536,436
% of total average liabilities attributable to overseas activities	**32.6%**	31.8%	**32.2%**	30.3%
Average interest bearing liabilities				
Australia	**323,110**	314,390	**318,752**	299,357
Asia Pacific, Europe & America	**103,985**	91,711	**97,847**	75,452
New Zealand	**79,893**	77,320	**78,606**	78,188
less intragroup elimination	**(11,410)**	(11,811)	**(11,611)**	(12,050)
	495,578	471,610	**483,594**	440,947
Total average shareholders' equity[1]				
Ordinary share capital, reserves and retained earnings	**39,935**	37,450	**38,693**	34,996
Preference share capital	**871**	871	**871**	871
	40,806	38,321	**39,564**	35,867
Total average liabilities and shareholders' equity	**642,259**	612,280	**627,270**	572,303

1. *Average shareholders' equity includes OnePath Australia shares that are eliminated from the closing shareholders' equity balance of $280 million for September 2012 (Mar 2012: $337 million; Sep 2011: $358 million)*

	Half Year		Full Year	
	Sep 12 %	**Mar 12 %**	**Sep 12 %**	**Sep 11 %**
Gross earnings rate[1]				
Australia	**6.55**	7.07	**6.81**	7.40
Asia Pacific, Europe & America	**2.25**	2.45	**2.35**	2.42
New Zealand	**5.81**	5.91	**5.86**	6.07
Total Group	**5.61**	6.07	**5.83**	6.42
Interest spread and net interest average margin may be analysed as follows:				
Australia				
Net interest spread	**2.09**	2.13	**2.10**	2.19
Interest attributable to net non-interest bearing items	**0.39**	0.38	**0.39**	0.40
Net interest margin - Australia	**2.48**	2.51	**2.49**	2.59
Asia Pacific, Europe & America				
Net interest spread	**1.24**	1.36	**1.30**	1.40
Interest attributable to net non-interest bearing items	**0.03**	0.03	**0.03**	0.02
Net interest margin - Asia Pacific, Europe & America	**1.27**	1.39	**1.33**	1.42
New Zealand				
Net interest spread	**2.04**	2.12	**2.08**	2.03
Interest attributable to net non-interest bearing items	**0.35**	0.35	**0.35**	0.32
Net interest margin - New Zealand	**2.39**	2.47	**2.43**	2.35
Group				
Net interest spread	**1.99**	2.06	**2.02**	2.12
Interest attributable to net non-interest bearing items	**0.29**	0.29	**0.29**	0.30
Net interest margin	**2.28**	2.35	**2.31**	2.42
Net interest margin (excluding Global Markets)	**2.67**	2.74	**2.71**	2.80

1. *Average interest rate received on average interest earning assets*

Exchange rates

Major exchange rates used in translation of results of offshore controlled entities and branches and investments in associates were as follows:

	Balance sheet			Profit & Loss Average			
	As at			Half Year		Full Year	
	Sep 12	**Mar 12**	**Sep 11**	**Sep 12**	**Mar 12**	**Sep 12**	**Sep 11**
Chinese Yuan	**6.5848**	6.5530	6.2149	**6.4923**	6.5376	**6.5150**	6.7036
Euro	**0.8092**	0.7791	0.7194	**0.8071**	0.7758	**0.7914**	0.7353
Great British Pound	**0.6437**	0.6510	0.6243	**0.6475**	0.6569	**0.6522**	0.6386
Indian Rupee	**55.171**	53.414	47.599	**55.756**	52.143	**53.949**	46.258
Indonesian Rupiah	**10,022.6**	9,548.1	8,573.0	**9,619.9**	9,332.8	**9,476.4**	8,985.7
Malaysian Ringgit	**3.2077**	3.1890	3.1052	**3.1927**	3.2068	**3.1998**	3.1270
New Zealand Dollar	**1.2529**	1.2697	1.2727	**1.2808**	1.2959	**1.2883**	1.3051
Papua New Guinea Kina	**2.1773**	2.1579	2.1794	**2.1191**	2.2124	**2.1657**	2.5413
United States Dollar	**1.0462**	1.0401	0.9731	**1.0237**	1.0320	**1.0278**	1.0251

AAS - Australian Accounting Standards.

AASB - Australian Accounting Standards Board.

Collective provision is the Provision for credit losses that are inherent in the portfolio but not able to be individually identified. A collective provision may only be recognised when a loss event has already occurred. Losses expected as a result of future events, no matter how likely, are not recognised.

Customer deposits represent term deposits, other deposits bearing interest, deposits not bearing interest and borrowing corporations debt excluding securitisation deposits.

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

Expected loss is determined based on the expected average annual loss of principal over the economic cycle for the current risk profile of the lending portfolio.

IFRS – International Financial Reporting Standards.

Impaired assets are those financial assets where doubt exists as to whether the full contractual amount will be received in a timely manner, or where concessional terms have been provided because of the financial difficulties of the customer. Financial Assets are impaired if there is objective evidence of impairment as a result of a loss event that occurred prior to the reporting date, and that loss event has had an impact, which can be reliably estimated, on the expected future cash flows of the individual asset or portfolio of assets.

Impaired commitments and contingencies comprises undrawn facilities and contingent facilities where the customer's status is defined as impaired.

Impaired loans comprises drawn facilities where the customer's status is defined as impaired.

Individual provision charge is the amount of expected credit losses on financial instruments assessed for impairment on an individual basis (as opposed to on a collective basis). It takes into account expected cash flows over the lives of those financial instruments.

Liquid assets are cash and cash equivalent assets. Cash equivalent assets are highly liquid investments with short periods to maturity, are readily convertible to cash at ANZ's discretion and are subject to an insignificant risk of material changes in value.

Net interest average margin is net interest income as a percentage of average interest earning assets.

Net loans and advances includes gross loans and advances and acceptances and capitalized brokerage/mortgage origination fees, less unearned income and provisions for credit impairment.

Net tangible assets equals share capital and reserves attributable to shareholders of the Group less preference share capital and unamortised intangible assets (including goodwill and software).

Operating expenses excludes the provision for impairment of loans and advances charge.

Operating income includes net interest and other operating income.

Repo discount is a discount applicable on the repurchase by a central bank of an eligible security pursuant to a repurchase agreement.

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

Revenue includes net interest income and other operating income.

Segment review description:

The Group operates and manages its underlying results on a divisional structure with Australia, International & Institutional Banking (IIB), New Zealand and Global Wealth and Private Banking.

Group Centre comprises functions that service the organisation globally.

Australia

The Australia division comprises Retail and Commercial and business units. Retail includes Mortgages, Consumer Cards and Unsecured Lending and Deposits. Commercial includes Esanda, Regional and Commercial Banking, Business Banking and Small Business Banking.

- **Retail**
  - **Retail Distribution** delivers banking solutions to customers via the Australian branch network, ANZ Direct and specialist sales channels.
  - **Retail Products** is responsible for delivering a range of products including mortgages, credit cards, personal loans, transaction banking, savings accounts and deposits, using capabilities in product, analytics, customer research, segmentation, strategy and marketing. It also provides online and electronic payment solutions for businesses.
    - Mortgages provides housing finance to consumers in Australia for both owner occupied and investment purposes.
    - Cards and Payments provides consumer and commercial credit cards, personal loans and merchant services.
    - Deposits provides transaction banking, savings and investment products, such as term deposits and cash management accounts.
- **Commercial**
  - **Esanda** provides motor vehicle and equipment finance and investment products.
  - **Regional Commercial Banking** provides a full range of banking services to personal customers and to small business and agribusiness customers in rural and regional Australia, and includes the acquisition of loans and deposits from Landmark Financial Services.
  - **Business Banking** provides a full range of banking services, including risk management, to metropolitan based small to medium sized business clients with a turnover of up to A$125 million.
  - **Small Business Banking** provides a full range of banking services for metropolitan-based small businesses in Australia with lending up to A$1 million.

International and Institutional Banking

The International and Institutional Banking division comprises Global Institutional, Retail Asia Pacific and Asia Partnerships business units, together with Relationship & Infrastructure.

- **Global Institutional** provides global financial services to government, corporate and institutional clients with a focus on solutions for clients with complex financial needs, based on a deep understanding of their businesses and industries, with particular expertise in natural resources, agriculture and infrastructure. Institutional delivers transaction banking, specialised and relationship lending and markets solutions in Australia, New Zealand, Asia Pacific, Europe and America.
  - **Transaction Banking** provides working capital solutions including deposit products, cash transaction banking management, trade finance, international payments, and clearing services principally to institutional and corporate customers.
  - **Global Markets** provides risk management services to corporate and institutional clients globally in relation to foreign exchange, interest rates, credit, commodities, debt capital markets, wealth solutions and equity derivatives. Markets provides origination, underwriting, structuring and risk management services, advice and sale of credit and derivative products globally. Markets also manages the Group's interest rate risk position and liquidity portfolio.
  - **Global Loans (including Corporate Banking)** provides term loans, working capital facilities and specialist loan structuring. It provides specialist credit analysis, structuring, execution and ongoing monitoring of strategically significant customer transactions, including project and structured finance, debt structuring and acquisition finance, loan product structuring and management, structured asset and export finance.
- **Retail** which provides retail and small business banking services to customers in the Asia Pacific region and also includes investment and insurance products and services for Asia Pacific customers.
- **Asia Partnerships** which is a portfolio of strategic partnerships in Asia. This includes investments in Indonesia with PT Bank Pan Indonesia, in the Philippines with Metrobank Cards Corporation, in China with Bank of Tianjin and Shanghai Rural Commercial Bank, in Malaysia with AMMB Holdings Berhad and in Vietnam with Saigon Thuong Tin Commercial Joint-Stock (Sacombank) and Saigon Securities Incorporation. During the March 2012 half, the investment in Saigon Thuong Tin Commercial Joint-Stock (Sacombank) was sold.
- **Relationship & Infrastructure** includes client relationship management teams for global institutional and financial institution and corporate customers in Australia and Asia, corporate advisory and central support functions. Relationship and infrastructure also includes businesses within IIB which are discontinued.

Segment review description, continued:

New Zealand

The New Zealand division comprises Retail and Commercial business units, and Operations and Support which includes the central support functions (including Treasury funding).

- **Retail**
  - Includes Mortgages, Credit Cards and Unsecured Lending to personal customers in New Zealand.
- **Commercial**
  - **Commercial & Agri (CommAgri)** provides financial solutions through a relationship management model for medium-sized businesses, including agri-business, with a turnover of up to NZ$150 million. Asset Finance (including motor vehicle and equipment finance), operating leases and investment products are provided under the UDC brand.
  - **Small Business Banking** provides a full range of banking services to small enterprises, typically with turnover of less than NZ$5 million.

Global Wealth and Private Banking

The Global Wealth and Private Banking division comprises Funds Management, Insurance and Private Banking which provides investment, superannuation, insurance products and services (including Private Banking) for customers across Australia, New Zealand and Asia.

- **Private Banking** specialises in assisting individuals and families to manage, grow and preserve their wealth. The businesses within Private Banking & Other Wealth include Private Bank, ANZ Trustees, E*Trade, Investment Lending, Super Concepts and Other Wealth.
- **Funds Banking Management and Insurance** includes OnePath Group (in Australia and New Zealand), ANZ Financial Planning, ANZ General insurance, Lender's Mortgage Insurance and Online Investment Account.

Group Centre

Group Centre comprises Global Services & Operations, Group Technology, Group Human Resources, Group Risk, Group Strategy, Group Corporate Affairs, Group Corporate Communications, Group Treasury, Global Internal Audit, Group Finance, and Group Marketing, Innovation and Digital and Shareholder functions.

Underlying profit is a measure of profit which is prepared on a basis other than in accordance with accounting standards. Underlying profit represents the directors' assessment of the profit for the ongoing business activities of the Group, and is based on guidelines published by the Australian Institute of Company Directors (AICD) and the Financial Services Institute of Australasia (FINSIA). ANZ applies this guidance by adjusting statutory profit to exclude non-core items to arrive at underlying profit, the result for the ongoing business activities of the Group. These adjustments have been determined on a consistent basis with those made in prior periods. The adjustments made in arriving at underlying profit are included in statutory profit which is subject to audit within the context of the Group statutory audit opinion. The Financial Report is in the process of being audited. Underlying profit is not audited, however, the external auditor has informed the Audit Committee that the adjustments, and the presentation thereof, are based on the guidelines released by the Australian Institute of Company Directors (AICD) and the Financial Services Institute of Australasia (FINSIA), and have been determined on a consistent basis with those made in prior periods.

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