Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Full Year

30 September 2011

Consolidated Financial Report

Dividend Announcement and

Appendix 4E

The Consolidated Results and Dividend Announcement constitutes the preliminary final report and contains the information required by Appendix 4E of the Australian Securities Exchange Listing Rules. It should be read in conjunction with ANZ's 2011 Annual Report, 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 2011

Operating Results[1]			A$ million
Operating income	⇧ 8%	to	16,932
Net statutory profit attributable to shareholders	⇧ 19%	to	5,355
Underlying profit[2]	⇧ 12%	to	5,652

Dividends	Cents Per Share	Franked amount[3] per share
Proposed final dividend	76	100%
Interim dividend	64	100%
Record date for determining entitlements to the proposed final dividend		16 November 2011
Payment date for the proposed final dividend		16 December 2011

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 2011 final dividend. For the 2011 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 18 November 2011 less a 1.5% discount, 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 2011 final dividend must be received by ANZ's Share Registrar by 5.00 pm (Australian Eastern Daylight Time) on 16 November 2011. 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 18 November 2011. There is no foreign conduit income attributed to the dividend.

1 Compared to 30 September 2010
2 Adjusted to exclude non-core items and to reflect the result for the ongoing business activities of the Group. Refer pages 80 to 82 of the ANZ Condensed Consolidated Financial Report, Dividend Announcement and Appendix 4E for the full year 30 September 2011 for further details.
3 30% tax rate

CONSOLIDATED FINANCIAL REPORT, DIVIDEND ANNOUNCEMENT and APPENDIX 4E
Full year ended 30 September 2011

CONTENTS ***PAGE***

Section 1 – Media release	**1**
Section 2 – Financial highlights	**7**
Section 3 – Review of operating results	**13**
Section 4 – Segment review	**45**
Section 5 – Geographic region review	**73**
Section 6 – Profit reconciliation	**79**
Section 7 - Condensed consolidated financial statements	**95**
Section 8 - Supplementary information	**119**
Definitions	**125**
Alphabetical Index	**128**

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

All amounts are in Australian dollars unless otherwise stated. The information on which the Condensed Consolidated Financial Statements are based has been audited by the Group's auditors, KPMG. The Company has a formally constituted Audit Committee of the Board of Directors. The signing of this preliminary report was approved by resolution of a Committee of the Board of Directors on 2 November 2011.

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.

This page has been left blank intentionally

Media Release

For Release: 3 November 2011

ANZ 2011 Full Year Result
Result driven by solid underlying business performance; accelerating execution of the super regional strategy

ANZ today announced statutory profit of $5.36 billion and underlying profit of $5.65 billion for the financial year ended 30 September 2011 up 19% and 12% respectively on the previous year (YOY).

The proposed final dividend of 76 cents per share fully franked brings the total dividend for the year to $1.40 per share, 11% higher than for 2010.

Group Balance Sheet & Profit Key Points[1]

- Underlying profit increased 12% with income up 7% despite a 31% decline in second half Institutional Global Markets income. Profit before provisions (PBP) excluding Global Markets increased 8%.
- The Group net interest margin excluding Global Markets grew 7 bps with asset re-pricing and funding mix changes largely offset by increases in the cost of funding in particular for deposits.
- ANZ has continued to invest for growth, pacing investment to market conditions. This approach was reflected in modest cost growth in the second half (up 2%).
- Loans and advances increased 8% and customer deposits grew 16%.
- ANZ has steadily improved the diversity of its funding base, reducing reliance on offshore wholesale funding by $12 billion during the past three years. Customer funding now sits at 61%.
- The Group is strongly capitalised with Tier 1 capital at 10.9%.
- Return on Equity increased to 16%.
- Gross impaired assets reduced 15% with new impaired loans down 30%. The provision charge reduced 33% however total provision coverage[2] remains strong at 1.96% of credit risk weighted assets (CRWA) and the collective provision ratio at 1.28% of CRWA.

ANZ Chief Executive Officer Mike Smith said: "This result is in line with the key trends that we outlined at our August trading update.

"Our key customer franchises in Australia, New Zealand and Asia Pacific have produced solid performances; we have continued to make progress with our super regional strategy; and we have delivered value for our customers.

"We have a strong financial and capital position. Our focus on the growth markets of Asia and their connectivity with our key domestic franchises means we are in the right place, with the right strategy at the right time.

"In the second half though, the global economic situation saw trading conditions for our Markets business deteriorate significantly. This more difficult operating environment - characterised by ongoing economic volatility, cautious consumer and business behaviour, and higher funding and capital costs for banks globally - is likely to be with us for some time.

"With the changed game in global banking, our strategy and our financial strength will give us even more choices - choices which are open to very few banks in the world right now.

"This is providing another window for us to take advantage of growth opportunities, to expand the support we provide to customers, to build scale and create value for our shareholders.

[1] All figures are on an underlying basis, refers to the ongoing operations of the Group, unless otherwise stated. Reported profit is adjusted to exclude non-cash and significant items to arrive at underlying profit.
[2] Total provision coverage ratio is the individual provision plus the collective provision as a proportion of credit risk weighted assets. Collective provision ratio is the CP as a proportion of CRWA.

"We will continue to focus on the four consistent themes of our super regional strategy: investing in our super regional footprint and capability to deliver differentiated revenue growth over the medium term; building our customer franchises in Australia and Asia while maintaining our strong position in New Zealand; leveraging our capital position for organic and strategic growth; and continuing to transform our productivity performance.

"We can't take this for granted though. We will continue to step up the pace in executing our strategy but we will also respond to the environment with a stronger emphasis on generating on-going efficiencies given the more constrained domestic conditions.

"The bottom line is that we see 2012 as a year of opportunity and I am confident we can continue delivering on our promises to shareholders, customers and the community," Mr Smith said.

Divisional and Business Overview[3]

- Australia Division increased profit 2% for the year. Pre-provision profit grew 5% with strong cost management delivering positive revenue/expense jaws for both the year and the second half. A stronger second half for Commercial saw profit for the year up 5%. Retail continues to perform well up 6%, while tough financial market conditions coupled with increased insurance costs arising from extreme weather events saw Wealth PAT down 16%.
- Asia Pacific Europe & America (APEA) Division USD profit increased 20% despite more challenging market conditions in the second half for the Global Markets business. PBP grew 17% with Retail improving its contribution and completing a well-managed transition of the businesses acquired from RBS. The Partnerships contribution rose 4%.
- New Zealand Division NZD profit increased 55% driven by good performances by all business lines, strong cost management and much lower provisions. Retail profit increased 44% YOY while Commercial was up 61% YOY but declined slightly HOH impacted by lower credit demand.
- Institutional profit increased 9% with strong results delivered by Transaction Banking (+10%) and Global Loans (+67%). Global Markets profit declined 28%. While Global Markets customer sales income grew to record levels, up 13%, volatile market conditions coupled with ANZ's decision to minimise risk positions in a highly unpredictable market, saw both Trading and Balance Sheet incomes decline significantly HOH.

PERFORMANCE BY DIVISION[4]

AUSTRALIA (all figures pro forma)

Strategic Focus and Progress

The Australia Division is focused on delivering a service-based customer proposition through more efficient business processes and platforms, and improved products and customer-facing technology including offerings like the "GoMoney" iPhone application which now represents almost a third of all online transactions.

- We have tailored customer segment propositions which include offers aligned with the Group's super regional strategy, such as Asia Pacific arrivals to Australia.
- All priority segments have improved customer satisfaction ratings.
- We are delivering growth through a better customer experience in Commercial driven by more efficient customer coverage and better leverage of our Asian footprint.
- We are improving our Wealth proposition and enabling greater presence for the Wealth Management and Insurance offerings within bank branches and online (e.g. EasyProtect, 50+ Life).
- The Division's balance sheet strategy is focused on continual funding base improvement - loan to deposit ratio has reduced from 180% to 156% in three years.

[3] All comparisons are YOY and pro forma unless otherwise stated.
[4] All comparisons use pro forma profit.

Divisional Results

- Profit grew 2% YOY (+8% HOH) with PBP growth of 5% YOY (+2% HOH) reflecting good cost control, particularly in the second half despite tougher revenue conditions.
- Lending increased 6% YOY (+3% HOH) with customer deposits up 14% YOY (1.5 x system) and 6% HOH. Retail lending rose 7% YOY (Mortgages up 7%, 1.2 x system[5])) and deposits increased 13%. Commercial lending grew 5% with Business Bank up 10% and Small Business Banking up ('SME') up 12%. Regional Commercial lending was flat YOY reflecting strong seasonal cash flows and subsequent loan pay down. Deposits increased 18% YOY with good growth across Business Bank, SME and Regional Commercial.
- Retail performed well once again with profit up 6% YOY and HOH and income up 6% YOY (+2% HOH) with 2% positive revenue/expense jaws YOY (neutral HOH).
- A significantly improved performance from the Commercial business with profit up 5% YOY (+22% HOH) reflecting good income growth +6% YOY (+4% HOH), tighter expense control in the second half (-2% HOH) and a 44% HOH reduction in provisions.
- Profit after tax in Wealth was 16% lower YOY (-15% HOH) reflecting volatile market conditions, negative investor sentiment due to volatile equity markets and increased insurance costs caused by catastrophic weather events coupled with higher levels of investment in strategic projects. Strong new business growth in the insurance business was somewhat offset by adverse general insurance claims and life lapse rate experience.
- Credit quality continues to be carefully managed. The 90-day delinquencies in the mortgage book were lower at the end of the second half than for the first half with 30 day mortgage delinquency numbers improving significantly, down 50 bps HOH.

ASIA PACIFIC EUROPE & AMERICA (all figures pro forma and USD)

Strategic Focus and Progress

The APEA division is building a leading Asia Pacific regional bank with connectivity as a key competitive differentiator. The primarily organic strategy seeks to deliver an integrated, sustainable franchise supporting the Group aspiration for APEA derived revenue to drive 25-30% of Group NPAT by 2017.

- After several years of rapid expansion across geographies, segments and products, APEA is now deepening its reach in key franchise markets and within target customer segments as well as building a more balanced asset portfolio between our Institutional, Commercial and Retail and Wealth segments. In Asia, 'active' customers in the Institutional and Commercial business grew 25% YOY.
- Connectivity is a key competitive differentiator for ANZ. Over and above revenue booked in APEA, 4% of Australia and New Zealand revenue was APEA derived.
- The Division continued to pace investment in the franchise with $50 million of investment spend in 2011. The Mumbai branch was opened in June and the Chongqing branch in March deepening access to our core strategic markets and customers. New investment for IT and operations infrastructure focused on major programs such as Transactive Asia (cash management), the core banking system and Global Markets sale distribution platforms. The extension of the ANZ brand campaign into Asia for the first time has generated strong awareness in our target markets and segments.
- The successful integration of the businesses acquired from RBS has supported the strong performance of Retail and Wealth. The repositioning of the businesses toward the affluent and emerging affluent segments is also now complete. The business has expanded its product capability, customer numbers and revenues (+18% YOY) through focused management, including strong control on costs, through the year.
- The total investment value of ANZ's share of our Asian Partnerships continues to grow with ANZ continuing to add value through the infusion of ANZ talent and skills.
- The Division has taken a rigorous and conservative approach to balance sheet management and has a loan to deposit ratio of 60%. The quality of our deposit base continues to improve and we are managing our assets to maintain flexibility during periods of market uncertainty.

[5] Mortgages relative to system number based on APRA Banks data and RBA data.

Divisional Results

- Underlying momentum was strong despite the volatile macro environment with profit up 20% YOY (-9% HOH) with solid growth YOY in Retail. The Institutional business grew profit 18% YOY but was significantly impacted in the second half (-25%) by challenging Global Markets trading conditions.
- Expenses grew 26% YOY (+9% HOH) as ANZ continued to build out the business. Greater scale and focused investment will drive greater cost-efficiency over time. Employee numbers (including contractors) have reduced by circa 250 from November last year as various enablement projects reached completion including the successful integration of the RBS businesses.
- Lending grew 44% YOY (+18% HOH) and customer deposits increased 40% YOY (+16% HOH) with growth strong in both Retail and Institutional. While volumes were strong margins were impacted in the second half by pricing competition.
- Institutional revenues increased 29% YOY but were down 2% HOH. Despite more challenging market conditions Global Markets sales income increased 41% YOY and trading income grew 10% YOY. Institutional expenses increased 38% YOY (+20% HOH) reflecting investment in people, products and systems.
- Retail and Wealth revenue grew 18% YOY with the Wealth contribution to Retail growing from 14% to 22%. Expenditure up 15% YOY (+6% HOH) with savings from the RBS transition being reinvested to grow revenue. The cost to income ratio for this business will continue to improve having declined from 81% to 79% during 2011.
- Partnerships profit grew 4% YOY (+18% HOH) with the largest contributions from AMMB and SRCB.
- Provision charges decreased 35% YOY. The APEA business has, over the past year, improved the general quality of the loan portfolio in particular within the old RBS loan book.

NEW ZEALAND (all figures in NZD pro forma)

Strategic Focus and Progress

The New Zealand business is focused on delivering a lower cost structure through a simplification and efficiency program which is progressing well.

- The management structure has been changed, costs have reduced and process and product simplification is in train as is the move to one IT system.
- The new regional management approach simplifies decision-making across all businesses and increased frontline time with customers is being delivered through re-engineered processes.
- Customer satisfaction and staff engagement scores have improved reflecting the careful management of the comprehensive change program.
- Core system testing is progressing with migration to a single platform in late 2012 expected to assist productivity gains in 2013.
- The product portfolio continues to be simplified and to date products in the Retail business have been reduced from 140 to under 100.
- The management of the New Zealand business reflects the muted revenue environment – the productivity focus aims to deliver the lowest cost to income ratio in the market, our margin focus will deliver profitable growth albeit we expect continued low levels of credit demand and revenue, and our risk settings have been adjusted to prudently manage the changed economic outlook.

Divisional Results

- Profit increased 55% YOY (flat HOH). PBP growth of 13% YOY (+2% HOH) reflecting muted HOH income trends and strong cost control (expenses down 2% YOY, flat HOH).

- Lending decreased 2% YOY and HOH largely reflecting customer deleveraging in both Retail and Commercial. Deposits grew 4% YOY with Commercial deposits up 6%.
- Retail profit increased 44% YOY (+14% HOH) driven by income growth of 4% YOY and HOH, cost management (flat YOY, -2% HOH) and much lower provisions YOY.
- Commercial profit increased 61% for the year but was slightly down in the second half (-1% HOH). Income grew 6% however a tougher second half operating environment saw income flat HOH. Expenses were well controlled (-3% YOY and HOH). Provisions declined 62% YOY.
- Wealth profit grew 38% YOY (+23% HOH) with strong income results (+15% YOY +17% HOH) coupled with good expense control (down 2% YOY).
- The provision charge decreased 58% YOY.

INSTITUTIONAL (all figures pro forma and FX adjusted)

Strategic Focus and Progress

The Institutional business is focused on executing to a clearly articulated strategy to build the world's best bank for customers driven by trade and capital flows in the Asia Pacific region, particularly in resources, agribusiness and infrastructure.

- The Divisional strategy aims to drive more diversified earnings by product, customer and geography, and growth in our client base. At the same time we are improving the risk profile of the business.
- Institutional is managed as a global business providing the opportunity to focus its efforts on geographies, products and capabilities that can deliver growth at any given point in time.
- The super regional focus is driving a changing geographic distribution of profit with APEA revenues up 30% to represent 26% of Institutional revenue compared to 20% in 2010. Trade finance revenue increased 29% YOY with 58% growth in Asia. Customer driven revenues have steadily increased, particularly in our key competency areas of resources, agribusiness and infrastructure where revenues grew 19%.
- 1,300 new relationships were acquired during the year with client numbers up 8% (Asia Pacific client base up 15% YOY).
- Investment in the Transactive cash management platform is delivering growth with payments and cash management revenue up 13% YOY. The system is in place in Australia and New Zealand with Hong Kong and Singapore to be implemented in November 2011 and the remaining nine key Asian markets online by the end of 2012.
- Revenues continue to grow in our priority products including trade, cash, foreign exchange and commodities. Investment in improved FX capability has been reflected in increased sales with FX revenues up 22% to represent just over half of total Global Markets sales revenues.
- Productivity initiatives, which are ongoing, kept the cost run rate in the mid single digits through FY11 and a flatter run rate continued into FY12. Customer service is being improved through centralising, standardising and automating back office processes.

Divisional Results

- Profit increased YOY up 9% however a significant second half fall in Trading and Balance Sheet Income in the Global Markets business drove a 15% HOH decline in PAT.
- Customer deposits grew 20% YOY with lending up 16% YOY. APEA lending, which is weighted toward trade lending, grew 23% and now represents 34% of the loan portfolio.
- Operating expense growth while 17% YOY was 5% HOH with 2011 cost growth in large part reflecting the full year impact of investment in people and in systems in 2010. Cost growth slowed in the second half to reflect the changed revenue environment and there are a series of productivity initiatives in place to maintain a lower cost run rate into FY12.
- Transaction Banking performed well with profit up 10% YOY (+22% HOH) and Global Loans profit increased 67% YOY (+11% HOH).

- Global Markets profit declined 28% YOY. While customer sales revenues grew to record levels, up 13% YOY, total Global Markets revenues declined 11% YOY. Volatile market conditions in the second half coupled with ANZ's decision to minimise risk positions in a highly unpredictable market, saw both Trading and Balance Sheet incomes decline significantly. Notwithstanding this trend, the Global Markets business was profitable in each quarter.
- There is an improving trend in impaired assets with net impaired assets down 27% YOY. The individual provision charge has declined materially (down 72% YOY) and weighted average credit scores have continued to improve.

BALANCE SHEET, CAPITAL AND FUNDING

ANZ remains strongly capitalised with a Tier 1 ratio as at 30 September 2011 of 10.9% and a Common Equity Tier 1 ratio of 8.5% (equating to 9.5% on a Basel III fully harmonised basis).

The Group has continued to strengthen its funding profile with an increasing weighting to customer funding which now represent 61% of total funding. Since 2008, customer deposit growth has exceeded loan growth by circa $49 billion, significantly reducing ANZ's reliance on wholesale debt.

The term debt issuance for FY11, including pre-funding, was $18 billion; in addition to which ANZ raised $1.34 billion in hybrid capital. A similar target will apply in FY12. This will include issuance under Australia's recently implemented covered bond legislation which will further diversify ANZ's debt investor base. Despite challenging global funding market conditions our New Zealand business, ANZ National, successfully executed its first covered bond transaction in October.

Reliance on offshore short-term wholesale debt remains low and ANZ's liquidity position has been further strengthened. Notably, the liquidity portfolio and supplementary assets exceed total offshore wholesale debt (short and long-term) placing ANZ in a strong position in the current volatile global environment.

CREDIT QUALITY

Credit quality has improved throughout the year. Total gross impaired assets declined 15% largely reflecting a 23% decrease in impaired loans (-11% HOH). New impaired loans and NPCCDs[6] decreased 32% (-3% HOH) while new impaired assets declined 21% (-24% HOH).

The total provision charge declined HOH as the first half charge included an amount for natural disasters which was partially released in the second half, along with higher recoveries in the Institutional business. The collective provision balance has remained stable HOH.

ANZ has continued to take a prudent approach to provisioning throughout the global financial crisis and remains appropriately provided for at this point of the economic cycle. The Group's coverage ratios reflect this, with the total provision coverage ratio at 1.96%[7] and the collective provision ratio 1.28%.

For media enquiries contact:

Paul Edwards
Group GM, Corporate Communications
Tel: +61-3-8654 9999 or +61-434-070101
Email: Paul.Edwards@anz.com

Stephen Ries
Senior Manager, Media Relations
Tel: +61-3-8654 3659 or +61-409-655551
Email: Stephen.Ries@anz.com

For investor and analyst enquiries contact:

Jill Craig
Group GM, Investor Relations
Tel: +61-3-8654 7749 or +61-412-047448
Email: Jill.Craig@anz.com

Ben Heath
Senior Manager, Investor Relations
Tel: +61-3-8654 7793 or +61-435-655033
Email: Ben.Heath@anz.com

[6] NPCCDs – non performing commitments, contingencies and derivatives.
[7] Total provision coverage is the individual provision plus the collective provision as a percentage of credit risk weighted assets (CRWA). Collective Provision ratio is the collective provisions as a percentage of CRWA.

CONTENTS

Section 2 – Financial highlights

Profit
Underlying profit
Pro forma excluding exchange rate movements
Key financial indicators
- Earnings per share
- Share dividends
- Profitability ratios
- Efficiency ratios
- Credit impairment provisioning
- Capital adequacy ratio
- Balance sheet – Key items
- Impaired assets
- Net tangible assets
- Other information

Divisional performance

Profit

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	5,837	5,646	3%	**11,483**	10,869	6%
Other operating income	2,490	2,959	-16%	**5,449**	4,823	13%
Operating income	8,327	8,605	-3%	**16,932**	15,692	8%
Operating expenses	(3,997)	(4,026)	-1%	**(8,023)**	(7,304)	10%
Profit before credit impairment and income tax	4,330	4,579	-5%	**8,909**	8,388	6%
Provision for credit impairment	(562)	(675)	-17%	**(1,237)**	(1,787)	-31%
Profit before income tax	3,768	3,904	-3%	**7,672**	6,601	16%
Income tax expense	(1,074)	(1,235)	-13%	**(2,309)**	(2,096)	10%
Non-controlling interests	(3)	(5)	-40%	**(8)**	(4)	100%
Profit attributable to shareholders of the Company	2,691	2,664	1%	**5,355**	4,501	19%

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 earnings are included in statutory profit, and are therefore subject to audit within the context of the Group statutory audit opinion. The external auditor has informed the Audit Committee that the adjustments are based on the guidelines released by the Australian Institute of Company Directors (AICD) and the Financial Services Institute of Australasia (FINSIA), and consistent with prior period adjustments. Refer pages 80 to 82 for further details regarding the definition of underlying profit and an explanation of adjustments. Throughout this document, figures and ratios that are calculated on an 'underlying' basis have been shaded to distinguish them from figures calculated on a statutory basis. Pro forma results (refer page 9) have also been provided and have been shaded in a lighter colour.

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Statutory profit attributable to shareholders of the Company	2,691	2,664	1%	**5,355**	4,501	19%
Adjustments between statutory profit and underlying profit	143	154	-7%	**297**	524	-43%
Underlying profit	2,834	2,818	1%	**5,652**	5,025	12%

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	5,839	5,642	3%	**11,481**	10,862	6%
Other operating income	2,543	2,788	-9%	**5,331**	4,920	8%
Operating income	8,382	8,430	-1%	**16,812**	15,782	7%
Operating expenses	(3,897)	(3,821)	2%	**(7,718)**	(6,971)	11%
Profit before credit impairment and income tax	4,485	4,609	-3%	**9,094**	8,811	3%
Provision for credit impairment	(551)	(660)	-17%	**(1,211)**	(1,820)	-33%
Profit before income tax	3,934	3,949	0%	**7,883**	6,991	13%
Income tax expense	(1,096)	(1,126)	-3%	**(2,222)**	(1,960)	13%
Non-controlling interests	(4)	(5)	-20%	**(9)**	(6)	50%
Underlying profit	2,834	2,818	1%	**5,652**	5,025	12%

Pro forma profit excluding exchange rate movements

Pro forma results have been prepared on the assumption that the acquisitions which occurred during 2010 took effect from 1 October 2009, effectively restating the Group's underlying profit for the 2010 year. The pro forma results have also been adjusted for exchange rate movements which have impacted the current year results. This analysis enables readers to understand the estimated growth rates of the ongoing business performance of the Group, adjusted for the financial impact of exchange rates and acquisitions.

For numbers expressed in Australian Dollars, the September 2011 half year and the March 2011 half year do not sum to the September 2011 full year total due to:

- The March 2011 half year results are restated at the September 2011 half year average exchange rates; and
- The September 2010 full year results are restated at the September 2011 full year average exchange rates.

Refer pages 80 to 83 for further details of pro forma adjustments and exchange rate movements.

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Underlying profit	2,834	2,818	1%	**5,652**	5,025	12%
Foreign exchange adjustments	n/a	20	n/a	**n/a**	(52)	n/a
Pro forma adjustments	-	-	n/a	**-**	41	-100%
Pro forma profit	2,834	2,838	0%	**5,652**	5,014	13%

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	5,839	5,638	4%	**11,481**	10,869	6%
Other operating income	2,543	2,811	-10%	**5,331**	5,105	4%
Operating income	8,382	8,449	-1%	**16,812**	15,974	5%
Operating expenses	(3,897)	(3,807)	2%	**(7,718)**	(7,132)	8%
Profit before credit impairment and income tax	4,485	4,642	-3%	**9,094**	8,842	3%
Provision for credit impairment	(551)	(659)	-16%	**(1,211)**	(1,845)	-34%
Profit before income tax	3,934	3,983	-1%	**7,883**	6,997	13%
Income tax expense	(1,096)	(1,140)	-4%	**(2,222)**	(1,977)	12%
Non-controlling interests	(4)	(5)	-20%	**(9)**	(6)	50%
Pro forma profit	2,834	2,838	0%	**5,652**	5,014	13%

Financial ratios - Profit and Loss

Earnings per ordinary share (cents)		Half Year			Full Year		
	Reference Page	Sep 11	Mar 11	Movt	Sep 11	Sep 10	Movt
Basic	110	104.0	104.2	0%	**208.2**	178.9	16%
Diluted	110	99.3	101.2	-2%	**198.8**	174.6	14%
Underlying[1]	29	108.8	109.6	-1%	**218.4**	198.7	10%

		Half Year		Full Year	
Ordinary share dividends (cents)	Reference Page	Sep 11	Mar 11	Sep 11	Sep 10
Interim - 100% franked (Mar 2010: 100% franked)	30	n/a	64	**64**	52
Final - 100% franked (Sep 2010: 100% franked)	30	76	n/a	**76**	74
Total - 100% franked	30	76	64	**140**	126
Ordinary share dividend payout ratio[2]	30	74.5%	62.5%	**68.5%**	71.6%
Underlying ordinary share dividend payout ratio[1,2]	30	70.7%	59.1%	**64.9%**	64.1%
Preference share dividend ($M)					
Dividend paid[3]		6	6	**12**	11
Profitability ratios					
Return on:					
Average ordinary shareholders' equity[4]		14.9%	15.8%	**15.3%**	13.9%
Average ordinary shareholders' equity (underlying)[1,4]		15.7%	16.7%	**16.2%**	15.5%
Average assets		0.93%	0.97%	**0.95%**	0.86%
Average assets (underlying)[1]		0.98%	1.02%	**1.00%**	0.96%
Total income		15.0%	14.8%	**14.9%**	14.3%
Net interest margin	16	2.44%	2.47%	**2.46%**	2.47%
Net interest margin (excluding Global Markets)	16	2.80%	2.81%	**2.81%**	2.74%
Underlying profit per average FTE ($)		59,307	60,930	**120,204**	116,999
Efficiency ratios					
Operating expenses to operating income		48.0%	46.8%	**47.4%**	46.5%
Operating expenses to average assets		1.38%	1.45%	**1.42%**	1.39%
Operating expenses to operating income (underlying)[1]		46.5%	45.3%	**45.9%**	44.2%
Operating expenses to average assets (underlying)[1]		1.35%	1.38%	**1.37%**	1.33%
Operating expenses to operating income (pro forma)[5]		46.5%	45.1%	**45.9%**	44.6%
Credit impairment provisioning					
Collective provision charge ($M)	23	(58)	65	**7**	(4)
Individual provision charge ($M)	22	620	610	**1,230**	1,791
Total provision charge ($M)	22	562	675	**1,237**	1,787
Individual provision charge as a % of average net advances[6]		0.32%	0.32%	**0.32%**	0.51%
Total provision charge as a % of average net advances[6]		0.29%	0.35%	**0.32%**	0.50%
Underlying collective provision charge ($M)	23	(58)	66	**8**	(4)
Underlying individual provision charge ($M)	22	609	594	**1,203**	1,824
Total underlying provision charge ($M)	22	551	660	**1,211**	1,820
Individual provision charge as a % of average net advances[6]		0.31%	0.32%	**0.31%**	0.52%
Total provision charge as a % of average net advances[6]		0.28%	0.35%	**0.32%**	0.50%
Credit risk on derivatives - credit intermediation trade related (loss) / gain ($M)	24	(51)	55	**4**	69

1. *Adjusted to reflect results for the ongoing business activities of the Group. Refer pages 80 to 82 for an explanation of adjustments*
2. *Dividend payout ratio is calculated using the 31 March 2010 interim, 30 September 2010 final and the 31 March 2011 interim dividends, and the proposed 30 September 2011 final dividend*
3. *Represents dividends paid on Euro Trust Securities issued on 13 December 2004*
4. *Average ordinary shareholders' equity excludes non-controlling interests and preference shares*
5. *Adjusted for the impact of acquisitions and exchange rate movements. Refer page 83 for explanation of adjustments*
6. *2010 has been adjusted to include average bill acceptances ($5.4 billion), previously included as trading securities*

Financial ratios - Balance Sheet

	Reference Page	As at Sep 11	As at Mar 11	As at Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Capital adequacy ratio (%)						
Common Equity Tier 1	36	**8.5%**	8.5%	8.0%		
Tier 1	36	**10.9%**	10.5%	10.1%		
Tier 2	36	**1.2%**	1.6%	1.8%		
Total capital ratio	36	**12.1%**	12.1%	11.9%		
Credit risk weighted assets ($B)	41	**248.8**	233.2	233.5	7%	7%
Total risk weighted assets ($B)	41	**280.0**	264.2	264.2	6%	6%
Balance Sheet: Key Items						
Net loans and advances including acceptances ($B)[1]		**397.3**	379.4	369.4	5%	8%
Total assets ($B)		**594.5**	537.4	531.7	11%	12%
Customer deposits ($B)		**296.8**	267.1	256.9	11%	16%
Total equity ($B)		**38.0**	35.1	34.2	8%	11%
Impaired assets						
Individual provision ($M)	112	**1,697**	1,717	1,875	-1%	-9%
Individual provision as a % of gross impaired assets		**30.4%**	27.6%	28.6%	10%	6%
Collective provision ($M)	112	**3,176**	3,177	3,153	0%	1%
Collective provision as a % of credit risk weighted assets		**1.28%**	1.36%	1.35%	-6%	-5%
Gross impaired assets ($M)	26	**5,581**	6,221	6,561	-10%	-15%
Net impaired assets ($M)	26	**3,884**	4,504	4,686	-14%	-17%
Net impaired assets as a % of net advances		**0.98%**	1.19%	1.27%	-18%	-23%
Net impaired assets as a % of shareholders' equity[2]		**10.2%**	12.8%	13.7%	-20%	-26%
Net Assets						
Net tangible assets per ordinary share ($)[3]		**11.44**	10.61	10.38	8%	10%
Net tangible assets attributable to ordinary shareholders ($B)[3]		**30.1**	27.6	26.6	9%	13%
Other information						
Full time equivalent staff (FTE)		**48,938**	48,460	47,099	1%	4%
Assets per FTE ($M)		**12.1**	11.1	11.3	9%	7%
Share price						
- high		**$25.96**	$25.96	$26.23		
- low		**$17.63**	$22.05	$19.95		
- closing		**$19.52**	$23.81	$23.68		
Market capitalisation of ordinary shares ($B)[4]		**51.3**	61.8	60.6	-17%	-15%

1. *2010 comparative has been adjusted to include bill acceptances (Sep 2010: $6.0 billion) previously included as trading securities*
2. *Includes non-controlling interests*
3. *Equals shareholders' equity less preference share capital, non-controlling interests, goodwill and other intangibles*
4. *As at period end*

Divisional performance

Profit after tax	Half Year Sep 11 $M	Half Year Mar 11 $M	Half Year Movt	Full Year Sep 11 $M	Full Year Sep 10 $M	Full Year Movt
Australia	1,445	1,332	8%	**2,777**	2,717	2%
Asia Pacific, Europe & America	334	374	-11%	**721**	623	16%
Institutional	867	1,024	-15%	**1,895**	1,733	9%
New Zealand	348	350	-1%	**692**	449	54%
Group Centre	3	(14)	large	**(36)**	(164)	-78%
Less: Institutional Asia Pacific, Europe & America	(163)	(228)	-29%	**(397)**	(344)	15%
Pro forma profit after tax	2,834	2,838	0%	**5,652**	5,014	13%
Foreign exchange adjustments	n/a	(20)	n/a	**n/a**	52	n/a
Pro forma adjustments	-	-	n/a	**-**	(41)	-100%
Underlying profit after tax	2,834	2,818	1%	**5,652**	5,025	12%
Adjustments between statutory profit and underlying profit	(143)	(154)	-7%	**(297)**	(524)	-43%
Profit attributable to shareholders of the Company	2,691	2,664	1%	**5,355**	4,501	19%

	As at ($B) Sep 11	As at ($B) Mar 11	As at ($B) Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Net loans & advances including acceptances					
Australia	**231.2**	224.9	217.9	3%	6%
Asia Pacific, Europe & America	**38.8**	30.9	27.1	25%	43%
Institutional	**91.2**	83.7	78.7	9%	16%
New Zealand	**68.2**	65.1	67.2	5%	1%
Less: Institutional Asia Pacific, Europe & America	**(32.1)**	(25.2)	(21.5)	28%	49%
Net loans & advances including acceptances by division	**397.3**	379.4	369.4	5%	8%
Customer deposits					
Australia	**128.5**	120.9	112.2	6%	14%
Asia Pacific, Europe & America	**64.8**	52.8	46.6	23%	39%
Institutional	**117.4**	98.7	97.7	19%	20%
New Zealand	**39.5**	37.6	36.8	5%	7%
Group Centre[1]	**(3.2)**	(2.6)	(2.4)	25%	35%
Less: Institutional Asia Pacific, Europe & America	**(50.2)**	(40.3)	(34.0)	25%	48%
Customer deposits by division	**296.8**	267.1	256.9	11%	16%

Adjusted for foreign exchange movements

	Sep 11	Mar 11	Sep 10	Sep 11 v. Mar 11	Sep 11 v. Sep 10
Net loans & advances including acceptances					
Australia	**231.2**	224.9	217.9	3%	6%
Asia Pacific, Europe & America	**38.8**	32.8	27.2	18%	42%
Institutional	**91.2**	85.6	78.9	7%	16%
New Zealand	**68.2**	69.5	69.4	-2%	-2%
Less: Institutional Asia Pacific, Europe & America	**(32.1)**	(26.8)	(21.5)	20%	49%
Net loans & advances including acceptances by division	**397.3**	386.0	371.9	3%	7%
Customer deposits					
Australia	**128.5**	120.9	112.2	6%	14%
Asia Pacific, Europe & America	**64.8**	56.6	47.2	14%	37%
Institutional	**117.4**	102.1	98.2	15%	20%
New Zealand	**39.5**	40.1	38.1	-2%	4%
Group Centre[1]	**(3.2)**	(2.4)	(2.5)	33%	30%
Less: Institutional Asia Pacific, Europe & America	**(50.2)**	(43.2)	(34.1)	16%	47%
Customer deposits by division	**296.8**	274.1	259.1	8%	15%

1. *Includes elimination of OnePath Australia investments in ANZ deposit products*

CONTENTS

Section 3 – Review of Operating Results

Review of Group results
Income and expenses
Credit risk
Income tax expense
Impact of exchange rate movements/revenue hedges
Earnings per share
Dividends
Economic Profit
Condensed balance sheet
Liquidity risk
Capital management
Deferred acquisition costs and deferred income
Software capitalisation

Review of Group results

Profit

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	5,837	5,646	3%	**11,483**	10,869	6%
Other operating income	2,490	2,959	-16%	**5,449**	4,823	13%
Operating income	8,327	8,605	-3%	**16,932**	15,692	8%
Operating expenses	(3,997)	(4,026)	-1%	**(8,023)**	(7,304)	10%
Profit before credit impairment and income tax	4,330	4,579	-5%	**8,909**	8,388	6%
Provision for credit impairment	(562)	(675)	-17%	**(1,237)**	(1,787)	-31%
Profit before income tax	3,768	3,904	-3%	**7,672**	6,601	16%
Income tax expense	(1,074)	(1,235)	-13%	**(2,309)**	(2,096)	10%
Non-controlling interests	(3)	(5)	-40%	**(8)**	(4)	100%
Profit attributable to shareholders of the Company	2,691	2,664	1%	**5,355**	4,501	19%

Underlying profit

This result includes a number of non-core items which sit outside the ongoing business activities of the Group and has been provided to assist readers to understand the Group's underlying performance. The adjustments made in arriving at underlying earnings are included in statutory profit, and are therefore subject to audit within the context of the Group statutory audit opinion. The external auditor has informed the Audit Committee that the adjustments are based on the guidelines released by the AICD and FINSIA, and consistent with prior period adjustments. Refer pages 80 to 82 for further details regarding the definition of underlying profit and an explanation of adjustments.

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Statutory profit attributable to shareholders of the Company	2,691	2,664	1%	**5,355**	4,501	19%
Adjustments between statutory profit and underlying profit	143	154	-7%	**297**	524	-43%
Underlying profit	2,834	2,818	1%	**5,652**	5,025	12%

Refer pages 84 to 87 within Profit Reconciliation for a detailed reconciliation of statutory profit to underlying profit.

Underlying profit

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	5,839	5,642	3%	**11,481**	10,862	6%
Other operating income	2,543	2,788	-9%	**5,331**	4,920	8%
Operating income	8,382	8,430	-1%	**16,812**	15,782	7%
Operating expenses	(3,897)	(3,821)	2%	**(7,718)**	(6,971)	11%
Profit before credit impairment and income tax	4,485	4,609	-3%	**9,094**	8,811	3%
Provision for credit impairment	(551)	(660)	-17%	**(1,211)**	(1,820)	-33%
Profit before income tax	3,934	3,949	0%	**7,883**	6,991	13%
Income tax expense	(1,096)	(1,126)	-3%	**(2,222)**	(1,960)	13%
Non-controlling interests	(4)	(5)	-20%	**(9)**	(6)	50%
Underlying profit	2,834	2,818	1%	**5,652**	5,025	12%

Pro forma profit excluding exchange rate movements

To enhance the understanding and comparability of financial information between reporting periods, 'Pro forma' information is presented below. The pro forma adjustments are based on underlying profit and assume the increase in ownership in OnePath Australia and New Zealand acquisitions from 49% to 100% and the Landmark and RBS acquisitions took effect from 1 October 2009, effectively restating the Group's underlying profit for the 2010 full year. This analysis provides the estimated growth rates of the ongoing business performance of the Group including recent acquisitions. The pro forma results below are also adjusted to exclude the impact of exchange rate movements. Details of the impact of exchange rate movements are on page 28 and details on the pro forma adjustments are on page 83.

Pro forma adjustments

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Underlying profit	2,834	2,818	1%	**5,652**	5,025	12%
Foreign exchange adjustments	n/a	20	n/a	**n/a**	(52)	n/a
Pro forma adjustments	-	-	n/a	**-**	41	-100%
Pro forma profit	2,834	2,838	0%	**5,652**	5,014	13%

Pro forma profit

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	5,839	5,638	4%	**11,481**	10,869	6%
Other operating income	2,543	2,811	-10%	**5,331**	5,105	4%
Operating income	8,382	8,449	-1%	**16,812**	15,974	5%
Operating expenses	(3,897)	(3,807)	2%	**(7,718)**	(7,132)	8%
Profit before credit impairment and income tax	4,485	4,642	-3%	**9,094**	8,842	3%
Provision for credit impairment	(551)	(659)	-16%	**(1,211)**	(1,845)	-34%
Profit before income tax	3,934	3,983	-1%	**7,883**	6,997	13%
Income tax expense	(1,096)	(1,140)	-4%	**(2,222)**	(1,977)	12%
Non-controlling interests	(4)	(5)	-20%	**(9)**	(6)	50%
Pro forma profit	2,834	2,838	0%	**5,652**	5,014	13%

- **September 2011 v September 2010**

An increase in **net interest margin** (excluding Global Markets) of 7 basis points reflecting the re-pricing of the asset books in Australia, New Zealand and Institutional, and growth in average interest earning assets and average deposits and other borrowings of 7% and 11% respectively drove most of the growth in the Group's income. However the growth in income was negatively impacted by lower trading and balance sheet revenue in Global Markets reflecting difficult market conditions in the September 2011 half.

Operating expenses increased 8% principally from 17% growth in Institutional, and 22% growth in Asia Pacific, Europe & America (APEA) driven by investment in capability build and a new cash management platform. Costs in Australia Division were more constrained at 4%. Costs reduced in New Zealand reflecting the productivity gains from simplifying the business. Jaws were negative for the Group due to the income performance in Global Markets.

The **provision for credit impairment** decreased 34% with improvements across the New Zealand, Institutional and APEA portfolios. New Zealand provisions would have improved further had it not been for the impact of the Christchurch earthquake. An increase in the Australian Retail and Commercial books reflects provisioning for the impact of flooding in Queensland and Victoria and the impact of a higher Australian dollar.

- **September 2011 v March 2011**

A reduction of 1% in **Operating income** reflected a $283 million reduction in Global Markets income. A 3% growth in average interest earning assets and an increase in average deposits of 7% was partly offset by a 1 basis point reduction in margins (excluding Global Markets).

Operating expenses increased 2% with growth primarily in Institutional business in APEA as a result of ongoing investment in key strategic initiatives, infrastructure and system enhancements to support future growth coupled with central technology and hubs projects.

The decrease in **provision for credit impairment** was mainly due to the first half including provisions for Queensland and Victorian floods, and higher recoveries and writebacks in Institutional.

Income and expenses

Net interest income

Net interest income reconciliation	Half Year Sep 11 $M	Half Year Mar 11 $M	Half Year Movt	Full Year Sep 11 $M	Full Year Sep 10 $M	Full Year Movt
Pro forma net interest income	5,839	5,638	4%	**11,481**	10,869	6%
Foreign exchange adjustments	n/a	4	n/a	**n/a**	166	n/a
Pro forma adjustments	-	-	n/a	**-**	(173)	-100%
Underlying net interest income	5,839	5,642	3%	**11,481**	10,862	6%
Adjustments between statutory and underlying net interest income	(2)	4	large	**2**	7	-71%
Net interest income	5,837	5,646	3%	**11,483**	10,869	6%
Group						
Net interest income	5,837	5,646	3%	**11,483**	10,869	6%
Average interest earning assets	476,814	458,029	4%	**467,447**	439,277	6%
Net interest margin (%)	2.44	2.47	-1%	**2.46**	2.47	0%
Group (excluding Global Markets)						
Net interest income	5,546	5,377	3%	**10,923**	10,012	9%
Average interest earning assets	394,582	383,832	3%	**389,222**	365,441	7%
Net interest margin (%)	2.80	2.81	0%	**2.81**	2.74	3%

- **September 2011 v September 2010**

The major contributors to the growth in average interest earnings assets and average deposits and other borrowings include:

Average interest earning assets

Movement		
+$21.3b	**7%**	**Australia geography**
+$15.5b	10%	Mortgages – growth in net advances reflecting continuing customer demand for variable rate lending
+$5.8b	4%	Other including Global Markets due to an increase in reverse repo balances and short term AFS assets in the Liquidity Portfolio and Commercial following growth in customer lending
+$15.8b	**33%**	**Asia Pacific, Europe & America geography**
+$3.8b	38%	Singapore – increase in trade loans, as well as launch of the mortgage lending business in Retail
+$5.8b	90%	Hong Kong / Taiwan – growth in net advances from RBS business acquisition and organic growth
+$2.2b	86%	China – higher lending and investment of surplus cash
+$4.0b	14%	Other including India – with the launch of the India branch, onshore lending business grew
-$0.4b	**-1%**	**New Zealand geography** – decline in Agri and Institutional lending
-$8.4b	**-2%**	**Foreign exchange rate movements**
+$28.2b	**6%**	**Movement in total average interest earning assets (incl. exchange rate movement)**

Average deposits and other borrowings

Movement		
+$27.8b	**14%**	**Australia geography**
+$8.6b	14%	Deposits - uplift from core customer deposits
+$8.2b	20%	Treasury - higher Certificates of Deposit due to change in funding mix following decision to stop re-discounting customer acceptances
+$7.8b	16%	Markets & Transaction Banking – higher customer deposits in part reflecting system growth
+$3.2b	10%	Other including Commercial due to growth in customer deposits
+$14.1b	**30%**	**Asia Pacific, Europe & America geography**
+$13.7b	29%	Higher deposits in Asia through business expansion and RBS acquisition, as well as deposit raising strategies in UK/Europe.
+$0.4b		Other
-$2.0b	**-4%**	**New Zealand geography** – decline in Commercial Paper issuance due to reduced funding requirements
-$7.3b	**-2%**	**Foreign exchange rate movements**
+$32.6b	**11%**	**Movement in total average deposits and other borrowings (incl. exchange rate movement)**

Income and expenses, cont'd

Net interest income, cont'd

- **September 2011 v September 2010, cont'd**

The main drivers of the movement in net interest margin include:

Movement	
+16bps	Asset margin – flow through of pricing decisions in retail and commercial businesses in Australia and New Zealand, increase in fee income in Institutional and benefit from a change in the lending mix
+3bps	Funding & Asset mix – benefit from lower reliance on wholesale funding as growth in customer deposits meets ongoing funding requirements
-8bps	Deposit costs – effects of strong competition (-5bps), continued customer migration to lower margin deposits (-2bps) and lower returns from the replicating portfolio (-1bp)
-3bps	Funding costs – increase in wholesale funding costs
-1bp	Other – various minor impacts
+7bps	**Group excluding Global Markets**
-8bps	Global Markets – lower earnings from managing balance sheet risk (-4bps), lower earnings from other lending and investment activities (-2bps), higher funding costs associated with unrealised gains on derivatives (-1bp) and the balance sheet dilution impact (-1bp)
-1bp	**Movement in Group**

- **September 2011 v March 2011**

The major contributors to the growth in average interest earning assets and average deposits and other borrowings include

Average interest earning assets

Movement		
+$7.7b	**2%**	**Australia geography**
+$4.8b	3%	Mortgages – growth in net advances reflecting continuing customer demand for variable rate lending
+$2.4b	6%	Markets – growth in trading securities and reverse repo balances
+$0.5b		Other
+$12.5b	**22%**	**Asia Pacific, Europe & America geography**
+$3.1b	26%	Singapore – higher short term assets from surplus funds generated during deposits campaign
+$2.4b	40%	America – increase in deposits placed with Federal Reserve due to higher available liquidity
+$2.1b	32%	Hong Kong – growth in lending assets with Institutional customers
+$1.7b	46%	China – growth in lending and investment of surplus funds
+$3.2b	11%	Other
-$0.3b	**0%**	**New Zealand geography –** growth in small business lending offset by decline in Agri lending
-$1.1b	**0%**	**Foreign exchange rate movements**
+$18.8b	**4%**	**Movement in total average interest earning assets (incl. exchange rate movement)**

Average deposits and other borrowings

Movement		
+$14.9b	**7%**	**Australia geography**
+$4.4b	6%	Deposits - uplift in customer deposits
+$3.8b	8%	Treasury - shift in funding mix to Commercial Paper away from longer term loan capital
+$2.7b	8%	Transaction Banking - growth in customer deposits
+$2.7b	8%	Commercial - growth in customer deposits
+$1.2b	6%	Markets – continuous customer deposit growth
+$9.1b	**17%**	**Asia Pacific, Europe & America geography**
+$7.6b	34%	Institutional - customer deposits increased in Singapore, Japan and Hong Kong
+$2.3b	12%	Other including America due to continued growth in customer deposits
-$0.6b	-1%	**New Zealand geography** – reduction in Treasury offset by increase in Retail
-$1.7b	**-1%**	**Foreign exchange rate movements**
+$21.7b	**7%**	**Movement in total average deposits and other borrowings (incl. exchange rate movement)**

The main drivers of the movement in net interest margin include:

Movement	
+4bps	Funding & Asset mix – benefit from lower reliance on wholesale funding as growth in customer deposits and other lower cost items meet ongoing funding requirements
+2bps	Asset margin – flow through of pricing decisions in retail and commercial businesses in Australia and New Zealand and benefit from a change in the lending mix to higher margin products
-4bps	Funding costs – increase in wholesale funding costs and lower earnings on capital
-3bps	Deposit costs – effects of strong competition to attract customer deposits (-2bps) and lower returns from the replicating portfolio (-1bp)
0bps	Other – various minor impacts
-1bp	**Group excluding Global Markets**
-2bps	Global Markets –higher funding costs associated with unrealised gains on derivatives (-1bp), higher earnings from managing balance sheet risk and other lending activities (+2 bps) and the balance sheet dilution impact (-3bps)
-3bps	**Movement in Group**

Income and expenses, cont'd

Other operating income

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Fee income[1]	1,180	1,129	5%	**2,314**	2,285	1%
Foreign exchange earnings[1]	180	159	13%	**299**	254	18%
Net income from wealth management	554	592	-6%	**1,146**	1,102	4%
Other[1]	283	279	2%	**569**	544	5%
Global Markets pro forma other operating income	346	652	-47%	**1,003**	920	9%
Pro forma other operating income	2,543	2,811	-10%	**5,331**	5,105	4%
Foreign exchange adjustments	n/a	(23)	n/a	**n/a**	52	n/a
Pro forma adjustments	-	-	n/a	**-**	(237)	-100%
Underlying other operating income	2,543	2,788	-9%	**5,331**	4,920	8%
Adjustments between statutory and underlying results	(53)	171	large	**118**	(97)	large
Other operating income	2,490	2,959	-16%	**5,449**	4,823	13%

1. *Excluding Global Markets*

Global Markets pro forma income

	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	291	267	9%	**560**	832	-33%
Other operating income	346	652	-47%	**1,003**	920	9%
Pro forma Global Markets income	637	919	-31%	**1,563**	1,752	-11%

- **September 2011 v September 2010**

The following explanations relate to pro forma underlying other operating income:

Fee Income

Movement		
+$66m	+17%	Transaction Banking – driven mainly by volume growth
+$26m	+7%	Cards and Unsecured Lending Australia – driven by volume growth
-$26m	-10%	Deposits Australia – due to lower exception fees and reduction in volumes
-$12m	-5%	New Zealand – due to lower exception fees and reduction in volumes
-$12m	-6%	Other Retail Products – reflecting a reduction in fee income from the Merchants business
-$9m	-9%	Mortgages Australia – driven mainly by lower exception fees
-$9m	-5%	Global Loans – reflecting tighter pricing
+$5m		Other
+$29m	**+1%**	**Movement in fee income**

Foreign Exchange

Movement		
+$25m	+24%	Transaction Banking – due to higher volumes and pricing initiatives
+$13m	Large	Retail & Wealth Asia – driven by higher volumes
+$7m		Other
+$45m	**+18%**	**Movement in foreign exchange income**

Net income from wealth management

Movement		
+$23m	+2%	Wealth Australia – increased capital investment earnings largely due to the recovery from the impacts of the Global Financial Crisis. This was partially offset by a reduction in funds management net income due to a combination of margin squeeze and lower average funds under management.
+$18m	+14%	New Zealand Wealth – mainly driven by an increase in insurance income from OnePath New Zealand
+$3m		Other
+$44m	**+4%**	**Movement in net income from wealth management**

Income and expenses, cont'd

Other operating income, cont'd

- **September 2011 v September 2010, cont'd**

Other income

Movement		
+$25m	large	Retail & Wealth Asia – 2011 includes a $19 million gain on sale of the Taiwan credit card portfolio
+$21m	large	Global Services & Operations – due to the $19 million profit on sale of 20 Martin Place in Sydney
+$16m	+4%	Asia Partnerships – equity accounted earnings increased $88 million due to higher earnings in Shanghai Rural Commercial Bank (SRCB) offset by lower earnings in Bank of Tianjin (BoT) and Saigon Securities Inc (SSI). This was further offset by the $35 million impairment charge relating to the carrying value of our investment in Sacombank in 2011 compared to a separate $25 million gain in 2010, reversing an earlier writedown of the investment in SSI
-$14m	-17%	E*Trade – driven mainly by lower brokerage income and impairment of an investment in associate
-$9m	-48%	New Zealand – due mainly to the de-consolidation of a previously owned controlled entity
-$8m	-72%	Global Loans – reduction in income from loan restructuring activities
-$6m		Other
+$25m	**+5%**	**Movement in other income**

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 $189 million or 11%. Trading and balance sheet income within Global Markets businesses has fallen 36% reflecting the impact of a number of significant global events that have impacted the stability of financial markets. Despite the difficult trading conditions Global Markets continues to diversify the product and geographic mix of its revenue streams and client base. Markets sales were up 13% and FX revenues increased 3% with FX sales revenues now representing 52% of total Global Markets sales revenues (2010: 48%). Refer page 65 for further information.

- **September 2011 v March 2011**

The following explanations relate to pro forma underlying other operating income:

Fee Income

Movement		
+$27m	+13%	Transaction Banking – driven mainly by volume growth
+$22m	+30%	Other Retail Products – reflecting an increase in fee income from the Merchants business largely driven by higher volumes and pricing initiatives and a GST charge in the March 2011 half as a result of a change in the GST recovery rate
+$2m		Other
+$51m	**+5%**	**Movement in fee income**

Foreign Exchange

Movement		
+$10m	+17%	Transaction Banking – driven by higher volumes and pricing initiatives
+$6m	+35%	Cards and Unsecured Lending Australia – driven by seasonality of the ANZ Travel Card
+$5m		Other
+$21m	**+13%**	**Movement in foreign exchange income**

Net income from wealth management

Movement		
-$31m	-6%	Wealth Australia – primarily due to lower net insurance income from adverse claims and lapse experience partially offset by strong new business growth.
-$7m		Other
-$38m	**-6%**	**Movement in net income from wealth management**

Other income

Movement		
+$20m	Large	Global Services & Operations – due to the $19 million profit on sale of 20 Martin Place in Sydney
+$8m	+27%	Mortgages – driven mainly by increased insurance premium income
+$5m	+3%	Asia Partnerships – March 2011 half included the $35 million write-down of the investment in Sacombank. Equity accounted earnings decreased $31 million in the second half of 2011 mainly due to lower earnings from SRCB
-$19m	-77%	Retail & Wealth Asia – March 2011 included a $19 million gain on sale of the Taiwan credit card portfolio
-$8m	-21%	E*Trade – due mainly to impairment of an investment in associate
-$2m		Other
+$4m	**+2%**	**Movement in other income**

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 $282 million. Trading and balance sheet income within Global Markets businesses has fallen 70% reflecting the impact of a number of significant global events that have impacted the stability of financial markets. Despite the difficult trading conditions Global Markets continues to diversify the product and geographic mix of its revenue streams and client base. Markets sales revenues were up 3% (or 11% excluding Capital Markets where securitisation portfolio volumes and margins were down in line with the market), reflecting our investment in FX capabilities. Refer page 65 for further information.

Income and expenses, cont'd

Expenses

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Personnel expenses	2,365	2,340	1%	**4,720**	4,275	10%
Premises expenses	340	339	0%	**681**	658	3%
Computer expenses	524	496	6%	**1,022**	865	18%
Other expenses	668	632	6%	**1,295**	1,334	-3%
Pro forma operating expenses	3,897	3,807	2%	**7,718**	7,132	8%
Foreign exchange adjustments	n/a	14	n/a	**n/a**	139	n/a
Pro forma adjustments	-	-	n/a	**-**	(300)	-100%
Underlying operating expenses	3,897	3,821	2%	**7,718**	6,971	11%
Adjustments between statutory and underlying results	100	205	-51%	**305**	333	-8%
Total operating expenses	3,997	4,026	-1%	**8,023**	7,304	10%
Total employees	48,938	48,460	1%	**48,938**	47,099	4%

- **September 2011 v September 2010**

The following explanations relate to pro forma underlying operating expenses:

Pro forma operating expenses

Movement		
+$145m	4%	Australia
-$20m	-2%	New Zealand
+$264m	22%	Asia Pacific, Europe & America
+$284m	17%	Institutional
+$86m	28%	Group Centre
+$173m	34%	Less: Institutional Asia Pacific, Europe & America
+$586m	**8%**	**Movement in total operating expenses**

APEA cost growth was up 22% from the build out of the franchise, largely in Institutional, and compared with 18% revenue growth. Institutional cost growth was up 17% driven by higher personnel costs from investment to build out capabilities in APEA and investment in cash management and FX capability. The Australia division cost growth of 4% was largely due to annual salary increases and a 2% increase in staff numbers. New Zealand costs were down 2%, reflecting productivity gains from simplifying the business. Group Centre cost growth was up 28% largely from increased investment in our Chengdu and Manila Hubs and increased technology investment.

- Personnel expenses increased $445 million (10%) as a result of annual salary increases and the continued build out of the Institutional franchise in APEA. Inflationary increases in New Zealand were partly offset by a 2% reduction in staff numbers from simplifying the business. Staff numbers increased in Group Centre as a result of the build out of the offshore Hubs and investment in technology.
- Premises expenses increased $23 million (3%) reflecting higher staff numbers, inflationary increases and an increased cost associated with reducing our carbon footprint.
- Computer expenses increased $157 million (18%) due to a $51 million increase in depreciation and amortisation and an increase in computer contractors' costs from our significant investment in technology.
- Other expenses reduced $39 million (-3%) due to a strong focus on constraining discretionary costs, lower non-lending losses in 2011 and lower project related expenses which are offset by increases in personnel and computer expenses.

- **September 2011 v March 2011**

The following explanations relate to pro forma underlying operating expenses:

Pro forma operating expenses

Movement		
+$14m	1%	Australia
+$2m	0	New Zealand
+$42m	6%	Asia Pacific, Europe & America
+$51m	5%	Institutional
+$39m	22%	Group Centre
+$58m	19%	Less: Institutional Asia Pacific, Europe & America
+$90m	**2%**	**Movement in total operating expenses**

Income and expenses, cont'd

Expenses, cont'd

- **September 2011 v March 2011, cont'd**

  APEA costs were up 6% due to continued investment expanding distribution and building front line capability. Institutional cost growth was up 5% driven by continued investment in strategic capabilities. Australia division was up 1% and New Zealand division flat. Group Centre costs increased 22% due to project related technology expenditure and investment in offshore Hubs.

  – Personnel expenses were up $25 million (1%) mainly due to continued investment in the Institutional franchise in APEA. Group Centre costs increased as a result of the build out of the offshore Hubs and investment in technology.
  – Premises expenses increased $1 million with a $5 million reduction in Australia division offset by small increases across the other divisions.
  – Computer expenses increased $28 million with an increase in project related expenses in Institutional and Group Centre.
  – Other expenses increased $36 million mainly due to a GST credit received by Australia division in March half and increased marketing spend in APEA.

Credit risk (including credit risk on derivatives)

Provision for credit impairment charge

	Half Year			Full Year		
	Sep 11 $M	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Australia	297	414	-28%	**711**	598	19%
Asia Pacific, Europe & America[1]	67	41	63%	**110**	177	-38%
Institutional[1]	104	152	-32%	**258**	742	-65%
New Zealand	92	75	23%	**166**	395	-58%
Group Centre	38	2	large	**40**	10	large
Less: Institutional Asia Pacific, Europe & America[1]	(47)	(25)	88%	**(74)**	(77)	-4%
Pro forma provision for credit impairment charge	551	659	-16%	**1,211**	1,845	-34%
Foreign exchange adjustments	n/a	1	n/a	**n/a**	25	n/a
Pro forma adjustments	-	-	n/a	**-**	(50)	-100%
Underlying provision for credit impairment charge	551	660	-17%	**1,211**	1,820	-33%
Adjustments between statutory and underlying results	11	15	-27%	**26**	(33)	large
Provision for credit impairment charge	562	675	-17%	**1,237**	1,787	-31%

1. *Includes impairment on AFS assets*

Individual provision charge

	Half Year			Full Year		
	Sep 11 $M	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Australia	371	298	24%	**669**	594	13%
Asia Pacific, Europe & America[1]	76	50	52%	**128**	166	-23%
Institutional[1]	75	148	-49%	**224**	797	-72%
New Zealand	134	123	9%	**255**	348	-27%
Group Centre	-	-	n/a	**-**	10	-100%
Less: Institutional Asia Pacific, Europe & America[1]	(47)	(25)	88%	**(73)**	(76)	-4%
Pro forma individual provision charge	609	594	3%	**1,203**	1,839	-35%
Foreign exchange adjustments	n/a	-	n/a	**n/a**	26	n/a
Pro forma adjustments	-	-	n/a	**-**	(41)	-100%
Total underlying individual provision charge	609	594	3%	**1,203**	1,824	-34%
Adjustments between statutory and underlying results	11	16	-31%	**27**	(33)	large
Total individual provision charge	620	610	2%	**1,230**	1,791	-31%

1. *Includes impairment on AFS assets of $37 million (Sep 10 full year: $21 million; Sep 11 half: $21 million; Mar 11 half: $16 million)*

The pro forma **individual provision charge** decreased $636 million over the year, due mainly to reductions in Institutional. The decrease in Institutional of $573 million reflects improved portfolio quality, recoveries and a reduction in new impaired assets. The decreases in New Zealand and APEA of $93 million and $38 million respectively reflects slowly improving economies in New Zealand and Asia. Australia saw a $75 million increase reflecting the impact of the natural disasters, and weakness in the rural sector.

Credit risk (including credit risk on derivatives), cont'd

Individual Provision Charge, cont'd

	Half Year			Full Year		
Underlying new and increased provisions	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Australia	503	437	15%	**940**	844	11%
Asia Pacific, Europe & America	144	107	35%	**251**	191	31%
Institutional	254	252	1%	**506**	921	-45%
New Zealand	237	221	7%	**458**	533	-14%
Group Centre	-	-	n/a	**-**	-	n/a
Less: Institutional Asia Pacific, Europe & America	(77)	(38)	large	**(115)**	(94)	22%
New and increased provisions for loans and advances	1,061	979	8%	**2,040**	2,395	-15%
Underlying recoveries and writebacks						
Australia	(132)	(139)	-5%	**(271)**	(267)	1%
Asia Pacific, Europe & America	(68)	(55)	24%	**(123)**	(38)	large
Institutional	(179)	(103)	74%	**(282)**	(121)	large
New Zealand	(103)	(100)	3%	**(203)**	(172)	18%
Group Centre	-	-	n/a	**-**	10	-100%
Less: Institutional Asia Pacific, Europe & America	30	12	large	**42**	17	large
Recoveries and writebacks	(452)	(385)	17%	**(837)**	(571)	47%

Collective provision charge

	Half Year			Full Year		
Collective provision charge by source	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Lending growth	74	56	32%	**130**	61	large
Risk profile	(56)	(35)	60%	**(91)**	(68)	34%
Portfolio mix	(4)	(16)	-75%	**(20)**	(26)	-23%
Economic cycle and concentration risk adjustment	(72)	60	large	**(12)**	29	large
Collective provision charge	(58)	65	large	**7**	(4)	large
Pro Forma collective provision charge by division						
Australia	(74)	116	large	**42**	4	large
Asia Pacific, Europe & America	(9)	(9)	0%	**(18)**	11	large
Institutional	29	4	large	**34**	(55)	large
New Zealand	(42)	(48)	-13%	**(89)**	47	large
Group Centre	38	2	large	**40**	-	n/a
Less: Institutional Asia Pacific, Europe & America	-	-	n/a	**(1)**	(1)	0%
Pro forma collective provision charge	(58)	65	large	**8**	6	33%
Foreign exchange adjustments	n/a	1	n/a	**n/a**	(1)	n/a
Pro forma adjustments	-	-	n/a	**-**	(9)	-100%
Underlying collective provision charge	(58)	66	large	**8**	(4)	large
Non continuing businesses	-	(1)	-100%	**(1)**	-	n/a
Collective provision charge	(58)	65	large	**7**	(4)	large

The pro forma **collective provision charge** increased by $2 million during the year with increases in Australia, Institutional and Group Centre offset by decreases in New Zealand and APEA. The $38 million increase in Australia is primarily driven by growth and an upward trend in delinquencies in the retail portfolio, floods and writebacks in the prior year. The APEA decrease reflects underlying credit improvement offset partially by growth driven by Asia. The Institutional division charge of $34 million is mainly driven by growth in Global Loans. The New Zealand reduction was driven by releases to the economic cycle adjustment as a result of the earthquake impacted exposures migrating to impaired, coupled with some improvement in credit quality. Part of the flood provision release was used to fund an additional central economic cycle adjustment of $40 million due to ongoing global uncertainty.

Credit risk (including credit risk on derivatives), cont'd

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 $1,789 million, an increase of $69 million over 2010.

Expected loss as a percentage of exposure at default	% of Group exposure at default	As at Sep 11	As at Mar 11	As at Sep 10
Australia	44%	0.31%	0.33%	0.31%
Asia Pacific, Europe & America	17%	0.28%	0.33%	0.36%
Institutional	40%	0.22%	0.24%	0.25%
New Zealand	13%	0.25%	0.28%	0.30%
Less: Institutional Asia Pacific, Europe & America	-14%	-0.16%	-0.19%	-0.21%
Total	**100%**	**0.29%**	**0.31%**	**0.31%**
Annual expected loss ($million)		1,789	1,752	1,720

Expected loss as a percentage of gross lending assets	% of Group gross lending assets	As at Sep 11	As at Mar 11	As at Sep 10
Australia	58%	0.37%	0.39%	0.37%
Asia Pacific, Europe & America	10%	0.75%	0.82%	0.99%
Institutional	23%	0.59%	0.58%	0.67%
New Zealand	17%	0.29%	0.33%	0.34%
Less: Institutional Asia Pacific, Europe & America	-8%	-0.44%	-0.48%	-0.59%
Total	**100%**	**0.44%**	**0.45%**	**0.46%**

Credit risk (gain) / loss on derivatives

ANZ recognised a gain of $21 million on credit risk on structured credit intermediation trades and impaired derivatives transacted with corporate customers during the year ended 30 September 2011.

Credit risk on derivatives	Half Year Sep 11 $M	Half Year Mar 11 $M	Half Year Movt	Full Year Sep 11 $M	Full Year Sep 10 $M	Full Year Movt
Credit intermediation trade related[1]	51	(55)	large	(4)	(69)	-94%
Credit risk on impaired derivatives	(2)	(15)	-87%	(17)	34	large
Credit risk on derivatives (gain) / loss	49	(70)	large	(21)	(35)	-40%

1. *ANZ hedges, in part, the foreign currency exposure relating to structured credit intermediation trades. The 2010 full year result includes a $14 million loss on foreign currency hedges*

Credit risk (including credit risk on derivatives), cont'd

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 counterparties 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 September 2011 was US$8.3 billion (Mar 2011: US$8.4 billion; Sep 2010: US$8.4 billion).

	As at ($M)			Movement	
Financial impacts on credit intermediation trades	**Sep 11**	**Mar 11**	**Sep 10**	**Sep 11 v. Mar 11**	**Sep 11 v. Sep 10**
Mark-to-market exposure to financial guarantors	803	443	641	81%	25%
Cumulative costs relating to financial guarantors					
Credit valuation adjustment for outstanding transactions	197	143	195	38%	1%
Realised close out and hedge costs	314	317	320	-1%	-2%
Cumulative life to date costs	511	460	515	11%	-1%

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.

Credit risk (including credit risk on derivatives), cont'd

Gross impaired assets

Gross impaired assets at $5,581 million represent a 15% decrease since 30 September 2010, driven by portfolio improvement and asset realisations within the Institutional portfolio.

Net impaired assets

Net impaired assets at $3,884 million represent a 17% decrease since 30 September 2010. The Group has an individual provision coverage ratio of 30%, reflecting a prevalence of well secured exposures within impaired assets.

	As at ($M)			Movement	
Gross impaired assets	**Sep 11**	**Mar 11**	**Sep 10**	**Sep 11 v. Mar 11**	**Sep 11 v. Sep 10**
Impaired loans	**4,650**	5,203	6,075	-11%	-23%
Restructured items	**700**	704	141	-1%	large
Non-performing commitments and contingencies	**231**	314	345	-26%	-33%
Gross impaired assets	**5,581**	6,221	6,561	-10%	-15%
Individual provisions					
Impaired loans	**(1,687)**	(1,700)	(1,849)	-1%	-9%
Non-performing commitments and contingencies	**(10)**	(17)	(26)	-41%	-62%
Net impaired assets	**3,884**	4,504	4,686	-14%	-17%

	Half Year			Full Year		
New impaired assets[1]	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Impaired loans	1,755	1,814	-3%	**3,569**	5,063	-30%
Restructured items	75	613	-88%	**688**	171	large
Non-performing commitments and contingencies	12	10	20%	**22**	211	-90%
Total new impaired assets	1,842	2,437	-24%	**4,279**	5,445	-21%

1 *2010 excludes impaired assets from acquisitions of $423 million*

	Half Year			Full Year		
New impaired assets by division	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Australia	857	797	8%	**1,654**	1,396	18%
Asia Pacific, Europe & America	162	146	11%	**308**	505	-39%
Institutional	358	925	-61%	**1,283**	2,263	-43%
New Zealand	511	657	-22%	**1,168**	1,651	-29%
Less: Institutional Asia Pacific, Europe & America	(64)	(89)	-28%	**(153)**	(381)	-60%
Underlying new impaired assets	1,824	2,436	-25%	**4,260**	5,434	-22%
Adjustments between statutory and underlying	18	1	large	**19**	11	73%
Total new impaired assets	1,842	2,437	-24%	**4,279**	5,445	-21%

	As at ($M)			Movement	
Impaired and Restructured Items by size of exposure	**Sep 11**	**Mar 11**	**Sep 10**	**Sep 11 v. Mar 11**	**Sep 11 v. Sep 10**
Less than $10 million	**2,490**	2,407	2,461	3%	1%
$10 million to $100 million	**2,123**	2,561	2,365	-17%	-10%
Greater than $100 million	**968**	1,253	1,735	-23%	-44%
Gross impaired assets[1]	**5,581**	6,221	6,561	-10%	-15%
Less: Individually assessed provisions for impairment	**(1,697)**	(1,717)	(1,875)	-1%	-9%
Net impaired assets	**3,884**	4,504	4,686	-14%	-17%

1. *Includes $700 million restructured items (Mar 2011: $704 million; Sep 2010: $141 million)*

Credit risk (including credit risk on derivatives), cont'd

Ageing analysis of net advances that are past due but not impaired	As at ($M) Sep 11	Mar 11	Sep 10	Movement Sep 11 v. Mar 11	Sep 11 v. Sep 10
1-5 days	**3,028**	2,868	2,547	6%	19%
6-29 days	**4,540**	6,222	5,494	-27%	-17%
30-59 days	**1,584**	2,509	1,669	-37%	-5%
60-89 days	**865**	1,309	878	-34%	-1%
>90 days	**1,834**	1,955	1,555	-6%	18%
Total	**11,851**	14,863	12,143	-20%	-2%

Income tax expense

	Half Year Sep 11 $M	Mar 11 $M	Movt	Full Year Sep 11 $M	Sep 10 $M	Movt
Income tax expense charged in the income statement	1,074	1,235	-13%	**2,309**	2,096	10%
Effective tax rate	28.5%	31.6%		**30.1%**	31.8%	
Income tax expense on pro forma underlying profit[1]	1,096	1,140	-4%	**2,222**	1,977	12%
Effective tax rate (pro forma underlying profit)	27.9%	28.6%		**28.2%**	28.3%	
Income tax expense on underlying profit[1]	1,096	1,126	-3%	**2,222**	1,960	13%
Effective tax rate (underlying profit)	27.9%	28.5%		**28.2%**	28.0%	

1. *Refer pages 80 to 82 for explanation of adjustments between statutory profit and underlying profit*

- **September 2011 v September 2010**

The pro forma underlying **effective tax rate** decreased 0.1%.

- **September 2011 v March 2011**

The pro forma underlying **effective tax rate** decreased 0.7% due to a release of withholding tax provisions no longer required.

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 a decrease of $52 million in the Group's underlying profit after tax for the full year, principally due to losses in translation from foreign currencies in the Asia Pacific and New Zealand regions partly offset by gains from the associated USD and NZD revenue hedges which are booked in Australia as foreign exchange earnings. NZD earnings were translated at effective exchange rates of 1.2681 (September 2011) and 1.2214 (September 2010). USD earnings were translated at effective exchange rates of 0.9902 (September 2011) and 0.8990 (September 2010). This included the impact on earnings (underlying basis) from associated revenue hedges, which increased by $60 million (before tax) over the full year (September 2011 half: increase of $43 million). Hedge revenue is booked in the Group Centre.

	Half Year Sep 2011 v. Half Year Mar 2011			Full Year Sep 2011 v. Full Year Sep 2010		
	FX unadjusted % growth	FX adjusted % growth	FX Impact $M	FX unadjusted % growth	FX adjusted % growth	FX Impact $M
Net interest income	3%	4%	(4)	6%	7%	(166)
Other operating income	-9%	-10%	23	8%	10%	(52)
Operating income	-1%	-1%	19	7%	8%	(218)
Operating expenses	2%	2%	14	11%	13%	139
Profit before credit impairment and income tax	-3%	-3%	33	3%	4%	(79)
Provision for credit impairment	-17%	-16%	1	-33%	-33%	25
Profit before income tax	0%	-1%	34	13%	14%	(54)
Income tax expense	-3%	-4%	(14)	13%	13%	2
Non-controlling interests	-20%	-20%	-	50%	50%	-
Underlying profit	1%	0%	20	12%	14%	(52)

Revenue related hedges

The Group has taken out economic hedges against New Zealand Dollar and US Dollar revenue streams. New Zealand Dollar exposure is the most significant, covering the New Zealand geography (refer page 77) and the debt component of New Zealand Dollar intra-group funding of this business, which amounted to NZD1.77 billion at 30 September 2011. Details of revenue hedges are set out below.

	Half Year		Full Year	
NZD Economic hedges	Sep 11 $M	Mar 11 $M	Sep 11 $M	Sep 10 $M
Net open NZD position (notional principal)[1]	788	302	**788**	369
Amount taken to income (pre tax) [2]	(20)	17	**(3)**	53
Amount taken to income (pre tax underlying basis) [3]	20	20	**40**	31
USD Economic hedges				
Net open USD position (notional principal)[1]	1,068	1,022	**1,068**	100
Amount taken to income (pre tax) [2]	(29)	48	**19**	13
Amount taken to income (pre tax underlying basis) [3]	47	4	**51**	-

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*

In the September 2011 full year:

- NZD0.6 billion of economic hedges matured and a realised gain of $40 million (pre-tax) was booked to the income statement.
- NZD1.0 billion of economic hedges are in place at a forward rate of approximately NZD1.28/AUD partially hedging 2012 & 2013 earnings.
- USD0.3 billion of economic hedges matured and a realised gain of $51 million (pre-tax) was booked to the income statement.
- USD1.0 billion of economic hedges are in place at a forward rate of approximately USD0.96/AUD partially hedging 2012 & 2013 earnings.
- An unrealised loss of $27 million (pre-tax) on the outstanding NZD1.0 billion and USD1.0 billion of economic hedges was booked to the income statement and has been treated as an adjustment to statutory profit as these are hedges of future years' NZD and USD revenues.

Earnings per share (cents)[1]

	Half Year			Full Year		
	Sep 11	**Mar 11**	**Movt**	**Sep 11**	**Sep 10**	**Movt**
Basic	104.0	104.2	0%	**208.2**	178.9	16%
Diluted	99.3	101.2	-2%	**198.8**	174.6	14%
Number of fully paid ordinary shares on issue (M)	2,629.0	2,596.4	1%	**2,629.0**	2,559.7	3%
Weighted average number of ordinary shares (M)[2]						
Statutory	2,581.5	2,550.1	1%	**2,565.9**	2,509.3	2%
Underlying[2]	2,598.8	2,566.7	1%	**2,582.8**	2,523.2	2%
Adjusted weighted average number of shares - diluted (M)	2,824.8	2,748.3	3%	**2,809.6**	2,697.0	4%
Underlying earnings per share						
Profit attributable to shareholders of the Company ($M)	2,691	2,664	1%	**5,355**	4,501	19%
Less: Adjustments between statutory profit and underlying profit ($M)	(143)	(154)	-7%	**(297)**	(524)	-43%
Underlying profit ($M)	2,834	2,818	1%	**5,652**	5,025	12%
Preference share dividends ($M)[3]	(6)	(6)	0%	**(12)**	(11)	9%
Underlying profit less preference share dividends ($M)	2,828	2,812	1%	**5,640**	5,014	12%
Underlying earnings per share (cents)	108.8	109.6	-1%	**218.4**	198.7	10%

1. *Refer page 110 for full calculation*
2. *Includes Treasury shares held in OnePath Australia*
3. *The earnings per share calculation excludes the Euro Hybrid preference shares*

- **September 2011 v September 2010**

Basic earnings per share (EPS) were up 16% (29.3 cents) on full year September 2010. **Underlying EPS** for the Group increased 10% (19.7 cents) on the September 2010 full year. The main drivers of the increase in Underlying EPS on the September 2010 year were an increase in profit before credit impairment (after tax) which contributed 4%, an after tax decrease in credit impairment charge which contributed 8% and a dilution from an increase in the weighted average number of shares (3%).

- **September 2011 v March 2011**

September 2011 half year **Basic earnings per share (EPS)** decreased slightly (0.2 cents) to 104.0 cents. **Underlying EPS** for the Group decreased 1% (0.8 cents). The main drivers of the decrease in Underlying EPS on the September 2011 half were a decrease in profit before credit impairment (after tax) which contributed (4%), an after tax decrease in credit impairment charge which contributed 4% and a dilution from an increase in the weighted average number of shares (1%).

Dividends

	Half Year			Full Year		
	Sep 11	**Mar 11**	**Movt**	**Sep 11**	**Sep 10**	**Movt**
Dividend per ordinary share (cents)						
Interim (fully franked)	n/a	64	n/a	**64**	52	23%
Final (fully franked)	76	n/a	n/a	**76**	74	3%
Ordinary share dividend payout ratio (%)[1]	74.5%	62.5%		**68.5%**	71.6%	
Ordinary share dividends used in payout ratio ($M)[1]	1,999	1,662	20%	**3,661**	3,213	14%
Profit after tax ($M)	2,691	2,664	1%	**5,355**	4,501	19%
Less: Adjustments between statutory profit and underlying profit ($M)	(143)	(154)	-7%	**(297)**	(524)	-43%
Underlying profit ($M)	2,834	2,818	1%	**5,652**	5,025	12%
Less: Preference share dividends paid	(6)	(6)	0%	**(12)**	(11)	9%
Ordinary share dividend payout ratio (underlying basis)[1]	70.7%	59.1%		**64.9%**	64.1%	

1. *Dividend payout ratio calculated using proposed 2011 final dividend of $1,999 million, which is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2011 half year and September 2010 year calculated using gross dividend of $1,662 million and $1,895 million respectively. Dividend payout ratio calculated by adjusting profit attributable to shareholders of the company by the amount of preference shares dividends paid.*

The Directors propose that a **final dividend** of 76 cents be paid on 16 December 2011 on each eligible fully paid ANZ ordinary share. The proposed 2011 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 2011 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 using a 1.5% discount. Refer Note 6 of the Notes to the Condensed 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 11 $M	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Profit attributable to shareholders of the company	2,691	2,664	1%	**5,355**	4,501	19%
Less: Adjustments between statutory profit and underlying profit	(143)	(154)	-7%	**(297)**	(524)	-43%
Underlying profit	2,834	2,818	1%	**5,652**	5,025	12%
Economic credit cost adjustment	(261)	(167)	56%	**(428)**	59	large
Imputation credits	515	575	-10%	**1,090**	1,132	-4%
Economic return	3,088	3,226	-4%	**6,314**	6,216	2%
Cost of capital	(1,998)	(1,857)	8%	**(3,855)**	(3,565)	8%
Economic profit	1,090	1,369	-20%	**2,459**	2,651	-7%

Economic profit is a risk adjusted profit measure used to evaluate business unit performance.

Economic profit is calculated via a series of adjustments to underlying profit. The Economic credit cost adjustment replaces the actual credit loss charge with 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 ordinary shareholders’ equity, 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 various other risks.

Economic profit declined half on half primarily due to weak trading income in Global Markets, compared to flat underlying profit. This difference was driven by:

- Negative economic credit cost adjustment impact, as actual credit losses were below the average expected loss on the portfolio;
- Lower imputation credits as a greater proportion of credit adjusted profit is generated from non-Australian sources; and
- Higher cost of capital charge in line with growth in shareholder’s equity.

Condensed balance sheet

	As at ($B)			Movement	
	Sep 11	**Mar 11**	**Sep 10**	**Sep 11 v. Mar 11**	**Sep 11 v. Sep 10**
Assets					
Liquid assets	**24.9**	19.3	18.9	29%	31%
Due from other financial institutions	**8.8**	7.5	5.5	18%	61%
Trading and available-for-sale assets[1]	**58.3**	47.3	48.2	23%	21%
Derivative financial instruments	**54.1**	29.6	37.8	83%	43%
Net loans and advances including acceptances[1]	**397.3**	379.4	369.4	5%	8%
Investments relating to insurance business	**29.9**	32.9	32.2	-9%	-7%
Other	**21.2**	21.4	19.7	-1%	8%
Total assets	**594.5**	537.4	531.7	11%	12%
Liabilities					
Due to other financial institutions	**23.0**	22.0	21.6	5%	6%
Customer deposits	**296.8**	267.1	256.9	11%	16%
Other deposits and other borrowings	**72.0**	64.7	53.5	11%	35%
Deposits and other borrowings	**368.7**	331.8	310.4	11%	19%
Derivative financial instruments	**50.1**	29.8	37.2	68%	35%
Liability for acceptances	**1.0**	0.6	11.5	68%	-92%
Bonds and notes	**56.6**	58.5	59.7	-3%	-5%
Insurance policy liabilities/external unitholder liabilities	**32.5**	35.2	34.4	-8%	-6%
Other	**24.6**	24.4	22.7	1%	8%
Total liabilities	**556.5**	502.3	497.5	11%	12%
Total equity	**38.0**	35.1	34.2	8%	11%

1. *2010 comparatives have been adjusted to include bill acceptances (Sep 2010: $6.0 billion) as net loans and advances rather than trading securities*

- **September 2011 v September 2010**

  Major movements in the balance sheet categories include:

Assets	**Movement**		**FX impact**	**Comments excluding FX impact**
Liquid assets	$6.0b	31%	Nil	Driven primarily from an increase of central bank deposits in Japan and America of $9.0 billion partially offset by a reduction in bank certificate of deposits of $1.3 billion in Singapore and a reduction in repurchase agreements of $1.8 billion.
Trading & available-for-sale assets	$10.1b	21%	Nil	Driven by increase of $5.9 billion in investment in government securities by Singapore and New Zealand and an increase of $4.1 billion in Institutional Australia due to increased commodity holdings and government securities.
Derivative financial instruments	$16.3b	43%	$0.3b	Growth was attributable to a depreciation in the AUD against other currencies late in the second half of 2011 and volatility in the foreign exchange and interest rate markets.
Net loans and advances including acceptances	$27.9b	8%	$2.5b	Primarily driven by above system Australian housing lending growth of $10.9 billion (7%) and APEA growth of $11.1 billion (40%) across all business lines.
Liabilities				
Deposits and other borrowings	$58.3b	19%	$2.2b	Growth in customer deposits of $39.4 billion (15%) was concentrated in the second half, and reflected growth in Retail, Commercial and Institutional in Australia of $18.9 billion (12%) as consumers and corporates deleverage and growth in APEA of $17.7 billion (37%) driven by strong momentum across the region. Other deposits and borrowings increased $16.7 billion (30%) mainly due to an increase in Certificate of Deposits issued by Treasury in Australia, following a switch in products used for funding purposes from liability for acceptances to certificate of deposits.
Derivative financial instruments	$12.9b	35%	$0.3 b	Growth was attributable to a depreciation in the AUD against other currencies late in the second half of 2011 and volatility in the foreign exchange and interest rate markets.
Liability for acceptances	($10.5b)	-92%	Nil	Cessation of re-discounting of commercial bills.

Condensed balance sheet, cont'd

- **September 2011 v March 2011[1]**

Assets	Movement		FX impact	Comments excluding FX impact
Net loans and advances including acceptances	$17.9b	5%	$6.7b	Primarily driven by above system, albeit slower than first half, Australian housing lending growth of $4.8 billion (3%) and APEA growth of $5.7 billion (17%) across all business lines.
Liabilities				
Deposits and other borrowings	$36.9b	11%	$7.6b	Customer deposits increased $24.2 billion (9%) due to growth Australia of $15.4 billion (9%) and APEA of $8.2 billion (14%). Other deposits and borrowings increased by $5.1 billion mainly in Australia.

1. Where movement and explanation is the same as the September 2011 v September 2010, balance sheet item is not repeated

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 timing mismatch of cash flows and the related liquidity risk 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 to hold is based on a range of ANZ specific and general market liquidity stress scenarios such that potential cash flow obligations can 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 and the different behaviour that offshore and domestic wholesale funding markets can exhibit during market stress events. ANZ's liquidity scenario modelling stresses site and total bank cash flow projections against multiple 'survival horizons' over which period the Group is required to remain cash flow positive. Scenarios modelled are either prudential requirements, i.e. a 'going-concern' scenario, or 'name crisis' scenario; or Board mandated scenarios including 'Name-specific' stresses and 'Funding Market' events. 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 this 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 repo eligible.

  Supplementing the prime liquid asset portfolio, the Group held:

  – additional central bank deposits with the US Federal Reserve and Bank of Japan of $10.3 billion,

  – secondary sources of liquidity including Australian Government securities, Australian State Government securities and gold of $9.6 billion, and,

  – additional cash and other securities to satisfy local country regulatory liquidity requirements.

  These other assets are not included in the prime liquidity portfolio outlined below:

	As at		
Prime liquidity portfolio (Market Values)[1]	**Sep 11 AUD $B**	**Mar 11 AUD $B**	**Sep 10 AUD $B**
Australia	20.8	24.9	21.0
New Zealand	9.1	8.5	7.5
United States	1.4	1.2	1.3
United Kingdom	2.7	2.2	2.2
Asia	6.7	2.0	4.2
Internal Residential Mortgage Backed Securities (Australia)	26.8	24.6	26.7
Internal Residential Mortgage Backed Securities (New Zealand)	3.9	3.7	3.8
Total	**71.4**	**67.1**	**66.7**

Long term counterparty/security Credit Rating[2]	**Market Value AUD $B[1]**
AAA	52.7
AA+	10.0
AA	7.3
AA-	0.9
A+	0.3
A	0.2
Total	**71.4**

1. *Market value is post the repo discount applied by the applicable central bank*
2. *Where available, based on Standard & Poor's long-term credit ratings*

Liquidity risk, cont'd

Regulatory Change

Following the publication of earlier discussion papers relating to liquidity prudential requirements, APRA and the Basel Committee on Banking Supervision have both made further announcements on this topic. These proposals include enhancements to governance and other qualitative requirements, including the requirement for a clear risk appetite statement on liquidity risk from the Board. Many of these aspects have been integrated into ANZ's liquidity management framework for some time. The proposed changes to the quantitative requirements, including changes to scenario stress tests and structural liquidity metrics, are more significant. While ANZ has an existing stress scenario framework and structural liquidity risk metrics and limits in place, the requirements proposed are in general more onerous. These changes will impact the future composition and size of ANZ's liquidity portfolio as well as the size and composition of the Bank's funding base. APRA is expected to release details on the prudential changes shortly, with compliance against the new liquidity coverage ratio commencing in 2015.

Funding

ANZ manages its funding profile using a range of funding metrics and balance sheet disciplines. This approach is designed to ensure that an appropriate proportion of the Group's assets are funded by stable funding sources including core customer deposits, longer-dated wholesale funding (with a remaining term exceeding one year) and equity. This includes targeting a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency.

Customer deposits and other funding liabilities increased by 16% to $308.2 billion and now represents 61% of all funding, an increase of 3% from 30 September 2010.

$18.0 billion of term wholesale debt (with a remaining term greater than one year), including $2.4 billion of pre-funding executed during full year 2010, was issued during the 2011 financial year. In addition, ANZ raised $1.34 billion in hybrid capital, taking the total term debt and hybrid issuance for the 2011 financial year to $19.4 billion. As at 30 September 2011, term wholesale funding represented 12% of total funding, a decrease from 16% as at 30 September 2010 (partly due to 2011 financial year pre-funding completed during 2010 financial year as funding was replaced with customer deposits and Tier 1 capital).

- ANZ maintained access to all major global wholesale funding markets during 2011.
- Over 70% of term funding requirements were completed during the first half, before market conditions began to deteriorate. Benchmark term debt issues were completed in AUD, USD, JPY, CHF, CAD and NZD.
- All short-term wholesale funding needs were comfortably met, despite an increase in volatility in offshore markets and a general shortening of tenor preference from US money market investors.
- The weighted average tenor of new term debt issuance was 4.7 years (unchanged year-on-year).
- The weighted average cost of new term debt issuance during 2011 declined marginally (4 bps) relative to 2010. Average portfolio costs remain substantially above pre-crisis levels and continue to increase as maturing term wholesale funding is replaced at higher spreads.

Over the past year strong customer deposit growth and stable term debt issuance has allowed ANZ to maintain a low reliance on short-term wholesale funding markets. The proportion of total funding sourced from short-term wholesale funding markets was unchanged at 12% between 30 September 2010 and 30 September 2011.

The tables on the following page show the Group's funding composition.

Liquidity risk, cont'd

	As at ($M)			Movement	
	Sep 11	Mar 11	Sep 10	Sep 11 v. Mar 11	Sep 11 v. Sep 10
Customer deposits and other liabilities[1]					
Australia	**128,490**	120,907	112,248	6%	14%
Asia Pacific, Europe & America	**64,824**	52,795	46,604	23%	39%
Institutional	**117,434**	98,747	97,681	19%	20%
New Zealand	**39,471**	37,572	36,797	5%	7%
Group Centre	**(3,241)**	(2,595)	(2,500)	25%	30%
Less: Institutional Asia Pacific, Europe & America	**(50,224)**	(40,322)	(33,958)	25%	48%
Underlying customer deposits	**296,753**	267,102	256,872	11%	16%
Adjustments between statutory and underlying	**1**	4	3	-75%	-67%
Total customer deposits	**296,754**	267,106	256,875	11%	16%
Other[2]	**11,450**	11,755	9,113	-3%	26%
Total customer deposits and other liabilities (funding)	**308,204**	278,861	265,988	11%	16%
Wholesale funding					
Bonds and notes	**56,551**	58,526	59,714	-3%	-5%
Loan capital	**11,993**	11,634	12,280	3%	-2%
Certificates of deposit	**55,554**	51,513	39,530	8%	41%
Liability for acceptances[3]	**970**	577	11,495	68%	-92%
Commercial paper issued	**14,333**	10,769	11,641	33%	23%
Due to other financial institutions	**23,012**	22,014	21,610	5%	6%
Other wholesale borrowings[4]	**(1,128)**	2,735	2,140	large	large
Total wholesale funding	**161,285**	157,768	158,410	2%	2%
Shareholders' equity (excl preference shares)	**37,083**	34,258	33,284	8%	11%
Total funding	**506,572**	470,887	457,682	8%	11%
Wholesale funding[5]					
Short term wholesale funding	**63,333**	54,601	54,078	16%	17%
Long term wholesale funding					
- Less than 1 year residual maturity	**27,883**	26,736	26,779	4%	4%
- Greater than 1 year residual maturity	**63,293**	71,052	72,065	-11%	-12%
Hybrid capital including preference shares	**6,776**	5,379	5,488	26%	23%
Total wholesale funding and preference share capital excluding shareholders' equity	**161,285**	157,768	158,410	2%	2%
Total funding maturity					
Short term wholesale funding	**12%**	12%	12%		
Long term wholesale funding					
- Less than 1 year residual maturity	**6%**	6%	6%		
- Greater than 1 year residual maturity	**12%**	15%	16%		
Total customer liabilities (funding)	**61%**	59%	58%		
Shareholders' equity and hybrid debt	**9%**	8%	8%		
Total funding and shareholders' equity	**100%**	100%	100%		

1. *Includes term deposits, other deposits excluding securitisation deposits and an adjustment 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*
3. *The decrease in liability for acceptances is due to a switch in products used for funding purpose*
4. *Includes net derivative balances, special purpose vehicles, other borrowings and preference share capital Euro hybrids*
5. *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*

Capital Management

	As at		
	Sep 11	**Mar 11**	**Sep 10**
Common Equity Tier 1[1]	8.5%	8.5%	8.0%
Tier 1	10.9%	10.5%	10.1%
Tier 2	1.2%	1.6%	1.8%
Total capital	12.1%	12.1%	11.9%
Risk weighted assets $M	279,964	264,236	264,242

1. *Common Equity Tier 1 is Tier 1 excluding hybrid Tier 1 capital instruments*

Further details of the components of capital and the capital adequacy calculation are set out on pages 39 to 42

The Basel II Accord principles took effect from 1 January 2008. For calculation of minimum capital requirements under Pillar 1 (Capital Requirements) of the Basel II 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.

Common Equity Tier 1 Ratio

The Common Equity Tier 1 ratio at September 2011 of 8.5% represents an increase from September 2010 of 47 basis points and an increase from March 2011 of 3 basis points. The key contributors to the increase were:

	Half Year Sep 11 vs Mar 11	Full Year Sep 11 vs Sep 10
Common Equity Tier 1		
Underlying profit after preference share dividends	+107bps ($2.8B)	+213bps ($5.6B)
Ordinary share dividends net of reinvestment	-46bps ($1.2B)	-83bps ($2.2B)
Risk weighted assets (excluding FX impact)		
Portfolio growth and mix	-43bps	-51bps
Risk migration and Expected Losses in excess of Eligible Provisions	+7bps	+7bps
Portfolio data review	+2bps	+2bps
Non-credit risk	0bps	-1bps
Profit retention in insurance businesses and associates	-9bps	-15bps
Non-underlying profit items	-5bps	-11bps
Capitalised software expense	-9bps	-14bps
Other items	-1bps	+7bps
Net organic	**+3bps**	**+54bps**
Shanghai Rural Commercial Bank	0bps	-5bps
Bank of Tianjin	0bps	-2bps
Investments	**0bps**	**-7bps**
Total Common Equity Tier 1 movement	**+3bps**	**+47bps**
Tier 1 (in addition to Common Equity Tier 1 above)		
Hybrid Tier 1 capital	+51bps	+51bps
Additional Tier 1 usage attributable to risk weighted asset growth and other	-11bps	-14bps
Total Tier 1 movement	**+43bps**	**+84bps**

Capital management, cont'd

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 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. As at 30 September 2011, 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
UK Stapled Securities	721			GBP450 million	Debt	Coupon 6.54%
ANZ Convertible Preference Shares (CPS1)	1,081			AUD1,081 million	Debt	90 day BBSW + 2.50% (gross pay equivalent)
ANZ Convertible Preference Shares (CPS2)	1,969			AUD1,969 million	Debt	90 day BBSW + 3.10% (gross pay equivalent)
ANZ Convertible Preference Shares (CPS3)	1,340			AUD1,340 million	Debt	180 day BBSW + 3.10% (gross pay equivalent)
Non-innovative instruments	**5,111**					
Euro Trust Securities	871			EURO500 million	Equity	Euribor (3 month) + 0.66%
US Trust Securities	770			USD750 million	Debt	Coupon: 5.36%
Innovative instruments	**1,641**	**5.4%**	**15%**			
Residual Tier 1 capital	**6,752**	**22.1%**	**25%**			

Regulatory change

Following on from the December 2010 Basel Committee paper on prudential capital reforms, on 6 September 2011 APRA released a discussion paper detailing the implementation of their proposed Basel III capital reforms in Australia.

The discussion paper proposes to adopt the Basel III reforms with increased capital deductions from Common Equity Tier 1 capital, higher capital targets with prescribed minimum capital buffers; and tighter requirements around hybrid Tier 1 and Tier 2 securities. In addition to higher risk weightings for counterparty credit risk proposed by the December 2010 Basel Committee paper, the adjustments to ANZ's capital ratios proposed by the discussion paper are set out below and APRA is proposing that these become effective from January 2013. The APRA proposals generally adopt a more conservative approach than the December 2010 Basel Committee paper and ANZ believes full alignment to Basel III would be more appropriate.

The Basel Committee is still to release final proposals for contingent capital and measures to address systematic and inter-connected risks – these are expected in 2012.

Capital management, cont'd

The following table reconciles the September 2011 APRA Basel II capital ratios to the pro-forma APRA Basel III ratios, based on our current interpretation of APRA's 6 September 2011 discussion paper methodology. 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 2011 Basel II	**8.5%**	**10.9%**	**12.1%**
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 ADIs and overseas equivalents	(0.4%)	(0.4%)	-
Investment in ANZ insurance subsidiaries including OnePath	(0.4%)	(0.4%)	-
Expected losses in excess of eligible provisions	(0.2%)	(0.2%)	-
Other	(0.1%)	(0.1%)	(0.1%)
Less: 10% reduction of existing hybrid Tier 1 and Tier 2 securities[1]	-	(0.2%)	(0.4%)
	7.9%	**10.1%**	**12.1%**
Less: estimated increase in RWA[2]	(0.4%)	(0.5%)	(0.6%)
Pro forma ratio - should the APRA Basel III proposals be adopted	**7.5%**	**9.6%**	**11.5%**
Plus: adjustments to fully align to Basel III			
10% allowance for investments in insurance subsidiaries and ADIs including overseas equivalents	0.8%	0.7%	0.6%
Up to 5% allowance for deferred tax assets[3]	0.2%	0.2%	0.2%
Other capital items	0.2%	0.2%	0.3%
Pro forma Basel III (fully aligned capital)	**8.7%**	**10.7%**	**12.6%**
Plus: additional APRA Basel II conservative RWA methodologies			
Mortgage 20% LGD floor and others	0.6%	0.7%	0.7%
IRRBB RWA (APRA Pillar 1 approach)	0.2%	0.3%	0.4%
Pro forma Basel III fully aligned	**9.5%**	**11.7%**	**13.7%**

1. *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 31 December 2012. The cap will reduce by 10 percentage points each year until 1 January 2022*
2. *Excludes additional RWA for Market Risk and Securitisation applicable to APRA enhancements to the Basel II framework effective 1 January 2012 and potential impacts arising from APRA's yet to be released Basel III liquidity reforms*
3. *Including alignment of deferred tax asset associated with Expected Losses in excess of Eligible Provisions calculation to Basel III methodology*

Qualifying Capital		As at ($M) Sep 11	Mar 11	Sep 10	Movement Sep 11 v. Mar 11	Sep 11 v. Sep 10
Tier 1						
Shareholders' equity and non-controlling interests		**37,954**	35,129	34,155	8%	11%
Prudential adjustments to shareholders' equity	Table 1	**(3,479)**	(2,637)	(2,840)	32%	23%
Fundamental Tier 1 capital		**34,475**	32,492	31,315	6%	10%
Deductions	Table 2	**(10,611)**	(10,070)	(10,057)	5%	6%
Common Equity Tier 1 capital		**23,864**	22,422	21,258	6%	12%
Non-innovative Tier 1 capital instruments	Table on p37	**5,111**	3,751	3,787	36%	35%
Innovative Tier 1 capital instruments	Table on p37	**1,641**	1,597	1,646	3%	0%
Tier 1 capital		**30,616**	27,770	26,691	10%	15%
Tier 2						
Upper Tier 2 capital	Table 3	**1,228**	1,166	1,223	5%	0%
Subordinated notes	Table 4	**5,017**	6,176	6,619	-19%	-24%
Deductions	Table 2	**(3,071)**	(3,055)	(3,026)	1%	1%
Tier 2 capital		**3,174**	4,287	4,816	-26%	-34%
Total qualifying capital		**33,790**	32,057	31,507	5%	7%
Capital adequacy ratios						
Common Equity Tier 1		**8.5%**	8.5%	8.0%		
Tier 1		**10.9%**	10.5%	10.1%		
Tier 2		**1.2%**	1.6%	1.8%		
Total		**12.1%**	12.1%	11.9%		
Risk weighted assets	Table 5	**279,964**	264,236	264,242	6%	6%

Capital management, cont'd

	As at ($M)			Movement	
	Sep 11	**Mar 11**	**Sep 10**	**Sep 11 v. Mar 11**	**Sep 11 v. Sep 10**
Table 1: Prudential adjustments to shareholders' equity					
Treasury shares attributable to OnePath policy holders	**358**	359	358	0%	0%
Reclassification of preference share capital	**(871)**	(871)	(871)	0%	0%
Accumulated retained profits and reserves of insurance, funds management and securitisation entities and associates	**(1,686)**	(1,274)	(1,312)	32%	29%
Deferred fee revenue including fees deferred as part of loan yields	**414**	398	402	4%	3%
Hedging reserve	**(169)**	(29)	(11)	large	large
Available-for-sale reserve	**(126)**	(57)	(80)	large	58%
Dividend not provided for	**(1,999)**	(1,662)	(1,895)	20%	5%
Accrual for Dividend Reinvestment Plans	**600**	499	569	20%	5%
Total	**(3,479)**	(2,637)	(2,840)	32%	23%

	Gross	Sep 11	Mar 11	Sep 10	Sep 11 v. Mar 11	Sep 11 v. Sep 10
Table 2: Deductions from Tier 1 capital						
Unamortised goodwill & other intangibles (excluding OnePath Australia and New Zealand)		**(3,027)**	(2,855)	(2,952)	6%	3%
Intangible component of investments in OnePath Australia and New Zealand[1]		**(2,071)**	(2,059)	(2,043)	1%	1%
Capitalised software		**(1,490)**	(1,263)	(1,127)	18%	32%
Capitalised expenses including loan and lease origination fees		**(688)**	(666)	(655)	3%	5%
Applicable deferred tax assets (excluding the component relating to the general reserve for impairment of financial assets)		**(136)**	(154)	(235)	-12%	-42%
Mark-to-market impact of own credit spread		**(128)**	(18)	(19)	large	large
Sub-total		**(7,540)**	(7,015)	(7,031)	7%	7%
Deductions taken 50% from Tier 1 and 50% from Tier 2	**Gross**	**50%**	**50%**	**50%**		
Investment in ANZ insurance subsidiaries	**(399)**	**(200)**	(200)	(198)	0%	1%
Investment in funds management entities	**(57)**	**(29)**	(29)	(36)	0%	-19%
Investment in OnePath Australia and New Zealand	**(1,813)**	**(906)**	(901)	(845)	1%	7%
Investment in other Authorised Deposit Taking Institutions and overseas equivalents	**(2,302)**	**(1,151)**	(1,162)	(988)	-1%	16%
Expected losses in excess of eligible provisions	**(951)**	**(475)**	(473)	(560)	0%	-15%
Investment in other commercial operations	**(4)**	**(2)**	(8)	(21)	-75%	-90%
Other deductions	**(617)**	**(308)**	(282)	(378)	9%	-19%
Sub-total	**(6,143)**	**(3,071)**	(3,055)	(3,026)	1%	1%
Total		**(10,611)**	(10,070)	(10,057)	5%	6%

	Sep 11	Mar 11	Sep 10	Sep 11 v. Mar 11	Sep 11 v. Sep 10
Table 3: Upper Tier 2 capital					
Perpetual subordinated notes	**962**	902	943	7%	2%
General reserve for impairment of financial assets net of attributable deferred tax asset[2]	**266**	264	280	1%	-5%
Total	**1,228**	1,166	1,223	5%	0%

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 II, 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) Sep 11	Mar 11	Sep 10	Movement Sep 11 v. Mar 11	Sep 11 v. Sep 10
On balance sheet	**183,039**	175,661	173,035	4%	6%
Commitments	**43,041**	37,619	39,835	14%	8%
Contingents	**9,536**	9,621	10,084	-1%	-5%
Derivatives	**13,212**	10,345	10,563	28%	25%
Total credit risk	**248,828**	233,246	233,517	7%	7%
Market risk - Traded	**3,046**	2,547	5,652	20%	-46%
Market risk - IRRBB	**8,439**	10,112	7,690	-17%	10%
Operational risk	**19,651**	18,331	17,383	7%	13%
Total risk weighted assets	**279,964**	264,236	264,242	6%	6%

Table 6: Credit risk weighted assets by Basel asset class	As at ($M) Sep 11	Mar 11	Sep 10	Movement Sep 11 v. Mar 11	Sep 11 v. Sep 10
Subject to Advanced IRB approach					
Corporate	**106,120**	98,393	101,940	8%	4%
Sovereign	**4,365**	3,217	2,720	36%	60%
Bank	**9,456**	6,958	6,135	36%	54%
Residential mortgage	**41,041**	40,126	38,708	2%	6%
Qualifying revolving retail (credit cards)	**7,468**	7,552	7,205	-1%	4%
Other retail	**19,240**	18,485	17,899	4%	7%
Credit risk weighted assets subject to Advanced IRB approach	**187,690**	174,731	174,607	7%	7%
Credit risk specialised lending exposures subject to slotting criteria	**27,757**	26,799	26,605	4%	4%
Subject to Standardised approach					
Corporate	**22,484**	20,680	20,560	9%	9%
Residential mortgage	**845**	406	567	large	49%
Qualifying revolving retail (credit cards)	**2,344**	2,207	2,279	6%	3%
Other retail	**1,650**	1,710	1,396	-4%	18%
Credit risk weighted assets subject to Standardised approach	**27,323**	25,003	24,802	9%	10%
Credit risk weighted assets relating to securitisation exposures	**1,136**	1,209	2,091	-6%	-46%
Credit risk weighted assets relating to equity exposures	**1,399**	1,635	1,577	-14%	-11%
Other assets	**3,523**	3,869	3,835	-9%	-8%
Total credit risk weighted assets	**248,828**	233,246	233,517	7%	7%

Table 7: Collective provision and regulatory expected loss by division	Collective Provision As at ($M) Sep 11	Sep 10	Regulatory Expected Loss As at ($M) Sep 11	Sep 10
Australia	1,062	1,021	1,891	1,749
Asia Pacific, Europe & America	501	519	148	134
Institutional	1,383	1,342	1,429	1,773
New Zealand	456	537	904	1,002
Group Centre	40	-	-	-
Less: Institutional Asia Pacific, Europe & America	(269)	(270)	(127)	(121)
Underlying collective provision and regulatory expected loss	3,173	3,149	4,245	4,537
Adjustments between statutory and underlying	3	4	16	18
Collective provision and regulatory expected loss	3,176	3,153	4,261	4,555

Capital management, cont'd

Table 8: Expected loss in excess of eligible provisions	**As at ($M)** Sep 11	Mar 11	Sep 10	**Movement** Sep 11 v. Mar 11	Sep 11 v. Sep 10
Basel expected loss					
Defaulted	**1,975**	2,018	2,225	-2%	-11%
Non-defaulted	**2,286**	2,285	2,330	0%	-2%
	4,261	4,303	4,555	-1%	-6%
Less: Qualifying collective provision after tax					
Collective provision	**(3,176)**	(3,177)	(3,153)	0%	1%
Non-qualifying collective provision	**375**	271	234	38%	60%
Standardised collective provision	**340**	378	399	-10%	-15%
Deferred tax asset	**730**	719	725	2%	1%
	(1,731)	(1,809)	(1,795)	-4%	-4%
Less: Qualifying individual provision after tax					
Individual provision	**(1,697)**	(1,717)	(1,875)	-1%	-9%
Standardised individual provision	**477**	429	458	11%	4%
Collective provision on advanced defaulted	**(359)**	(259)	(224)	39%	60%
	(1,579)	(1,547)	(1,641)	2%	-4%
Gross deduction	**951**	947	1,119	0%	-15%
50/50 deduction (refer table 2)	**475**	473	559	0%	-15%

Deferred acquisition costs and deferred income

The Group recognises deferred acquisition costs relating to the acquisition of interest earning assets as assets and nets acquisition costs relating to debt against the relevant liability. The Group also recognised 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 relating to OnePath Australia are excluded from this analysis.

The balances of deferred acquisition costs and deferred income were:

	Deferred Acquisition Costs[1]			Deferred Income		
	Sep 11 $M	Mar 11 $M	Sep 10 $M	Sep 11 $M	Mar 11 $M	Sep 10 $M
Australia	597	583	556	86	95	109
Asia Pacific, Europe & America	-	-	1	86	57	51
Institutional	-	-	-	284	261	252
New Zealand	32	32	42	28	27	25
Group Centre	59	51	56	-	-	-
Less: Institutional Asia Pacific, Europe & America	-	-	-	(70)	(42)	(35)
Total	688	666	655	414	398	402

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

Deferred acquisition costs analysis:

	Full Year Sep 2011		Full Year Sep 2010	
	Amortisation Charge $M	Capitalised Costs[1] $M	Amortisation Charge $M	Capitalised Costs[1] $M
Australia	314	355	278	340
Asia Pacific, Europe & America	1	-	2	-
Institutional	-	-	-	-
New Zealand	31	21	40	18
Group Centre	19	25	15	29
Less: Institutional Asia Pacific, Europe & America	-	-	-	-
Total	365	401	335	387

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

Software capitalisation

At 30 September 2011, the Group's intangibles included $1,572 million in relation to costs incurred in acquiring and developing software. Details are set out in the table below:

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Balance at start of period	1,349	1,217	11%	**1,217**	849	43%
Software capitalised during the period	368	277	33%	**645**	592	9%
Amortisation during the period	(127)	(122)	4%	**(249)**	(207)	20%
Software impaired/written-off	(21)	(23)	-9%	**(44)**	(17)	large
Foreign exchange differences	3	-	n/a	**3**	-	n/a
Total software capitalisation	1,572	1,349	17%	**1,572**	1,217	29%
Less: software capitalised excluded from Capital calculation	(82)	(86)	-5%	**(82)**	(90)	-9%
Capitalised software as per deductions from Tier 1 capital	1,490	1,263	18%	**1,490**	1,127	32%

This page has been left blank intentionally

CONTENTS

Section 4 – Segment Review

Segment performance

Australia

- Australia
- Wealth

Asia Pacific, Europe & America

Institutional

New Zealand

Institutional Asia Pacific, Europe & America

Group Centre

Segment Performance

The Group operates on a divisional structure with Australia, Asia Pacific, Europe & America (APEA), Institutional and New Zealand being the major operating divisions. The Group manages Institutional APEA on a matrix structure. Accordingly, the divisional analysis on the following pages reflects this matrix reporting structure.

September 2011 Full Year

AUD M	Australia	Asia Pacific, Europe & America	Institutional	New Zealand	Group Centre	Less: Institutional Asia Pacific, Europe & America	Group
Net interest income	5,821	1,130	3,092	1,693	381	(636)	11,481
Other external operating income	2,358	1,364	1,814	466	(35)	(636)	5,331
Operating income	8,179	2,494	4,906	2,159	346	(1,272)	16,812
Operating expenses	(3,506)	(1,488)	(2,001)	(1,015)	(388)	680	(7,718)
Profit before credit impair't and income tax	4,673	1,006	2,905	1,144	(42)	(592)	9,094
Provision for credit impairment	(711)	(110)	(258)	(166)	(40)	74	(1,211)
Profit before income tax	3,962	896	2,647	978	(82)	(518)	7,883
Income tax expense	(1,185)	(166)	(750)	(286)	46	119	(2,222)
Non-controlling interests	-	(9)	(2)	-	-	2	(9)
Pro forma profit	2,777	721	1,895	692	(36)	(397)	5,652
Foreign exchange adjustments	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pro forma adjustments	-	-	-	-	-	-	-
Underlying profit	2,777	721	1,895	692	(36)	(397)	5,652

September 2010 Full Year

AUD M	Australia	Asia Pacific, Europe & America	Institutional	New Zealand	Group Centre	Less: Institutional Asia Pacific, Europe & America	Group
Net interest income	5,426	1,010	3,178	1,579	219	(543)	10,869
Other external operating income	2,366	1,103	1,684	472	(48)	(472)	5,105
Operating income	7,792	2,113	4,862	2,051	171	(1,015)	15,974
Operating expenses	(3,361)	(1,224)	(1,717)	(1,035)	(302)	507	(7,132)
Profit before credit impair't and income tax	4,431	889	3,145	1,016	(131)	(508)	8,842
Provision for credit impairment	(598)	(177)	(742)	(395)	(10)	77	(1,845)
Profit before income tax	3,833	712	2,403	621	(141)	(431)	6,997
Income tax expense	(1,116)	(83)	(670)	(172)	(23)	87	(1,977)
Non-controlling interests	-	(6)	-	-	-	-	(6)
Pro forma profit	2,717	623	1,733	449	(164)	(344)	5,014
Foreign exchange adjustments	-	62	49	16	(36)	(39)	52
Pro forma adjustments	(43)	(9)	(4)	(2)	13	4	(41)
Underlying profit	2,674	676	1,778	463	(187)	(379)	5,025

September 2011 Full Year vs September 2010 Full Year

%	Australia	Asia Pacific, Europe & America	Institutional	New Zealand	Group Centre	Less: Institutional Asia Pacific, Europe & America	Group
Net interest income	7%	12%	-3%	7%	74%	17%	6%
Other external operating income	0%	24%	8%	-1%	-27%	35%	4%
Operating income	5%	18%	1%	5%	large	25%	5%
Operating expenses	4%	22%	17%	-2%	28%	34%	8%
Profit before credit impair't and income tax	5%	13%	-8%	13%	-68%	17%	3%
Provision for credit impairment	19%	-38%	-65%	-58%	large	-4%	-34%
Profit before income tax	3%	26%	10%	57%	-42%	20%	13%
Income tax expense	6%	100%	12%	66%	large	37%	12%
Non-controlling interests	n/a	50%	n/a	n/a	n/a	n/a	50%
Pro forma profit	2%	16%	9%	54%	-78%	15%	13%
Foreign exchange adjustments	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pro forma adjustments	-100%	-100%	-100%	-100%	-100%	-100%	-100%
Underlying profit	4%	7%	7%	49%	-81%	5%	12%

September 2011 Half Year

AUD M	Australia	Asia Pacific, Europe & America	Institutional	New Zealand	Group Centre	Less: Institutional Asia Pacific, Europe & America	Group
Net interest income	2,948	570	1,563	859	223	(324)	5,839
Other external operating income	1,173	648	770	238	1	(287)	2,543
Operating income	4,121	1,218	2,333	1,097	224	(611)	8,382
Operating expenses	(1,760)	(753)	(1,019)	(513)	(214)	362	(3,897)
Profit before credit impair't and income tax	2,361	465	1,314	584	10	(249)	4,485
Provision for credit impairment	(297)	(67)	(104)	(92)	(38)	47	(551)
Profit before income tax	2,064	398	1,210	492	(28)	(202)	3,934
Income tax expense	(619)	(60)	(343)	(144)	31	39	(1,096)
Non-controlling interests	-	(4)	-	-	-	-	(4)
Pro forma profit	1,445	334	867	348	3	(163)	2,834
Foreign exchange adjustments	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pro forma adjustments	-	-	-	-	-	-	-
Underlying profit	1,445	334	867	348	3	(163)	2,834

March 2011 Half Year

AUD M	Australia	Asia Pacific, Europe & America	Institutional	New Zealand	Group Centre	Less: Institutional Asia Pacific, Europe & America	Group
Net interest income	2,873	541	1,517	848	157	(298)	5,638
Other external operating income	1,185	694	1,035	232	4	(339)	2,811
Operating income	4,058	1,235	2,552	1,080	161	(637)	8,449
Operating expenses	(1,746)	(711)	(968)	(511)	(175)	304	(3,807)
Profit before credit impair't and income tax	2,312	524	1,584	569	(14)	(333)	4,642
Provision for credit impairment	(414)	(41)	(152)	(75)	(2)	25	(659)
Profit before income tax	1,898	483	1,432	494	(16)	(308)	3,983
Income tax expense	(566)	(104)	(406)	(144)	2	78	(1,140)
Non-controlling interests	-	(5)	(2)	-	-	2	(5)
Pro forma profit	1,332	374	1,024	350	(14)	(228)	2,838
Foreign exchange adjustments	-	13	4	(6)	(25)	(6)	(20)
Pro forma adjustments	-	-	-	-	-	-	-
Underlying profit	1,332	387	1,028	344	(39)	(234)	2,818

September 2011 Half Year vs March 2011 Half Year

%	Australia	Asia Pacific, Europe & America	Institutional	New Zealand	Group Centre	Less: Institutional Asia Pacific, Europe & America	Group
Net interest income	3%	5%	3%	1%	42%	9%	4%
Other external operating income	-1%	-7%	-26%	3%	-77%	-15%	-10%
Operating income	2%	-1%	-9%	2%	39%	-4%	-1%
Operating expenses	1%	6%	5%	0%	22%	19%	2%
Profit before credit impair't and income tax	2%	-11%	-17%	3%	large	-25%	-3%
Provision for credit impairment	-28%	63%	-32%	23%	large	88%	-16%
Profit before income tax	9%	-18%	-16%	0%	75%	-34%	-1%
Income tax expense	9%	-42%	-16%	0%	large	-50%	-4%
Non-controlling interests	n/a	-20%	-100%	n/a	n/a	-100%	-20%
Pro forma profit	8%	-11%	-15%	-1%	large	-29%	0%
Foreign exchange adjustments	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pro forma adjustments	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Underlying profit	8%	-14%	-16%	1%	large	-30%	1%

Australia

Philip Chronican

Australia division comprises Retail, Commercial and Wealth segments. Retail includes Retail Distribution and Retail Products. Commercial includes Esanda, Regional Commercial Banking, Business Banking and Small Business Banking. Wealth includes ANZ Private and OnePath Australia.

For 2010 comparative purposes, results shown are pro-forma results that assume full ownership of OnePath Australia.

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	2,948	2,873	3%	**5,821**	5,426	7%
Other external operating income	1,173	1,185	-1%	**2,358**	2,366	0%
Operating income	4,121	4,058	2%	**8,179**	7,792	5%
Operating expenses	(1,760)	(1,746)	1%	**(3,506)**	(3,361)	4%
Profit before credit impairment and income tax	2,361	2,312	2%	**4,673**	4,431	5%
Provision for credit impairment	(297)	(414)	-28%	**(711)**	(598)	19%
Profit before tax	2,064	1,898	9%	**3,962**	3,833	3%
Income tax expense	(619)	(566)	9%	**(1,185)**	(1,116)	6%
Pro forma profit	1,445	1,332	8%	**2,777**	2,717	2%
Pro forma adjustments	-	-	n/a	**-**	(43)	-100%
Underlying profit	1,445	1,332	8%	**2,777**	2,674	4%
Consisting of:						
Retail	754	713	6%	**1,467**	1,385	6%
Commercial	531	434	22%	**965**	920	5%
Wealth	159	186	-15%	**345**	412	-16%
Other	1	(1)	large	**-**	-	n/a
Pro forma profit	1,445	1,332	8%	**2,777**	2,717	2%
Balance Sheet						
Net loans & advances including acceptances	231,155	224,930	3%	**231,155**	217,952	6%
Other external assets	41,176	43,822	-6%	**41,176**	43,041	-4%
External assets	272,331	268,752	1%	**272,331**	260,993	4%
Deposits and other borrowings	128,490	121,096	6%	**128,490**	112,540	14%
Other external liabilities	46,625	50,114	-7%	**46,625**	48,785	-4%
External liabilities	175,115	171,210	2%	**175,115**	161,325	9%
Risk weighted assets	84,295	83,242	1%	**84,295**	81,406	4%
Average net loans and advances including acceptances	227,715	221,769	3%	**224,750**	206,413	9%
Average deposits and other borrowings	124,553	117,022	6%	**120,798**	107,553	12%
Ratios						
Return on average assets	1.06%	1.01%		**1.04%**	1.10%	
Net interest average margin	2.56%	2.58%		**2.57%**	2.59%	
Operating expenses to operating income (pro forma)	42.7%	43.0%		**42.9%**	43.1%	
Operating expenses to operating income	42.7%	43.0%		**42.9%**	42.8%	
Operating expenses to average assets	1.29%	1.32%		**1.31%**	1.34%	
Individual provision charge	371	298	24%	**669**	579	16%
Individual provision charge as a % of average net advances	0.32%	0.27%		**0.30%**	0.28%	
Collective provision charge (credit)	(74)	116	large	**42**	4	large
Collective provision charge (credit) as a % of average net advances	(0.06%)	0.10%		**0.02%**	0.00%	
Net impaired assets	660	616	7%	**660**	562	17%
Net impaired assets as a % of net advances	0.29%	0.27%		**0.29%**	0.26%	
Total employees	17,768	17,630	1%	**17,768**	17,348	2%

Australia
Philip Chronican

- **September 2011 v September 2010**

On a pro forma basis profit increased 2%, with profit before credit impairment and income tax up 5%.

Net interest income increased 7% driven by strong growth in both average deposits of 12% and average net loans and advances including acceptances of 9%. Net interest margin decreased 2 basis points.

Growth in average net loans and advances was driven by above system growth in Mortgages combined with double digit growth in both the Business Banking and Small Business Banking portfolios. Deposit growth was very strong, with solid contributions from both the Retail and Commercial deposit portfolios.

Net interest margin declined 2 bps in the year as continued competitive pricing on deposits and the impact of a shift in deposit product mix towards higher priced term deposits and on-line accounts more than offset any benefit from asset repricing.

Other external operating income was flat as the adverse impact of removing exception fees and deferred establishment fees in Retail was largely offset by volume driven increases.

Operating expenses were up 4% largely due to inflationary impacts, annual salary increases, higher FTE levels and project related spend.

Provision for credit impairment increased 19% in the year. South East Queensland in particular struggled due to higher than national average unemployment combined with adverse tourism impacts from the strong AUD and the floods earlier in the year. The individual provision increased 16% reflecting the stress on customers as a consequence of the deteriorating economic conditions. The year on year increase of $38 million in the collective provision charge was driven by growth and an upward trend in delinquencies in the Retail portfolio, flood provisions and writebacks in the prior year. Net impaired assets increased from 0.26% to 0.29% of net advances.

- **September 2011 v March 2011**

On a pro forma basis profit increased 8%, with profit before credit impairment and income tax up 2% in an environment characterised by strong growth in deposits and slowing Mortgage system growth, partly offset by an improvement in Commercial lending.

Net interest income increased 3% due to strong growth in average deposits of 6%, and an increase in average net loans and advances of 3%, partly offset by 2 basis points decline in net interest margin.

Growth in average net loans and advances was driven by improved growth across Commercial through the Small Business Banking, Business Banking and the Regional Commercial Banking lending portfolios. Mortgage growth slowed to 3% in the September half. Deposit growth for Australia Division was strong, with Small Business Banking and Business Banking delivering strong growth. Retail deposits grew at 6% with the majority of growth coming through Savings products, primarily Progress Saver, with term deposits and transaction deposits broadly flat half on half.

Net Interest margin declined 2 bps in the September half as benefits from asset repricing were offset by competitive pricing on deposits.

Other external operating income decreased 1% due to a difficult environment for both the Insurance and Funds Management businesses, which was partly offset by growth in Retail and Commercial.

Operating expenses were up less than 1%, with FTE up due to project related increases.

Provision for credit impairment decreased 28% in the September half reflecting a lower collective provision charge partly offset by an increase in individual provision charge. The increase to the individual provision was across both the Retail and Commercial segments partly due to soft economic conditions in a number of sectors, exacerbated by the extreme weather events such as the Queensland floods. The collective provision reduction in the September half reflects slower volume growth and the release of surplus flood provisions raised in the March half but not required based on loss experience. Growth in net impaired assets was marginal in the September half as deteriorating economic conditions were partly mitigated by active management of the impaired portfolio.

Australia
Philip Chronican

Business operating segments

	Half Year			Full Year		
Retail	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Net interest income	1,753	1,723	2%	**3,476**	3,203	9%
Other external operating income	507	482	5%	**989**	1,020	-3%
Operating income	2,260	2,205	2%	**4,465**	4,223	6%
Operating expenses	(987)	(967)	2%	**(1,954)**	(1,882)	4%
Profit before credit impairment and income tax	1,273	1,238	3%	**2,511**	2,341	7%
Provision for credit impairment	(195)	(224)	-13%	**(419)**	(361)	16%
Profit before tax	1,078	1,014	6%	**2,092**	1,980	6%
Income tax expense	(324)	(301)	8%	**(625)**	(595)	5%
Pro forma profit	754	713	6%	**1,467**	1,385	6%
Pro forma adjustments	-	-	n/a	**-**	-	n/a
Underlying profit	754	713	6%	**1,467**	1,385	6%
Risk weighted assets	43,829	43,489	1%	**43,829**	41,444	6%
Commercial						
Net interest income	1,160	1,115	4%	**2,275**	2,130	7%
Other external operating income	139	134	4%	**273**	274	0%
Operating income	1,299	1,249	4%	**2,548**	2,404	6%
Operating expenses	(430)	(438)	-2%	**(868)**	(818)	6%
Profit before credit impairment and income tax	869	811	7%	**1,680**	1,586	6%
Provision for credit impairment	(108)	(192)	-44%	**(300)**	(274)	9%
Profit before tax	761	619	23%	**1,380**	1,312	5%
Income tax expense	(230)	(185)	24%	**(415)**	(392)	6%
Pro forma profit	531	434	22%	**965**	920	5%
Pro forma adjustments	-	-	n/a	**-**	(8)	-100%
Underlying profit	531	434	22%	**965**	912	6%
Risk weighted assets	37,878	36,722	3%	**37,878**	36,472	4%
Wealth						
Net interest income	29	28	4%	**57**	66	-14%
Other external operating income	528	569	-7%	**1,097**	1,093	0%
Operating income	557	597	-7%	**1,154**	1,159	0%
Operating expenses	(337)	(335)	1%	**(672)**	(655)	3%
Profit before credit impairment and income tax	220	262	-16%	**482**	504	-4%
Provision for credit impairment	6	2	large	**8**	37	-78%
Profit before tax	226	264	-14%	**490**	541	-9%
Income tax expense	(67)	(78)	-14%	**(145)**	(129)	12%
Pro forma profit	159	186	-15%	**345**	412	-16%
Pro forma adjustments	-	-	n/a	**-**	(35)	-100%
Underlying profit	159	186	-15%	**345**	377	-8%
Risk weighted assets	2,154	2,465	-13%	**2,154**	3,146	-32%

Australia
Philip Chronican

Individual provision charge	Half Year Sep 11 $M	Half Year Mar 11 $M	Half Year Movt	Full Year Sep 11 $M	Full Year Sep 10 $M	Full Year Movt
Retail	**204**	**169**	**21%**	**373**	**338**	**10%**
Mortgages	23	5	large	28	21	33%
Consumer Cards and Unsecured Lending	165	147	12%	312	287	9%
Deposits	9	7	29%	16	17	-6%
Other	7	10	-30%	17	13	31%
Commercial	**169**	**129**	**31%**	**298**	**265**	**12%**
Esanda	39	42	-7%	81	96	-16%
Regional Commercial Banking	70	50	40%	120	79	52%
Business Banking	32	16	100%	48	41	17%
Small Business Banking	28	21	33%	49	49	0%
Wealth	**(2)**	**-**	**n/a**	**(2)**	**(9)**	**-78%**
Pro forma individual provision charge	**371**	**298**	**24%**	**669**	**594**	**13%**
Pro forma adjustments	-	-	n/a	-	(15)	-100%
Underlying individual provision charge	**371**	**298**	**24%**	**669**	**579**	**16%**

Collective provision charge	Half Year Sep 11 $M	Half Year Mar 11 $M	Half Year Movt	Full Year Sep 11 $M	Full Year Sep 10 $M	Full Year Movt
Retail	**(9)**	**55**	large	**46**	**23**	100%
Mortgages	2	10	-80%	12	23	-48%
Consumer Cards and Unsecured Lending	2	21	-90%	23	(3)	large
Deposits	(1)	-	n/a	(1)	2	large
Other	(12)	24	large	12	1	large
Commercial	**(61)**	**63**	**large**	**2**	**9**	**-78%**
Esanda	(11)	(3)	large	(14)	(8)	75%
Regional Commercial Banking	2	(9)	large	(7)	13	large
Business Banking	(39)	4	large	(35)	(13)	large
Small Business Banking	1	4	-75%	5	18	-72%
Other	(14)	67	large	53	(1)	large
Wealth	**(4)**	**(2)**	**100%**	**(6)**	**(28)**	**-79%**
Pro forma collective provision charge	**(74)**	**116**	**large**	**42**	**4**	**large**
Pro forma adjustments	-	-	n/a	-	-	n/a
Underlying collective provision charge	**(74)**	**116**	**large**	**42**	**4**	**large**

Australia
Philip Chronican

Net loans & advances including acceptances	As at ($M) Sep 11	As at ($M) Mar 11	As at ($M) Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Retail	**180,711**	**175,878**	**169,322**	**3%**	**7%**
Mortgages	169,924	165,177	158,973	3%	7%
Consumer Cards & Unsecured Lending	10,192	10,162	9,808	0%	4%
Other	595	539	541	10%	10%
Commercial	**47,835**	**46,196**	**45,720**	**4%**	**5%**
Esanda	14,481	14,319	14,269	1%	1%
Regional Commercial Banking	13,575	13,071	13,520	4%	0%
Business Banking	16,158	15,547	14,658	4%	10%
Small Business Banking	3,675	3,376	3,272	9%	12%
Other	(54)	(117)	1	-54%	large
Wealth	**2,609**	**2,856**	**2,910**	**-9%**	**-10%**
Underlying net loans & advances including acceptances	**231,155**	**224,930**	**217,952**	**3%**	**6%**

Customer deposits	As at ($M) Sep 11	As at ($M) Mar 11	As at ($M) Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Retail	**87,275**	**82,422**	**77,292**	**6%**	**13%**
Mortgages	11,279	10,754	10,374	5%	9%
Consumer Cards and Unsecured Lending	268	248	253	8%	6%
Deposits	75,619	71,515	66,773	6%	13%
Other	109	(95)	(108)	large	large
Commercial	**39,694**	**37,199**	**33,677**	**7%**	**18%**
Esanda	203	314	496	-35%	-59%
Regional Commercial Banking	10,776	10,316	9,194	4%	17%
Business Banking	13,846	13,233	11,838	5%	17%
Small Business Banking	14,869	13,336	12,149	11%	22%
Wealth	**1,521**	**1,286**	**1,279**	**18%**	**19%**
Underlying customer deposits	**128,490**	**120,907**	**112,248**	**6%**	**14%**

Wealth
Philip Chronican

For comparative purposes, the financial results of OnePath Australia included in the figures presented below are based on 100% ownership for all reporting periods on a stand alone basis. Certain prior year comparative figures have been reclassified to conform with the current year's presentation.

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	29	28	4%	**57**	66	-14%
Other operating income	46	56	-18%	**102**	121	-16%
Net funds management and insurance income	482	513	-6%	**995**	972	2%
Operating income	557	597	-7%	**1,154**	1,159	0%
Operating expenses	(337)	(335)	1%	**(672)**	(655)	3%
Profit before credit impairment and income tax	220	262	-16%	**482**	504	-4%
Provision for credit impairment	6	2	large	**8**	37	-78%
Profit before income tax	226	264	-14%	**490**	541	-9%
Income tax expense	(67)	(78)	-14%	**(145)**	(129)	12%
Profit after tax	159	186	-15%	**345**	412	-16%
OnePath Consolidated[1]	145	166	-13%	**311**	325	-4%
ANZ Private & Other Wealth[2]	9	20	-55%	**29**	58	-50%
Wholesale Legacy	5	-	n/a	**5**	29	-83%
Profit after tax	159	186	-15%	**345**	412	-16%

1. *OnePath consolidated includes OnePath Group, ANZ Financial Planning & ANZ General insurance*
2. *ANZ Private and Other Wealth includes Private Bank, ANZ Trustees, Investment Lending and E*Trade and Other Wealth (excluding Wholesale Legacy)*

	Half Year			Full Year		
Net funds management and insurance income	Sep 11 $M[4]	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net funds management income	189	195	-3%	**384**	403	-5%
Net insurance income	148	204	-27%	**352**	369	-5%
Net advice income	80	56	43%	**136**	116	17%
Capital investment earnings[3]	65	58	12%	**123**	84	46%
Total	482	513	-6%	**995**	972	2%

3. *Includes yield on shareholder assets, interest and inflation rate impacts on risk and annuity reserves, and mark-to-market movement on capital-guaranteed reserves*
4. *From 1 April 2011, the classification of certain expenses reported in operating income and expenses changed following a review to align with ANZ policies. Had the restatement occurred 1 October 2009, the restatement would have affected individual income lines in the March 2011 half and September 2011 full year as follows: March 2011 half year and September 2011 full year – Net funds management income +$4 million, Net insurance income -$9 million, Net advice income +$23 million, Capital investment earnings +$2 million; September 2010 full year – Net funds management income +$9 million, Net insurance income -$32 million, Net advice income +$40 million, Capital investment earnings +$3 million*

	Half Year			Full Year		
Net insurance income	Sep 11 $M[7]	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Planned profit margin:						
Group & Individual	166	176	-6%	**342**	327	5%
General Insurance	15	17	-12%	**32**	28	14%
Experience profit[5]	(36)	11	large	**(25)**	19	large
Assumption changes[6]	3	-	n/a	**3**	(5)	large
Total	148	204	-27%	**352**	369	-5%

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*
7. *From 1 April 2011, the classification of certain expenses reported in operating income and expenses changed following a review to align with ANZ policies. Had the restatement occurred 1 October 2009, the restatement would have affected individual income lines in the March 2011 half and September 2011 full year as follows: Group & Individual Planned profit margin -$8 million, General insurance Planned profit margin -$1 million; September 2010 full year –Group & Individual Planned profit margin -$28 million, General insurance Planned profit margin -$4 million*

Wealth
Philip Chronican

Operating expenses	Half Year Sep 11 $M[8]	Mar 11 $M	Movt	Full Year Sep 11 $M	Sep 10 $M	Movt
OnePath Consolidated	(256)	(259)	-1%	**(515)**	(519)	-1%
ANZ Private & Other Wealth	(81)	(76)	7%	**(157)**	(136)	15%
Total	(337)	(335)	1%	**(672)**	(655)	3%

8. *From 1 April 2011, the classification of certain expenses reported in operating income and expenses changed following a review to align with ANZ policies. Had the restatement occurred 1 October 2009, the restatement would have resulted in an increase of $20 million in the March 2011 half year and both September 2011 and 2010 full years*

Performance measures	Half Year Sep 11 %	Mar 11 %	Full Year Sep 11 %	Sep 10 %
Cost to income[9]	60.7%	56.1%	58.3%	56.6%
Operating expenses to average funds under management	0.6%	0.6%	0.6%	0.6%
Insurance expenses to in-force premiums	8.7%	11.9%	10.0%	13.1%
Retail insurance lapse rates	13.3%	12.1%	12.7%	12.3%

9. *Cost to income ratio is operating expenses / operating income*

Funds under management	As at ($M) Sep 11	Mar 11	Sep 10	Movement Sep 11 v. Mar 11	Sep 11 v. Sep 10
Funds under management - average	43,127	44,974	44,550	-4%	-3%
Funds under management - end of period	40,798	45,456	44,493	-10%	-8%
Composed of:					
Australian equities	12,675	16,127	15,235	-21%	-17%
Global equities	5,993	7,124	7,036	-16%	-15%
Cash and fixed interest	17,110	16,357	16,658	5%	3%
Property and infrastructure	2,516	2,936	2,782	-14%	-10%
ANZ Trustees	2,504	2,912	2,782	-14%	-10%
Total	40,798	45,456	44,493	-10%	-8%

Wealth Management cashflows	Sep 11 $M	In-flows	Out-flows	Other flows[10]	Sep 10 $M
OneAnswer	15,192	2,152	(3,113)	(646)	16,799
Other Personal Investment	4,888	286	(800)	(240)	5,642
Mezzanine	1,096	120	(396)	(28)	1,400
Employer Super	11,925	1,755	(1,290)	(780)	12,240
Oasis	5,193	780	(883)	(334)	5,630
ANZ Trustees	2,504	449	(504)	(223)	2,782
Total	40,798	5,542	(6,986)	(2,251)	44,493

10. *Other flows includes investment income net of taxes, fees and charges, and distributions*

Insurance annual in-force premiums	As at ($M) Sep 11	Mar 11	Sep 10	Movement Sep 11 v. Mar 11	Sep 11 v. Sep 10
Group	502	462	452	9%	11%
Individual	749	704	653	6%	15%
General Insurance	311	302	295	3%	5%
Total	1,562	1,468	1,400	6%	12%

Insurance cash flows	Sep 11 $M	New business $M	Lapses $M	Sep 10 $M
Group	502	66	(16)	452
Individual	749	163	(67)	653
General Insurance	311	85	(69)	295
Total	1,562	314	(152)	1,400

Wealth
Philip Chronican

Aligned adviser numbers	As at Sep 11	As at Mar 11	As at Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Group & aligned financial planners[11]	2,021	2,131	2,134	-5%	-5%

11. Includes authorised representatives of dealer groups wholly or partially controlled by OnePath Australia, and ANZ Group financial planners

Embedded value and value of new business (OnePath only)[12]	$M
Embedded value as at September 2010	3,411
Value of franking credit balance transferred to ANZ[13]	(139)
Restated embedded value as at September 2010	3,272
Value of new business[14]	155
Expected return[15]	361
Experience deviations and assumption changes[16]	(175)
Sub-total embedded value before economic assumption changes and net transfer	3,613
Economic assumptions change[17]	84
Net transfer[18]	(355)
Embedded value as at September 2011	3,342

12. Embedded value represents the present value of future profits and releases of capital arising from the business in force at the valuation date and adjusted net assets. It is determined using best estimate assumptions with franking credits included at 70% of face value. Projected cash flows have been discounted using capital asset pricing model risk discount rates of 9.25-10.75%

13. The value of franking credit balance was transferred to ANZ as OnePath corporate tax matters are now consolidated at ANZ Group level

14. 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

15. Expected return represents expected increase in value over the period

16. Experience deviations and assumption changes arise from deviations from and changes to best estimate assumptions underlying the prior year embedded value. The adverse movement is primarily due to higher ongoing management expense assumption and lower funds under management as a result of adverse market movements.

17. Risk discount rates have decreased by 75-100 basis points over the twelve month period, leading to a positive impact on Embedded Value

18. Net transfer represents net capital movements over the period including cash dividends paid ($274 million) and franking credits transferred ($81 million)

OnePath only	As at ($M)	
Total capital sources by equity class	**Sep 11**	**Sep 10**
Share capital	1,914	1,772
Reserves	11	(35)
Retained earnings[19]	530	698
Outside equity interest	7	-
Total OnePath Australia shareholder equity	2,462	2,435
Unsecured loan	432	432
Total OnePath Australia capital source	2,894	2,867
Total capital sources by asset class		
Australian equities	-	39
International fixed interest	125	117
Australian fixed interest	181	337
Cash	1,413	1,125
Total OnePath Australia shareholder funds	1,719	1,618
Other including intangibles[20]	1,175	1,249
Total OnePath Australia capital source	2,894	2,867

19. September 2010 includes impact of push down allocated cost tax adjustments arising from the 100% acquisition of OnePath Australia

20. Intangibles include goodwill, deferred acquisition cost and capitalised software

Wealth
Philip Chronican

- **September 2011 v September 2010**

Wealth profit after tax was $67 million (16%) lower as a result of volatile market conditions and negative investor sentiment adversely impacting volumes and margin compression. In addition, the result has been impacted by the catastrophic weather events of 2011, higher levels of investment in strategic projects and the normalisation of the provision for credit impairments following the recovery of asset valuations in 2010 from the 2009 level.

Net interest income is lower due to the repayment of wholesale legacy loans combined with higher funding costs in ANZ Private and Other Wealth.

Other operating income was $19 million (16%) lower predominantly driven by the adverse investor sentiment in the second half negatively impacting on volumes, as well as a one-off impairment charge in E*Trade.

Funds management net income was 5% lower due to a combination of margin squeeze, negative investor sentiment and lower average FUM.

Income from Insurance operations reflected continued growth across all Retail segments, however general insurance claims were higher due to the catastrophic weather events in the September 2011 full year. Excluding the expense reclassification noted in footnote 4 on page 53, net advice income is marginally higher in 2011 compared to 2010.

Capital investment earnings increased largely due to the recovery from the impacts of the Global Financial Crisis during the September 2010 full year.

Operating expenses increased $17 million (3%) due to higher levels of investment in strategic projects and one off charges relating to software impairments, partially offset by integration benefits and tight control of discretionary spend.

Releases of provisions for credit impairment were significantly higher in 2010 due to improved asset valuations on legacy wholesale equity backed loans during the year, resulting in a decrease of $29 million (78%) in the credit impairment expense.

Tax expense and the related effective tax rate were higher in the September 2011 year as the September 2010 year benefited from one-off tax credits.

- **September 2011 v March 2011**

Wealth profit after tax was down $27 million (15%) due to lower insurance net income as a result of unfavourable claims and lapse experience in Individual Life, and a deterioration in the funds management business driven by volatile investment markets in the second half of the year.

Other operating income was $10 million (18%) lower predominantly driven by the adverse investor sentiment negatively impacting on volumes, as well as a one-off impairment charge in E*Trade.

The decline in funds management net income of 3% was mainly driven by lower average volume and margin deterioration.

Excluding the expense reclassification noted in footnote 4 on page 53, net insurance income was $47 million (24%) lower due to adverse claims and lapse experience partially offset by strong new business growth. Net advice income is consistent with the first half.

Operating expenses decreased by $18 million (5%) after adjusting for the expense reclassification with integration benefits offset by a one-off charge relating to software impairment and investment in strategic projects.

Provision releases were slightly higher due to improved asset valuations on legacy wholesale equity backed loans, as well as the loan book maturing in the September 2011 half.

Wealth
Philip Chronican

This page has been left blank intentionally

Asia Pacific, Europe & America

Alex Thursby

Asia Pacific, Europe & America division includes Retail which provides retail and small business banking services and investment and insurance products and services for Asia Pacific customers, Asia Partnerships which is a portfolio of strategic partnerships in Asia, and Institutional which offers a full range of financial services to institutional customers.

Table reflects USD for the APEA division AUD results shown on page 93	Half Year Sep 11 USD M	Half Year Mar 11 USD M	Half Year Movt	Full Year Sep 11 USD M	Full Year Sep 10 USD M	Full Year Movt
Net interest income	600	558	8%	**1,158**	1,008	15%
Other external operating income	686	712	-4%	**1,398**	1,083	29%
Operating income	1,286	1,270	1%	**2,556**	2,091	22%
Operating expenses	(795)	(731)	9%	**(1,526)**	(1,212)	26%
Profit before credit impairment and income tax	491	539	-9%	**1,030**	879	17%
Provision for credit impairment	(70)	(43)	63%	**(113)**	(174)	-35%
Profit before income tax	421	496	-15%	**917**	705	30%
Income tax expense	(64)	(105)	-39%	**(169)**	(82)	large
Non-controlling interests	(4)	(5)	-20%	**(9)**	(6)	50%
Pro forma profit	353	386	-9%	**739**	617	20%
Pro forma adjustments	-	-	n/a	**-**	(9)	-100%
Underlying profit	353	386	-9%	**739**	608	22%
Consisting of:						
Retail	56	64	-13%	**120**	34	large
Asia Partnerships	173	146	18%	**319**	306	4%
Institutional	174	233	-25%	**407**	345	18%
Operations & Support	(50)	(57)	-12%	**(107)**	(68)	57%
Pro forma profit	353	386	-9%	**739**	617	20%
Balance Sheet						
Net loans & advances including acceptances	37,736	31,976	18%	**37,736**	26,218	44%
Other external assets	48,002	34,938	37%	**48,002**	30,553	57%
External assets	85,738	66,914	28%	**85,738**	56,771	51%
Customer deposits	63,080	54,552	16%	**63,080**	45,057	40%
Other deposits and borrowings	7,273	5,343	36%	**7,273**	7,325	-1%
Deposits and other borrowings	70,353	59,895	17%	**70,353**	52,382	34%
Other external liabilities	20,173	15,461	30%	**20,173**	12,281	64%
External liabilities	90,526	75,356	20%	**90,526**	64,663	40%
Risk weighted assets	55,695	49,128	13%	**55,695**	41,783	33%
Average net loans and advances including acceptances	36,173	29,313	23%	**32,752**	21,015	56%
Average deposits and other borrowings	67,075	56,944	18%	**62,023**	46,559	33%
Ratios						
Return on average assets	0.79%	1.03%		**0.90%**	1.03%	
Net interest average margin	1.52%	1.74%		**1.62%**	1.68%	
Net interest average margin (excluding Global Markets)	2.59%	2.95%		**2.76%**	3.01%	
Operating expenses to operating income (pro forma)	61.8%	57.6%		**59.7%**	58.0%	
Operating expenses to operating income	61.8%	57.6%		**59.7%**	55.2%	
Operating expenses to average assets	1.78%	1.95%		**1.86%**	1.73%	
Individual provision charge	81	51	59%	**132**	138	-4%
Individual provision charge as a % of average net advances	0.45%	0.35%		**0.40%**	0.65%	
Collective provision charge (credit)	(11)	(8)	38%	**(19)**	1	large
Collective provision charge (credit) as a % of average net advances	(0.06%)	(0.05%)		**(0.06%)**	0.00%	
Net impaired assets	276	283	-2%	**276**	258	7%
Net impaired assets as a % of net advances	0.73%	0.89%		**0.73%**	0.98%	
Total employees	10,650	10,718	-1%	**10,650**	10,332	3%

Asia Pacific, Europe & America
Alex Thursby

Commentary reflects USD results

- **September 2011 v September 2010**

On a pro forma basis, profit grew 20% with solid profit growth by both the Retail and Institutional businesses despite lower Global Markets trading income in the September 2011 half year. We completed the acquisitions of the RBS businesses in the Philippines, Vietnam and Hong Kong during the March 2010 half year and in Taiwan, Singapore and Indonesia during the September 2010 half year. Asia Partnerships' profit contribution held steady despite the impairment charge relating to the carrying value of our investment in Saigon Thuong Tin Commercial Joint-Stock Bank (Sacombank) in the March 2011 half year and the positive impact of the reversal of the Saigon Securities Incorporation (SSI) impairment charge in 2010.

Key factors affecting the result were:

- Solid balance sheet growth contributed to net interest income increasing 15% compared with 2010.
- Other external operating income grew 29% primarily from higher fees and other income by Global Markets, the gain from the sale of credit cards loan portfolios in Taiwan, and increased earnings from Asia Partnerships.
- The 26% increase in operating expenses resulted from the build-up of regional revenue generating staff and support capabilities.
- Provision charges for credit impairment decreased 35%. Individual provision charges were 4% lower in 2011 due to higher recoveries achieved mainly in the Retail businesses in Asia (in particular, Taiwan), partially offset by higher charges associated with certain legacy institutional positions. Collective provision charges were lower due to the upgrade of a few large Institutional customers and the release arising from active de-risking of the previously RBS-owned portfolios.
- While volumes were strong there was margin pressure arising from competitor pricing activity evident in the second half of the year.
- Net loans and advances including acceptances increased 44%. All business lines increased loans and deposits reflecting strong franchise momentum.

- **September 2011 v March 2011**

Profit decreased 9% compared with the March 2011 half year. Earnings from the Institutional business reduced 25% with lower trading income by Global Markets partially offset by higher customer driven revenues. Earnings from the Retail business for the March 2011 half year included the gain from the sale of credit card loan portfolios in Taiwan.

Key factors affecting the result were:

- Net interest income was 8% higher compared with the prior half year, driven by balance sheet growth.
- Other external operating income decreased 4%, principally due to the lower contribution by Global Markets mainly as a result of lower trading income in difficult conditions. Increased earnings in the September half from Asia Partnerships reflected the impact of the Sacombank impairment charge recorded in the March 2011 half year. Retail delivered solid growth after taking into account the gain from the sale of credit card portfolios in Taiwan in the March 2011 half year.
- Operating expenses increased 9%, reflecting continued and targeted investments in expanding distribution and building front line capability across the region. Employees reduced by 1% compared with the March 2011 half year.
- Provision charges for credit impairment were 63% higher compared with the prior half year. This was mainly driven by 57% higher individual provision charges associated with a small number of certain legacy institutional positions. Collective provision write-back for the September 2011 half year was 25% higher with the release arising from active de-risking of the portfolios acquired through the acquisitions of the RBS businesses (in particular, Taiwan), partially offset by the higher charges driven by growth in loans and advances.
- Net loans and advances increased 18% and customer deposits 16%. All business lines increased loans and deposits reflecting strong franchise momentum.
- While volumes increased strongly, net interest margin (excluding Global Markets) was 36 basis points lower than for the March half, reflecting increased pricing competition and the product mix impact of de-risking the portfolio.

Asia Pacific, Europe & America
Alex Thursby

Business operating segments

Table reflects USD results

Retail	Half Year Sep 11 USD M	Half Year Mar 11 USD M	Half Year Movt	Full Year Sep 11 USD M	Full Year Sep 10 USD M	Full Year Movt
Net interest income	296	281	5%	**577**	517	12%
Other external operating income	177	176	1%	**353**	269	31%
Operating income	473	457	4%	**930**	786	18%
Operating expenses	(378)	(356)	6%	**(734)**	(636)	15%
Profit before credit impairment and income tax	95	101	-6%	**196**	150	31%
Provision for credit impairment	(21)	(16)	31%	**(37)**	(91)	-59%
Profit before income tax	74	85	-13%	**159**	59	large
Income tax expense	(18)	(20)	-10%	**(38)**	(22)	73%
Non-controlling interests	-	(1)	-100%	**(1)**	(3)	-67%
Pro forma profit	56	64	-13%	**120**	34	large
Pro forma adjustments	-	-	n/a	**-**	(5)	-100%
Underlying profit	56	64	-13%	**120**	29	large
Risk weighted assets	11,266	10,252	10%	**11,277**	8,461	33%

Asia Partnerships	Half Year Sep 11 USD M	Half Year Mar 11 USD M	Half Year Movt	Full Year Sep 11 USD M	Full Year Sep 10 USD M	Full Year Movt
Net interest income	(36)	(34)	6%	**(70)**	(55)	27%
Other external operating income	200	191	5%	**391**	353	11%
Operating income	164	157	4%	**321**	298	8%
Operating expenses	(4)	(4)	0%	**(8)**	(4)	100%
Profit before credit impairment and income tax	160	153	5%	**313**	294	6%
Profit before income tax	160	153	5%	**313**	294	6%
Income tax expense	13	(7)	large	**6**	12	-50%
Non-controlling interests	-	-	n/a	**-**	-	n/a
Pro forma profit	173	146	18%	**319**	306	4%
Pro forma adjustments	-	-	n/a	**-**	-	n/a
Underlying profit	173	146	18%	**319**	306	4%
Risk weighted assets	n/a	n/a	n/a	**n/a**	n/a	n/a

Institutional	Half Year Sep 11 USD M	Half Year Mar 11 USD M	Half Year Movt	Full Year Sep 11 USD M	Full Year Sep 10 USD M	Full Year Movt
Net interest income	342	310	10%	**652**	545	20%
Other external operating income	305	347	-12%	**652**	469	39%
Operating income	647	657	-2%	**1,304**	1,014	29%
Operating expenses	(381)	(317)	20%	**(698)**	(507)	38%
Profit before credit impairment and income tax	266	340	-22%	**606**	507	20%
Provision for credit impairment	(49)	(27)	81%	**(76)**	(77)	-1%
Profit before income tax	217	313	-31%	**530**	430	23%
Income tax expense	(43)	(78)	-45%	**(121)**	(85)	42%
Non-controlling interests	-	(2)	-100%	**(2)**	-	n/a
Pro forma profit	174	233	-25%	**407**	345	18%
Pro forma adjustments	-	-	n/a	**-**	(4)	-100%
Underlying profit	174	233	-25%	**407**	341	19%
Risk weighted assets	42,616	38,640	10%	**42,616**	33,109	29%

Asia Pacific, Europe & America
Alex Thursby

Individual provision charge	Half Year Sep 11 USD M	Half Year Mar 11 USD M	Half Year Movt	Full Year Sep 11 USD M	Full Year Sep 10 USD M	Full Year Movt
Retail	**33**	**24**	**38%**	**57**	**87**	**-34%**
Asia	27	20	35%	47	74	-36%
Pacific	6	4	50%	10	13	-23%
Institutional	**48**	**27**	**78%**	**75**	**77**	**-3%**
Transaction Banking	40	15	large	55	23	large
Global Loans	(13)	(5)	large	(18)	28	large
Global Markets	22	16	38%	38	19	100%
Other	(1)	1	large	-	7	-100%
Pro forma individual provision charge	**81**	**51**	**59%**	**132**	**164**	**-20%**
Pro forma adjustments	-	-	n/a	-	(26)	-100%
Underlying individual provision charge	**81**	**51**	**59%**	**132**	**138**	**-4%**

Collective provision charge	Half Year Sep 11 USD M	Half Year Mar 11 USD M	Half Year Movt	Full Year Sep 11 USD M	Full Year Sep 10 USD M	Full Year Movt
Retail	**(12)**	**(8)**	**50%**	**(20)**	**4**	**large**
Asia	(12)	(6)	100%	(18)	8	large
Pacific	-	(2)	-100%	(2)	(4)	-50%
Institutional	**1**	**-**	**n/a**	**1**	**-**	**n/a**
Transaction Banking	(4)	9	large	5	3	67%
Global Loans	6	(6)	large	-	-	n/a
Global Markets	(2)	(2)	0%	(4)	(3)	33%
Other	1	(1)	large	-	-	n/a
Operations & Support	**-**	**-**	**n/a**	**-**	**6**	**-100%**
Pro forma collective provision charge	**(11)**	**(8)**	**38%**	**(19)**	**10**	**large**
Pro forma adjustments	-	-	n/a	-	(9)	-100%
Underlying collective provision charge	**(11)**	**(8)**	**38%**	**(19)**	**1**	**large**

Net loans & advances including acceptances	As at (USD M) Sep 11	As at (USD M) Mar 11	As at (USD M) Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Retail	**6,663**	**5,841**	**5,402**	**14%**	**23%**
Asia	4,323	3,668	3,274	18%	32%
Pacific	2,340	2,173	2,128	8%	10%
Institutional	**31,077**	**26,142**	**20,822**	**19%**	**49%**
Transaction Banking	11,499	9,596	4,921	20%	large
Global Loans	18,978	15,834	13,343	20%	42%
Other	600	712	2,558	-16%	-77%
Operations & Support	**(4)**	**(7)**	**(6)**	**-43%**	**-33%**
Underlying net loans & advances including acceptances	**37,736**	**31,976**	**26,218**	**18%**	**44%**

Customer deposits	As at (USD M) Sep 11	As at (USD M) Mar 11	As at (USD M) Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Retail	**14,192**	**12,887**	**12,223**	**10%**	**16%**
Asia	10,293	9,549	9,026	8%	14%
Pacific	3,899	3,338	3,197	17%	22%
Institutional	**48,872**	**41,664**	**32,827**	**17%**	**49%**
Transaction Banking	28,574	21,032	16,861	36%	69%
Global Markets	19,979	19,988	16,597	0%	20%
Other	319	644	(631)	-50%	large
Operations & Support	**16**	**1**	**7**	**large**	**large**
Underlying customer deposits	**63,080**	**54,552**	**45,057**	**16%**	**40%**

Institutional division

Shayne Elliott

Institutional provides global financial services to government, corporate and institutional clients. We provide solutions for clients with complex financial needs, based on a deep understanding of their businesses and industries, offering specialist products and services within Transaction Banking, Global Loans and Global Markets.

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	1,563	1,517	3%	**3,092**	3,178	-3%
Other external operating income	770	1,035	-26%	**1,814**	1,684	8%
Operating income	2,333	2,552	-9%	**4,906**	4,862	1%
Operating expenses	(1,019)	(968)	5%	**(2,001)**	(1,717)	17%
Profit before credit impairment and income tax	1,314	1,584	-17%	**2,905**	3,145	-8%
Provision for credit impairment	(104)	(152)	-32%	**(258)**	(742)	-65%
Profit before income tax	1,210	1,432	-16%	**2,647**	2,403	10%
Income tax expense and non-controlling interests	(343)	(408)	-16%	**(752)**	(670)	12%
Pro forma profit	867	1,024	-15%	**1,895**	1,733	9%
Foreign exchange adjustments	n/a	4	n/a	**n/a**	49	n/a
Pro forma adjustments	-	-	n/a	**-**	(4)	-100%
Underlying profit	867	1,028	-16%	**1,895**	1,778	7%
Consisting of:						
Transaction Banking	266	218	22%	**486**	442	10%
Global Loans	509	459	11%	**972**	581	67%
Global Markets	131	385	-66%	**516**	720	-28%
Relationship & Infrastructure	(39)	(38)	3%	**(79)**	(10)	large
Pro forma profit	867	1,024	-15%	**1,895**	1,733	9%
Balance Sheet						
Net loans & advances including acceptances[1]	91,151	83,727	9%	**91,151**	78,705	16%
Other external assets	146,525	104,058	41%	**146,525**	106,316	38%
External assets	237,676	187,785	27%	**237,676**	185,021	28%
Customer deposits	117,434	98,747	19%	**117,434**	97,681	20%
Other deposits and borrowings	11,077	9,004	23%	**11,077**	11,950	-7%
Deposits and other borrowings	128,511	107,751	19%	**128,511**	109,631	17%
Other external liabilities	72,305	50,113	44%	**72,305**	67,677	7%
External liabilities	200,816	157,864	27%	**200,816**	177,308	13%
Risk weighted assets	140,838	129,788	9%	**140,838**	130,643	8%
Ratios						
Return on average assets	0.81%	1.05%		**0.92%**	0.94%	
Net interest average margin	1.86%	1.98%		**1.92%**	2.15%	
Net interest average margin (excluding Global Markets)	2.96%	3.13%		**3.04%**	3.12%	
Operating expenses to operating income	43.7%	38.2%		**40.8%**	35.3%	
Operating expenses to average assets	0.95%	1.01%		**0.98%**	0.92%	
Individual provision charge	75	150	-50%	**224**	799	-72%
Individual provision charge as a % of average net advances[2]	0.17%	0.37%		**0.27%**	1.10%	
Collective provision charge (credit)	29	4	large	**34**	(58)	large
Collective provision charge (credit) as a % of average net advances[2]	0.07%	0.01%		**0.04%**	(0.08%)	
Net impaired assets	2,194	2,667	-18%	**2,194**	3,012	-27%
Net impaired assets as a % of net advances[1]	2.41%	3.19%		**2.41%**	3.83%	
Total employees	6,448	6,362	1%	**6,448**	6,180	4%

1. *2010 comparatives have been adjusted to include bill acceptances (Sep 2010: $6,035 million), previously included as trading securities*
2. *2010 comparatives have been adjusted to include average bill acceptances (Sep 2010: $5,430 million), previously included as trading securities*

Institutional division
Shayne Elliott

- **September 2011 v September 2010**

Institutional's goal is to build the best bank in the world for clients who are dependent on trade and capital flows across the region, particularly those in the natural resources, agribusiness and infrastructure sectors. Aligned to this strategic ambition, our priority products are trade, cash management, foreign exchange and commodities and capital markets.

Pro forma profit increased 9%, a solid performance in difficult market conditions, with the changing geographic distribution of profit reflecting our super regional strategy. While overall pro forma global revenue increased 1%, customer revenues were up 10% to $4.3 billion, but this was offset by lower trading and balance sheet revenues which were down 36% reflecting the difficult market conditions. Customer revenues in our priority sectors of resources, agribusiness and infrastructure grew around 19%. Over 1,300 new relationships were acquired during the year.

APEA revenues grew 30% and represent 26% of global revenues (2010: 20%). Partially offsetting APEA revenue growth was a 7% contraction in Australia, where trading conditions were particularly difficult in the second half. Despite challenging economic conditions, New Zealand performed well with revenue up 2% on 2010.

Within our priority product segments, Payments and Cash Management ("PCM") revenues grew 13% on the back of investment in our "Transactive" cash management platforms. Customer deposits in PCM were up 27% with particularly strong growth in Asia, up 68%. Trade revenues were up 29% with 58% growth in Asia. Markets sales were up 13% and FX revenues increased 22% with FX sales revenues now representing 52% of total Global Markets sales revenues (2010: 48%).

Net interest margin (excluding Global Markets) was down 8 basis points, partially due to a one-off interest write back in 2010 which increased prior year net interest margin by 3 basis points as well as the geographic mix effect with significant increase in volumes in the lower spread Asia region. Net loans and advances were up $12.4 billion, 16%, with APEA growth of $10.5 billion (49%). Australian lending increased $2.6 billion (5%) and the margins on our lending portfolios in Australia and New Zealand were held relatively steady following repricing completed in 2010.

Expenses increased 17% mainly due to the run rate impact of investments made in building out APEA capabilities in the prior year and in cash platforms to support the super regional strategy.

Credit impairment expense was down 65% reflecting the improvement in the quality of the book as well as the credit cycle.

- **September 2011 v March 2011**

Pro forma profit for the half year decreased 15% reflecting the fall in Global Markets' trading and balance sheet revenues, down 70%. Markets' sales revenues were up 3% (or 11% excluding capital markets where securitization portfolio volumes and margins were down in line with the market), reflecting our investment in FX capabilities and mitigating the impact of the trading revenue decline.

Our priority product and customer segments continued to deliver strong results during the second half of the year:

- Customer revenue momentum continued and over 600 new relationships were acquired. The priority sectors of natural resources, agribusiness and infrastructure grew at 20%.
- Customer deposit growth was 19%. Deposit growth in APEA was approximately $10 billion and around $8 billion in Australia. Australian growth in part reflects strong systems growth, and the new cash management platform with the Asian growth consequent to the build out of our Asian franchise.
- Our diversification across the super region was evidenced by a 27% growth in lending in APEA, with the Asian lending book growing 29% and APEA now representing 35% of the loan portfolio.

Net interest margin (excluding Markets) declined 17 basis points due to competitive pressures in the domestic market, geographic diversification with growth skewed to lower spread Asian region, and the impact of the continued improvement in the quality of our lending portfolio.

With the slowing of revenue, expenses were limited to a 5% uplift. In Australia and New Zealand expenses growth was due to ongoing investment in strategic capability builds including cash management and payments infrastructure. Expense growth in Asia reflected the build out of foreign exchange capability and investment in cash platforms.

Provision for credit impairment decreased 32% in second half 2011 in line with the improving economic environment which saw individual provisions decrease aided by an increase in recoveries and writebacks.

Institutional division
Shayne Elliott

Business operating segments

	Half Year			Full Year		
Transaction Banking	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Net interest income	353	325	9%	**681**	593	15%
Other external operating income	307	271	13%	**580**	491	18%
Operating income	660	596	11%	**1,261**	1,084	16%
Operating expenses	(278)	(276)	1%	**(556)**	(478)	16%
Profit before credit impairment and income tax	382	320	19%	**705**	606	16%
Provision for credit impairment	(13)	(21)	-38%	**(35)**	21	large
Profit before income tax	369	299	23%	**670**	627	7%
Income tax expense and non-controlling interests	(103)	(81)	27%	**(184)**	(185)	-1%
Pro forma profit	266	218	22%	**486**	442	10%
Foreign exchange adjustments	n/a	2	n/a	**n/a**	12	n/a
Pro forma adjustments	-	-	n/a	**-**	-	n/a
Underlying profit	266	220	21%	**486**	454	7%
Risk weighted assets	24,189	21,649	12%	**24,189**	20,731	17%

Global Loans						
Net interest income	919	922	0%	**1,847**	1,703	8%
Other external operating income	89	94	-5%	**185**	206	-10%
Operating income	1,008	1,016	-1%	**2,032**	1,909	6%
Operating expenses	(248)	(237)	5%	**(487)**	(428)	14%
Profit before credit impairment and income tax	760	779	-2%	**1,545**	1,481	4%
Provision for credit impairment	(70)	(136)	-49%	**(206)**	(669)	-69%
Profit before income tax	690	643	7%	**1,339**	812	65%
Income tax expense and non-controlling interests	(181)	(184)	-2%	**(367)**	(231)	59%
Pro forma profit	509	459	11%	**972**	581	67%
Foreign exchange adjustments	n/a	4	n/a	**n/a**	15	n/a
Pro forma adjustments	-	-	n/a	**-**	-	n/a
Underlying profit	509	463	10%	**972**	596	63%
Risk weighted assets	84,226	78,913	7%	**84,226**	79,040	7%

Global Markets						
Net interest income	291	267	9%	**560**	832	-33%
Other external operating income	346	652	-47%	**1,003**	920	9%
Operating income	637	919	-31%	**1,563**	1,752	-11%
Operating expenses	(423)	(399)	6%	**(828)**	(678)	22%
Profit before credit impairment and income tax	214	520	-59%	**735**	1,074	-32%
Provision for credit impairment	(18)	19	large	**1**	(64)	large
Profit before income tax	196	539	-64%	**736**	1,010	-27%
Income tax expense and non-controlling interests	(65)	(154)	-58%	**(220)**	(290)	-24%
Pro forma profit	131	385	-66%	**516**	720	-28%
Foreign exchange adjustments	n/a	-	n/a	**n/a**	17	n/a
Pro forma adjustments	-	-	n/a	**-**	-	n/a
Underlying profit	131	385	-66%	**516**	737	-30%
Risk weighted assets	31,951	28,436	12%	**31,951**	30,413	5%

Institutional division
Shayne Elliott

Analysis of Global Markets income

Composition of Global Markets pro forma income by product class	**Half Year** Sep 11 $M	Mar 11 $M	Movt	**Full Year** Sep 11 $M	Sep 10 $M	Movt
Fixed income	223	452	-51%	**679**	999	-32%
Foreign exchange	328	324	1%	**652**	533	22%
Capital markets	60	89	-33%	**150**	174	-14%
Other	26	54	-52%	**82**	46	78%
Pro forma Global Markets income	637	919	-31%	**1,563**	1,752	-11%

Composition of Global Markets pro forma income by geography	**Half Year** Sep 11 $M	Mar 11 $M	Movt	**Full Year** Sep 11 $M	Sep 10 $M	Movt
Australia	256	490	-48%	**745**	1,055	-29%
Asia Pacific, Europe & America	257	315	-18%	**582**	467	25%
New Zealand	124	114	9%	**236**	230	3%
Pro forma Global Markets income	637	919	-31%	**1,563**	1,752	-11%

Composition of Global Markets Pro Forma income by activity	**Half Year** Sep 11 $M	Mar 11 $M	Movt	**Full Year** Sep 11 $M	Sep 10 $M	Movt
Trading[1]	56	247	-77%	**303**	370	-18%
Sales[2]	510	496	3%	**1,009**	889	13%
Balance sheet[3]	71	176	-60%	**251**	493	-49%
Pro forma Global Markets income	637	919	-31%	**1,563**	1,752	-11%

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

Institutional division
Shayne Elliott

Market risk

Traded market risk

Below are aggregate Value at Risk (VaR) exposures at 97.5% and 99% confidence levels covering both physical and derivatives trading positions for the Bank's principal trading centres. All figures are in AUD.

97.5% confidence level (1 day holding period)

	As at Sep 11 $M	High for year Sep 11 $M	Low for year Sep 11 $M	Avg for year Sep 11 $M	As at Sep 10 $M	High for year Sep 10 $M	Low for year Sep 10 $M	Avg for year Sep 10 $M
Value at Risk at 97.5% confidence								
Foreign exchange	6.0	7.9	0.8	3.1	2.6	7.8	0.8	2.0
Interest rate	4.7	16.1	4.2	9.4	11.2	24.9	9.2	17.2
Credit	3.4	8.5	2.4	5.4	3.0	4.9	1.7	3.1
Commodities	2.0	4.3	1.6	2.6	2.1	3.7	1.1	2.3
Equity	2.5	2.5	0.4	0.9	0.5	0.8	0.2	0.4
Diversification benefit	(10.4)	n/a	n/a	(10.3)	(7.1)	n/a	n/a	(8.2)
Total VaR	8.2	18.8	5.7	11.1	12.3	24.9	10.0	16.8

99% confidence level (1 day holding period)

	As at Sep 11 $M	High for year Sep 11 $M	Low for year Sep 11 $M	Avg for year Sep 11 $M	As at Sep 10 $M	High for year Sep 10 $M	Low for year Sep 10 $M	Avg for year Sep 10 $M
Value at Risk at 99% confidence								
Foreign exchange	7.8	10.9	1.0	4.2	3.6	10.4	1.3	3.1
Interest rate	7.0	26.4	5.4	13.5	19.3	57.4	15.2	30.5
Credit	4.9	10.5	3.2	6.9	3.9	7.0	2.1	4.4
Commodities	3.2	6.5	2.4	4.1	3.6	5.4	2.4	3.6
Equity	3.4	3.5	0.6	1.3	0.8	1.2	0.5	0.8
Diversification benefit	(14.6)	n/a	n/a	(14.2)	(9.4)	n/a	n/a	(9.8)
Total VaR	11.7	29.5	8.3	15.8	21.8	71.4	15.0	32.6

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.

97.5% confidence level (1 day holding period)

	As at Sep 11 $M	High for year Sep 11 $M	Low for year Sep 11 $M	Avg for year Sep 11 $M	As at Sep 10 $M	High for year Sep 10 $M	Low for year Sep 10 $M	Avg for year Sep 10 $M
Value at Risk at 97.5% confidence								
Australia	12.2	20.1	10.5	14.4	18.2	27.3	18.0	22.0
New Zealand	8.1	13.5	7.9	9.3	13.8	13.8	7.8	11.1
Asia Pacific, Europe & America	3.9	5.5	2.3	3.5	4.3	8.9	4.3	5.9
Diversification benefit	(9.7)	n/a	n/a	(8.0)	(11.6)	n/a	n/a	(8.2)
Total VaR	14.5	26.5	13.2	19.2	24.7	39.6	24.7	30.8

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

	As at Sep 11	As at Sep 10
As at period end	1.36%	1.09%
Maximum exposure	1.51%	1.61%
Minimum exposure	0.50%	0.60%
Average exposure (in absolute terms)	1.08%	0.98%

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.*

Institutional division
Shayne Elliott

Individual provision charge	Half Year Sep 11 $M	Half Year Mar 11 $M	Half Year Movt	Full Year Sep 11 $M	Full Year Sep 10 $M	Full Year Movt
Australia	32	130	-75%	162	716	-77%
Asia Pacific, Europe & America	47	25	88%	73	76	-4%
New Zealand	(4)	(7)	-43%	(11)	5	large
Pro forma individual provision charge	**75**	**148**	**-49%**	**224**	**797**	**-72%**
Foreign exchange adjustments	n/a	2	n/a	**n/a**	8	n/a
Pro forma adjustments	-	-	n/a	-	(6)	-100%
Underlying individual provision charge	**75**	**150**	**-50%**	**224**	**799**	**-72%**

Collective provision charge	Half Year Sep 11 $M	Half Year Mar 11 $M	Half Year Movt	Full Year Sep 11 $M	Full Year Sep 10 $M	Full Year Movt
Australia	37	7	large	45	(9)	large
Asia Pacific, Europe & America	1	-	n/a	1	1	0%
New Zealand	(9)	(3)	large	(12)	(47)	-74%
Pro forma collective provision charge	**29**	**4**	**large**	**34**	**(55)**	**large**
Foreign exchange adjustments	n/a	-	n/a	**n/a**	(2)	n/a
Pro forma adjustments	-	-	n/a	-	(1)	-100%
Underlying collective provision charge	**29**	**4**	**large**	**34**	**(58)**	**large**

Net loans & advances including acceptances	As at ($M) Sep 11	As at ($M) Mar 11	As at ($M) Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Australia	53,835	53,226	51,285	1%	5%
Asia Pacific, Europe & America	31,936	25,300	21,538	26%	48%
New Zealand	5,380	5,201	5,882	3%	-9%
Underlying net loans & advances including acceptances	**91,151**	**83,727**	**78,705**	**9%**	**16%**

Customer deposits	As at ($M) Sep 11	As at ($M) Mar 11	As at ($M) Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Australia	58,029	49,826	55,108	16%	5%
Asia Pacific, Europe & America	50,224	40,322	33,958	25%	48%
New Zealand	9,181	8,599	8,617	7%	7%
Underlying customer deposits	**117,434**	**98,747**	**97,681**	**19%**	**20%**

New Zealand

David Hisco

New Zealand comprises Retail, Commercial and Wealth. Retail provides a full range of banking services to personal customers. Commercial includes Commercial & Agri and Business Banking. Wealth includes Private Banking and OnePath New Zealand.

Table reflects NZD results for New Zealand AUD results shown on page 94	Half Year Sep 11 NZD M	Half Year Mar 11 NZD M	Half Year Movt	Full Year Sep 11 NZD M	Full Year Sep 10 NZD M	Full Year Movt
Net interest income	1,112	1,098	1%	**2,210**	2,061	7%
Other external operating income	307	301	2%	**608**	614	-1%
Operating income	1,419	1,399	1%	**2,818**	2,675	5%
Operating expenses	(664)	(661)	0%	**(1,325)**	(1,349)	-2%
Profit before credit impairment and income tax	755	738	2%	**1,493**	1,326	13%
Provision for credit impairment	(119)	(98)	21%	**(217)**	(516)	-58%
Profit before income tax	636	640	-1%	**1,276**	810	58%
Income tax expense	(185)	(187)	-1%	**(372)**	(225)	65%
Pro forma profit	451	453	0%	**904**	585	55%
Pro forma adjustments	-	-	n/a	**-**	(2)	-100%
Underlying profit	451	453	0%	**904**	583	55%
Consisting of:						
Retail	142	125	14%	**267**	186	44%
Commercial	290	292	-1%	**582**	361	61%
Wealth	32	26	23%	**58**	42	38%
Operations & Support	(13)	10	large	**(3)**	(4)	-25%
Pro forma profit	451	453	0%	**904**	585	55%
Balance Sheet						
Net loans & advances including acceptances	86,766	88,402	-2%	**86,766**	88,345	-2%
Other external assets	2,670	2,716	-2%	**2,670**	3,248	-18%
External assets	89,436	91,118	-2%	**89,436**	91,593	-2%
Customer deposits	50,235	51,054	-2%	**50,235**	48,347	4%
Other deposits and borrowings	4,783	2,861	67%	**4,783**	7,307	-35%
Deposits and other borrowings	55,018	53,915	2%	**55,018**	55,654	-1%
Other external liabilities	16,822	18,157	-7%	**16,822**	16,912	-1%
External liabilities	71,840	72,072	0%	**71,840**	72,566	-1%
Risk weighted assets	48,743	51,000	-4%	**48,743**	51,708	-6%
Average net loans and advances including acceptances	87,583	88,837	-1%	**88,208**	88,176	0%
Average deposits and other borrowings	54,116	55,171	-2%	**54,642**	57,313	-5%
Ratios						
Return on average assets	0.99%	0.98%		**0.99%**	0.64%	
Net interest average margin	2.50%	2.44%		**2.47%**	2.30%	
Operating expenses to operating income	46.8%	47.3%		**47.0%**	50.1%	
Operating expenses to average assets	1.46%	1.44%		**1.45%**	1.47%	
Individual provision charge	174	159	9%	**333**	455	-27%
Individual provision charge as a % of average net advances	0.40%	0.36%		**0.38%**	0.52%	
Collective provision charge (credit)	(55)	(61)	-10%	**(116)**	61	large
Collective provision charge (credit) as a % of average net advances	(0.13%)	(0.14%)		**(0.13%)**	0.07%	
Net impaired assets	1,298	1,669	-22%	**1,298**	1,442	-10%
Net impaired assets as a % of net advances	1.49%	1.89%		**1.49%**	1.63%	
Total employees	8,884	9,022	-2%	**8,884**	9,073	-2%

New Zealand
David Hisco

Commentary reflects NZD results

- **September 2011 v September 2010**

Financial performance in the 2011 year was strongly ahead of that in 2010, driven by a clear focus on simplifying the business, margin management and lower credit provisioning, although the lack of credit growth had a moderating impact.

On a pro forma basis, profit for the 2011 year increased 55%, with the result including a NZD299 million decrease in credit impairment charge. Profit before credit impairment and income tax increased 13%, driven by revenue growth and supported by strong management of costs.

Our customer value proposition in New Zealand continues to be strong across the businesses, with the Simplification Program contributing to a significant uplift in Retail customer satisfaction during the year, culminating in ANZ being awarded the Sunday Star-Times Canstar Cannex Bank of the Year Award, with The National Bank second.

Key components of the pro forma underlying result were:

- Net interest income increased 7%. This growth reflected the margin benefit from re-pricing of the fixed rate lending book, and mix benefit from an increased proportion of variable rate lending in the mortgage portfolio. Deposit margins, however, were reduced in the competitive environment. Lending volumes declined 2% and customer deposits increased 4%, both largely market-driven.
- Other external operating income declined 1%, reflecting lower Retail fees driven by a full year's impact from the fee restructure implemented during 2010. This was partly offset by increased income in Wealth from growth in the OnePath insurance and KiwiSaver businesses, and increased investment funds under management in Private Banking.
- Operating expenses decreased 2%, reflecting productivity gains from simplifying the business, which more than offset inflationary impacts.
- Provision for credit impairment charge decreased NZD299 million. The individual provision charge was cyclically lower, down NZD122 million on last year. The collective provision charge decreased NZD177 million, largely reflecting credit cycle adjustments booked in the 2010 year, with part releases in 2011. The total loss rate (total provision charge as a percentage of average net advances) for the 2011 year was 0.25%, down from 0.59% for the 2010 year.

- **September 2011 v March 2011**

The New Zealand economy has continued to re-balance with households and businesses focused on repaying debt and strengthening their balance sheets. Financial performance in the September 2011 half held up well despite the moderating impact of this de-leveraging headwind on revenue growth, with strong management of costs an important factor in the financial results for the half.

Profit before credit impairment and income tax increased 2%, reflecting modest revenue growth from net interest margin improvement and subdued lending volumes. Costs were held flat. The credit impairment charge increased NZD21 million, resulting in marginally lower pro forma underlying profit compared with the March 2011 half year (NZD2 million decline).

Key components of the pro forma underlying result were:

- Net interest income increased 1%, reflecting margin improvement of 6 basis points driven by re-pricing benefits flowing from rollover of the fixed rate lending book, and customers favouring variable over fixed rate mortgages. These gains were moderated by higher funding costs as cheaper term funding rolled off during the year. Lending volumes declined 2% with the agri sector in particular impacted by de-leveraging. Customer deposits declined 2% after above-system growth in the first half.
- Other external operating income increased 2%, reflecting stronger income in Wealth that was assisted by positive revaluations of net policyholder assets driven by falling interest rates. Fees and commissions remained constrained in a competitive environment.
- Operating expenses were held flat in the September 2011 half. This positive outcome reflected a strong focus on cost management in the current environment, including constraints on discretionary expenditure, and realisation of productivity gains that is reflected in lower FTE across the businesses and support functions. The result continues the improving trend in the cost to income ratio, down 50 basis points to 46.8% in the September 2011 half.
- Provision for credit impairment charge increased NZD21 million. After allowing for Christchurch earthquake related individual provisions and the matching unwind of the associated collective provision, individual provisions were modestly lower and the increased credit provision charge reflected a higher level of unwind in management overlays in the March 2011 half.

New Zealand

David Hisco

Business operating segments

Table reflects NZD results

	Half Year			Full Year		
	Sep 11 NZD M	Mar 11 NZD M	Movt	Sep 11 NZD M	Sep 10 NZD M	Movt
Retail						
Net interest income	443	418	6%	**861**	798	8%
Other external operating income	143	144	-1%	**287**	302	-5%
Operating income	586	562	4%	**1,148**	1,100	4%
Operating expenses	(340)	(348)	-2%	**(688)**	(686)	0%
Profit before credit impairment and income tax	246	214	15%	**460**	414	11%
Provision for credit impairment	(43)	(35)	23%	**(78)**	(149)	-48%
Profit before income tax	203	179	13%	**382**	265	44%
Income tax expense	(61)	(54)	13%	**(115)**	(79)	46%
Pro forma profit	142	125	14%	**267**	186	44%
Pro forma adjustments	-	-	n/a	**-**	-	n/a
Underlying profit	142	125	14%	**267**	186	44%
Risk weighted assets	16,816	17,105	-2%	**16,816**	16,897	0%
Commercial						
Net interest income	669	665	1%	**1,334**	1,241	7%
Other external operating income	62	65	-5%	**127**	143	-11%
Operating income	731	730	0%	**1,461**	1,384	6%
Operating expenses	(241)	(249)	-3%	**(490)**	(504)	-3%
Profit before credit impairment and income tax	490	481	2%	**971**	880	10%
Provision for credit impairment	(76)	(64)	19%	**(140)**	(365)	-62%
Profit before income tax	414	417	-1%	**831**	515	61%
Income tax expense	(124)	(125)	-1%	**(249)**	(154)	62%
Pro forma profit	290	292	-1%	**582**	361	61%
Pro forma adjustments	-	-	n/a	**-**	-	n/a
Underlying profit	290	292	-1%	**582**	361	61%
Risk weighted assets	30,448	32,461	-6%	**30,448**	33,499	-9%
Wealth						
Net interest income	8	1	large	**9**	6	50%
Other external operating income	102	93	10%	**195**	171	14%
Operating income	110	94	17%	**204**	177	15%
Operating expenses	(70)	(67)	4%	**(137)**	(140)	-2%
Profit before credit impairment and income tax	40	27	48%	**67**	37	81%
Provision for credit impairment	-	1	-100%	**1**	(2)	large
Profit before income tax	40	28	43%	**68**	35	94%
Income tax expense	(8)	(2)	large	**(10)**	7	large
Pro forma profit	32	26	23%	**58**	42	38%
Pro forma adjustments	-	-	n/a	**-**	(2)	-100%
Underlying profit	32	26	23%	**58**	40	45%
Risk weighted assets	894	928	-4%	**894**	814	10%

New Zealand
David Hisco

Individual provision charge	Half Year Sep 11 NZD M	Half Year Mar 11 NZD M	Half Year Movt	Full Year Sep 11 NZD M	Full Year Sep 10 NZD M	Full Year Movt
Retail	**40**	**47**	**-15%**	**87**	**162**	**-46%**
Commercial	**134**	**113**	**19%**	**247**	**291**	**-15%**
Commercial & Agri	113	103	10%	216	217	0%
Business Banking	21	10	large	31	74	-58%
Wealth	**-**	**(1)**	**-100%**	**(1)**	**2**	**large**
Pro forma individual provision charge	**174**	**159**	**9%**	**333**	**455**	**-27%**
Pro forma adjustments	-	-	n/a	-	-	n/a
Underlying individual provision charge	**174**	**159**	**9%**	**333**	**455**	**-27%**

Collective provision charge	Half Year Sep 11 NZD M	Half Year Mar 11 NZD M	Half Year Movt	Full Year Sep 11 NZD M	Full Year Sep 10 NZD M	Full Year Movt
Retail	**3**	**(12)**	**large**	**(9)**	**(13)**	**-31%**
Commercial	**(58)**	**(49)**	**18%**	**(107)**	**74**	**large**
Commercial & Agri	(58)	(41)	41%	(99)	86	large
Business Banking	-	(8)	-100%	(8)	(12)	-33%
Pro forma collective provision charge	**(55)**	**(61)**	**-10%**	**(116)**	**61**	**large**
Pro forma adjustments	-	-	n/a	-	-	n/a
Underlying collective provision charge	**(55)**	**(61)**	**-10%**	**(116)**	**61**	**large**

Net loans & advances including acceptances	As at (NZD M) Sep 11	As at (NZD M) Mar 11	As at (NZD M) Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Retail	**35,080**	**35,691**	**36,016**	**-2%**	**-3%**
Commercial	**50,402**	**51,464**	**51,168**	**-2%**	**-1%**
Commercial & Agri	34,875	36,295	36,330	-4%	-4%
Business Banking	15,527	15,169	14,838	2%	5%
Wealth	**1,284**	**1,247**	**1,161**	**3%**	**11%**
Underlying net loans & advances including acceptances	**86,766**	**88,402**	**88,345**	**-2%**	**-2%**

Customer deposits	As at (NZD M) Sep 11	As at (NZD M) Mar 11	As at (NZD M) Sep 10	Movement Sep 11 v. Mar 11	Movement Sep 11 v. Sep 10
Retail	**27,934**	**27,830**	**27,001**	**0%**	**3%**
Commercial	**17,804**	**18,389**	**16,793**	**-3%**	**6%**
Commercial & Agri	10,095	10,713	9,496	-6%	6%
Business Banking	7,709	7,676	7,297	0%	6%
Wealth	**4,497**	**4,835**	**4,553**	**-7%**	**-1%**
Underlying customer deposits	**50,235**	**51,054**	**48,347**	**-2%**	**4%**

Group Centre[1]

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	223	157	42%	**381**	219	74%
Other external operating income	1	4	-77%	**(35)**	(48)	-27%
Operating income	224	161	39%	**346**	171	large
Operating expenses	(214)	(175)	22%	**(388)**	(302)	28%
Profit/(Loss) before credit impairment and income tax	10	(14)	large	**(42)**	(131)	-68%
Provision for credit impairment	(38)	(2)	large	**(40)**	(10)	large
Profit/(Loss) before income tax	(28)	(16)	75%	**(82)**	(141)	-42%
Income tax expense and non-controlling interests	31	2	large	**46**	(23)	large
Pro forma profit / (loss)	3	(14)	large	**(36)**	(164)	-78%
Foreign exchange adjustments	n/a	(25)	n/a	**n/a**	(36)	n/a
Pro forma adjustments	-	-	n/a	**-**	13	-100%
Underlying profit / (loss)	3	(39)	large	**(36)**	(187)	-81%
Total employees	6,689	6,241	7%	**6,689**	5,557	20%

1. *Group Centre comprises Technology, Global Services & Operations, Group Human Resources, Group Risk Management, Group Treasury (includes the funding component of Treasury results, with the mismatch component being included in Institutional Division's Global Markets business), Group Strategy and Marketing, Corporate Affairs, Corporate Communications, Group Financial Management and Shareholder Functions*

- **September 2011 v September 2010**

The pro forma loss of $36 million improved $128 million compared to a loss of $164 million for the September 2010 full year largely as a result of earnings on higher surplus capital. Significant factors influencing the result were:

- Operating income improved $175 million largely due to higher earnings on central capital combined with a lower funding cost associated with lower debit tax balances, and profit recognised on the sale of our Martin Place headquarters in Sydney of $19 million. There were offsetting variances between net interest and other income as a result of elimination entries associated with the consolidation of OnePath Australia.
- Operating expenses increased $86 million largely as a result of increased project related technology expenditure and increased investment in our Chengdu and Manila Hubs.
- Provision for credit impairment increased $30 million with $40 million of flood provisions transferred to the Centre to provide for emerging issues resulting from the global uncertainty.

- **September 2011 v March 2011**

The pro forma profit of $3 million compared to a loss of $14 million for the March 2011 half. Significant factors influencing the result were:

- Operating income improved $63 million largely as a result of higher earnings on central capital and profit recognised on the sale of our Martin Place Headquarters in Sydney of $19 million in the second half. There were offsetting variances between net interest and other income as a result of elimination entries associated with the consolidation of OnePath Australia.
- Operating expenses increased $39 million with increased project related technology expenditure and increased investment in our Chengdu and Manila Hubs.
- Provision for credit impairment increased $36 million with $40 million of flood provisions transferred to the Centre to provide for emerging issues resulting from the global uncertainty.

CONTENTS

Section 5 – Geographic Region Results

Geographic performance

Australia geography

Asia Pacific, Europe & America geography

New Zealand geography

Geographic Performance

	Half Year			Full Year		
Profit after tax	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Australia	1,917	1,917	0%	**3,834**	3,293	16%
Asia Pacific, Europe & America	306	384	-20%	**690**	520	33%
New Zealand	468	363	29%	**831**	688	21%
	2,691	2,664	1%	**5,355**	4,501	19%
Asia Pacific, Europe & America (USD)	323	382	-15%	**705**	468	51%
New Zealand (NZD)	607	478	27%	**1,085**	867	25%

	Half Year			Full Year		
Underlying Profit	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Australia	1,976	1,962	1%	**3,938**	3,623	9%
Asia Pacific, Europe & America	365	397	-8%	**762**	701	9%
New Zealand	493	459	7%	**952**	701	36%
	2,834	2,818	1%	**5,652**	5,025	12%
Asia Pacific, Europe & America (USD)	385	396	-3%	**781**	631	24%
New Zealand (NZD)	638	605	5%	**1,243**	882	41%

	Half Year			Full Year		
Pro forma profit[1]	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Australia	1,976	1,991	-1%	**3,938**	3,692	7%
Asia Pacific, Europe & America	365	381	-4%	**762**	645	18%
New Zealand	493	466	6%	**952**	677	41%
	2,834	2,838	0%	**5,652**	5,014	13%
Asia Pacific, Europe & America (USD)	385	396	-3%	**781**	640	22%
New Zealand (NZD)	638	605	5%	**1,243**	884	41%

1 *Refer page 92 for a reconciliation of divisional to geographic region results*

	As at ($M)			Movement	
Net loans & advances including acceptances by region	**Sep 11**	**Mar 11**	**Sep 10**	**Sep 11 v. Mar 11**	**Sep 11 v. Sep 10**
Australia	284,951	278,195	269,161	2%	6%
Asia Pacific, Europe & America	38,779	30,905	27,118	25%	43%
New Zealand	73,555	70,260	73,121	5%	1%
Underlying net loans & advances including acceptances	**397,285**	**379,360**	**369,400**	**5%**	**8%**
Non continuing business	22	29	28	-24%	-21%
Net loans & advances including acceptances	**397,307**	**379,389**	**369,428**	**5%**	**8%**

	As at ($M)			Movement	
Customer deposits by region	**Sep 11**	**Mar 11**	**Sep 10**	**Sep 11 v. Mar 11**	**Sep 11 v. Sep 10**
Australia	183,216	168,086	164,795	9%	11%
Asia Pacific, Europe & America	64,827	52,790	46,607	23%	39%
New Zealand	48,710	46,226	45,470	5%	7%
Underlying customer deposits	**296,753**	**267,102**	**256,872**	**11%**	**16%**
Non continuing business	1	4	3	-75%	-67%
Customer deposits	**296,754**	**267,106**	**256,875**	**11%**	**16%**

Australia geography

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	4,283	4,131	4%	**8,413**	8,007	5%
Other external operating income	1,557	1,808	-14%	**3,325**	3,433	-3%
Operating income	5,840	5,939	-2%	**11,738**	11,440	3%
Operating expenses	(2,607)	(2,537)	3%	**(5,145)**	(4,791)	7%
Profit before credit impairment and income tax	3,233	3,402	-5%	**6,593**	6,649	-1%
Provision for credit impairment	(405)	(552)	-27%	**(957)**	(1,315)	-27%
Profit before tax	2,828	2,850	-1%	**5,636**	5,334	6%
Income tax expense	(852)	(859)	-1%	**(1,698)**	(1,642)	3%
Pro forma profit	1,976	1,991	-1%	**3,938**	3,692	7%
Foreign exchange adjustments	n/a	(29)	n/a	**n/a**	(39)	n/a
Pro forma adjustments	-	-	n/a	**-**	(30)	-100%
Underlying profit	1,976	1,962	1%	**3,938**	3,623	9%
Adjustments between statutory profit and underlying profit	(59)	(45)	31%	**(104)**	(330)	-68%
Profit	1,917	1,917	0%	**3,834**	3,293	16%
Balance Sheet						
Net loans & advances including acceptances	284,951	278,195	2%	**284,951**	269,161	6%
Other external assets	122,051	108,071	13%	**122,051**	111,909	9%
External assets	407,002	386,266	5%	**407,002**	381,070	7%
Customer deposits	183,216	168,086	9%	**183,216**	164,795	11%
Other deposits and borrowings	58,798	55,436	6%	**58,798**	37,899	55%
Deposits and other borrowings	242,014	223,522	8%	**242,014**	202,694	19%
Other external liabilities	142,035	135,892	5%	**142,035**	154,944	-8%
External liabilities	384,049	359,414	7%	**384,049**	357,638	7%
Risk weighted assets	174,210	169,653	3%	**174,210**	171,078	2%
Average net loans and advances including acceptances	280,929	274,547	2%	**277,746**	254,576	9%
Average deposits and other borrowings	232,752	217,896	7%	**225,345**	197,567	14%
Ratios						
Net interest average margin	2.61%	2.59%		**2.60%**	2.61%	
Net interest average margin (excluding Global Markets)	2.92%	2.91%		**2.91%**	2.87%	
Operating expenses to operating income (pro forma)	44.6%	42.7%		**43.8%**	41.9%	
Operating expenses to operating income	44.6%	43.0%		**43.8%**	41.8%	
Operating expenses to average assets	1.29%	1.30%		**1.29%**	1.26%	
Individual provision charge	402	428	-6%	**830**	1,304	-36%
Individual provision charge as a % of average net advances	0.29%	0.31%		**0.30%**	0.51%	
Collective provision charge (credit)	3	124	-98%	**127**	(4)	large
Collective provision charge (credit) as a % of average net advances	0.00%	0.09%		**0.05%**	(0.00%)	
Net impaired assets	2,630	3,052	-14%	**2,630**	3,372	-22%
Net impaired assets as a % of net advances	0.92%	1.10%		**0.92%**	1.25%	
Total employees	24,162	24,315	-1%	**24,162**	23,633	2%

Asia Pacific, Europe & America geography

Table reflects USD for the APEA region

	Half Year			Full Year		
	Sep 11 USD M	**Mar 11 USD M**	**Movt**	**Sep 11 USD M**	**Sep 10 USD M**	**Movt**
Net interest income	570	534	7%	**1,104**	960	15%
Other external operating income	693	706	-2%	**1,399**	1,085	29%
Operating income	1,263	1,240	2%	**2,503**	2,045	22%
Operating expenses	(758)	(703)	8%	**(1,461)**	(1,150)	27%
Profit before credit impairment and income tax	505	537	-6%	**1,042**	895	16%
Provision for credit impairment	(70)	(43)	63%	**(113)**	(174)	-35%
Profit before income tax	435	494	-12%	**929**	721	29%
Income tax expense	(46)	(93)	-51%	**(139)**	(75)	85%
Non-controlling interests	(4)	(5)	-20%	**(9)**	(6)	50%
Pro forma profit	385	396	-3%	**781**	640	22%
Pro forma adjustments	-	-	n/a	**-**	(9)	-100%
Underlying profit	385	396	-3%	**781**	631	24%
Adjustments between statutory profit and underlying profit	(62)	(14)	large	**(76)**	(163)	-53%
Profit	323	382	-15%	**705**	468	51%
Geographic segments:						
Asia	275	277	-1%	**552**	392	41%
Pacific	88	63	40%	**151**	132	14%
Europe & America	22	56	-61%	**78**	116	-33%
Pro forma profit	385	396	-3%	**781**	640	22%
Balance Sheet						
Net loans & advances including acceptances	37,736	31,935	18%	**37,736**	26,218	44%
Other external assets	48,365	32,108	51%	**48,365**	29,048	67%
External assets	86,101	64,043	34%	**86,101**	55,266	56%
Customer deposits	63,084	54,547	16%	**63,084**	45,060	40%
Other deposits and borrowings	7,283	5,345	36%	**7,283**	7,326	-1%
Deposits and other borrowings	70,367	59,892	17%	**70,367**	52,386	34%
Other external liabilities	20,038	13,329	50%	**20,038**	10,298	95%
External liabilities	90,405	73,221	23%	**90,405**	62,684	44%
Risk weighted assets	55,772	49,136	14%	**55,772**	42,168	32%
Average net loans and advances including acceptances	36,221	29,272	24%	**32,755**	21,018	56%
Average deposits and other borrowings	67,085	56,943	18%	**62,027**	46,563	33%
Ratios						
Net interest average margin	1.39%	1.60%		**1.49%**	1.54%	
Net interest average margin (excluding Global Markets)	2.31%	2.77%		**2.53%**	2.72%	
Operating expenses to operating income (pro forma)	60.0%	56.7%		**58.4%**	56.2%	
Operating expenses to operating income	60.0%	56.7%		**58.4%**	53.2%	
Operating expenses to average assets	1.63%	1.83%		**1.72%**	1.56%	
Individual provision charge	80	51	57%	**131**	138	-5%
Individual provision charge as a % of average net advances	0.45%	0.35%		**0.40%**	0.65%	
Collective provision charge (credit)	(10)	(8)	25%	**(19)**	1	large
Collective provision charge (credit) as a % of average net advances	(0.06%)	(0.05%)		**(0.06%)**	0.00%	
Net impaired assets	276	283	-2%	**276**	258	7%
Net impaired assets as a % of net advances	0.73%	0.89%		**0.73%**	0.98%	
Total employees	15,124	14,545	4%	**15,124**	13,816	9%

New Zealand geography

Table reflects NZD results for New Zealand region	Half Year			Full Year		
	Sep 11 NZD M	Mar 11 NZD M	Movt	Sep 11 NZD M	Sep 10 NZD M	Movt
Net interest income	1,313	1,285	2%	**2,598**	2,489	4%
Other external operating income	428	409	5%	**837**	738	13%
Operating income	1,741	1,694	3%	**3,435**	3,227	6%
Operating expenses	(739)	(759)	-3%	**(1,498)**	(1,544)	-3%
Profit before credit impairment and income tax	1,002	935	7%	**1,937**	1,683	15%
Provision for credit impairment	(102)	(85)	20%	**(187)**	(461)	-59%
Profit before income tax	900	850	6%	**1,750**	1,222	43%
Income tax expense	(262)	(245)	7%	**(507)**	(338)	50%
Pro forma profit	638	605	5%	**1,243**	884	41%
Pro forma adjustments	-	-	n/a	**-**	(2)	-100%
Underlying profit	638	605	5%	**1,243**	882	41%
Adjustments between statutory profit and underlying profit	(31)	(127)	-76%	**(158)**	(15)	large
Profit	607	478	27%	**1,085**	867	25%
Balance Sheet						
Net loans & advances including acceptances	93,613	95,470	-2%	**93,613**	96,074	-3%
Other external assets	35,079	27,764	26%	**35,079**	28,923	21%
External assets	128,692	123,234	4%	**128,692**	124,997	3%
Customer deposits	61,994	62,812	-1%	**61,994**	59,743	4%
Other deposits and borrowings	7,244	5,537	31%	**7,244**	10,552	-31%
Deposits and other borrowings	69,238	68,349	1%	**69,238**	70,295	-2%
Other external liabilities	34,779	31,772	9%	**34,779**	31,095	12%
External liabilities	104,017	100,121	4%	**104,017**	101,390	3%
Risk weighted assets	61,650	63,904	-4%	**61,650**	65,100	-5%
Average net loans and advances including acceptances	94,385	95,540	-1%	**94,961**	95,472	-1%
Average deposits and other borrowings	69,186	70,003	-1%	**69,593**	72,196	-4%
Ratios						
Net interest average margin	2.40%	2.35%		**2.38%**	2.27%	
Net interest average margin (excluding Global Markets)	2.56%	2.48%		**2.52%**	2.31%	
Operating expenses to operating income	42.4%	44.8%		**43.6%**	47.6%	
Operating expenses to average assets	1.18%	1.23%		**1.20%**	1.23%	
Individual provision charge	168	151	11%	**319**	461	-31%
Individual provision charge as a % of average net advances	0.36%	0.32%		**0.34%**	0.48%	
Collective provision charge (credit)	(66)	(66)	0%	**(132)**	-	n/a
Collective provision charge (credit) as a % of average net advances	(0.14%)	(0.14%)		**(0.14%)**	0.00%	
Net impaired assets	1,307	1,684	-22%	**1,307**	1,463	-11%
Net impaired assets as a % of net advances	1.40%	1.76%		**1.40%**	1.52%	
Total employees	9,270	9,365	-1%	**9,270**	9,412	-2%

This page has been left blank intentionally

CONTENTS

Section 6 – Profit Reconciliation

Adjustments between statutory profit and underlying profit
Pro forma adjustments
Reconciliation of statutory profit to underlying profit
Asia Pacific, Europe & America division (AUD)
New Zealand (AUD)
Divisional to Geographic region reconciliation matrix

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 earnings are included in statutory profit, and are therefore subject to audit within the context of the Group statutory audit opinion. The external auditor has informed the Audit Committee that the adjustments are based on the guidelines released by the AICD and FINSIA, and consistent with prior period adjustments.

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Statutory profit attributable to shareholders of the Company	2,691	2,664	1%	**5,355**	4,501	19%
Adjustments between statutory profit and underlying profit	143	154	-7%	**297**	524	-43%
Underlying profit	2,834	2,818	1%	**5,652**	5,025	12%

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Adjustments between statutory profit and underlying profit						
New Zealand technology integration	11	75	-85%	**86**	-	n/a
Acquisition costs and valuation adjustments	54	72	-25%	**126**	480	-74%
Treasury shares adjustment	(56)	15	large	**(41)**	32	large
Tax on New Zealand conduits	-	-	n/a	**-**	(38)	-100%
Changes in New Zealand tax legislation	1	(3)	large	**(2)**	36	large
Economic hedging - fair value (gains)/losses	3	114	-97%	**117**	146	-20%
Revenue and net investment hedges (gains)/losses	81	(30)	large	**51**	(24)	large
NZ managed funds impacts	3	(42)	large	**(39)**	(34)	15%
Non continuing businesses						
Credit intermediation trades	41	(45)	large	**(4)**	(54)	-93%
Other	5	(2)	large	**3**	(20)	large
Total adjustments between statutory profit and underlying profit	143	154	-7%	**297**	524	-43%

Explanation of adjustments between statutory profit and underlying profit

- New Zealand technology integration

  On 25 November 2010, ANZ announced it would adopt a single core banking system across the ANZ and The National Bank networks in New Zealand to simplify its business and improve products and services for customers. As a result, ANZ has incurred costs of $125 million (Sep 11 half: $17 million; Mar 11 half: $108 million), after tax impact of $86 million (Sep 11 half: $11 million; Mar 11 half: $75 million after tax) associated with the system integration. This project is expected to result in lower operational and technology costs.

- Acquisition costs and valuation adjustments

	Pre-tax				Net of tax			
	Half Year		Full Year		Half Year		Full Year	
	Sep 11 $M	Mar 11 $M	Sep 11 $M	Sep 10 $M	Sep 11 $M	Mar 11 $M	Sep 11 $M	Sep 10 $M
OnePath step acquisition[1]	-	-	-	185	-	-	-	185
AFS reserve write-off[2]	-	-	-	32	-	-	-	32
Integration and transaction costs (refer below)	46	68	114	275	38	55	93	231
Amortisation of intangibles relating to acquisition	23	24	47	46	16	17	33	32
Total	69	92	161	538	54	72	126	480

1. *Valuation adjustment following recalculation of the fair value of the Group's pre-existing 49% interest on acquisition date under the provisions of AASB 3R Business Combinations (Revised)*
2. *Adjustment to write-off previously equity accounted debit available-for-sale reserves*

Integration and transaction costs were as follows:

– Royal Bank of Scotland acquired assets - $70 million ($63 million net of tax) relating to the exiting of the Transitional Services Agreement with RBS and one-off costs associated with converting the technology and processes of the acquired businesses to those of ANZ. The integration is complete.

– OnePath - $37 million ($25 million net of tax) include costs associated with the integration of OnePath employees onto ANZ employee terms and conditions and migration to ANZ payroll, disengagement from ING Groep and launch of the OnePath brand and harmonisation with ANZ's policies across risk, finance, technology, governance, shared services and operations.

– Landmark - $7 million ($5 million net of tax) associated with costs of transitioning loans onto ANZ systems. The integration is complete.

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

- 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. 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 $48 million gain (Sep 2011 half: $64 million gain; Mar 2011 half: $16 million loss; Sep 2010 full year: $35 million loss), after tax impact $41 million gain (Sep 2011 half: $56 million gain; Mar 2011: $15 million loss; Sep 2010 full year: $32 million loss) has been recognised.

- Tax on New Zealand conduits

  The New Zealand Inland Revenue Department (IRD) had disputed the treatment of a number of structured finance transactions as part of an audit of the 2000 to 2005 tax years. During 2009, a provision of $196 million (NZD240 million) was recognised net of indemnities provided by Lloyds Banking Group plc. During the 2010 full year, the Group reached a settlement with the IRD in respect of all the transactions in dispute, therefore enabling the release of $38 million in tax provisions.

- Changes in New Zealand tax legislation

  In May 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. The estimated impact on the value of deferred tax was $36 million in the 2010 full year, with a subsequent adjustment of $2 million in the 2011 full 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 volatility within the income statement in relation to economic hedges as follows:

  - approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, including hedges of NZD and USD revenue;
  - income/(loss) arising from 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.

  ANZ separately reports the impact of volatility due to economic hedging as the profit or loss resulting from the transactions outlined above will reverse over time to be matched with the profit or loss from the economically hedged item as part of underlying profit.

  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 AUD and NZD fluctuation against other major funding currencies. This category also includes economic hedges of select structured finance and specialised leasing transactions that do not qualify for hedge accounting. The main drivers of these fair values are Australian and New Zealand yield curves.

  Much of the volatility seen from basis spreads in the first half 2011 continued in the second half 2011 resulting in gains both from narrowing spreads and the depreciating AUD. These gains were more than offset by reductions in Australian and New Zealand yield curves which resulted in losses on the hedges of structured finance and specialised leasing transactions.

  Volatility arising from the use of the fair value option on own debt hedged by derivatives has been driven by the widening of credit spreads since March 2011. Depreciation of the AUD against the USD and NZD in the second half of the year resulted in losses on hedges of the Group's NZD and USD revenues.

	Half Year		Full Year	
Impact on income statement	**Sep 11 $M**	**Mar 11 $M**	**Sep 11 $M**	**Sep 10 $M**
Timing differences where IFRS results in assymetry between the hedge and hedged items				
Funding and lending related swaps	(159)	(158)	(317)	(253)
Use of the fair value option on own debt hedged by derivatives	158	(3)	155	45
Revenue and net investment hedges	(119)	43	(76)	34
Ineffective portion of cash flow and fair value hedges	(11)	6	(5)	6
Profit before tax	(131)	(112)	(243)	(168)
Profit after tax	(84)	(84)	(168)	(122)

Cumulative pre-tax timing differences relating to economic hedging	As at ($M)		
	Sep 11	Mar 11	Sep 10
Timing differences where IFRS results in assymetry between the hedge and hedged items (before tax)			
Funding and lending related swaps	(562)	(403)	(245)
Use of the fair value option on own debt hedged by derivatives	183	25	28
Revenue and net investment hedges	(30)	89	46
Ineffective portion of cash flow and fair value hedges	33	44	38
	(376)	(245)	(133)

- ANZ share of OnePath NZ managed funds impacts

  During the March 2011 half year, the collateralised debt obligations held within the ING Diversified Yield Fund and the ING Regular Income Fund were sold, resulting in a gain of $45 million ($31 million after tax) being recognised in profit, of which $32 million ($22 million after tax) was transferred from the available-for-sale reserve. In addition, further income of $16 million (Sep 2010 full year: $40 million) from the underlying securities was recognised up to the point of sale, after tax impact $11 million (Sep 2010 full year: $34 million). The charge of $3 million (after tax) during the September 2011 half year comprises the tax liability payable on the final wind up of the Funds.

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

  Reclassification of a charge to income for credit valuation adjustments on defaulted and impaired derivatives to provision for credit impairment of $17 million reversal (Sep 2011 half: $2 million reversal; Mar 2011 half: $15 million reversal, Sep 2010 full year: $34 million charge).

- Non continuing businesses

  In 2009, 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. A summary of the impact of non continuing businesses follows:

Non continuing businesses	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Net interest income	(2)	-	n/a	**(2)**	2	large
Other operating income	(35)	58	large	**23**	110	-79%
Operating income	(37)	58	large	**21**	112	-81%
Operating expenses	(10)	(4)	large	**(14)**	(14)	0%
Profit before credit impairment and income tax	(47)	54	large	**7**	98	-93%
Provision for credit impairment	(9)	-	n/a	**(9)**	(1)	large
Profit before income tax	(56)	54	large	**(2)**	97	large
Income tax expense	10	(7)	large	**3**	(23)	large
Profit / (Loss)	(46)	47	large	**1**	74	-99%

Explanation of Pro forma adjustments

	Half Year			Full Year		
	Sep 11 $M	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Underlying profit	2,834	2,818	1%	**5,652**	5,025	12%
Foreign exchange adjustments[1]	n/a	20	n/a	**n/a**	(52)	n/a
Pro forma adjustments	-	-	n/a	**-**	41	-100%
Pro forma profit	2,834	2,838	0%	**5,652**	5,014	13%

1. *Refer to page 28 for the impact of foreign exchange movements*

Pro forma adjustments

The pro forma adjustments to the profit and loss statement have been calculated on the following basis:

- OnePath Australia and OnePath New Zealand – additional 51% acquired on 30 November 2009. The 2010 full year includes the removal of two months of equity accounted results and the addition of two months assuming 100% ownership, including purchase price adjustments and intercompany eliminations.
- Royal Bank of Scotland – various acquisitions, from 21 November 2009 to 12 June 2010. 2010 full year pro forma numbers have been based on the estimated run rate extrapolated for the March and September half years. Expenses have been adjusted for items which would not have occurred had the acquisitions not taken place. Provisions have been based on estimates for each country using appropriate loss rates for each asset class under ANZ methodologies. Given the nature of the acquisition, reliable data on prior period profit and loss items are not available.
- Landmark – purchased 1 March 2010. The 2010 full year adjustments have been calculated based on the seven months actuals for 2010. Provisions have been based on due diligence findings during the acquisition, adjusted to align to ANZ policies and risk estimates for 2010.
- Funding and other adjustments – reversal of actual interest earned on $1.8 billion capital raised prior to ING acquisition and other intercompany elimination adjustments.
- All pro forma adjustments are using September 2011 exchange rates. Pro forma adjustments have not been made to the balance sheet.

September 2010 Full Year			OnePath				
	Landmark	**RBS**	**Australia**	**New Zealand**	**Total OnePath**	**Funding Adj**	**Total acquisitions**
Net interest income	37	133	5	-	5	(2)	173
Other operating income	1	95	143	14	157	(16)	237
Operating income	38	228	148	14	162	(18)	410
Operating expenses	(12)	(181)	(93)	(14)	(107)	-	(300)
Profit before credit impair't and income tax	26	47	55	-	55	(18)	110
Provision for credit impairment	(15)	(35)	-	-	-	-	(50)
Profit before income tax	11	12	55	-	55	(18)	60
Income tax expense	(3)	(3)	(20)	2	(18)	5	(19)
Non-controlling interests	-	-	-	-	-	-	-
Pro forma adjustments	8	9	35	2	37	(13)	41

Reconciliation of statutory profit to underlying profit

September 2011 Full Year

	Statutory profit	Less: Adjustments to statutory profit							Cash profit
		Acquisition costs and valuation adjustments	Treasury shares adjust-ment	Policy-holders tax gross up	Tax on New Zealand Conduits	Changes in New Zealand tax legislation	Economic hedging - fair value gains/losses	Revenue and investment hedges - MtM	
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	11,483	2	-	-	-	-	-	-	11,481
Fee income	2,391	-	-	-	-	-	-	-	2,391
Foreign exchange earnings	817	-	-	-	-	-	-	(74)	891
Profit on trading instruments	356	-	-	-	-	-	(21)	-	377
Net income from wealth mgmt	1,405	3	48	208	-	-	-	-	1,146
Other	480	-	-	-	-	-	(147)	-	627
Other operating income	5,449	3	48	208	-	-	(168)	(74)	5,432
Operating income	**16,932**	**5**	**48**	**208**	**-**	**-**	**(168)**	**(74)**	**16,913**
Personnel expenses	(4,775)	(24)	-	-	-	-	-	-	(4,751)
Premises expenses	(685)	(4)	-	-	-	-	-	-	(681)
Computer expenses	(1,041)	(19)	-	-	-	-	-	-	(1,022)
Other expenses	(1,522)	(119)	-	-	-	-	-	-	(1,403)
Operating expenses	**(8,023)**	**(166)**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,857)**
Profit before credit impair't and tax	8,909	(161)	48	208	-	-	(168)	(74)	9,056
Provision for credit impairment	(1,237)	-	-	-	-	-	-	-	(1,237)
Profit before income tax	**7,672**	**(161)**	**48**	**208**	**-**	**-**	**(168)**	**(74)**	**7,819**
Income tax expense	(2,309)	34	(7)	(208)	-	2	51	23	(2,204)
Non-controlling interests	(8)	1	-	-	-	-	-	-	(9)
Profit	**5,355**	**(126)**	**41**	**-**	**-**	**2**	**(117)**	**(51)**	**5,606**

September 2010 Full Year

	Statutory profit	Less: Adjustments to statutory profit							Cash profit
		Acquisition costs and valuation adjustments	Treasury shares adjust-ment	Policy-holders tax gross up	Tax on New Zealand Conduits	Changes in New Zealand tax legislation	Economic hedging - fair value gains/losses	Revenue and investment hedges - MtM	
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	10,869	(2)	-	-	-	-	(1)	-	10,872
Fee income	2,324	-	-	-	-	-	-	-	2,324
Foreign exchange earnings	747	-	-	-	-	-	-	34	713
Profit on trading instruments	354	-	-	-	-	-	(3)	-	357
Net income from wealth mgmt	1,099	-	(35)	215	-	-	-	-	919
Other	299	(217)	-	-	-	-	(199)	-	715
Other operating income	4,823	(217)	(35)	215	-	-	(202)	34	5,028
Operating income	**15,692**	**(219)**	**(35)**	**215**	**-**	**-**	**(203)**	**34**	**15,900**
Personnel expenses	(4,289)	(75)	-	-	-	-	-	-	(4,214)
Premises expenses	(639)	(3)	-	-	-	-	-	-	(636)
Computer expenses	(866)	(19)	-	-	-	-	-	-	(847)
Other expenses	(1,510)	(222)	-	-	-	-	-	-	(1,288)
Operating expenses	**(7,304)**	**(319)**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,985)**
Profit before credit impair't and tax	8,388	(538)	(35)	215	-	-	(203)	34	8,915
Provision for credit impairment	(1,787)	-	-	-	-	-	-	-	(1,787)
Profit before income tax	**6,601**	**(538)**	**(35)**	**215**	**-**	**-**	**(203)**	**34**	**7,128**
Income tax expense	(2,096)	56	3	(215)	38	(36)	57	(10)	(1,989)
Non-controlling interests	(4)	2	-	-	-	-	-	-	(6)
Profit	**4,501**	**(480)**	**(32)**	**-**	**38**	**(36)**	**(146)**	**24**	**5,133**

September 2011 Full Year

Less: Adjustments to statutory profit						Underlying profit	Add: Pro forma adjustments		Pro forma profit
NZ technology integration	NZ managed funds impacts	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Credit risk on impaired derivatives	Total adjustments to statutory profits		Pro forma adjustments	Foreign exchange adjustments	
$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
2	-	-	(2)	-	2	11,481	-	n/a	11,481
-	-	-	3	-	3	2,388	-	n/a	2,388
-	(1)	-	-	-	(75)	892	-	n/a	892
-	62	4	-	17	62	294	-	n/a	294
-	-	-	-	-	259	1,146	-	n/a	1,146
-	-	-	16	-	(131)	611	-	n/a	611
-	61	4	19	17	118	5,331	-	n/a	5,331
2	**61**	**4**	**17**	**17**	**120**	**16,812**	**-**	**n/a**	**16,812**
(18)	-	-	(13)	-	(55)	(4,720)	-	n/a	(4,720)
-	-	-	-	-	(4)	(681)	-	n/a	(681)
-	-	-	-	-	(19)	(1,022)	-	n/a	(1,022)
(107)	-	-	(1)	-	(227)	(1,295)	-	n/a	(1,295)
(125)	**-**	**-**	**(14)**	**-**	**(305)**	**(7,718)**	**-**	**n/a**	**(7,718)**
(123)	61	4	3	17	(185)	9,094	-	n/a	9,094
-	-	-	(9)	(17)	(26)	(1,211)	-	n/a	(1,211)
(123)	**61**	**4**	**(6)**	**-**	**(211)**	**7,883**	**-**	**n/a**	**7,883**
37	(22)	-	3	-	(87)	(2,222)	-	n/a	(2,222)
-	-	-	-	-	1	(9)	-	n/a	(9)
(86)	**39**	**4**	**(3)**	**-**	**(297)**	**5,652**	**-**	**n/a**	**5,652**

September 2010 Full Year

Less: Adjustments to statutory profit						Underlying profit	Add: Pro forma adjustments		Pro forma profit
NZ technology integration	NZ managed funds impacts	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Credit risk on impaired derivatives	Total adjustments to statutory profits		Pro forma adjustments	Foreign exchange adjustments	
$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
-	8	-	2	-	7	10,862	173	(166)	10,869
-	-	-	3	-	3	2,321	65	(43)	2,343
-	-	-	-	-	34	713	8	37	758
-	10	69	-	(34)	42	312	5	(5)	312
-	-	-	-	-	180	919	190	(7)	1,102
-	22	-	38	-	(356)	655	(31)	(34)	590
-	32	69	41	(34)	(97)	4,920	237	(52)	5,105
-	**40**	**69**	**43**	**(34)**	**(90)**	**15,782**	**410**	**(218)**	**15,974**
-	-	-	(7)	-	(82)	(4,207)	(168)	100	(4,275)
-	-	-	(1)	-	(4)	(635)	(39)	16	(658)
-	-	-	(1)	-	(20)	(846)	(34)	15	(865)
-	-	-	(5)	-	(227)	(1,283)	(59)	8	(1,334)
-	**-**	**-**	**(14)**	**-**	**(333)**	**(6,971)**	**(300)**	**139**	**(7,132)**
-	40	69	29	(34)	(423)	8,811	110	(79)	8,842
-	-	-	(1)	34	33	(1,820)	(50)	25	(1,845)
-	**40**	**69**	**28**	**-**	**(390)**	**6,991**	**60**	**(54)**	**6,997**
-	(6)	(15)	(8)	-	(136)	(1,960)	(19)	2	(1,977)
-	-	-	-	-	2	(6)	-	-	(6)
-	**34**	**54**	**20**	**-**	**(524)**	**5,025**	**41**	**(52)**	**5,014**

September 2011 Half Year

	Statutory profit	Less: Adjustments to statutory profit							Cash profit
		Acquisition costs and valuation adjustments	Treasury shares adjust-ment	Policy-holders tax gross up	Tax on New Zealand Conduits	Changes in New Zealand tax legislation	Economic hedging - fair value gains/ losses	Revenue and investment hedges - MtM	
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	5,837	1	-	-	-	-	(1)	-	5,837
Fee income	1,214	-	-	-	-	-	-	-	1,214
Foreign exchange earnings	386	-	-	-	-	-	-	(117)	503
Profit on trading instruments	(108)	-	-	-	-	-	(21)	-	(87)
Net income from wealth mgmt	663	3	64	42	-	-	-	-	554
Other	335	-	-	-	-	-	8	-	327
Other operating income	2,490	3	64	42	-	-	(13)	(117)	2,511
Operating income	**8,327**	**4**	**64**	**42**	**-**	**-**	**(14)**	**(117)**	**8,348**
Personnel expenses	(2,378)	(4)	-	-	-	-	-	-	(2,374)
Premises expenses	(341)	(1)	-	-	-	-	-	-	(340)
Computer expenses	(514)	(10)	-	-	-	-	-	-	(504)
Other expenses	(764)	(58)	-	-	-	-	-	-	(706)
Operating expenses	**(3,997)**	**(73)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,924)**
Profit before credit impair't and tax	4,330	(69)	64	42	-	-	(14)	(117)	4,424
Provision for credit impairment	(562)	-	-	-	-	-	-	-	(562)
Profit before income tax	**3,768**	**(69)**	**64**	**42**	**-**	**-**	**(14)**	**(117)**	**3,862**
Income tax expense	(1,074)	14	(8)	(42)	-	(1)	11	36	(1,084)
Non-controlling interests	(3)	1	-	-	-	-	-	-	(4)
Profit	**2,691**	**(54)**	**56**	**-**	**-**	**(1)**	**(3)**	**(81)**	**2,774**

March 2011 Half Year

	Statutory profit	Less: Adjustments to statutory profit							Cash profit
		Acquisition costs and valuation adjustments	Treasury shares adjust-ment	Policy-holders tax gross up	Tax on New Zealand Conduits	Changes in New Zealand tax legislation	Economic hedging - fair value gains/ losses	Revenue and investment hedges - MtM	
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	5,646	1	-	-	-	-	1	-	5,644
Fee income	1,177	-	-	-	-	-	-	-	1,177
Foreign exchange earnings	431	-	-	-	-	-	-	43	388
Profit on trading instruments	464	-	-	-	-	-	-	-	464
Net income from wealth mgmt	742	-	(16)	166	-	-	-	-	592
Other	145	-	-	-	-	-	(155)	-	300
Other operating income	2,959	-	(16)	166	-	-	(155)	43	2,921
Operating income	**8,605**	**1**	**(16)**	**166**	**-**	**-**	**(154)**	**43**	**8,565**
Personnel expenses	(2,397)	(20)	-	-	-	-	-	-	(2,377)
Premises expenses	(344)	(3)	-	-	-	-	-	-	(341)
Computer expenses	(527)	(9)	-	-	-	-	-	-	(518)
Other expenses	(758)	(61)	-	-	-	-	-	-	(697)
Operating expenses	**(4,026)**	**(93)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,933)**
Profit before credit impair't and tax	4,579	(92)	(16)	166	-	-	(154)	43	4,632
Provision for credit impairment	(675)	-	-	-	-	-	-	-	(675)
Profit before income tax	**3,904**	**(92)**	**(16)**	**166**	**-**	**-**	**(154)**	**43**	**3,957**
Income tax expense	(1,235)	20	1	(166)	-	3	40	(13)	(1,120)
Non-controlling interests	(5)	-	-	-	-	-	-	-	(5)
Profit	**2,664**	**(72)**	**(15)**	**-**	**-**	**3**	**(114)**	**30**	**2,832**

September 2011 Half Year

	Less: Adjustments to statutory profit						Underlying profit	Add: Pro forma adjustments		Pro forma profit
	NZ technology integration	NZ managed funds impacts	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Credit risk on impaired derivatives	Total adjustments to statutory profits		Pro forma adjustments	Foreign exchange adjustments	
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
	1	(1)	-	(2)	-	(2)	5,839	-	n/a	5,839
	-	-	-	1	-	1	1,213	-	n/a	1,213
	-	(1)	-	-	-	(118)	504	-	n/a	504
	-	2	(51)	-	2	(68)	(40)	-	n/a	(40)
	-	-	-	-	-	109	554	-	n/a	554
	-	-	-	15	-	23	312	-	n/a	312
	-	1	(51)	16	2	(53)	2,543	-	n/a	2,543
	1	**-**	**(51)**	**14**	**2**	**(55)**	**8,382**	**-**	**n/a**	**8,382**
	-	-	-	(9)	-	(13)	(2,365)	-	n/a	(2,365)
	-	-	-	-	-	(1)	(340)	-	n/a	(340)
	20	-	-	-	-	10	(524)	-	n/a	(524)
	(37)	-	-	(1)	-	(96)	(668)	-	n/a	(668)
	(17)	**-**	**-**	**(10)**	**-**	**(100)**	**(3,897)**	**-**	**n/a**	**(3,897)**
	(16)	-	(51)	4	2	(155)	4,485	-	n/a	4,485
	-	-	-	(9)	(2)	(11)	(551)	-	n/a	(551)
	(16)	**-**	**(51)**	**(5)**	**-**	**(166)**	**3,934**	**-**	**n/a**	**3,934**
	5	(3)	10	-	-	22	(1,096)	-	n/a	(1,096)
	-	-	-	-	-	1	(4)	-	n/a	(4)
	(11)	**(3)**	**(41)**	**(5)**	**-**	**(143)**	**2,834**	**-**	**n/a**	**2,834**

March 2011 Half Year

	Less: Adjustments to statutory profit						Underlying profit	Add: Pro forma adjustments		Pro forma profit
	NZ technology integration	NZ managed funds impacts	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Credit risk on impaired derivatives	Total adjustments to statutory profits		Pro forma adjustments	Foreign exchange adjustments	
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
	1	1	-	-	-	4	5,642	-	(4)	5,638
	-	-	-	2	-	2	1,175	-	(5)	1,170
	-	-	-	-	-	43	388	-	40	428
	-	60	55	-	15	130	334	-	(4)	330
	-	-	-	-	-	150	592	-	-	592
	-	-	-	1	-	(154)	299	-	(8)	291
	-	60	55	3	15	171	2,788	-	23	2,811
	1	**61**	**55**	**3**	**15**	**175**	**8,430**	**-**	**19**	**8,449**
	(18)	-	-	(4)	-	(42)	(2,355)	-	15	(2,340)
	-	-	-	-	-	(3)	(341)	-	2	(339)
	(20)	-	-	-	-	(29)	(498)	-	2	(496)
	(70)	-	-	-	-	(131)	(627)	-	(5)	(632)
	(108)	**-**	**-**	**(4)**	**-**	**(205)**	**(3,821)**	**-**	**14**	**(3,807)**
	(107)	61	55	(1)	15	(30)	4,609	-	33	4,642
	-	-	-	-	(15)	(15)	(660)	-	1	(659)
	(107)	**61**	**55**	**(1)**	**-**	**(45)**	**3,949**	**-**	**34**	**3,983**
	32	(19)	(10)	3	-	(109)	(1,126)	-	(14)	(1,140)
	-	-	-	-	-	-	(5)	-	-	(5)
	(75)	**42**	**45**	**2**	**-**	**(154)**	**2,818**	**-**	**20**	**2,838**

Underlying profit by division – Australia

September 2011 Full Year

$M	Retail	Commercial	Wealth	Other	Australia
Net interest income	3,476	2,275	57	13	5,821
Other external operating income	989	273	1,097	(1)	2,358
Operating income	4,465	2,548	1,154	12	8,179
Operating expenses	(1,954)	(868)	(672)	(12)	(3,506)
Profit before credit impairment and income tax	2,511	1,680	482	-	4,673
Provision for credit impairment	(419)	(300)	8	-	(711)
Profit before tax	2,092	1,380	490	-	3,962
Income tax expense	(625)	(415)	(145)	-	(1,185)
Non-controlling interests	-	-	-	-	-
Underlying profit	1,467	965	345	-	2,777

September 2010 Full Year

$M	Retail	Commercial	Wealth	Other	Australia
Net interest income	3,203	2,093	61	27	5,384
Other external operating income	1,020	273	950	(21)	2,222
Operating income	4,223	2,366	1,011	6	7,606
Operating expenses	(1,882)	(806)	(562)	(6)	(3,256)
Profit before credit impairment and income tax	2,341	1,560	449	-	4,350
Provision for credit impairment	(361)	(259)	37	-	(583)
Profit before tax	1,980	1,301	486	-	3,767
Income tax expense	(595)	(389)	(109)	-	(1,093)
Non-controlling interests	-	-	-	-	-
Underlying profit	1,385	912	377	-	2,674

September 2011 Half Year

$M	Retail	Commercial	Wealth	Other	Australia
Net interest income	1,753	1,160	29	6	2,948
Other external operating income	507	139	528	(1)	1,173
Operating income	2,260	1,299	557	5	4,121
Operating expenses	(987)	(430)	(337)	(6)	(1,760)
Profit before credit impairment and income tax	1,273	869	220	(1)	2,361
Provision for credit impairment	(195)	(108)	6	-	(297)
Profit before tax	1,078	761	226	(1)	2,064
Income tax expense	(324)	(230)	(67)	2	(619)
Non-controlling interests	-	-	-	-	-
Underlying profit	754	531	159	1	1,445

March 2011 Half Year

$M	Retail	Commercial	Wealth	Other	Australia
Net interest income	1,723	1,115	28	7	2,873
Other external operating income	482	134	569	-	1,185
Operating income	2,205	1,249	597	7	4,058
Operating expenses	(967)	(438)	(335)	(6)	(1,746)
Profit before credit impairment and income tax	1,238	811	262	1	2,312
Provision for credit impairment	(224)	(192)	2	-	(414)
Profit before tax	1,014	619	264	1	1,898
Income tax expense	(301)	(185)	(78)	(2)	(566)
Non-controlling interests	-	-	-	-	-
Underlying profit	713	434	186	(1)	1,332

Underlying profit by division – Asia Pacific, Europe & America

September 2011 Full Year

USD M	Retail	Asia Partnerships	Institutional	Operations & Support	Asia Pacific, Europe & America
Net interest income	577	(70)	652	(1)	1,158
Other external operating income	353	391	652	2	1,398
Operating income	930	321	1,304	1	2,556
Operating expenses	(734)	(8)	(698)	(86)	(1,526)
Profit before credit impairment and income tax	196	313	606	(85)	1,030
Provision for credit impairment	(37)	-	(76)	-	(113)
Profit before income tax	159	313	530	(85)	917
Income tax expense	(38)	6	(121)	(16)	(169)
Non-controlling interests	(1)	-	(2)	(6)	(9)
Underlying profit	120	319	407	(107)	739

September 2010 Full Year

USD M	Retail	Asia Partnerships	Institutional	Operations & Support	Asia Pacific, Europe & America
Net interest income	408	(55)	519	1	873
Other external operating income	185	353	456	(8)	986
Operating income	593	298	975	(7)	1,859
Operating expenses	(477)	(4)	(481)	(65)	(1,027)
Profit before credit impairment and income tax	116	294	494	(72)	832
Provision for credit impairment	(63)	-	(70)	(6)	(139)
Profit before income tax	53	294	424	(78)	693
Income tax expense	(21)	12	(83)	13	(79)
Non-controlling interests	(3)	-	-	(3)	(6)
Underlying profit	29	306	341	(68)	608

September 2011 Half Year

USD M	Retail	Asia Partnerships	Institutional	Operations & Support	Asia Pacific, Europe & America
Net interest income	296	(36)	342	(2)	600
Other external operating income	177	200	305	4	686
Operating income	473	164	647	2	1,286
Operating expenses	(378)	(4)	(381)	(32)	(795)
Profit before credit impairment and income tax	95	160	266	(30)	491
Provision for credit impairment	(21)	-	(49)	-	(70)
Profit before income tax	74	160	217	(30)	421
Income tax expense	(18)	13	(43)	(16)	(64)
Non-controlling interests	-	-	-	(4)	(4)
Underlying profit	56	173	174	(50)	353

March 2011 Half Year

USD M	Retail	Asia Partnerships	Institutional	Operations & Support	Asia Pacific, Europe & America
Net interest income	281	(34)	310	1	558
Other external operating income	176	191	347	(2)	712
Operating income	457	157	657	(1)	1,270
Operating expenses	(356)	(4)	(317)	(54)	(731)
Profit before credit impairment and income tax	101	153	340	(55)	539
Provision for credit impairment	(16)	-	(27)	-	(43)
Profit before income tax	85	153	313	(55)	496
Income tax expense	(20)	(7)	(78)	-	(105)
Non-controlling interests	(1)	-	(2)	(2)	(5)
Underlying profit	64	146	233	(57)	386

Underlying profit by division – Institutional

September 2011 Full Year

AUD M	Transaction Banking	Global Loans	Global Markets	Relationship & Infrastructure	Institutional
Net interest income	681	1,847	560	4	3,092
Other external operating income	580	185	1,003	46	1,814
Operating income	1,261	2,032	1,563	50	4,906
Operating expenses	(556)	(487)	(828)	(130)	(2,001)
Profit before credit impair't and income tax	705	1,545	735	(80)	2,905
Provision for credit impairment	(35)	(206)	1	(18)	(258)
Profit before income tax	670	1,339	736	(98)	2,647
Income tax expense and non-controlling interests	(184)	(367)	(220)	19	(752)
Underlying profit	486	972	516	(79)	1,895

September 2010 Full Year

AUD M	Transaction Banking	Global Loans	Global Markets	Relationship & Infrastructure	Institutional
Net interest income	610	1,733	857	26	3,226
Other external operating income	501	215	949	56	1,721
Operating income	1,111	1,948	1,806	82	4,947
Operating expenses	(489)	(442)	(705)	(112)	(1,748)
Profit before credit impair't and income tax	622	1,506	1,101	(30)	3,199
Provision for credit impairment	21	(673)	(67)	(22)	(741)
Profit before income tax	643	833	1,034	(52)	2,458
Income tax expense and non-controlling interests	(189)	(237)	(297)	43	(680)
Underlying profit	454	596	737	(9)	1,778

September 2011 Half Year

AUD M	Transaction Banking	Global Loans	Global Markets	Relationship & Infrastructure	Institutional
Net interest income	353	919	291	-	1,563
Other external operating income	307	89	346	28	770
Operating income	660	1,008	637	28	2,333
Operating expenses	(278)	(248)	(423)	(70)	(1,019)
Profit before credit impair't and income tax	382	760	214	(42)	1,314
Provision for credit impairment	(13)	(70)	(18)	(3)	(104)
Profit before income tax	369	690	196	(45)	1,210
Income tax expense and non-controlling interests	(103)	(181)	(65)	6	(343)
Underlying profit	266	509	131	(39)	867

March 2011 Half Year

AUD M	Transaction Banking	Global Loans	Global Markets	Relationship & Infrastructure	Institutional
Net interest income	328	928	269	4	1,529
Other external operating income	273	96	657	18	1,044
Operating income	601	1,024	926	22	2,573
Operating expenses	(278)	(239)	(405)	(60)	(982)
Profit before credit impair't and income tax	323	785	521	(38)	1,591
Provision for credit impairment	(22)	(136)	19	(15)	(154)
Profit before income tax	301	649	540	(53)	1,437
Income tax expense and non-controlling interests	(81)	(186)	(155)	13	(409)
Underlying profit	220	463	385	(40)	1,028

Underlying profit by division – New Zealand

September 2011 Full Year

NZD M	Retail	Commercial	Wealth	Operations & Support	New Zealand
Net interest income	861	1,334	9	6	2,210
Other external operating income	287	127	195	(1)	608
Operating income	1,148	1,461	204	5	2,818
Operating expenses	(688)	(490)	(137)	(10)	(1,325)
Profit before credit impairment and income tax	460	971	67	(5)	1,493
Provision for credit impairment	(78)	(140)	1	-	(217)
Profit before income tax	382	831	68	(5)	1,276
Income tax expense	(115)	(249)	(10)	2	(372)
Underlying profit	267	582	58	(3)	904

September 2010 Full Year

NZD M	Retail	Commercial	Wealth	Operations & Support	New Zealand
Net interest income	798	1,241	6	16	2,061
Other external operating income	302	143	154	(2)	597
Operating income	1,100	1,384	160	14	2,658
Operating expenses	(686)	(504)	(123)	(19)	(1,332)
Profit before credit impairment and income tax	414	880	37	(5)	1,326
Provision for credit impairment	(149)	(365)	(2)	-	(516)
Profit before income tax	265	515	35	(5)	810
Income tax expense	(79)	(154)	5	1	(227)
Underlying profit	186	361	40	(4)	583

September 2011 Half Year

NZD M	Retail	Commercial	Wealth	Operations & Support	New Zealand
Net interest income	443	669	8	(8)	1,112
Other external operating income	143	62	102	-	307
Operating income	586	731	110	(8)	1,419
Operating expenses	(340)	(241)	(70)	(13)	(664)
Profit before credit impairment and income tax	246	490	40	(21)	755
Provision for credit impairment	(43)	(76)	-	1	(119)
Profit before income tax	203	414	40	(20)	636
Income tax expense	(61)	(124)	(8)	7	(185)
Underlying profit	142	290	32	(13)	451

March 2011 Half Year

NZD M	Retail	Commercial	Wealth	Operations & Support	New Zealand
Net interest income	418	665	1	14	1,098
Other external operating income	144	65	93	(1)	301
Operating income	562	730	94	13	1,399
Operating expenses	(348)	(249)	(67)	3	(661)
Profit before credit impairment and income tax	214	481	27	16	738
Provision for credit impairment	(35)	(64)	1	(1)	(98)
Profit before income tax	179	417	28	15	640
Income tax expense	(54)	(125)	(2)	(5)	(187)
Underlying profit	125	292	26	10	453

Divisional to Geographic region reconciliation matrix

	Geographies			
September 2011 Full Year AUD M	**Australia**	**Asia Pacific, Europe & America**	**New Zealand**	**Pro forma**
Australia	2,772	5	n/a	2,777
Asia Pacific, Europe & America	(46)	767	n/a	721
Institutional	1,236	397	262	1,895
New Zealand	n/a	n/a	692	692
Group Centre	(24)	(10)	(2)	(36)
Less: Institutional Asia Pacific, Europe & America	n/a	(397)	n/a	(397)
Pro forma profit	3,938	762	952	5,652
Foreign exchange adjustments	n/a	n/a	n/a	n/a
Pro forma adjustments	-	-	-	-
Underlying profit	3,938	762	952	5,652
Adjustments between statutory profit and underlying profit	(104)	(72)	(121)	(297)
Profit	3,834	690	831	5,355

September 2010 Full Year AUD M				
Australia	2,713	4	n/a	2,717
Asia Pacific, Europe & America	(35)	658	n/a	623
Institutional	1,113	344	276	1,733
New Zealand	n/a	n/a	449	449
Group Centre	(99)	(17)	(48)	(164)
Less: Institutional Asia Pacific, Europe & America	n/a	(344)	n/a	(344)
Pro forma profit	3,692	645	677	5,014
Foreign exchange adjustments	(39)	65	26	52
Pro forma adjustments	(30)	(9)	(2)	(41)
Underlying profit	3,623	701	701	5,025
Adjustments between statutory profit and underlying profit	(330)	(181)	(13)	(524)
Profit	3,293	520	688	4,501

September 2011 Half Year AUD M				
Australia	1,443	2	n/a	1,445
Asia Pacific, Europe & America	(35)	369	n/a	334
Institutional	566	163	138	867
New Zealand	n/a	n/a	348	348
Group Centre	2	(6)	7	3
Less: Institutional Asia Pacific, Europe & America	n/a	(163)	n/a	(163)
Pro forma profit	1,976	365	493	2,834
Foreign exchange adjustments	n/a	n/a	n/a	n/a
Pro forma adjustments	-	-	-	-
Underlying profit	1,976	365	493	2,834
Adjustments between statutory profit and underlying profit	(59)	(59)	(25)	(143)
Profit	1,917	306	468	2,691

March 2011 Half Year AUD M				
Australia	1,329	3	n/a	1,332
Asia Pacific, Europe & America	(11)	385	n/a	374
Institutional	671	228	125	1,024
New Zealand	n/a	n/a	350	350
Group Centre	2	(7)	(9)	(14)
Less: Institutional Asia Pacific, Europe & America	n/a	(228)	n/a	(228)
Pro forma profit	1,991	381	466	2,838
Foreign exchange adjustments	(29)	16	(7)	(20)
Pro forma adjustments	-	-	-	-
Underlying profit	1,962	397	459	2,818
Adjustments between statutory profit and underlying profit	(45)	(13)	(96)	(154)
Profit	1,917	384	363	2,664

Asia Pacific, Europe & America
Alex Thursby

Table reflects AUD for the APEA division *USD results shown on page 58*	Half Year			Full Year		
	Sep 11 $M	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Net interest income	570	541	5%	**1,130**	1,010	12%
Other external operating income	648	694	-7%	**1,364**	1,103	24%
Operating income	1,218	1,235	-1%	**2,494**	2,113	18%
Operating expenses	(753)	(711)	6%	**(1,488)**	(1,224)	22%
Profit before credit impairment and income tax	465	524	-11%	**1,006**	889	13%
Provision for credit impairment	(67)	(41)	63%	**(110)**	(177)	-38%
Profit before income tax	398	483	-18%	**896**	712	26%
Income tax expense	(60)	(104)	-42%	**(166)**	(83)	100%
Non-controlling interests	(4)	(5)	-20%	**(9)**	(6)	50%
Pro forma profit	334	374	-11%	**721**	623	16%
Foreign exchange adjustments	n/a	13	n/a	**n/a**	62	n/a
Pro forma adjustments	-	-	n/a	**-**	(9)	-100%
Underlying profit	334	387	-14%	**721**	676	7%
Consisting of:						
Retail	54	63	-15%	**117**	39	large
Asia Partnerships	163	141	16%	**311**	313	-1%
Institutional	163	228	-29%	**397**	344	15%
Operations & Support	(46)	(58)	-21%	**(104)**	(73)	42%
Pro forma profit	334	374	-11%	**721**	623	16%
Balance Sheet						
Net loans & advances including acceptances	38,779	30,946	25%	**38,779**	27,118	43%
Other external assets	49,329	33,811	46%	**49,329**	31,603	56%
External assets	88,108	64,757	36%	**88,108**	58,721	50%
Customer deposits	64,824	52,795	23%	**64,824**	46,604	39%
Other deposits and borrowings	7,474	5,170	45%	**7,474**	7,576	-1%
Deposits and other borrowings	72,298	57,965	25%	**72,298**	54,180	33%
Other external liabilities	20,730	14,962	39%	**20,730**	12,704	63%
External liabilities	93,028	72,927	28%	**93,028**	66,884	39%
Risk weighted assets	57,234	47,545	20%	**57,234**	43,218	32%
Average net loans and advances including acceptances	34,444	29,443	17%	**31,951**	23,377	37%
Average deposits and other borrowings	63,795	57,195	12%	**60,504**	51,790	17%
Ratios						
Return on average assets	0.79%	1.03%		**0.90%**	1.03%	
Net interest average margin	1.52%	1.74%		**1.62%**	1.68%	
Net interest average margin (excluding Global Markets)	2.59%	2.95%		**2.76%**	3.01%	
Operating expenses to operating income (pro forma)	61.8%	57.6%		**59.7%**	57.9%	
Operating expenses to operating income	61.8%	57.6%		**59.7%**	55.2%	
Operating expenses to average assets	1.78%	1.95%		**1.86%**	1.73%	
Individual provision charge	76	52	46%	**128**	153	-16%
Individual provision charge as a % of average net advances	0.45%	0.35%		**0.40%**	0.65%	
Collective provision charge (credit)	(9)	(9)	0%	**(18)**	1	large
Collective provision charge (credit) as a % of average net advances	(0.06%)	(0.05%)		**(0.06%)**	0.00%	
Net impaired assets	284	274	4%	**284**	267	6%
Net impaired assets as a % of net advances	0.73%	0.89%		**0.73%**	0.98%	
Total employees	10,650	10,718	-1%	**10,650**	10,332	3%

New Zealand
David Hisco

Table reflects AUD results for New Zealand NZD results shown on page 68	Half Year Sep 11 $M	Half Year Mar 11 $M	Half Year Movt	Full Year Sep 11 $M	Full Year Sep 10 $M	Full Year Movt
Net interest income	859	848	1%	**1,693**	1,579	7%
Other external operating income	238	232	3%	**466**	472	-1%
Operating income	1,097	1,080	2%	**2,159**	2,051	5%
Operating expenses	(513)	(511)	0%	**(1,015)**	(1,035)	-2%
Profit before credit impairment and income tax	584	569	3%	**1,144**	1,016	13%
Provision for credit impairment	(92)	(75)	23%	**(166)**	(395)	-58%
Profit before income tax	492	494	0%	**978**	621	57%
Income tax expense	(144)	(144)	0%	**(286)**	(172)	66%
Pro forma profit	348	350	-1%	**692**	449	54%
Foreign exchange adjustments	n/a	(6)	n/a	**n/a**	16	n/a
Pro forma adjustments	-	-	n/a	**-**	(2)	-100%
Underlying profit	348	344	1%	**692**	463	49%
Consisting of:						
Retail	109	97	12%	**204**	143	43%
Commercial	224	225	0%	**446**	277	61%
Wealth	25	20	25%	**44**	33	33%
Operations & Support	(10)	8	large	**(2)**	(4)	-50%
Pro forma profit	348	350	-1%	**692**	449	54%
Balance Sheet						
Net loans & advances including acceptances	68,174	65,059	5%	**68,174**	67,239	1%
Other external assets	2,099	1,999	5%	**2,099**	2,472	-15%
External assets	70,273	67,058	5%	**70,273**	69,711	1%
Customer deposits	39,471	37,572	5%	**39,471**	36,797	7%
Other deposits and borrowings	3,758	2,106	78%	**3,758**	5,561	-32%
Deposits and other borrowings	43,229	39,678	9%	**43,229**	42,358	2%
Other external liabilities	13,218	13,363	-1%	**13,218**	12,872	3%
External liabilities	56,447	53,041	6%	**56,447**	55,230	2%
Risk weighted assets	38,299	37,533	2%	**38,299**	39,355	-3%
Average net loans and advances including acceptances	67,659	67,516	0%	**67,587**	69,964	-3%
Average deposits and other borrowings	41,807	41,930	0%	**41,868**	45,476	-8%
Ratios						
Return on average assets	0.99%	0.98%		**0.99%**	0.64%	
Net interest average margin	2.50%	2.44%		**2.47%**	2.30%	
Operating expenses to operating income	46.8%	47.3%		**47.0%**	50.1%	
Operating expenses to average assets	1.46%	1.44%		**1.45%**	1.47%	
Individual provision charge	134	121	11%	**255**	361	-29%
Individual provision charge as a % of average net advances	0.40%	0.36%		**0.38%**	0.52%	
Collective provision charge (credit)	(42)	(47)	-11%	**(89)**	48	large
Collective provision charge (credit) as a % of average net advances	(0.13%)	(0.14%)		**(0.13%)**	0.07%	
Net impaired assets	1,019	1,228	-17%	**1,019**	1,097	-7%
Net impaired assets as a % of net advances	1.49%	1.89%		**1.49%**	1.63%	
Total employees	8,884	9,022	-2%	**8,884**	9,073	-2%

Australia and New Zealand Banking Group Limited

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Full year ended
30 September 2011

CONTENTS	PAGE
Condensed Consolidated Income Statement	97
Condensed Consolidated Statement of Comprehensive Income	98
Condensed Consolidated Balance Sheet	99
Condensed Consolidated Cash Flow Statement	100
Condensed Consolidated Statement of Changes in Equity	101
Notes to Condensed Financial Statements	102
Appendix 4E Statement	118

Australia and New Zealand Banking Group Limited

	Note	Half Year			Full Year		
		Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Interest income		15,423	14,945	3%	**30,368**	26,608	14%
Interest expense		(9,586)	(9,299)	3%	**(18,885)**	(15,739)	20%
Net interest income	3	5,837	5,646	3%	**11,483**	10,869	6%
Other operating income	3	1,634	1,974	-17%	**3,608**	3,291	10%
Net funds management and insurance income	3	663	742	-11%	**1,405**	1,099	28%
Share of joint venture profit from OnePath Australia and OnePath New Zealand	14	-	-	n/a	**-**	33	-100%
Share of associates' profit	14	193	243	-21%	**436**	400	9%
Operating income		8,327	8,605	-3%	**16,932**	15,692	8%
Operating expenses	4	(3,997)	(4,026)	-1%	**(8,023)**	(7,304)	10%
Profit before credit impairment and income tax		4,330	4,579	-5%	**8,909**	8,388	6%
Provision for credit impairment	9	(562)	(675)	-17%	**(1,237)**	(1,787)	-31%
Profit before income tax		3,768	3,904	-3%	**7,672**	6,601	16%
Income tax expense	5	(1,074)	(1,235)	-13%	**(2,309)**	(2,096)	10%
Profit for the period		2,694	2,669	1%	**5,363**	4,505	19%
Comprising:							
Profit attributable to non-controlling interests		3	5	-40%	**8**	4	100%
Profit attributable to shareholders of the Company		2,691	2,664	1%	**5,355**	4,501	19%
Earnings per ordinary share (cents)							
Basic	7	104.0	104.2	0%	**208.2**	178.9	16%
Diluted	7	99.3	101.2	-2%	**198.8**	174.6	14%
Dividend per ordinary share (cents)	6	76	64	19%	**140**	126	11%

The notes appearing on pages 102 to 117 form an integral part of the Condensed Consolidated Financial Statements

Australia and New Zealand Banking Group Limited

	Full Year		
	Sep 11 $M	**Sep 10 $M**	**Movt**
Profit for the period	**5,363**	4,505	19%
Other comprehensive income			
Currency translation adjustments			
Exchange differences taken to equity	**330**	(1,006)	large
Available-for-sale assets			
Valuation gain/(loss) taken to equity	**77**	136	-43%
Cumulative (gain)/loss transferred to the income statement	**19**	8	large
Cash flow hedges			
Valuation gain/(loss) taken to equity	**229**	187	22%
Transferred to income statement for the period	**(9)**	(54)	-83%
Share of associates' other comprehensive income	**(15)**	18	large
Actuarial gain/(loss) on defined benefit plans	**(15)**	(6)	large
Income tax on items transferred directly to / from equity			
Foreign currency translation reserve	**(5)**	(10)	-50%
Available-for-sale reserve	**(35)**	(38)	-8%
Cash flow hedge reserve	**(63)**	(36)	75%
Actuarial gain / (loss) on defined benefits plan	**5**	2	large
Other comprehensive income	**518**	(799)	large
Total comprehensive income for the period	**5,881**	3,706	59%
Comprising:			
Total comprehensive income attributable to non-controlling interests	**8**	4	100%
Total comprehensive income attributable to shareholders of the company	**5,873**	3,702	59%

The notes appearing on pages 102 to 117 form an integral part of the Condensed Consolidated Financial Statements

Australia and New Zealand Banking Group Limited

		As at ($M)			Movement	
Assets	**Note**	**Sep 11**	**Mar 11**	**Sep 10**	**Sep 11 v. Mar 11**	**Sep 11 v. Sep 10**
Liquid assets		24,899	19,298	18,945	29%	31%
Due from other financial institutions		8,824	7,479	5,481	18%	61%
Trading securities[1]		36,074	28,966	33,515	25%	8%
Derivative financial instruments		54,118	29,646	37,821	83%	43%
Available-for-sale assets		22,264	18,323	20,742	22%	7%
Net loans and advances[1]	8	396,337	378,812	351,897	5%	13%
Customers' liability for acceptances[1]		970	577	11,495	68%	-92%
Shares in associates and joint venture entities		3,513	3,239	2,965	8%	18%
Current tax assets		41	20	76	large	-46%
Deferred tax assets		599	653	792	-8%	-24%
Goodwill and other intangible assets[2]		6,964	6,632	6,630	5%	5%
Investments backing policyholder liabilities		29,859	32,958	32,171	-9%	-7%
Other assets		7,901	8,685	7,015	-9%	13%
Premises and equipment		2,125	2,159	2,158	-2%	-2%
Total assets		594,488	537,447	531,703	11%	12%
Liabilities						
Due to other financial institutions		23,012	22,014	21,610	5%	6%
Deposits and other borrowings	10	368,729	331,789	310,383	11%	19%
Derivative financial instruments		50,088	29,796	37,217	68%	35%
Liability for acceptances[1]		970	577	11,495	68%	-92%
Current tax liabilities		1,128	750	973	50%	16%
Deferred tax liabilities		28	40	35	-30%	-20%
Policyholder liabilities		27,503	29,718	28,981	-7%	-5%
External unit holder liabilities (life insurance funds)		5,033	5,501	5,448	-9%	-8%
Payables and other liabilities		10,251	10,688	8,115	-4%	26%
Provisions		1,248	1,285	1,297	-3%	-4%
Bonds and notes		56,551	58,526	59,714	-3%	-5%
Loan capital		11,993	11,634	12,280	3%	-2%
Total liabilities		556,534	502,318	497,548	11%	12%
Net assets		37,954	35,129	34,155	8%	11%
Shareholders' equity						
Ordinary share capital	11,12	21,343	20,594	19,886	4%	7%
Preference share capital	11,12	871	871	871	0%	0%
Reserves	12	(2,095)	(3,171)	(2,587)	-34%	-19%
Retained earnings	12	17,787	16,766	15,921	6%	12%
Share capital and reserves attributable to shareholders of the Company		37,906	35,060	34,091	8%	11%
Non-controlling interests		48	69	64	-30%	-25%
Total equity		37,954	35,129	34,155	8%	11%

1. *In 2011 the Group ceased re-discounting Commercial bill acceptances in its Australian operations. This has impacted balance sheet classifications as there is no intention to trade the commercial bills as negotiable instruments, therefore they are classified as commercial bill loans initially recognised at fair value and subsequently measured at amortised cost:*

   Sep 2011 - Trading securities: $nil; Net loans and advances $17,326 million; Customer's liability for acceptances $nil; Liability for acceptances $nil

   Mar 2011 - Trading securities: $nil; Net loans and advances $17,371 million; Customers' liability for acceptances $nil; Liability for acceptances $nil

   Sep 2010 - Trading securities: $6,035 million; Net loans and advances $nil; Customers' liability for acceptances $11,150 million; Liability for acceptances $11,150 million

2. *Excludes notional goodwill in equity accounted entities*

The notes appearing on pages 102 to 117 form an integral part of the Condensed Consolidated Financial Statements

Australia and New Zealand Banking Group Limited

	Full Year Sep 11 Inflows (Outflows) $M	Full Year Sep 10 Inflows (Outflows) $M
Cash flows from operating activities		
Interest received	**30,260**	26,362
Dividends received	**84**	54
Fee income received	**2,471**	2,177
Other income received	**1,408**	1,230
Interest paid	**(18,797)**	(15,726)
Personnel expenses paid	**(4,547)**	(4,102)
Premises expenses paid	**(596)**	(557)
Other operating expenses paid	**(2,034)**	(1,625)
Cash settled on derivatives	**(2,038)**	(1,823)
Income taxes paid		
Australia	**(1,727)**	(353)
Overseas	**(306)**	(629)
Goods and services tax received	**50**	33
Net cash flows from funds management and insurance business		
Funds management income received	**870**	665
Insurance premium income received	**4,988**	6,144
Claims and policyholder liability payments	**(4,531)**	(5,587)
Investment income (paid)/received	**(21)**	536
Commission expense (paid)/received	**(491)**	(353)
Net cash flows from investments backing policyholder liabilities		
Purchase of insurance assets	**(9,127)**	(9,982)
Proceeds from sale/maturity of insurance assets	**10,182**	10,021
(Increase)/decrease in operating assets		
Liquid assets - greater than three months	**1,593**	2,184
Due from other financial institutions - greater than three months	**(1,476)**	(65)
Trading securities	**(7,614)**	(2,004)
Loans and advances	**(25,568)**	(17,044)
Increase/(decrease) in operating liabilities		
Deposits and other borrowings	**43,834**	14,726
Due to other financial institutions	**1,350**	55
Payables and other liabilities	**584**	(1,288)
Net cash provided by operating activities	**18,801**	3,049
Cash flows from investing activities		
Available-for-sale assets		
Purchases	**(40,657)**	(29,312)
Proceeds from sale or maturity	**39,518**	25,244
Controlled entities and associates		
Purchased (net of cash acquired)	**(304)**	50
Proceeds from sale (net of cash disposed)	**74**	15
Premises and equipment		
Purchases	**(319)**	(317)
Proceeds from sale	**6**	24
Other assets	**(849)**	(1,428)
Net cash used in investing activities	**(2,531)**	(5,724)
Cash flows from financing activities		
Bonds and notes		
Issue proceeds	**12,213**	21,756
Redemptions	**(17,193)**	(17,105)
Loan capital		
Issue proceeds	**1,341**	1,976
Redemptions	**(1,579)**	(2,565)
Dividends paid	**(2,113)**	(1,671)
Share capital issues	**43**	37
On market share purchases	**(137)**	(78)
Net cash (used in)/provided by financing activities	**(7,425)**	2,350
Net cash provided by operating activities	**18,801**	3,049
Net cash used in investing activities	**(2,531)**	(5,724)
Net cash (used in)/provided by financing activities	**(7,425)**	2,350
Net increase/(decrease) in cash and cash equivalents	**8,845**	(325)
Cash and cash equivalents at beginning of period	**20,610**	21,511
Effects of exchange rate changes on cash and cash equivalents	**566**	(576)
Cash and cash equivalents at end of period	**30,021**	20,610

The notes appearing on pages 102 to 117 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 2009	19,151	871	(1,787)	14,129	**32,364**	65	**32,429**
Profit or loss	-	-	-	4,501	**4,501**	4	**4,505**
Other comprehensive income for the period	-	-	(795)	(4)	**(799)**	-	**(799)**
Total comprehensive income for the period	-	-	(795)	4,497	**3,702**	4	**3,706**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(2,678)	**(2,678)**	-	**(2,678)**
Dividend reinvestment plan	1,007	-	-	-	**1,007**	-	**1,007**
Other equity movements:							
Share based payments and exercises	-	-	7	-	**7**	-	**7**
Group share option scheme	37	-	-	-	**37**	-	**37**
Treasury shares OnePath Australia adjustment	(360)	-	-	-	**(360)**	-	**(360)**
Group employee share acquisition scheme	51	-	-	-	**51**	-	**51**
Adjustments to opening retained earnings on adoption of revised accounting standard AASB 3R	-	-	-	(39)	**(39)**	-	**(39)**
Other changes	-	-	(12)	12	**-**	(5)	**(5)**
As at 30 September 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**

[1] Further information on other comprehensive income is disclosed in Note 12

The notes appearing on pages 102 to 117 form an integral part of the Condensed Consolidated Financial Statements

1. Basis of preparation

These Condensed Consolidated Financial Statements:

- should be read in conjunction with the ANZ Annual Report for the year ended 30 September 2011 and any public announcements made by the Parent Entity and its controlled entities (the Group) for the year ended 30 September 2011 in accordance with the continuous disclosure obligations under the Corporations Act 2001 and the ASX Listing Rules;
- does 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 2 November 2011.

i) Statement of compliance

These Condensed Consolidated Financial Statements have been prepared in accordance with the accounts provisions of the Banking Act 1959 (as amended), Australian Accounting Standards ("AASs"), Australian Accounting Standards Board ("AASB") Interpretations, other authoritative pronouncements of the AASB and the Corporations Act 2001.

ii) Use of estimates and assumptions

The preparation of the financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of 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. Discussion of these critical accounting treatments, which include complex or subjective decisions or assessments, are covered in Note 2. Such estimates may require review in future periods.

iii) Basis of measurement

The financial information has been prepared in accordance with the historical cost basis except that the following assets and liabilities are stated at their fair value:

- derivative financial instruments, including in the case of fair value hedging, the fair value of any applicable underlying exposure;
- financial assets treated as available-for-sale;
- financial instruments held for trading; and
- assets and liabilities designated at fair value through profit and loss.

In accordance with AASB 1038 Life Insurance Contracts, life insurance liabilities are measured using the Margin on Services model.

In accordance with AASB 119 Employee Benefits, defined benefit obligations are measured using the Projected Unit Credit method.

iv) Changes in accounting policy and early adoptions

All new Accounting Standards and Interpretations applicable to annual reporting periods beginning on or after 1 October 2010 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.

There has been no other change in accounting policy during the year.

v) Rounding

The Parent Entity is an entity of the kind referred to in the Australian Securities and Investments Commission class order 98/100 dated 10 July 1998 (as amended). Consequently, amounts in these Condensed Consolidated Financial Statements have been rounded to the nearest million dollars, except where otherwise indicated.

vi) Comparatives

Certain amounts in the comparative information have been reclassified to conform with current period financial statement presentations. During the current year, this includes the reclassification of certain assets from Liquid Assets to Net Loans and Advances following a review of the definition of the Liquid Assets category and the reclassification of certain customer deposit liabilities from Deposits and Other Borrowings to Due from Other Financial Institutions.

2. Critical estimates and judgements used in applying accounting policies

The Group prepares its financial report in accordance with policies which are based on AAS's, other authoritative accounting pronouncements and Interpretations of the AASB and the Corporations Act 2001. This involves the Group making estimates and assumptions that affect the reported amounts within the financial statements. Estimates and judgements are continually evaluated and are based on historical factors, including expectations of future events that are believed to be reasonable under the circumstances. All material changes to accounting policies and estimates, and the application of these policies and judgements are approved by the Audit Committee of the Board.

A brief explanation of critical estimates and judgement and their impact on the Group follows:

- **Provisions for credit impairment**

  The Group's accounting policy relating to measuring the impairment of loans and advances requires the Group to assess impairment at least at each reporting date. The credit provisions raised (individual and collective) represent management's best estimate of the losses incurred in the loan portfolio at balance date based on experienced judgement. The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data and events, and an assessment of the impact of model risk. The provision also takes into account the impact of large concentrated losses within the portfolio and the economic cycle.

  The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and does not impact on reliability. Individual provisioning is applied when the full collectability of a loan is identified as being doubtful.

  Individual and collective provisioning is calculated using discounted expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are revised regularly to reduce any differences between loss estimates and actual loss experience.

- **Special purpose and off-balance sheet entities**

  The Group may invest in or establish special purpose entities (SPEs) to enable it to undertake specific types of transactions. The main types of SPEs are securitisation vehicles, structured finance entities, and entities used to sell credit protection.

  Where the Group has established SPEs which are controlled by the Group, they are consolidated in the Group's financial statements.

  The Group does not consolidate SPEs that it does not control. As it can be complex to determine whether the Group has control of an SPE, the Group makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question.

  The table below summarises the main types of SPEs with which the Group is involved, the reason for their establishment, and the control factors associated with ANZ's interest in them. Although there may be some indicators of control, ANZ does not bear the majority of residual risks and rewards of the SPEs, therefore they are not consolidated.

Type of SPE	Reason for establishment	Control factors
Securitisation vehicles	Securitisation is a financing technique whereby assets are transferred to an SPE which funds the purchase by issuing securities. This enables ANZ (in the case where transferred assets originate within ANZ) or customers to increase diversity of funding sources.	ANZ may manage these securitisation vehicles, service assets in the vehicle, or provide liquidity or other support. ANZ retains the risks associated with the provision of these services. For any SPE which is not consolidated, credit and market risks associated with the underlying assets are not retained or assumed by ANZ except to the limited extent that ANZ provides arm's length services and facilities.
Structured finance entities	These entities are set up to assist with the structuring of client financing. The resulting lending arrangements are at arms length and ANZ typically has limited ongoing involvement with the entity.	ANZ may manage these vehicles, hold minor amounts of capital, provide financing or derivatives.
Credit protection	The SPE in this category is created to allow ANZ to purchase credit protection.	ANZ may manage this vehicle.

2. Critical estimates and judgements used in applying accounting policies, cont'd

- **Significant associates**

The carrying values of all significant investments in associates are subject to an annual recoverable amount test. This assessment involves ensuring that the investment's fair value less costs to sell or its value in use is greater than its carrying amount. Judgement is applied when determining the assumptions supporting these calculations.

The Group reviews its investments in associates against the following impairment indicators:

- actual financial performance against budgeted financial performance;
- any material unfavourable operational factors and regulatory factors;
- any material unfavourable economic outlook and market competitive factors;
- carrying value against available quoted market values (supported by third-party broker valuations where available); and
- carrying value against market capitalisation (for listed investments).

Where appropriate, additional potential impairment indicators are reviewed which are more specific to the respective investment.

As at 30 September 2011, no impairment of associates was identified as a result of either the review of impairment indicators listed above or the recoverable amount test.

- **Available-for-sale financial assets**

The accounting policy for impairment of available-for-sale financial assets requires the Group to assess whether there is objective evidence of impairment. This requires judgement when considering whether such evidence exists and, if so, reliably determining the impact of such events on the estimated cash flows of the asset.

During the year ended 30 September 2011, an impairment of $35 million (2010: $nil) was recognised in the income statement in respect of Sacombank after assessing that the decline in the market value in Australian dollars of the investment was significant and prolonged.

- **Financial instruments at fair value**

A significant portion of financial instruments are carried on the balance sheet at fair value.

The best evidence of fair value is a quoted price in an active market. Accordingly, wherever possible, fair value is based on the quoted market price for the financial instrument.

In the event that there is no active market for the instrument, fair value is based on present value estimates or other market accepted valuation techniques. The valuation models incorporate the impact of bid/ask spread, counterparty credit spreads and other factors that would influence the fair value determined by a market participant.

The majority of valuation techniques employ only observable market data. However, for certain financial instruments, the fair value cannot be determined with reference to current market transactions or valuation techniques whose variables only include data from observable markets.

In respect of the valuation component where market observable data is not available, the fair value is determined using data derived and extrapolated from market data and tested against historic transactions and observed market trends. These valuations are based upon assumptions established by application of professional judgement to analyse the data available to support each assumption. Changing the assumptions changes the resulting estimate of fair value.

The majority of outstanding derivative positions are transacted over-the-counter and therefore need to be valued using valuation techniques. Included in the determination of the fair value of derivatives is a credit valuation adjustment to reflect the credit worthiness of the counterparty, representing the credit risk component of the overall fair value movement on a particular derivative asset. The total valuation adjustment is influenced by the mark-to-market of the derivative trades and by the movement in the market cost of credit.

2. Critical estimates and judgements used in applying accounting policies, cont'd

- **Goodwill and indefinite life intangible assets**

The carrying values of goodwill and intangible assets with indefinite lives are reviewed at each balance date and written-down, to the extent that they are no longer supported by probable future benefits.

Goodwill and intangible assets with indefinite useful lives are allocated to cash-generating units (CGUs) for the purpose of impairment testing. In respect of goodwill, the CGUs are based on the operating segments of the Group. During the year the operating segments were changed from the major geographies in which the Group operates to the major divisions through which the Group operates. Goodwill has been reallocated accordingly.

Impairment testing of goodwill and indefinite life intangibles is performed annually, or more frequently when there is an indication that the asset may be impaired. Impairment testing is conducted by comparing the recoverable amount of the CGU with the current carrying amount of its net assets, including goodwill and intangibles as applicable. Where the current carrying value is greater than the recoverable amount, a charge for impairment is recognised in the income statement.

The most significant components of the Group's goodwill balance at 30 September 2011 relate to the New Zealand division which was $1,720 million (Sep 2010: $1,653 million, Mar 2011: $1,611 million) and Australia division which was $1,433 million (Sep 2010: $1,414 million, Mar 2011: $1,434 million).

The recoverable amount of the CGU to which each goodwill component is allocated is estimated using a market multiple approach as representative of the fair value less costs to sell of each CGU. The price earnings multiples are based on observable multiples in the respective markets in which the Group operates. The earnings are based on the current forecast earnings of the divisions. Key assumptions on which management has based its determination of fair value less costs to sell include assumptions regarding market multiples, costs to sell and forecast earnings. Changes in assumptions upon which the valuation is based could materially impact the assessment of the recoverable amount of each CGU.

As at 30 September 2011, the results of the impairment testing performed did not result in any material impairment being identified.

- **Intangible assets with finite useful lives**

The carrying value of intangible assets with finite useful lives are reviewed each balance date for any indication of impairment. This assessment involves applying judgement and consideration is given to both internal and external indicators of potential impairment. The majority of the Group's intangible assets with a finite life is represented by capitalised software and intangible assets purchased as part of the acquisition of OnePath Australia Limited and OnePath (NZ) Limited.

As at 30 September 2011, the results of the impairment testing performed did not result in any material impairment being identified.

- **Life insurance contract liabilities**

Policy liabilities for life insurance contracts are computed using statistical or mathematical methods, which are expected to give approximately the same results as if an individual liability was calculated for each contract. The computations are made by suitably qualified personnel on the basis of recognised actuarial methods, with due regard to relevant actuarial principles and standards. The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written. Deferred policy acquisition costs are connected with the measurement basis of life insurance liabilities and are equally sensitive to the factors that are considered in the liability measurement.

The key factors that affect the estimation of these liabilities and related assets are:

- the cost of providing the benefits and administering these insurance contracts;
- mortality and morbidity experience on life insurance products, including enhancements to policyholder benefits;
- discontinuance experience, which affects the Group's ability to recover the cost of acquiring new business over the lives of the contracts; and
- the amounts credited to policyholders' accounts compared to the returns on invested assets through asset-liability management and strategic and tactical asset allocation.

In addition, factors such as regulation, competition, interest rates, taxes and general economic conditions affect the level of these liabilities.

The total value of policy liabilities for life insurance contracts have been appropriately calculated in accordance with these principles.

- **Taxation**

Significant judgement is required in determining provisions held in respect of uncertain tax positions. The Group estimates its tax liabilities based on its understanding of the relevant law in each of the countries in which it operates.

3. Income

	Half Year			Full Year		
	Sep 11 $M	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Interest income	15,423	14,945	3%	**30,368**	26,608	14%
Interest expense	(9,586)	(9,299)	3%	**(18,885)**	(15,739)	20%
Net interest income	5,837	5,646	3%	**11,483**	10,869	6%
i) Fee and commission income						
Lending fees[1]	346	306	13%	**652**	634	3%
Non-lending fees and commissions	1,027	1,026	0%	**2,053**	1,967	4%
Total fee and commission income	1,373	1,332	3%	**2,705**	2,601	4%
Fee and commission expense[2]	(159)	(155)	3%	**(314)**	(277)	13%
Net fee and commission income	1,214	1,177	3%	**2,391**	2,324	3%
ii) Other income						
Net foreign exchange earnings	386	431	-10%	**817**	747	9%
Net gains from trading securities and derivatives[3]	(39)	334	large	**295**	319	-8%
Credit risk on derivatives	(49)	70	large	**21**	35	-40%
Fair value impairment for OnePath Australia & OnePath NZ	-	-	n/a	**-**	(217)	-100%
Movement on financial instruments measured at fair value through profit & loss[4]	(12)	(155)	-92%	**(167)**	(202)	-17%
Brokerage income	30	31	-3%	**61**	70	-13%
NZ managed funds impacts	1	60	-98%	**61**	4	large
Write-down on assets in non continuing businesses	(11)	(2)	large	**(13)**	(12)	8%
Write-back of investment in Saigon Securities Incorporation	-	-	n/a	**-**	25	-100%
Write-down of investment in Sacombank	-	(35)	-100%	**(35)**	-	n/a
Private equity and infrastructure earnings	25	1	large	**26**	43	-40%
Profit on sale of property	22	2	large	**24**	2	large
Other	67	60	12%	**127**	153	-17%
Total other income	420	797	-47%	**1,217**	967	26%
Other operating income	1,634	1,974	-17%	**3,608**	3,291	10%
iii) Net funds management and insurance income						
Funds management income	426	442	-4%	**868**	730	19%
Investment income	(1,816)	1,305	large	**(511)**	1,165	large
Insurance premium income	652	532	23%	**1,184**	847	40%
Commission income (expense)	(253)	(237)	7%	**(490)**	(358)	37%
Claims	(285)	(263)	8%	**(548)**	(414)	32%
Changes in policyholder liabilities[5]	1,875	(1,021)	large	**854**	(836)	large
Elimination of Treasury share (gain)/loss	64	(16)	large	**48**	(35)	large
Total net funds management and insurance income	663	742	-11%	**1,405**	1,099	28%
Total other operating income	2,297	2,716	-15%	**5,013**	4,390	14%
Share of joint venture & associates' profit	193	243	-21%	**436**	433	1%
Total income[6]	17,913	17,904	0%	**35,817**	31,431	14%
Profit before income tax as a % of total income	21.04%	21.81%		**21.42%**	21.00%	

1. *Lending fees exclude fees treated as part of the effective yield calculation and included in interest income*
2. *Includes interchange fees paid*
3. *Does not include interest income*
4. *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*
5. *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*
6. *Total income includes external dividend income of $11 million (Mar 2011 half: $8 million; Sep 2010 full year: $18 million; Sep 2011 half year: $3 million)*

4. Operating expenses

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Personnel						
Employee entitlements and taxes	159	147	8%	**306**	259	18%
Salaries and wages	1,496	1,475	1%	**2,971**	2,639	13%
Superannuation costs - defined benefit plans	8	5	60%	**13**	14	-7%
Superannuation costs - defined contribution plans	140	147	-5%	**287**	253	13%
Equity-settled share-based payments	88	78	13%	**166**	140	19%
Temporary staff	127	123	3%	**250**	215	16%
Other	354	389	-9%	**743**	730	4%
Total personnel expenses	2,372	2,364	0%	**4,736**	4,250	11%
Premises						
Depreciation and amortisation	45	44	2%	**89**	79	13%
Rent	195	192	2%	**387**	365	6%
Utilities and other outgoings	81	84	-4%	**165**	160	3%
Other	20	24	-17%	**44**	35	26%
Total premises expenses	341	344	-1%	**685**	639	7%
Computer						
Computer contractors	60	83	-28%	**143**	120	19%
Data communications	66	59	12%	**125**	94	33%
Depreciation and amortisation	174	174	0%	**348**	297	17%
Rentals and repairs	64	56	14%	**120**	100	20%
Software purchased	143	107	34%	**250**	214	17%
Software written-off	18	2	large	**20**	17	18%
Other	10	25	-60%	**35**	24	46%
Total computer expenses	535	506	6%	**1,041**	866	20%
Other						
Advertising and public relations	119	116	3%	**235**	252	-7%
Audit fees and other fees	9	9	0%	**18**	15	20%
Depreciation of furniture and equipment	49	48	2%	**97**	91	7%
Freight and cartage	33	32	3%	**65**	62	5%
Non-lending losses	29	24	21%	**53**	67	-21%
Postage and stationery	66	64	3%	**130**	130	0%
Professional fees	138	136	1%	**274**	349	-21%
Telephone	36	39	-8%	**75**	68	10%
Travel	103	105	-2%	**208**	196	6%
Amortisation and impairment of intangible assets	68	54	26%	**122**	95	28%
Other	74	62	19%	**136**	190	-28%
Total other expenses	724	689	5%	**1,413**	1,515	-7%
Restructuring						
New Zealand technology integration	17	108	-84%	**125**	-	n/a
Other	8	15	-47%	**23**	34	-32%
Total restructuring expenses	25	123	-80%	**148**	34	large
Operating expenses	3,997	4,026	-1%	**8,023**	7,304	10%

5. 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 11 $M	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Profit before income tax	3,768	3,904	-3%	**7,672**	6,601	16%
Prima facie income tax expense at 30%	1,131	1,171	-3%	**2,302**	1,980	16%
Tax effect of permanent differences:						
Overseas tax rate differential	(24)	(5)	large	**(29)**	5	large
Rebateable and non-assessable dividends	(3)	(2)	50%	**(5)**	(5)	0%
Profit from associates and joint venture entities	(58)	(73)	-21%	**(131)**	(130)	1%
Fair value adjustment for OnePath Australia and OnePath New Zealand	-	-	n/a	**-**	65	-100%
Mark-to-market (gains)/losses on fair valued investments related to associated entities	-	-	n/a	**-**	(2)	-100%
Write-back of investment in Saigon Securities Incorporation	-	-	n/a	**-**	(7)	-100%
Write-down of investment in Sacombank	-	11	-100%	**11**	-	n/a
Offshore Banking Unit	6	(6)	large	**-**	(7)	-100%
New Zealand conduits	-	-	n/a	**-**	(38)	-100%
Impact of changes in New Zealand tax legislation	1	(3)	large	**(2)**	36	large
OnePath Australia - policyholder income and contributions tax	30	116	-74%	**146**	150	-3%
Non-deductible RBS integration costs	-	4	-100%	**4**	27	-85%
Resolution of US tax matter	-	-	n/a	**-**	(31)	-100%
Withholding tax provision no longer required	(35)	-	n/a	**(35)**	-	n/a
Other	23	22	5%	**45**	54	-17%
	1,071	1,235	-13%	**2,306**	2,097	10%
Income tax under/(over) provided in previous years	3	-	n/a	**3**	(1)	large
Total income tax expense charged in the income statement	1,074	1,235	-13%	**2,309**	2,096	10%
Australia	861	986	-13%	**1,847**	1,753	5%
Overseas	213	249	-14%	**462**	343	35%
	1,074	1,235	-13%	**2,309**	2,096	10%
Effective Tax Rate - Group	28.5%	31.6%		**30.1%**	31.8%	

Taxation of Financial Arrangements "TOFA"

The Group adopted the new tax regime for financial arrangements (TOFA) in Australia effective from 1 October 2009. The regime aims to more closely align the tax and accounting recognition and measurement of the financial arrangements within scope and their related flows. Deferred tax balances for financial arrangements that existed on adoption at 1 October 2009 will reverse over a four year period.

6. Dividends

	Half Year			Full Year		
Dividend per ordinary share (cents)	**Sep 11**	**Mar 11**	**Movt**	**Sep 11**	**Sep 10**	**Movt**
Interim (fully franked)	n/a	64	n/a	**64**	52	23%
Final (fully franked)	76	n/a	n/a	**76**	74	3%
Total	76	64	19%	**140**	126	11%

Ordinary share dividend	**$M**	**$M**	**%**	**$M**	**$M**	**%**
Interim dividend	1,662	-	n/a	**1,662**	1,318	26%
Final dividend	-	1,895	n/a	**1,895**	1,403	35%
Bonus option plan adjustment	(31)	(35)	-11%	**(66)**	(54)	22%
Total[1]	1,631	1,860	-12%	**3,491**	2,667	31%
Ordinary share dividend payout ratio (%)[2]	74.5%	62.5%		**68.5%**	71.6%	

1. *Dividends are not accrued and are recorded when paid*
2. *Dividend payout ratio calculated using proposed 2011 final dividend of $1,999 million (not shown in the above table), which is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2011 half year and September 2010 year calculated using gross dividend of $1,662 million and $1,895 million respectively. Dividend payout ratio calculated by adjusting profit attributable to shareholders of the company by the amount of preference shares dividends paid.*

Ordinary Shares

The Directors propose that a final dividend of 76 cents be paid on 16 December 2011 on each eligible fully paid ANZ ordinary share. The proposed 2011 final dividend will be fully franked for Australian tax purposes.

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 2011 final dividend. For the 2011 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 18 November 2011 less a 1.5% discount, 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 2011 final dividend must be received by ANZ's Share Registrar by 5.00 pm (Australian Eastern Daylight Time) on 16 November 2011. 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 18 November 2011. There is no foreign conduit income attributed to the dividend.

Preference Shares

	Half Year			Full Year		
	Sep 11 $M	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Preference share dividend						
Euro Trust Securities	6	6	0%	**12**	11	9%
Dividend per preference share						
Euro Trust Securities	€10.13	€8.11	25%	**€18.24**	€13.93	31%

7. Earnings per share

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Number of fully paid ordinary shares on issue (M)[1]	2,629.0	2,596.4	1%	**2,629.0**	2,559.7	3%
Basic						
Profit attributable to shareholders of the Company ($M)	2,691	2,664	1%	**5,355**	4,501	19%
Less Preference share dividends ($M)	(6)	(6)	0%	**(12)**	(11)	9%
Profit less preference share dividends ($M)	2,685	2,658	1%	**5,343**	4,490	19%
Weighted average number of ordinary shares (M)	2,581.5	2,550.1	1%	**2,565.9**	2,509.3	2%
Basic earnings per share (cents)	104.0	104.2	0%	**208.2**	178.9	16%
Diluted						
Profit less preference share dividends ($M)	2,685	2,658	1%	**5,343**	4,490	19%
Interest on US Trust Securities ($M)[2]	14	14	0%	**28**	35	-20%
Interest on UK Stapled Hybrid Securities ($M)[3]	22	24	-8%	**46**	51	-10%
Interest on Convertible Preference Shares (ANZ CPS) ($M)[4]	84	84	0%	**168**	134	25%
Profit attributable to shareholders of the Company excluding interest on US Trust Securities and convertible preference shares (ANZ CPS) ($M)	2,805	2,780	1%	**5,585**	4,710	19%
Weighted average number of shares on issue (M)	2,581.5	2,550.1	1%	**2,565.9**	2,509.3	2%
Weighted average number of convertible options (M)	4.1	5.0	-18%	**4.5**	4.8	-6%
Weighted average number of convertible US Trust Securities at current market price (M)[2]	41.6	32.1	30%	**41.6**	37.2	12%
Weighted average number of convertible UK Stapled Securities (M)[3]	38.9	31.0	25%	**38.9**	32.8	19%
Weighted average number of Convertible Preference Shares (ANZ CPS) (M)[4]	158.7	130.1	22%	**158.7**	112.9	41%
Adjusted weighted average number of shares - diluted (M)	2,824.8	2,748.3	3%	**2,809.6**	2,697.0	4%
Diluted earnings per share (cents)	99.3	101.2	-2%	**198.8**	174.6	14%

1. *Number of fully paid ordinary shares on issue includes Treasury shares of 30.3 million at 30 September 2011 (Mar 2011: 31.3 million; Sep 2010: 28.2 million). Shares in the Company which are purchased on-market by the ANZ Employee Share Acquisition Plan or issued by the Company to the ANZ Employee Share Acquisition Plan are classified as Treasury shares (to the extent that they relate to unvested employee share-based awards). In addition, the life insurance business may also purchase and hold shares in the Company to back policy liabilities in the life insurance statutory funds. These shares are also classified as Treasury shares.*
2. *The US 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 Trust Securities can be de-stapled and the investor left with coupon paying preference shares at ANZ's discretion at any time, or at the investor'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. The inclusion of these issues in EPS increased the diluted number of shares by 41.6 million for the half and full year ended 30 September 2011.*
3. *UK Stapled Securities (issued on 15 June 2007) are GBP denominated stapled securities that convert to ordinary shares on the fifth anniversary of the issue date at the market price of ANZ ordinary shares less 5% (subject to certain conversion conditions). 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. The inclusion of this issue in EPS increased the diluted number of shares by 38.9 million for the half and full year ended 30 September 2011.*
4. *There are three "Tranches" of convertible preference shares (ANZ CPS). ANZ CPS1 are convertible preference shares issued on 30 September 2008 that 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 ANZ CPS2 are convertible preference shares issued on 17 December 2009 that convert to ordinary shares on 15 December 2016 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). ANZ CPS3 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 1.0% (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. The inclusion of ANZ CPS1 and CPS2 in EPS increased the diluted number of shares by 158.7 million for the half and full year ended 30 September 2011. However, the conversion of ANZ CPS3 did not have any dilutive impact for the half or full year ended 30 September 2011 and has been excluded.*

8. Net loans and advances

	As at ($M)			Movement	
	Sep 11	Mar 11	Sep 10	Sep 11 v. Mar 11	Sep 11 v. Sep 10
Australia					
Overdrafts	6,326	6,169	6,604	3%	-4%
Credit card outstandings	9,062	8,912	8,502	2%	7%
Commercial bills outstanding[1]	17,326	17,371	-	0%	n/a
Term loans - housing	169,970	165,205	159,046	3%	7%
Term loans - non-housing	74,206	72,777	69,868	2%	6%
Lease receivables	1,769	1,510	1,600	17%	11%
Hire purchase	9,549	9,603	9,974	-1%	-4%
Other	891	981	878	-9%	1%
	289,099	282,528	256,472	2%	13%
Asia Pacific, Europe & America					
Overdrafts	739	694	689	6%	7%
Credit card outstandings	1,053	1,036	1,060	2%	-1%
Commercial bills outstanding	1,008	554	432	82%	large
Term loans - housing	2,850	2,368	2,058	20%	38%
Term loans - non-housing	33,011	26,285	23,114	26%	43%
Lease receivables	130	144	116	-10%	12%
Other	213	250	240	-15%	-11%
	39,004	31,331	27,709	24%	41%
New Zealand					
Overdrafts	1,068	1,179	1,378	-9%	-22%
Credit card outstandings	1,074	1,020	1,056	5%	2%
Term loans - housing	42,562	40,202	41,554	6%	2%
Term loans - non-housing	29,170	28,247	29,602	3%	-1%
Lease receivables	185	174	175	6%	6%
Hire purchase	419	378	377	11%	11%
Other	216	211	264	2%	-18%
	74,694	71,411	74,406	5%	0%
Total gross loans and advances	402,797	385,270	358,587	5%	12%
Less: Provision for credit impairment (refer note 9)	(4,873)	(4,894)	(5,028)	0%	-3%
Less: Unearned income[2]	(2,216)	(2,179)	(2,262)	2%	-2%
Add: Capitalised brokerage/mortgage origination fees	629	615	600	2%	5%
	(6,460)	(6,458)	(6,690)	0%	-3%
Total net loans and advances[3]	396,337	378,812	351,897	5%	13%

1. *In 2011 the Group ceased re-discounting commercial bill acceptances in its Australian operations resulting in reclassification of balances into net loans and advances*
2. *Includes fees deferred and amortised using the effective interest method of $414 million (Mar 2011: $398 million; Sep 2010: $402 million)*
3. *Differs to net loans and advances including acceptances shown on pages 11, 12 and 31 as bill acceptances of $970 million (Mar 2011: $577 million; Sep 2010: $11,495 million) are excluded*

9. Provision for credit impairment

	Half Year			Full Year		
Collective provision	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
Balance at start of period	3,177	3,153	1%	**3,153**	3,000	5%
Charge/(credit) to income statement	(58)	65	large	**7**	(4)	large
Provisions acquired	-	-	n/a	**-**	240	-100%
Adjustment for exchange rate fluctuations	57	(41)	large	**16**	(83)	large
Total collective provision[1]	3,176	3,177	0%	**3,176**	3,153	1%
Individual provision						
Balance at start of period	1,717	1,875	-8%	**1,875**	1,526	23%
Charge to income statement for loans and advances	599	594	1%	**1,193**	1,770	-33%
Provisions acquired	-	-	n/a	**-**	394	-100%
Adjustment for exchange rate fluctuations	51	(43)	large	**8**	(100)	large
Discount unwind	(82)	(103)	-20%	**(185)**	(165)	12%
Bad debts written-off	(718)	(703)	2%	**(1,421)**	(1,693)	-16%
Recoveries of amounts previously written-off	130	97	34%	**227**	143	59%
Total individual provision	1,697	1,717	-1%	**1,697**	1,875	-9%
Total provision for credit impairment	4,873	4,894	0%	**4,873**	5,028	-3%

1 *The collective provision includes amounts for off-balance sheet credit exposures: $572 million at 30 September 2011 (Mar 2011: $579 million; Sep 2010: $576 million). The impact on the income statement for the year ended 30 September 2011 was a $7 million release (Sep 2011 half year: $17 million release; Mar 2011 half year: $10 million charge; Sep 2010 full year: $nil)*

	Half Year			Full Year		
Provision movement analysis	**Sep 11 $M**	**Mar 11 $M**	**Movt**	**Sep 11 $M**	**Sep 10 $M**	**Movt**
New and increased provisions						
Australia	694	668	4%	**1,362**	1,620	-16%
Asia Pacific, Europe & America	120	92	30%	**212**	171	24%
New Zealand	237	222	7%	**459**	559	-18%
	1,051	982	7%	**2,033**	2,350	-13%
Provision releases	(322)	(291)	11%	**(613)**	(437)	40%
	729	691	5%	**1,420**	1,913	-26%
Recoveries of amounts previously written-off	(130)	(97)	34%	**(227)**	(143)	59%
Individual provision charge for loans and advances	599	594	1%	**1,193**	1,770	-33%
Impairment on available-for-sale assets	21	16	31%	**37**	21	76%
Collective provision charge/(credit) to income statement	(58)	65	large	**7**	(4)	large
Charge to income statement	562	675	-17%	**1,237**	1,787	-31%

	As at ($M)			Movement	
Individual provision balance	**Sep 11**	**Mar 11**	**Sep 10**	**Sep 11 v. Mar 11**	**Sep 11 v. Sep 10**
Australia	**908**	938	977	-3%	-7%
Asia Pacific, Europe & America	**387**	373	429	4%	-10%
New Zealand	**402**	406	469	-1%	-14%
Total individual provision	**1,697**	1,717	1,875	-1%	-9%

10. Deposits and other borrowings

	As at ($M)			Movement	
	Sep 11	Mar 11	Sep 10	Sep 11 v. Mar 11	Sep 11 v. Sep 10
Certificates of deposit	55,554	51,513	39,530	8%	41%
Term deposits	153,200	142,668	135,467	7%	13%
Other deposits bearing interest and other borrowings	132,812	114,539	111,391	16%	19%
Deposits not bearing interest	11,334	10,631	10,598	7%	7%
Commercial paper	14,333	10,769	11,641	33%	23%
Borrowing corporations' debt	1,496	1,669	1,756	-10%	-15%
Total deposits and other borrowings	368,729	331,789	310,383	11%	19%

11. Share capital

Issued and quoted securities

	Number quoted	Issue price per share	Amount paid up per share
Ordinary shares			
As at 30 September 2011	2,629,034,037		
Issued during the year	69,371,612		
Preference shares			
As at 30 September 2011			
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*

	Half Year		Full Year	
	Sep 11 $M	Mar 11 $M	Sep 11 $M	Sep 10 $M
Profit as a % of shareholders' equity including preference shares at end of period (annualised)[1]	14.2%	15.2%	**14.1%**	13.2%

[1] *Profit attributable to shareholders*

12. Shareholders' equity

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Share capital						
Balance at start of period	21,465	20,757	3%	**20,757**	20,022	4%
Ordinary share capital						
Dividend reinvestment plan	655	712	-8%	**1,367**	1,007	36%
Group employee share acquisition scheme[1]	77	(32)	large	**45**	51	-12%
Treasury shares in OnePath Australia[2]	1	1	0%	**2**	(360)	large
Group share option scheme	16	27	-41%	**43**	37	16%
Total share capital	22,214	21,465	3%	**22,214**	20,757	7%
Foreign currency translation reserve						
Balance at start of period	(3,299)	(2,742)	20%	**(2,742)**	(1,725)	59%
Currency translation adjustments net of hedges after tax	881	(557)	large	**324**	(1,017)	large
Total foreign currency translation reserve	(2,418)	(3,299)	-27%	**(2,418)**	(2,742)	-12%
Share option reserve[3]						
Balance at start of period	42	64	-34%	**64**	69	-7%
Share based payments and exercises	8	(21)	large	**(13)**	7	large
Transfer of options and rights lapsed to retained earnings	-	(1)	-100%	**(1)**	(12)	-92%
Total share option reserve	50	42	19%	**50**	64	-22%

1. *As at 30 September 2011, there were 13,795,601 Treasury shares outstanding (Mar 11: 14,495,458; Sep 10: 11,472,666). 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 2011, there were 16,469,102 OnePath Australia Treasury shares outstanding (Mar 11: 16,776,922; Sep 10: 16,710,967). 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.*

12. Shareholders' equity, cont'd

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Available-for-sale revaluation reserve[5]						
Balance at start of period	57	80	-29%	**80**	(41)	large
Gain/(loss) recognised after tax	83	(53)	large	**30**	112	-73%
Transferred to income statement	(14)	30	large	**16**	9	78%
Total available-for-sale revaluation reserve	126	57	large	**126**	80	58%
Hedging reserve[6]						
Balance at start of period	29	11	large	**11**	(90)	large
Gain/(loss) recognised after tax	142	22	large	**164**	138	19%
Transferred to income statement	(2)	(4)	-50%	**(6)**	(37)	-84%
Total hedging reserve	169	29	large	**169**	11	large
Transactions with non-controlling interests reserve						
Balance at the start of the period	-	-	n/a	**-**	-	n/a
Transactions with non-controlling interests[7]	(22)	-	n/a	**(22)**	-	n/a
Total transactions with non-controlling interests reserve	(22)	-	n/a	**(22)**	-	n/a
Total reserves	(2,095)	(3,171)	-34%	**(2,095)**	(2,587)	-19%
Retained earnings						
Balance at start of period	16,766	15,921	5%	**15,921**	14,129	13%
Profit attributable to shareholders of the Company	2,691	2,664	1%	**5,355**	4,501	19%
Transfer of options lapsed from share option reserve	-	1	-100%	**1**	12	-92%
Total available for appropriation	19,457	18,586	5%	**21,277**	18,642	14%
Actuarial gain/(loss) on defined benefit plans after tax[8]	(43)	33	large	**(10)**	(4)	large
Adjustments to opening retained earnings on adoption of revised accounting standard AASB 3R	-	-	n/a	**-**	(39)	-100%
Ordinary share dividends paid	(1,631)	(1,860)	-12%	**(3,491)**	(2,667)	31%
Dividend income on Treasury shares held within the Group's life insurance statutory funds	10	13	-23%	**23**	-	n/a
Preference share dividends paid	(6)	(6)	0%	**(12)**	(11)	9%
Retained earnings at end of period	17,787	16,766	6%	**17,787**	15,921	12%
Share capital and reserves attributable to shareholders of the Company	37,906	35,060	8%	**37,906**	34,091	11%
Non-controlling interests	48	69	-30%	**48**	64	-25%
Total equity	37,954	35,129	8%	**37,954**	34,155	11%

5. *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*
6. *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*
7. *The premium in excess of the book value paid to acquire an additional interest in a controlled entity from the non-controlling shareholder*
8. *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 44 of the 2011 ANZ Annual Report (when released) for a detailed listing of current contingent liabilities and contingent assets.

- **Exception fees class action**

  In September 2010, litigation funder IMF (Australia) Ltd commenced a class action against ANZ, which it said was on behalf of 27,000 ANZ customers (which may now be in excess of 30,000) and relating to more than $50 million in exception fees charged to those customers over the previous 6 years. The case is at an early stage. ANZ is defending it. There is a risk that further claims could emerge.

- **Securities Lending**

  There are ongoing developments concerning the events surrounding ANZ's securities lending business which may continue for some time. There is a risk that further actions (court proceedings or regulatory actions) may be commenced against various parties, including ANZ. The potential impact or outcome of future claims (if any) cannot presently be ascertained. ANZ would review and defend any claim, as appropriate.

  On 4 July 2008, ANZ appointed a receiver and manager to Primebroker Securities Limited. On 31 August 2009, an Associate Justice set aside some statutory demands served by the receiver and said that, among other things, ANZ's appointment of the receiver to Primebroker was invalid. The receiver is appealing the decision. ANZ has joined in the appeal.

  Separately:

  – On 14 April 2010, the liquidator of Primebroker filed an action against the receiver of Primebroker and ANZ, alleging (among other things) that a charge created on 12 February 2008 is void against the liquidators. The action initially claimed $98 million and was subsequently increased to $177 million (plus interest and costs) from ANZ.

  – On 15 July 2010, Primebroker and some associated companies brought an action against parties including ANZ, seeking approximately $150 million and certain unquantified amounts. The allegations include misleading or deceptive conduct, wrongful appointment of receivers, and failure to perform an alleged equity investment agreement.

  ANZ is defending these actions.

14. Associates, joint venture entities and investments

	Half Year			Full Year		
	Sep 11 $M	Mar 11 $M	Movt	Sep 11 $M	Sep 10 $M	Movt
Profit after income tax	193	243	-21%	**436**	433	1%

Contributions to profit[1]

	Contribution to Group post-tax profit				Ownership interest held by Group		
	Half Year		Full Year		As at		
Associates	Sep 11 $M	Mar 11 $M	Sep 11 $M	Sep 10 $M	Sep 11 %	Mar 11 %	Sep 10 %
P.T. Bank Pan Indonesia	29	40	**69**	79	39	39	39
Metrobank Card Corporation Inc	6	4	**10**	10	40	40	40
Bank of Tianjin	26	28	**54**	68	20	20	20
AMMB Holdings Berhad	61	53	**114**	114	24	24	24
Shanghai Rural Commercial Bank	71	102	**173**	80	20	20	20
Saigon Securities Inc.	(2)	2	**-**	9	18	18	18
Other associates	2	14	**16**	17	n/a	n/a	n/a
Joint ventures							
OnePath Australia Limited[2]	-	-	**-**	28	100	100	100
OnePath NZ Holdings Limited[2]	-	-	**-**	5	100	100	100
Diversified Yield Fund and Diversified Income Fund[3]	-	-	**-**	23	99	99	99
Profit after income tax	193	243	**436**	433			

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 $81 million in 2011 (Sep 2010 full year $79 million), comprising $61 million in the March 2011 half and $20 million in the September 2011 half.*
2. *Accounted for as joint ventures up to 30 November 2009 prior to full acquisition*
3. *Increase in fair value of securities held in the Diversified Yield Fund and Diversified Income Fund which were accounted for as associates up to 30 November 2009 prior to full acquisition of OnePath (NZ) Holdings Limited*

15. Exchange rates

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

	Balance sheet			Profit & Loss Average			
	As at			Half Year		Full Year	
	Sep 11	Mar 11	Sep 10	Sep 11	Mar 11	Sep 11	Sep 10
Chinese Yuan	6.2149	6.7742	6.4687	6.8160	6.5906	6.7036	6.1242
Euro	0.7194	0.7305	0.7111	0.7403	0.7303	0.7353	0.6632
Great British Pound	0.6243	0.6415	0.6105	0.6513	0.6258	0.6386	0.5769
Indian Rupee	47.599	46.083	43.414	47.663	44.844	46.258	41.509
Indonesian Rupiah	8573.0	8997.5	8625.3	9075.9	8895.0	8985.7	8279.6
Malaysian Ringgit	3.1052	3.1266	2.9850	3.1858	3.0679	3.1270	2.9582
New Zealand Dollar	1.2727	1.3588	1.3139	1.2945	1.3158	1.3051	1.2603
Papua New Guinea Kina	2.1794	2.6596	2.5920	2.4682	2.6148	2.5413	2.4570
United States Dollar	0.9731	1.0333	0.9668	1.0544	0.9956	1.0251	0.8990

16. Significant events since balance date

There are no significant events from 30 September 2011 to the date of this report.

The directors of Australia and New Zealand Banking Group Limited confirm that the condensed consolidated financial statements set out on pages 97 to 117 are based upon the financial information contained in the audited consolidated financial statements of the Group for the year ended 30 September 2011.

John Morschel
Chairman

Michael R P Smith
Director

2 November 2011

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.

	Full year Sep 11			Full year Sep 10		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets						
Due from other financial institutions						
Australia	2,168	101	4.7%	2,951	117	4.0%
New Zealand	655	14	2.1%	717	19	2.6%
Asia Pacific, Europe & America	7,252	106	1.5%	7,509	49	0.7%
Trading and available-for-sale assets						
Australia	32,685	1,520	4.7%	34,994	1,522	4.3%
New Zealand	7,212	336	4.7%	6,716	329	4.9%
Asia Pacific, Europe & America	11,460	192	1.7%	10,897	209	1.9%
Loans and advances and acceptances						
Australia	280,821	21,534	7.7%	257,682	18,233	7.1%
New Zealand	73,736	4,654	6.3%	76,869	4,596	6.0%
Asia Pacific, Europe & America	32,831	1,426	4.3%	24,056	1,123	4.7%
Other assets						
Australia	4,529	220	4.9%	3,284	144	4.4%
New Zealand	2,235	152	6.8%	2,980	174	5.8%
Asia Pacific, Europe & America	11,863	113	1.0%	10,622	93	0.9%
Intragroup assets						
Australia	2,978	574	19.3%	6,069	480	7.9%
Asia Pacific, Europe & America	9,072	9	0.1%	6,638	51	0.8%
	479,497	30,951		451,984	27,139	
Intragroup elimination	(12,050)	(583)		(12,707)	(531)	
	467,447	30,368	6.5%	439,277	26,608	6.1%
Non-interest earning assets						
Derivatives						
Australia	28,506			28,580		
New Zealand	7,979			7,871		
Asia Pacific, Europe & America	3,481			3,050		
Premises and equipment	2,163			2,163		
Insurance assets	32,448			27,081		
Other assets	26,691			22,151		
Provisions for credit impairment						
Australia	(3,046)			(3,049)		
New Zealand	(973)			(1,114)		
Asia Pacific, Europe & America	(877)			(676)		
	96,372			86,057		
Total average assets	563,819			525,334		

	Full year Sep 11			Full year Sep 10		
	Ave bal $M	**Int $M**	**Rate %**	**Ave bal $M**	**Int $M**	**Rate %**
Interest bearing liabilities						
Time deposits						
Australia	124,080	6,863	5.5%	99,969	4,873	4.9%
New Zealand	29,310	1,305	4.5%	29,624	1,267	4.3%
Asia Pacific, Europe & America	46,364	549	1.2%	43,716	455	1.0%
Savings deposits						
Australia	20,109	821	4.1%	19,458	660	3.4%
New Zealand	2,023	47	2.3%	2,094	41	2.0%
Asia Pacific, Europe & America	5,097	23	0.5%	2,947	15	0.5%
Other demand deposits						
Australia	66,053	2,646	4.0%	62,864	2,114	3.4%
New Zealand	13,696	379	2.8%	13,839	343	2.5%
Asia Pacific, Europe & America	6,985	28	0.4%	3,312	15	0.5%
Due to other financial institutions						
Australia	8,312	367	4.4%	5,399	197	3.6%
New Zealand	955	22	2.3%	1,100	27	2.5%
Asia Pacific, Europe & America	14,726	136	0.9%	10,722	103	1.0%
Commercial paper						
Australia	7,570	378	5.0%	6,925	288	4.2%
New Zealand	3,384	111	3.3%	7,020	211	3.0%
Borrowing corporations' debt						
Australia	519	34	6.6%	1,280	80	6.3%
New Zealand	1,190	68	5.7%	1,101	55	5.0%
Loan capital, bonds and notes						
Australia	67,517	4,102	6.1%	68,445	3,514	5.1%
New Zealand	15,042	725	4.8%	14,074	657	4.7%
Asia Pacific, Europe & America	39	-	0.0%	-	-	0.0%
Other liabilities[1]						
Australia	4,260	329	n/a	15,033	799	n/a
New Zealand	141	(77)	n/a	51	5	n/a
Asia Pacific, Europe & America	745	29	n/a	427	20	n/a
Intragroup liabilities						
New Zealand	12,050	583	4.8%	12,707	531	4.2%
	450,167	19,468		422,107	16,270	
Intragroup elimination	(12,050)	(583)		(12,707)	(531)	
	438,117	18,885	4.3%	409,400	15,739	3.8%
Non-interest bearing liabilities						
Deposits						
Australia	4,947			5,000		
New Zealand	3,718			3,586		
Asia Pacific, Europe & America	2,034			1,780		
Derivatives						
Australia	23,290			25,585		
New Zealand	6,000			5,907		
Asia Pacific, Europe & America	(775)			(1,830)		
Insurance Liabilities	29,285			23,855		
External unit holder liabilities	5,476			4,662		
Other liabilities	15,861			14,133		
	89,836			82,678		
Total average liabilities	527,953			492,078		

1. *Includes foreign exchange swap costs*

	Half year Sep 11			Half year Mar 11		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets						
Due from other financial institutions						
Australia	1,673	41	4.9%	2,666	60	4.5%
New Zealand	734	8	2.2%	575	6	2.1%
Asia Pacific, Europe & America	5,831	66	2.3%	8,679	40	0.9%
Trading and available-for-sale assets						
Australia	33,664	793	4.7%	31,700	727	4.6%
New Zealand	7,621	175	4.6%	6,801	161	4.7%
Asia Pacific, Europe & America	11,470	99	1.7%	11,449	93	1.6%
Loans and advances and acceptances						
Australia	284,053	10,979	7.7%	277,574	10,556	7.6%
New Zealand	73,863	2,288	6.2%	73,609	2,366	6.4%
Asia Pacific, Europe & America	35,340	724	4.1%	30,308	702	4.6%
Other assets						
Australia	4,664	117	5.0%	4,393	103	4.7%
New Zealand	2,154	76	7.0%	2,317	76	6.6%
Asia Pacific, Europe & America	15,747	58	0.7%	7,958	55	1.4%
Intragroup assets						
Australia	3,012	300	19.9%	2,943	274	18.7%
Asia Pacific, Europe & America	9,057	(2)	0.0%	9,086	11	0.2%
	488,883	15,722		470,058	15,230	
Intragroup elimination	(12,069)	(299)		(12,029)	(285)	
	476,814	15,423	6.5%	458,029	14,945	6.5%
Non-interest earning assets						
Derivatives						
Australia	30,192			26,812		
New Zealand	8,461			7,494		
Asia Pacific, Europe & America	3,459			3,503		
Premises and equipment	2,154			2,171		
Insurance assets	32,119			32,780		
Other assets	27,830			25,546		
Provisions for credit impairment						
Australia	(3,096)			(2,996)		
New Zealand	(949)			(998)		
Asia Pacific, Europe & America	(849)			(906)		
	99,321			93,406		
Total average assets	576,135			551,435		

	Half year Sep 11			Half year Mar 11		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities						
Time deposits						
Australia	126,865	3,534	5.6%	121,281	3,330	5.5%
New Zealand	29,258	625	4.3%	29,363	681	4.7%
Asia Pacific, Europe & America	47,980	293	1.2%	44,739	256	1.1%
Savings deposits						
Australia	20,211	417	4.1%	20,006	404	4.0%
New Zealand	2,075	23	2.2%	1,970	24	2.4%
Asia Pacific, Europe & America	4,354	10	0.5%	5,845	14	0.5%
Other demand deposits						
Australia	68,627	1,411	4.1%	63,464	1,236	3.9%
New Zealand	14,373	187	2.6%	13,014	192	3.0%
Asia Pacific, Europe & America	9,199	17	0.4%	4,758	11	0.5%
Due to other financial institutions						
Australia	8,241	187	4.5%	8,383	180	4.3%
New Zealand	1,207	14	2.3%	702	8	2.3%
Asia Pacific, Europe & America	15,204	64	0.8%	14,246	72	1.0%
Commercial paper						
Australia	9,532	240	5.0%	5,597	138	4.9%
New Zealand	2,744	43	3.1%	4,028	68	3.4%
Borrowing corporations' debt						
Australia	448	13	5.8%	591	21	7.1%
New Zealand	1,209	37	6.1%	1,171	31	5.3%
Loan capital, bonds and notes						
Australia	65,532	1,988	6.1%	69,512	2,113	6.1%
New Zealand	14,780	353	4.8%	15,305	372	4.9%
Asia Pacific, Europe & America	54	-	0.0%	23	-	0.0%
Other liabilities[1]						
Australia	3,909	160	n/a	4,615	168	n/a
New Zealand	231	(47)	n/a	50	(30)	n/a
Asia Pacific, Europe & America	925	18	n/a	564	10	n/a
Intragroup liabilities						
New Zealand	12,069	298	4.9%	12,029	285	4.8%
	459,027	9,885		441,256	9,584	
Intragroup elimination	(12,069)	(299)		(12,029)	(285)	
	446,958	9,586	4.3%	429,227	9,299	4.3%
Non-interest bearing liabilities						
Deposits						
Australia	5,018			4,876		
New Zealand	3,782			3,653		
Asia Pacific, Europe & America	2,239			1,828		
Derivatives						
Australia	23,302			23,277		
New Zealand	6,836			5,160		
Asia Pacific, Europe & America	106			(1,661)		
Insurance Liabilities	29,382			29,187		
External unit holder liabilities	5,504			5,447		
Other liabilities	15,973			15,749		
	92,142			87,516		
Total average liabilities	539,100			516,743		

1. *Includes foreign exchange swap costs*

	Half Year		Full Year	
	Sep 11 $M	**Mar 11 $M**	**Sep 11 $M**	**Sep 10 $M**
Total average assets				
Australia	403,100	391,302	397,215	371,370
New Zealand	96,744	94,220	95,486	98,427
Asia Pacific, Europe & America	88,360	77,942	83,168	68,244
less intragroup elimination	(12,069)	(12,029)	(12,050)	(12,707)
	576,135	551,435	563,819	525,334
% of total average assets attributable to overseas activities	30.6%	29.6%	30.1%	30.5%
Average interest earning assets				
Australia	327,066	319,276	323,181	304,980
New Zealand	84,372	83,302	83,838	87,282
Asia Pacific, Europe & America	77,445	67,480	72,478	59,722
less intragroup elimination	(12,069)	(12,029)	(12,050)	(12,707)
	476,814	458,029	467,447	439,277
Total average liabilities				
Australia	378,053	367,962	373,021	348,793
New Zealand	90,457	88,099	89,283	92,442
Asia Pacific, Europe & America	82,659	72,711	77,699	63,550
less intragroup elimination	(12,069)	(12,029)	(12,050)	(12,707)
	539,100	516,743	527,953	492,078
% of total average liabilities attributable to overseas activities	29.9%	28.8%	29.3%	29.1%
Total average shareholders' equity[1]				
Ordinary share capital, reserves and retained earnings	36,164	33,821	34,995	32,385
Preference share capital	871	871	871	871
	37,035	34,692	35,866	33,256
Total average liabilities and shareholders' equity	576,135	551,435	563,819	525,334

[1] *Average shareholders' equity includes OnePath Australia shares that are eliminated from the closing shareholders' equity balance of $358 million (Mar 2011: $359 million; Sep 2010: $360 million)*

	Half Year		Full Year	
	Sep 11 %	Mar 11 %	Sep 11 %	Sep 10 %
Gross earnings rate[1]				
Australia	7.46	7.36	7.41	6.72
New Zealand	6.02	6.28	6.15	5.86
Asia Pacific, Europe & America	2.43	2.68	2.55	2.56
Total Group	6.45	6.54	6.50	6.06

Interest spread and net interest average margin may be analysed as follows:

	Sep 11 %	Mar 11 %	Sep 11 %	Sep 10 %
Australia				
Net interest spread	2.23	2.17	2.20	2.23
Interest attributable to net non-interest bearing items	0.38	0.42	0.40	0.38
Net interest margin - Australia	2.61	2.59	2.60	2.61
New Zealand				
Net interest spread	2.10	2.06	2.08	2.02
Interest attributable to net non-interest bearing items	0.30	0.29	0.30	0.25
Net interest margin - New Zealand	2.40	2.35	2.38	2.27
Asia Pacific, Europe & America				
Net interest spread	1.39	1.64	1.51	1.56
Interest attributable to net non-interest bearing items	(0.00)	(0.04)	(0.02)	(0.02)
Net interest margin - Asia Pacific, Europe & America	1.39	1.60	1.49	1.54
Group				
Net interest spread	2.17	2.20	2.19	2.21
Interest attributable to net non-interest bearing items	0.27	0.27	0.27	0.26
Net interest margin	2.44	2.47	2.46	2.47

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

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 option and are subject to an insignificant risk of changes in value.

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

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

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.

Pro forma results includes adjustments to restate the Group's underlying profit to assume the acquisitions of OnePath Australia and New Zealand, Landmark and RBS took effect from 1 October 2009. Pro forma results have also been adjusted for exchange rate movements. This enhances the comparability of financial information between reporting periods.

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 on a divisional structure with Australia, Asia Pacific, Europe & America (APEA), Institutional and New Zealand being the major operating divisions. The Group manages Institutional APEA on a matrix structure. Accordingly, the results for Institutional APEA are included in both the APEA division and Institutional division.

Australia

Australia division comprises Retail, Commercial and Wealth segments, and Operations and Support which includes the central support functions for the division.

- **Retail**
  - **Retail Distribution** operates the Australian branch network, Australian call centre, specialist businesses (including specialist mortgage sales staff, mortgage broking and franchisees, direct channels (Mortgage Direct and One Direct)) and distribution services including the ANZ Affluent proposition.
  - **Retail Products** is responsible for delivering a range of products including mortgages, cards, unsecured lending, transaction banking, savings and deposits:
    - Mortgages provide housing finance to consumers in Australia for both owner occupied and investment purposes.
    - Cards and Unsecured Lending provides consumer credit cards, ePayment products, personal loans and ATM facilities in Australia.
    - Deposits provide transaction banking and savings 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 recent 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$50 million.
  - **Small Business Banking** provides a full range of banking services for metropolitan-based small businesses in Australia with lending up to A$550,000.
- **Wealth**
  - **ANZ Private & Other Wealth** specialises in assisting high net worth individuals and families to manage, grow and preserve their family assets. The businesses within ANZ Private & Other Wealth include Private Bank, ANZ Trustees, E*Trade, Investment Lending and Other Wealth.
  - **OnePath Consolidated** was formerly the INGA JV entity between ANZ and the ING Groep and is now a wholly owned subsidiary of ANZ. OnePath Consolidated operates as part of ANZ's Wealth business. It provides a comprehensive range of wealth and insurance products available through financial advisers or direct to customers and includes ANZ Financial Planners. OnePath also includes ANZ Financial Planning and ANZ General Insurance.

Asia Pacific, Europe & America (APEA)

Asia Pacific, Europe & America division comprises Retail, Asia Partnerships, Institutional, and Operations & Support which includes the Central Support functions for the division.

- **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.
- **Operations & Support** which includes the central support functions for the division.
- **Institutional Asia Pacific, Europe & America** matrix reports to the APEA and Institutional divisions and is also referred to in the paragraph below entitled “Institutional".

Segment review description, continued:

During the September 2010 full year, ANZ acquired selected Royal Bank of Scotland Group PLC businesses in Asia. The acquisition of the businesses in Philippines, Vietnam and Hong Kong were completed during the March 2010 half, and the acquisition of the businesses in Taiwan, Singapore and Indonesia during the September 2010 half. The acquisition impacts the Retail and Institutional segments.

New Zealand

New Zealand comprises Retail, Commercial and Wealth segments, and Operations and Support which includes the central support functions (including Treasury funding).

- **Retail**
  - Provides a full range of banking services to personal customers under the ANZ and National Bank brands in New Zealand.
- **Commercial**
  - **Commercial & Agri** incorporates the ANZ and National Bank brands and 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.
  - **Business Banking** provides a full range of banking services to small enterprises, typically with turnover of less than NZ$5 million.
- **Wealth**
  - **Private Banking** includes private banking operations under the ANZ and National Bank brands.
  - **OnePath New Zealand (formerly ING NZ)** manufactures and distributes investment and insurance products and provides related advice. It was formerly a joint venture between ANZ and ING whereby ANZ owned 49% of OnePath NZ and received proportional equity accounted earnings. ANZ acquired the remaining 51% interest to take full ownership during the 2010 financial year.

Institutional

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** 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.
- **Relationship and 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. The relationship management costs are allocated to the product lines.

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 for non-core items that are not part of the normal ongoing operations of the Group including one-off gains and losses, gains and losses on the sale of businesses, non-continuing businesses, timing differences on economic hedges, and acquisition related costs. The adjustments made in arriving at underlying earnings are included in statutory profit, and are therefore subject to audit within the context of the group statutory audit opinion. The external auditor has informed the Audit Committee that the adjustments are based on the guidelines released by the AICD and FINSIA, and consistent with prior period adjustments.

PAGE

Appendix 4E Statement....118
Associates, joint venture entities and investments....117
Basis of preparation....102
Condensed Consolidated Balance Sheet....99
Condensed Consolidated Cash Flow Statement....100
Condensed Consolidated Income Statement....97
Condensed Consolidated Statement of Comprehensive Income....98
Condensed Statement of Changes in Equity....101
Contingent liabilities and contingent assets....116
Critical estimates and judgements used in applying Accounting Policies....103
Definitions....125
Deposits and other borrowings....113
Dividends....109
Earnings per share....110
Exchange rates....117
Financial Highlights....7
Geographic region review....73
Income....106
Income tax expense....108
Media Release....1
Net loans and advances....111
Operating expenses....107
Profit reconciliation....79
Provision for credit impairment....112
Review of Operating Results....13
Segment Review....45
Share capital....113
Shareholders' equity....114
Significant events since balance date....117
Supplementary information - Average balance sheet and related interest....119