AUSTRALIA & NEW ZEALAND BANKING GROUP LTD
Form 6-K
April 28, 2005

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

Australia and New Zealand Banking Group Limited

ACN 005 357 522

(Translation of registrant s name into English)

Level 6, 100 Queen Street Melbourne Victoria 3000 Australia

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F: ý Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No: ý

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

This Report on Form 6-K shall be deemed to be incorporated by reference in the prospectus included in the Registration Statement on Form F-3 (No. 333 - 113524) of Australia and New Zealand Banking Group Limited and to be part thereof from the date on which this Report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

This Form 6-K may contain certain forward-looking statements, including statements regarding (i) economic and financial forecasts, (ii) anticipated implementation of certain control systems and programs, (iii) the expected outcomes of legal proceedings and (iv) strategic priorities. Such forward- looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control and which may cause actual results to differ materially from those expressed in the forward-looking statement contained in these forward- looking statements. For example, these forward-looking statements may be affected by movements in exchange rates and interest rates, general economic conditions, our ability to acquire or develop necessary technology, our ability to attract and retain qualified personnel, government regulation, the competitive environment and political and regulatory policies. There can be no assurance that actual outcomes will not differ materially from the forward-looking statements contained in the Form 6-K.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Australia and New Zealand
Banking Group Limited
(Registrant)

By: /s/ John Priestley
Company Secretary
(Signature)*

Date 27 April 2005

* Print the name and title of the signing officer under his signature.

Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Consolidated Financial Report Dividend Announcement and Appendix 4D

Half Year 31 March 2005

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

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

ABN 11 005 357 522

CONSOLIDATED FINANCIAL REPORT, DIVIDEND ANNOUNCEMENT and APPENDIX 4D

Half year ended 31 March 2005

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

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

FINANCIAL HIGHLIGHTS

Net Profit

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

Significant items(1) and NBNZ incremental integration costs(2) in the profit and loss

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

Profit excluding significant items(1) and NBNZ incremental integration costs(2) in the profit and loss

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	**2,853**	2,745	2,507	4%	14%
Other operating income	**1,704**	1,694	1,573	1%	8%

Operating income	**4,557**	4,439	4,080	3%	12%
Operating expenses	**(2,175)**	(2,103)	(1,902)	3%	14%
Profit before debt provision	**2,382**	2,336	2,178	2%	9%
Provision for doubtful debts	**(284)**	(319)	(313)	-11%	-9%
Profit before income tax	**2,098**	2,017	1,865	4%	12%
Income tax expense	**(605)**	(597)	(550)	1%	10%
Outside equity interests	**(1)**	(1)	(3)	0%	-67%
Net profit excluding significant items and NBNZ incremental integration costs	**1,492**	1,419	1,312	5%	14%

(1) In the September 2004 half ANZ has classified the $14 million profit after tax on settlement of the INGA completion accounts as significant items. In the March 2004 half $84 million net profit after tax arising from the TrUEPrS transaction has been classified as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

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

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

(4) Tax on gain on INGA completion accounts: $nil

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

Earnings per share(3)

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

(1) In the September 2004 half ANZ has classified the $14 million profit after tax on settlement of the INGA completion accounts and $1 million dividends arising from the TrUEPrS transaction as significant items. In the March 2004 half $84 million net profit after tax and $35 million dividends arising from the TrUEPrS transaction has been classified as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

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

(3) Refer page 69 for details of calculation

Net profit by business unit

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

Significant items(2) and NBNZ incremental integration costs(3)					
Net profit	1,475	1,419	1,396	4%	6%

Net profit by geography

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

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(1) Group Centre includes the operations of Treasury

(2) In the September 2004 half ANZ has classified the $14 million profit after tax on settlement of the INGA completion accounts as significant items. In the March 2004 half $84 million net profit after tax arising from the TrUEPrS transaction has been classified as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

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

Statement of Financial Position

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

Net loans and advances including acceptances by business unit

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

Financial Ratios

	Half year Mar 05 $M	**Half year Sep 04 $M**	**Half year Mar 04 $M**
EVA TM(1)	**926**	880	870
Profitability ratios			
Return on:			
Average ordinary shareholders equity(2),(3)	**17.2%**	17.3%	19.1%
Average ordinary shareholders equity(2),(3) (excluding significant items(4) and NBNZ incremental integration costs(5))	**17.4%**	17.3%	18.4%
Average ordinary shareholders equity(2),(3) (excluding goodwill amortisation, notional goodwill, significant items(4) and NBNZ incremental integration costs(5))	**18.7%**	18.6%	19.6%
Average assets	**1.10%**	1.11%	1.21%
Average risk weighted assets	**1.46%**	1.48%	1.60%
Total income(3)	**14.4%**	14.9%	16.2%
Net interest average margin	**2.40%**	2.45%	2.53%
Profit per average FTE ($)	**50,426**	49,844	53,226
Efficiency ratios(6)			
Operating expenses to operating income (excluding significant items(4) and NBNZ incremental integration costs(5))	**45.8%**	45.5%	45.1%
Operating expenses to operating income	**46.3%**	45.8%	43.9%
Operating expenses (excluding significant items(4) and NBNZ incremental integration costs(5)) to average assets	**1.55%**	1.58%	1.60%
Operating expenses to average assets	**1.57%**	1.59%	1.60%
Debt provisioning			
Economic loss provisioning ($M)	**284**	319	313
Net specific provisions ($M)	**151**	247	196
Ordinary share dividends (cents)			
Interim - 100% franked (Mar 04: 100% franked)	**51**	n/a	47
Final - 100% franked (Sep 04: 100% franked)	**n/a**	54	n/a
Ordinary share dividend payout ratio(7)	**64.7%**	71.0%	63.8%
Ordinary share dividend payout ratio(7) excluding goodwill, significant items(4) and NBNZ incremental integration costs(5)	**59.4%**	66.0%	62.1%
Preference share dividend			
Dividend paid ($M)	**38**	34	64

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(1) EVA™ refers to Economic Value Added, a measure of shareholder value. See page 20 for a reconciliation of EVA™ to reported net profit and a discussion of EVA™ and an explanation of its usefulness as a performance measure

(2) Average ordinary shareholders equity excludes outside equity interests

(3) Excludes preference share dividend

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

transactions on the results of its core business

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

(6) Excludes goodwill amortisation

(7) Dividend payout ratio is calculated using the proposed dividend as at 31 March 2005 and the 30 September 2004 and 31 March 2004 dividends

	As at Mar 05	As at Sep 04	As at Mar 04	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net Assets					
Net tangible assets(1) per ordinary share ($)	**7.69**	7.51	6.94	2%	11%
Net tangible assets(1) attributable to ordinary shareholders ($M)	**14,014**	13,651	12,542	3%	12%
Total number of ordinary shares (M)	**1,822.7**	1,818.4	1,808.2	0%	1%
Capital adequacy ratio (%)					
Tier 1	**7.0%**	6.9%	7.0%		
Tier 2	**3.6%**	4.0%	3.7%		
Total capital ratio	**10.3%**	10.4%	10.2%		
Adjusted common equity ratio(2)	**5.1%**	5.1%	5.2%		
Impaired assets					
General provision ($M)	**2,080**	1,992	1,828	4%	14%
General provision as a % of risk weighted assets	**0.99%**	1.01%	0.98%		
Gross non-accrual loans ($M)	**640**	829	931	-23%	-31%
Specific provisions on non-accrual loans(3) ($M)	**(314)**	(378)	(414)	-17%	-24%
Net non-accrual loans	**326**	451	517	-28%	-37%
Specific provision(3) as a % of total non-accrual loans	**49.1%**	45.6%	44.5%		
Gross non-accrual loans as % of net advances	**0.28%**	0.38%	0.46%		
Net non-accrual loans as a % of net advances	**0.14%**	0.21%	0.26%		
Net non-accrual loans as a % of shareholders equity(4)	**1.7%**	2.5%	3.1%		
Other information					
Full time equivalent staff (FTE s)	**29,832**	28,755	27,971	4%	7%
Assets per FTE ($M)	**9.3**	9.0	8.8	3%	6%
Market capitalisation of ordinary shares ($M)	**37,584**	34,586	34,284	9%	10%

(1) Equals Shareholders equity less preference share capital, outside equity interest and unamortised goodwill

(2) Adjusted common equity is calculated as Tier 1 capital less preference shares at current rates and deductions from total capital. This measure is commonly used to assess the adequacy of common equity held. See page 26 for a reconciliation to Tier 1 capital

(3) Excludes specific provision on unproductive facilities

(4) Includes outside equity interest

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RESULTS COMMENTARY

March 2005 half year compared to September 2004 half year

Australia and New Zealand Banking Group Limited (ANZ, or the Group) recorded a profit after tax of $1,475 million for the half year ended 31 March 2005, an increase of 4% over the September 2004 half year. After excluding the significant items and National Bank of New Zealand (NBNZ) incremental integration costs referred to on page 12, profit increased 5% to $1,492 million.

Earnings per share

Basic earnings per share (EPS) increased 3.1% (2.4 cents) to 78.8 cents, whilst EPS excluding significant items and NBNZ incremental integration costs and goodwill amortisation increased 4.6% (3.8 cents) to 85.9 cents as a result of:

Profit growth (+4.1 cents).

The issuance of shares under the dividend reinvestment and bonus option plans and employee share option schemes net of shares bought back (-0.3 cents).

Profit growth

Profit in Australia increased 7% with pleasing growth in Personal Banking Australia (6%), Corporate Australia (6%), Esanda (11%), the Australian component of Institutional (4%) and a lower charge for doubtful debts. Profit in New Zealand was flat including a 3% appreciation in the average NZD exchange rate. Growth in the New Zealand Retail, Corporate and Rural businesses was offset by reduced profit in UDC and the New Zealand Institutional businesses and higher capital funding costs. Profit in Asia Pacific reduced 15% reflecting the cost of building partner relationships in Asia and lower Treasury earnings in Singapore.

Profit drivers

Significant influences on the result include:

Net interest increased by 4% with 6% lending growth, particularly in Mortgages (7%), and deposit growth in Personal Banking Australia (4%) and Corporate Australia (6%). Volume growth was offset by a 5 basis point decline in margin. The investment of the proceeds from the December 2004 Euro hybrid issue increased net interest by $7 million ($5 million after tax) but is EPS neutral.

Other income was flat with volume driven growth in fees, higher foreign exchange income and increased private equity earnings offset by fee discounting in Institutional Banking and New Zealand Mortgages, the impact of the sale of the London headquartered project finance business and reduced profit on trading securities with a higher proportion of profit booked as interest.

Operating expenses increased 4% driven by a 4% increase in staff numbers with investment in growth initiatives, an increasing compliance spend and increased non-lending losses.

Income tax expense increased 1%. The effective tax rate was moderately lower, principally due to higher non-taxable income and employee share issues.

The appreciation of the AUD has resulted in a $10 million reduction in the contribution from earnings denominated in foreign currencies (net of a $14 million reduction in profit after tax income on contracts put in place to hedge USD and NZD revenues).

Total assets increased $18.5 billion (7%) to $277.8 billion. Net advances grew by $14.1 billion (6%) to $231.5 billion with growth in Personal Banking Australia of 7% (principally mortgages), Institutional (10%), Corporate Australia (5%) and New Zealand businesses (4%).

Asset quality

Asset quality continued to improve:

Net specific provisions reduced 39% to $151 million with the reduction principally in Institutional.

Net non-accrual loans reduced 28% to $326 million with lower levels of new non-accrual loans and the realisation of two large power exposures in the US.

The ELP rate reduced 5 basis points driven by the growth in low risk domestic assets, continued de-risking offshore facilitating a reduction in the Group Centre charge (2 basis points) and a revision of loss factors of the former NBNZ businesses following further analysis of loss history.

March 2005 half year compared to March 2004 half year

Australia and New Zealand Banking Group Limited recorded a profit after tax of $1,475 million for the half year ended 31 March 2005, an increase of 6% over the March 2004 half. Profit excluding significant items and NBNZ incremental integration costs increased 14% to $1,492 million.

Basic earnings per share increased 2.6% (2.0 cents) to 78.8 cents. Earnings per share excluding significant items and NBNZ incremental integration costs and goodwill amortisation increased 8.9% (7.0 cents) to 85.9 cents.

Profit in Australia increased 5%, or 15% after excluding significant items driven by 15% growth in Personal Banking Australia and Esanda and 11% growth in Corporate Australia. Profit in New Zealand increased 19%, or 26% after excluding NBNZ incremental integration costs, due largely to the additional two months contribution from the NBNZ which was purchased on 1 December 2003. Profit in the Asia Pacific geographies reduced 9% and other geographies reduced 8%.

After adjusting the March 2004 half for an additional two months contribution from NBNZ ($38 million, refer page 28), profit excluding significant items and NBNZ incremental integration costs increased 10% driven by the following:

Net interest increased by 8% with solid lending growth particularly in Mortgages and deposit growth in Personal Banking Australia and Corporate Australia suppressed by a 11 basis point reduction in margin.

Other operating income increased 5% driven by volume growth in fees, growth in private equity earnings and an increased contribution from INGA.

Operating expenses increased 8% driven by a 7% increase in staff numbers, largely in the front-line.

Asset quality improved with gross non-accrual loans reducing 31% to $640 million, net specific provisions reducing 23% to $151 million and ELP reducing 8 basis points to 25 basis points driven by growth in low risk domestic assets, continued de-risking offshore facilitating a reduction in the Group Centre charge (2 basis points).

Significant items and NBNZ incremental integration costs

Significant items

Significant items in the profit and loss are those items that management believe do not form part of the core business, and as such, should be removed from profit when analysing the core business performance. The following are considered significant items:

INGA completion account profit (September 2004 half year)

In the September 2004 half ANZ finalised the completion accounts on the sale of ANZ funds management and insurance businesses to INGA. This sale occurred in 2002. The final settlement of this transaction resulted in a $14 million after tax profit.

TrUEPrS (March 2004 half year)

During the March 2004 half, the Group bought back TrUEPrS, a hybrid Tier 1 instrument. Previously deferred income that was earned on close out of interest rate swaps that had been hedging the TrUEPrS distributions was recognised in profit. The impact of TrUEPrS, being the release of deferred swap income of $108 million before tax and $2 million other swap income in the March 2004 half year, the periodic and final cash dividends paid to holders of TrUEPrS (Sep 2004: $1 million; Mar 2004: $35 million), and the funding benefit from holding TrUEPrS for part of the March 2004 half year, have been classified as significant items.

NBNZ incremental integration costs

Expenditure on the integration of ANZ National Bank includes both the reallocation of existing resources to integration and incremental integration costs. Incremental costs are those costs that will not recur once integration is complete, and thus do not form part of the core ongoing cost base. During the March 2005 half $17 million (Sep 2004: $14 million; Mar 2004: $nil) after tax of incremental integration costs were incurred.

Income and expenses

Net Interest

	Half year Mar 05	Half year Sep 04	Half year Mar 04	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income ($M)	2,853	2,745	2,509	4%	14%
Net interest average margin (%)	2.40	2.45	2.53	n/a	n/a
Average interest earning assets ($M)	239,959	225,220	199,086	7%	21%

March 2005 half year compared to September 2004 half year

Net interest income at $2,853 million was 4% ($108 million) higher than the September 2004 half year.

Volume

Average net loans and advances grew by $15.3 billion (8%) with growth attributable to Personal Banking Australia ($6.3 billion or 7% with $5.5 billion in Mortgages), Institutional Australia ($3.9 billion or 18%), Corporate Australia ($1.1 billion or 8%) and New Zealand ($4.2 billion or 8%) including exchange rate impacts from a stronger New Zealand dollar ($1.6 billion). Average net loans and advances reduced by $0.6 billion (6%) in overseas markets as a result of the strategy to reduce higher risk exposures ($0.3 billion) and the exchange rate impact of an appreciating Australian dollar ($0.5 billion).

Average deposits and other borrowings grew $8.2 billion (5%), with growth from Treasury ($3.0 billion) to fund asset growth, Personal Banking Australia ($2.1 billion or 6%), Institutional Australia ($1.2 billion or 7%), and Corporate Australia ($1.0 billion or 6%). Average deposits and other borrowings increased in New Zealand ($2.6 billion or 5%), resulting from Treasury ($0.8 billion) and exchange rate impacts ($1.5 billion). Average deposits and other borrowings declined ($2.2 billion or 10%) in overseas markets, resulting from substitution of offshore commercial paper issuance with domestic certificates of deposit, and a $1.3 billion reduction resulting from exchange rate movements.

Margin

Net interest average margin contracted by 5 basis points from the September half:

Changes in the funding mix with substitution of wholesale funding for customer deposits reduced margins by 3 basis points.

Other changes in the composition of the portfolio negatively impacted the net interest margin by 1 basis point, with the positive impact of declining average liquid asset volumes (1 basis point) offset by growth in lower yielding Mortgage and Institutional assets (1 basis point) and the migration of customers to lower yielding credit cards and New Zealand fixed rate mortgages (1 basis point).

Competitive pressures reduced margins by 3 basis points with this impact arising mainly from Mortgages (particularly in New Zealand), Institutional and higher yielding customer deposits.

Wholesale rate movements increased the net interest margin by 2 basis points, with a lower basis risk in variable rate mortgages (1 basis point) and increased earnings from the investment of capital and rate insensitive deposits (3 basis points) offset by reduced mismatch earnings and lower Treasury earnings in Singapore (2 basis points).

Other items include:

increases in retail broker payments (-1 basis point).

decreases as a result of reduced earnings from foreign exchange revenue hedging (2 basis points).

funding costs associated with unrealised trading gains decreased as a result of movements in the AUD. This increase (2 basis points) is reflected in the net interest margin, however it is directly offset by an equivalent reduction in trading income.

change in Group capital from the Euro hybrid issuance of preference share capital in December 2004 partly offset by the buy-back of ordinary shares during the half increased margins by 1 basis point.

March 2005 half year compared to March 2004 half year

Net interest increased $344 million (14%).

Volume

Average net loans and advances grew by $38.1 billion (22%) with growth in Australia attributable to Personal Banking ($13.1 billion or 16% with Mortgages contributing $11.4 billion), Institutional ($5.0 billion) and Corporate Australia ($2.2 billion). New Zealand s average net loans and advances increased by $17.3 billion (42%) due mainly to the acquisition of the NBNZ and a $2.2 billion (5%) increase from an appreciation of the New Zealand dollar. Volumes in overseas markets were flat.

Average deposits and other borrowings increased $26.9 billion (18%), with growth in Australia in Treasury ($6.1 billion) to fund asset growth, Personal Banking ($3.8 billion), Institutional ($2.0 billion) and Corporate Australia ($1.6 billion). Average deposits and other borrowings increased in New Zealand ($14.8 billion or 38%) following the acquisition of the NBNZ and exchange rate benefits ($2.1 billion or 5%) from an appreciation of the New Zealand dollar. Average deposits and other borrowings decreased $2.6 billion (12%) in overseas markets as a result of reductions in time deposits and commercial paper in UK and Europe and Americas ($3.1 billion) with minimal impacts from exchange rate movements.

Margin

Net interest average margin contracted by 13 basis points:

Higher proportions of lower yielding assets in Mortgages and Institutional reduced the net interest margin (2 basis points).

Higher proportions of more expensive wholesale and customer liabilities within the portfolio reduced the net interest margin (4 basis points).

Wholesale rate impacts from the funding of variable rate mortgages were unchanged during the half to March 2005 due to a relatively stable short end of the yield curve.

Competitive pressures reduced margins by 4 basis points with this impact arising mainly in Mortgages (particularly in New Zealand) and Institutional assets and higher yielding customer deposits.

Lower mismatch earnings, from a flatter yield curve and limited investment opportunities in the current interest rate environment and lower Treasury earnings in Singapore impacted margins (6 basis points), with offsetting impacts on the investment of capital and rate insensitive deposits including the investment of the Euro hybrid issue (5 basis points).

The acquisition of NBNZ resulted in a 2 basis point decline in the Group s interest margin.

Other Operating Income

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Other operating income					
Total fee income	1,262	1,260	1,161	0%	9%
Foreign exchange earnings	221	213	198	4%	12%
Profit on trading instruments	40	71	80	-44%	-50%
Other	181	150	134	21%	35%
Total other income excluding significant items	1,704	1,694	1,573	1%	8%
Significant items(1)		14	110	-100%	-100%
Total other income	1,704	1,708	1,683	0%	1%

(1) Refer page 12

March 2005 half year compared to September 2004 half year

Other operating income, at $1,704 million, was $4 million lower than the September 2004 half. Excluding $14 million significant items (refer page 12 for details) and the classification between net interest and other income (refer profit on trading securities below), other operating income increased $29 million (2%).

The following explanations exclude significant items (for explanation of significant items refer to page 12).

Fee income was flat.

Lending fee income increased $2 million:

New Zealand Businesses decreased $6 million (11%) with loan approval fees negatively impacted by the mortgage price war where significant fee discounting was driven by competitors and honour fees reduced with a change in price structure.

Personal Banking Australia increased $5 million (6%) with volume related increases in Consumer Finance and increased package registration and honour fees in Banking Products.

Non-lending fee income was flat:

Institutional decreased $8 million (5%). Institutional Banking reduced with increased competition in New Zealand leading to volume reductions and reduced pricing. Trade and Transaction Services reduced largely in trade finance, as a result of weaker USD and narrowing credit spreads, while Corporate and Structured Financing was impacted by the sale of project finance activities in London.

Personal Banking Australia increased $7 million (2%) primarily due to an increase in income generated by financial planners and increased income from the sale of general insurance products through the branch network.

Esanda and UDC grew $2 million (9%) with an emphasis on generating revenue through the provision of value-added fleet management services.

The impact of movements in exchange rates on fee income was immaterial.

Foreign exchange earnings increased $8 million (4%) with an increased number of customers entering into hedging transactions with increased volatility in exchange rates.

Profit on trading instruments decreased $31 million

Institutional decreased $27 million largely in Markets where a higher proportion ($19 million) of revenue was booked as interest due to lower funding costs associated with unrealised trading gains. Total income in Markets increased $14 million.

Reduced income on the hedge of capital investment earnings in INGA ($5 million) reflected stronger equity markets in 2005. This is offset in equity accounted income from INGA which is reported in other operating income.

Other operating income increased $31 million (21%)

Institutional increased $20 million with Corporate and Structuring Financing private equity and infrastructure trust earnings increasing $10 million and Markets making a $10 million gain on sale of Sydney Futures Exchange shares in the March 2005 half.

Personal Banking Australia other income increased $6 million reflecting strong performance by E*Trade, Diners Card and our Mortgage LMI business.

INGA equity accounted income increased $2 million with increased capital investment earnings, resulting from continued strong equity markets, increased insurance sales through the ANZ network and a favourable insurance claims experience.

March 2005 half year compared to March 2004 half year

Other operating income increased $21 million (1%) or $131 million (8%) after excluding significant items (refer page 12), with an additional two months from NBNZ in the March 2005 half contributing $53 million (refer page 28). The following explanations exclude significant items:

Fee income increased $101 million (9%) including $37 million from the additional two months contribution from NBNZ.

Lending fee income increased $12 million (2%) due to:

The additional two months contribution from NBNZ ($10 million).

Institutional decreased $16 million (7%) with a $11 million reduction in Corporate and Structured Financing following the sale of the London headquartered project finance business and a $6 million reduction in Institutional Banking reflecting lower commercial bill fees as a result of increased competition reducing volumes and margins.

Corporate Australia increased $6 million (6%) driven by increased lending volumes.

Personal increased $3 million (3%) driven by increased lending volumes being partly offset by a competition driven increase in fee discounting in Mortgages.

Non-lending fee income increased $89 million (13%):

The additional two months contribution from NBNZ was $27 million.

Personal Banking Australia increased $35 million (12%), of which $13 million was due to an increase in income generated by financial planners. Consumer Finance increased $13 million (7%) driven by volume growth. Banking Products increased $8 million with higher other bank ATM fees and dishonour fees.

Esanda and UDC increased $7 million due primarily to changes in the fee structure for business lending in February 2004 and increased fees from value-added fleet management services.

Institutional increased $12 million in Corporate and Structured Financing with increased fee income from structured leasing.

Foreign exchange earnings increased $23 million (12%) due to the additional two months contribution from NBNZ ($11 million) and improved volumes and spreads in Trade and Transaction Services.

Profit on trading instruments decreased $40 million (50%), with the additional two months contribution from NBNZ ($2 million). Institutional decreased $30 million where a higher proportion of revenue was booked as interest ($17 million) due to lower funding costs associated with unrealised trading gains in Markets. The loss on the hedge of capital investment earnings in INGA increased $7 million, reflecting stronger equity markets in 2005.

Other operating income increased $47 million (35%), including the additional two months contribution from NBNZ ($3 million).

Institutional other operating income increased $19 million driven by increased private equity and infrastructure trust earnings and a $10 million gain on sale of Sydney Futures Exchange shares in the March 2005 half.

Profit from INGA increased $19 million reflecting stronger equity markets, growth in funds under management, increased insurance sales through the ANZ network and a favourable claims experience.

Corporate Australia increased $4 million due to earnings from private equity investments reflecting the success of the Wall St to Main St strategy.

Movements in the AUD exchange rate over the first half of 2004 increased total other income growth by $15 million.

Expenses

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Operating expenses					
Personnel expenses	1,167	1,110	1,012	5%	15%
Premises expenses	193	186	167	4%	16%
Computer expenses	260	278	274	-6%	-5%
Goodwill amortisation	89	83	63	7%	41%
Other expenses	439	417	355	5%	24%
Restructuring costs	27	29	31	-7%	-13%
NBNZ incremental integration costs(1)	25	21		19%	n/a
Total operating expenses	2,200	2,124	1,902	4%	16%
Total employees	29,832	28,755	27,971	4%	7%

(1) These costs are personnel costs of $13 million (Sep 2004 half: $9 million), computers costs of $2 million (Sep 2004 half: $1 million), and other costs of $10 million (Sep 2004 half: $11 million). Refer page 12 for details

March 2005 half year compared to September 2004 half year

Operating expenses increased $76 million (4%) over the September 2004 half year.

Personnel expenses increased $57 million (5%) as a result of annual salary increases together with a 4% increase in staff mainly in the following business units:

Personal Banking Australia increased by 4% with 3% due to increased front line staff. Consumer Finance increased by 14% to deal with increased volumes and cross sell activity and higher staffing levels reflecting higher card acquisition activity, including white labelled card initiatives. Regional Commercial and Agribusiness increased 4% to support the take a fresh look campaign and deal with increased volumes in the back office.

New Zealand Businesses increased by 5% due to increased investment in front-line staff. The cost of these additional staff was partly offset by seasonally lower staff leave costs.

Corporate Australia increased 7% driven by a significant investment in frontline staff in Small Business Banking and continued investment in Corporate and Business Banking.

Group Centre up 4% with Operations, Technology and Shared Services increasing 2% due to technology project related activity. Central Functions staff number increases were driven principally by the escalating focus on risk management and compliance, including the transition to IFRS and the US Sarbanes Oxley legislation.

Asia Pacific up 3% due largely to an increased focus on trade in Singapore, business volume related growth in Indonesian Cards, increased Risk staffing in the Pacific and rural banking initiatives in Fiji.

Premises costs increased 4% largely in rental expense reflecting additional space requirements, market increases and the sale and lease back of certain properties.

Computer costs decreased $18 million (6%):

Personal Banking Australia decreased $10 million due to lower merchant acquiring line costs, the full amortisation of some branch banking software and a higher level of project related technology spend in the September half.

Group Centre decreased $3 million as a result of savings arising from the contract re-negotiation relating to rentals and repairs of computer equipment.

Goodwill amortisation increased $6 million with the September half including an adjustment to align the amortisation term of goodwill on NBNZ s balance sheet and reduce NBNZ goodwill following the completion account settlement with Lloyds TSB.

Other expenses increased $22 million (5%):

Non-lending losses increased $15 million mainly as a result of cheque conversion losses.

Advertising spend increased $6 million including expenditure on the ANZ NOW advertising campaign.

Restructuring expenses reduced $2 million, with the main component being a $16 million write-down in the value of the Sales and Service Platform (SSP) in the branch network. The September 2004 half included the write-down of hardware and software being developed for ATM s.

NBNZ incremental integration costs increased $4 million. Refer page 27 for details on integration.

Movements in exchange rates increased cost growth by $9 million.

March 2005 half year compared to March 2004 half year

Operating expenses increased $298 million (16%) partly due to the inclusion of a full six month contribution from NBNZ ($111 million including additional goodwill amortisation of $26 million. Refer page 28) and $25 million NBNZ incremental integration costs booked in the March 2005 half. Excluding NBNZ incremental integration costs operating expenses increased $273 million (14%).

Personnel costs were up $155 million due largely to the additional two months contribution from NBNZ ($50 million). Adjusting for this personnel costs increased 10% due to annual salary increases and a 7% increase in staff numbers mainly in the following business units:

Personal Banking increased 6% with 5% of the increase reflecting continuing investment in our branch network including additional financial planners, an increase in Consumer Finance to service increased customer activity levels and an increase in Regional Commercial and Agribusiness due to investment in frontline staff associated with increasing business revenue generating capacity, including the take a fresh look campaign.

New Zealand Businesses increased by 8% due to an increased investment in front line staff.

Group Centre increased 7% with an additional 5% staff in Operations, Technology and Shared Services, largely due to technology project related activity. Central Functions staff numbers increased by 99 driven largely by the escalating focus on risk management and compliance.

Premises costs increased $26 million (16%) with the additional two months contribution from NBNZ ($7 million), with rent increasing $6 million as a result of increased space requirements driven by higher staffing levels and market increases and increased maintenance and security costs.

Computer costs reduced $14 million (5%) despite the additional two months contribution from NBNZ ($9 million). The reduction was mainly due to an $10 million reduction in rentals and repairs including a $5 million reduction due to savings from contract re-negotiation and a reduction in repairs to older front line telling machines.

Goodwill amortisation increased $26 million (41%) as a result of the additional two months NBNZ goodwill amortisation.

Other expenses were $84 million (24%) higher with the additional two months contribution from NBNZ ($18 million). Adjusting for this other expenses increased $66 million. The increase in other costs reflected the investment in revenue growth with a $16 million increase in advertising spend including the ANZ NOW advertising campaign, a $15 million increase in non-lending losses mainly as a result of a cheque conversion losses, as well as increased expenditure on travel and consultants. Outsource costs increased by $6 million driven by the ANZ Careers initiative which is leveraging ANZ s strong employment brand.

Movements in exchange rates increased cost growth by $23 million or 1%.

Income Tax Expense

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Total income tax expense on profit	597	590	578	1%	3%
Effective tax rate	28.8%	29.4%	29.2%		

March 2005 half year compared to September 2004 half year

The Group s income tax expense increased by $7 million to $597 million resulting in an effective tax rate of 28.8%, a decrease of 0.6% from the September 2004 half year. The decrease in the effective tax rate reflects the net effect of several small items including a tax benefit from the issue of shares under the employee share scheme, which occurred in the current half, and the non-taxability of profit on sale of Sydney Futures Exchange shares.

March 2005 half year compared to March 2004 half year

The Group s effective tax rate for the half year ending 31 March 2005 reduced 0.4% from March 2004 to 28.8%. An increase in goodwill amortisation, which is non-deductible, and increased earnings in New Zealand, (which has a 33% corporate tax rate) as a result of an additional two months contribution from NBNZ were offset by the net effect of several small items including the non-taxability of profit on sale of Sydney Futures Exchange shares and an increase in non-taxable equity accounted income in the March 2005 half.

Earnings per share

EPS excluding goodwill, significant items and NBNZ incremental integration costs for the Group increased to 85.9 cents, up 4.6% or 3.8 cents on the September 2004 half year and increased 8.9% or 7.0 cents on the March 2004 half.

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Earnings per share					
Basic	78.8	76.4	76.8	3%	3%
Basic (excluding goodwill, significant items(1) and NBNZ incremental integration costs(2)	85.9	82.1	78.9	5%	9%

Dilution effect of US Stapled Trust Security Issue

The US Stapled Trust securities issued on 27 November 2003 mandatorily convert to ordinary shares in 2053 unless redeemed or bought back prior to that date. The US Stapled Trust Security issue can be de-stapled and the investor left with coupon paying preference shares at ANZ s discretion at any time, or at the investor s discretion under certain circumstances.

AASB 1027 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 this issue in EPS increased the diluted number of shares by 69.1 million and reduced diluted EPS by 1.6 cents.

Dividends

	Half year Mar 05	Half year Sep 04	Half year Mar 04	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Dividend per ordinary share (cents)					
Interim (fully franked)	51	n/a	47	n/a	9%
Final (fully franked)	n/a	54	n/a	n/a	n/a
Ordinary share dividend payout ratio (%)	64.7%	71.0%	63.8%		
Dividend payout ratio excluding goodwill, significant Items(1) and NBNZ incremental integration costs(2) (%)	59.4%	66.0%	62.1%		

(1) In the September 2004 half ANZ has classified the $14 million profit after tax on settlement of the INGA completion accounts and $1 million dividends arising from the TrUEPrS transaction as significant items. In the March 2004 half $84 million net profit after tax and $35 million dividends arising from the TrUEPrS transaction has been classified as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

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

The Directors propose that an interim dividend of 51 cents be paid on each ordinary share, up 4 cents (8.5%) on the 2004 interim dividend in line with the growth in EPS excluding goodwill, significant items and NBNZ incremental integration costs of 8.9%. The proposed dividend will be fully franked.

The Group has a dividend reinvestment plan and a bonus option plan. Participation in these plans is limited to 50,000 shares in each plan. Election notices for these plans must be received by 20 May 2005. It is proposed that the interim dividend will be payable on 1 July 2005. Dividends payable to shareholders resident in the United Kingdom, Channel Islands, The Isle of Man and New Zealand will be converted to their local currency at ANZ s daily forward exchange rate at the close of business on the record date for value on the payment date.

Proposed amendments to New Zealand thin capitalisation rules from July 2005 will require some internal debt funding to that country to be replaced with equity funding. The franking impact will be limited by redirecting United Kingdom capital to New Zealand. In addition, the change in the geographic mix of the Group s earnings following the acquisition of the National Bank of New Zealand Group further limits the Group s franking capacity. However, the Group expects current timing differences will generate future franking credits and therefore the Group expects it will be able to maintain full franking for the foreseeable future.

EVA Reconciliation

One measure of shareholder value is EVA™ (Economic Value Added) growth relative to prior periods. EVA™ for the half year ended 31 March 2005 at $926 million was up $46 million from $880 million from the September 2004 half year and up $56 million from $870 million in the March 2004 half.

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
EVA™					
Net profit after tax	1,475	1,419	1,396	4%	6%
Goodwill amortisation NBNZ	81	75	54	8%	50%
Goodwill amortisation (excluding NBNZ)(1)	30	29	31	3%	3%
Significant items(2) and NBNZ incremental integration costs(3)	17		(84)	n/a	large
Imputation credits	281	271	269	4%	4%
Risk adjusted profit	1,884	1,794	1,666	5%	13%
Cost of ordinary capital	(920)	(881)	(767)	4%	20%
Cost of preference share capital	(38)	(33)	(29)	15%	31%
EVA™	926	880	870	5%	6%

(1) Includes notional amortisation of goodwill relating to INGA

(2) In the September 2004 half ANZ has classified the $14 million profit after tax on settlement of the INGA completion accounts and $1 million dividends arising from the TrUEPrS transaction as significant items. In the March 2004 half $84 million net profit after tax and $35 million dividends arising from the TrUEPrS transaction has been classified as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

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

EVA™ is a measure of risk adjusted accounting profit. It is based on operating profit after tax, adjusted for significant items, the cost of capital, and imputation credits (measured at 70% of Australian tax). Of these, the major component is the cost of capital, which is calculated on the risk adjusted or economic capital at a rate of 11%. At the Group level, total capital is used so the cost of capital reflects the full resources provided by shareholders.

At ANZ, economic capital is the equity allocated according to a business unit s inherent risk profile. It is allocated for several risk categories including: credit risk, operating risk, interest rate risk, basis risk, mismatch risk, investment risk, trading risk and other risk. The methodology used to allocate capital to business units for risk is designed to help drive appropriate risk management and business strategies.

At ANZ, EVA^{TM} is a key measure for evaluating business unit performance and correspondingly is a key factor in determining the variable component of remuneration packages. Business unit results are equity standardised by eliminating the impact of earnings on each business unit s book capital and attributing earnings on the business unit s risk adjusted or economic capital.

Credit Risk

Economic loss provisions (ELP)

The Group economic loss provision charge (ELP) was $284 million in the March 2005 half, a reduction of $35 million (11%) over the September 2004 half. This improvement is due largely to the cessation of the Group Centre charge (September 2004 half $20 million) following de-risking of the offshore portfolios and lower risk in the operating segments, which decreased $15 million (5%).

The ELP rate decreased 5 basis points over the September 2004 half year in line with the Group s improving risk profile:

Personal Banking Australia reduced 1 basis point with growth in low risk mortgage lending and lower credit card losses.

Institutional reduced 4 basis points reflecting de-risking offshore and strong growth in investment grade lending.

New Zealand businesses reduced 4 basis points with growth in low risk assets and the revision of loss factors of the former NBNZ businesses following further analysis of loss history.

Group Centre reduced following the de-risking of the offshore portfolios.

	% of Group Net Advances	**Half year Mar 05**	**Half year Sep 04**	**Half year Mar 04**
ELP rates by segment(1)				
Personal Banking Australia	42%	0.20%	0.21%	0.22%
Institutional	20%	0.30%	0.34%	0.41%
New Zealand Businesses	23%	0.18%	0.22%	0.26%
Corporate Australia	8%	0.33%	0.34%	0.33%
Esanda and UDC	6%	0.44%	0.51%	0.52%
Asia Pacific	1%	1.39%	1.65%	1.55%
Operating segments total	100%	0.25%	0.28%	0.31%
Group Centre	0%	0.00%	0.02%	0.02%
Total	100%	0.25%	0.30%	0.33%
ELP charge ($million)		284	319	313

(1) ELP rate = Annualised economic loss provisioning divided by average net lending assets

Net specific provisions

Net specific provisions were $151 million, down $96 million from the half year to September 2004. The reduction is primarily the result of lower losses in Australia, principally Reach which was booked in the September 2004 half, and strong recoveries in the Institutional portfolio in the Americas. On a geographic basis net specific provisions reduced in Australia by 48% and 23% in Overseas Markets and were up by 16% in New Zealand. As a percentage of average net lending assets, net specific provisions reduced from 23 basis points (annualised) in September 2004 half to 13 basis points in the March 2005 half.

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net specific provisions					
Personal Banking Australia	60	65	71	-8%	-15%
Institutional	1	106	61	-99%	-98%
New Zealand Businesses	26	22	13	18%	100%
Corporate Australia	23	24	20	-4%	15%
Esanda and UDC	24	23	24	4%	0%
Asia Pacific	17	7	7	large	large
Total net specific provisions	151	247	196	-39%	-23%

General provision balance

The general provision balance at 31 March 2005 was $2,080 million (0.99% of risk weighted assets) an increase of $88 million from $1,992 million (1.01% of risk weighted assets) at 30 September 2004. This represents a surplus of $512 million over the APRA minimum guideline.

Gross non-accrual loans

Gross non-accrual loans decreased to $640 million, down from $829 million as at 30 September 2004. The reduction is primarily due to the realisation of two large power exposures in the Americas and lower levels of new non-accruals in the March 2005 half.

The default rate (new non accruals/average gross lending assets) has decreased by 11 basis points since the September 2004 half to 34 basis points. This improvement is largely the result of lower new non-accrual loans in the Institutional and New Zealand businesses.

	As at Mar 05 $M	As at Sep 04 $M	As at Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Gross non-accrual loans					
Personal Banking Australia	37	40	43	-8%	-14%
Institutional	288	479	575	-40%	-50%
New Zealand Businesses	81	86	80	-6%	1%
Corporate Australia	119	112	94	6%	27%
Esanda and UDC	78	73	93	7%	-16%
Asia Pacific	37	39	44	-5%	-16%
Operating segments total	640	829	929	-23%	-31%
Group Centre			2	n/a	-100%
Total gross non-accrual loans	640	829	931	-23%	-31%

Net non-accrual loans

Net non-accruals are $326 million (Sep 2004: $451 million; Mar 2004: $517 million) representing 1.7% of shareholders equity as at March 2005 (Sep 2004: 2.5%; Mar 2004: 3.1%). The Group has a specific provision coverage ratio of 49%.

	As at Mar 05 $M	As at Sep 04 $M	As at Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net non-accrual loans					
Personal Banking Australia	15	17	14	-12%	7%
Institutional	169	299	359	-43%	-53%
New Zealand Businesses	28	30	26	-7%	8%
Corporate Australia	56	51	42	10%	33%
Esanda and UDC	43	37	59	16%	-27%
Asia Pacific	15	17	17	-12%	-12%
Operating segments total	326	451	517	-28%	-37%
Group Centre				n/a	n/a
Total net non-accrual loans	326	451	517	-28%	-37%
Specific provision coverage	49%	46%	44%	7%	11%

Market Risk

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

97.5% confidence level 1 day holding period

	As at Mar 05 $M	High for period Mar 05 $M	Low for period Mar 05 $M	Ave for period Mar 05 $M	As at Sep 04(1) $M	High for period Sep 04(1) $M	Low for period Sep 04(1) $M	Ave for period Sep 04(1) $M
Value at risk at 97.5% confidence								
Foreign exchange	0.8	1.6	0.4	0.8	0.5	1.4	0.4	0.7
Interest rate	2.0	2.5	0.7	1.4	1.5	2.1	0.6	1.1
Diversification benefit	(1.3)	n/a	n/a	(0.7)	(0.7)	n/a	n/a	(0.4)
Total VaR	**1.5**	**3.0**	**0.9**	**1.5**	**1.3**	**2.2**	**0.9**	**1.4**

99% confidence level 1 day holding period

	As at Mar 05 $M	High for period Mar 05 $M	Low for period Mar 05 $M	Ave for period Mar 05 $M	As at Sep 04(1) $M	High for period Sep 04(1) $M	Low for period Sep 04(1) $M	Ave for period Sep 04(1) $M
Value at risk at 99% confidence								
Foreign exchange	1.1	1.8	0.5	1.0	0.9	1.8	0.5	1.0
Interest rate	3.0	3.3	1.2	2.1	1.8	2.7	0.8	1.4
Diversification benefit	(1.4)	n/a	n/a	(1.0)	(0.9)	n/a	n/a	(0.5)
Total VaR	**2.7**	**4.0**	**1.2**	**2.1**	**1.8**	**2.8**	**1.2**	**1.9**

(1) *Numbers are based on half year period to September 2004*

The table below shows all outstanding revenue hedges, interest income earned and fair value of these hedges.

Revenue related hedges

31 March 2005			30 September 2004		
Notional Principal Amount	Amount taken to Income	Unrealised Gains/(Losses)	Notional Principal Amount	Amount taken to Income	Unrealised Gains/(Losses)

	$M	$M	$M	$M	$M	$M
USD Revenue Hedges	17	7	8	36	16	14
NZD Revenue Hedges	3,891	(11)	3	3,450		(58)
Total	3,908	(4)	11	3,486	16	(44)

The Group uses a variety of derivative instruments to hedge against the adverse impact on future offshore revenue streams from exchange rate movements. As at 31 March 2005 ANZ had $3.9 billion (Sep 2004: $3.5 billion; Mar 2004: $1.2 billion) NZD and USD contracts in place.

Movements in average exchange rates resulted in an increase of $4 million in the Group s profit after tax. Earnings from revenue hedges reduced by $20 million (before tax) from the September 2004 half. Hedge revenue is booked in the Group Centre as interest income.

Statement of Financial Position

Total assets increased by $18.5 billion (7%) since 30 September 2004 to $277.8 billion. Exchange rate movements accounted for a net reduction of $2.2 billion consisting of a reduction of $1.3 billion in New Zealand and $0.9 billion in overseas markets. Excluding the impact of exchange rate movements, total assets increased $15.0 billion (9%) in Australia, $5.0 billion (7%) in New Zealand and $0.7 billion (4%) in overseas markets.

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

Liquid assets ⇑39% *Excl Exchange Rates* ⇑43%	Liquid assets increased by $2.5 billion (39%) to $8.9 billion at 31 March 2005. Australia increased $0.8 billion due largely to an increase in customer related trading activities in Institutional. New Zealand increased $0.7 billion to meet customers short term funding requirements. Overseas markets increased $1.0 billion due to increase in letters of credit and bills receivable from other banks.
Due from other financial institutions ⇑34% *Excl Exchange Rates* ⇑38%	Due from other financial institutions increased by $1.6 billion to $6.4 billion at 31 March 2005 due largely to increase in volume of accounts by major banks and securities borrowing volumes in Trade and Transaction Services Australia.
Trading securities ⇑12% *Excl Exchange Rates* ⇑12%	Trading securities volumes increased $0.6 billion (12%) to $6.1 billion at 31 March 2005 due largely to more active trading.
Investment securities ⇓13% *Excl Exchange Rates* ⇓11%	Investment security volumes decreased $1.0 billion to $6.7 billion at 31 March 2005 reflecting increased liquidity held in liquid assets and trading security volumes.
Net loans and advances ⇑7% *Excl Exchange Rates* ⇑7%	Net loans and advances increased 7% ($13.6 billion) since September 2004. Growth in Australia of 9% ($12.1 billion) was largely the result of increases in the following businesses: Personal Banking ($6.6 billion), predominantly in Mortgages ($5.8 billion) as a result of growth in housing and equity loans. Consumer Finance increased $0.4 billion reflecting the success of the low rate MasterCard product. Regional Commercial and Agribusiness grew $0.3 billion and Banking Products grew $0.1 billion. Institutional Financial Services ($4.4 billion) largely in Institutional Banking ($3.4 billion) driven by increased consumer demand for funding of mergers and acquisition activity. Growth in Trade and Transaction Services ($1.0 billion) was driven by greater activity in overdrafts facilities by corporate customers. Corporate Australia ($0.8 billion) in Business Banking ($0.5 billion) and Corporate Banking ($0.3 billion) driven by increased investment in frontline staff, the industry specialisation approach to customers and very competitive customer service proposition. Esanda ($0.4 billion) driven by new business writings, particularly in the Broker channel.

New Zealand grew by $2.8 billion excluding the impact of exchange rate movements. Increases were achieved in NBNZ Retail ($1.3 billion), ANZ Retail ($0.9 billion), Corporate Banking ($0.5 billion), Institutional Financial Services ($1.0 billion) and Regional Commercial and Agribusiness ($0.3 billion) but partially offset by a weaker New Zealand dollar ($1.0 billion).

Overseas markets declined by $1.4 billion largely due to the sale of the London headquartered of project finance business and the impact of exchange rate movements ($0.5 billion).

Customers liability for acceptance ⇑4%
Excl Exchange Rates ⇑4%

Customer liability for acceptance increased by $0.5 billion to $12.9 billion at 31 March 2005 with growth predominantly in Institutional Banking ($0.3 billion) and Corporate Banking ($0.1 billion).

Other Assets ⇑15%
Excl Exchange Rates ⇑16%

Other assets increased $1.3 billion (15%) to $10.5 billion as at 31 March 2005 due mainly to increased trade dated asset volumes ($0.8 billion).

Shares in Associates and Joint Venture Entities ⇓10%

The $0.2 billion reduction is due to $245 million capital repatriation from INGA, partly offset by equity accounted earnings retained in associates and joint ventures.

Total liabilities increased by $17.4 billion (7%) from 30 September 2004. Exchange rate movements accounted for a net reduction of $2.6 billion consisting of a $1.1 billion reduction in New Zealand and a $1.5 billion reduction in overseas markets.

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

Due to other financial institutions ⇑37% *Excl Exchange Rates* ⇑40%	Due to other financial institutions increased $2.7 billion (37%) to $10.1 billion at 31 March 2005. Volumes in Australia increased $2.5 billion. The increase was mainly driven by the increase in volumes of clearing and custody accounts in Trade and Transaction Services in Australia. Increased borrowing on the wholesale market by Group Treasury to meet the daily funding needs was also a factor. New Zealand increased $0.7 billion, whilst overseas markets reduced $0.5 billion largely in Asia.
Deposits and other borrowings ⇑7% *Excl Exchange Rates* ⇑8%	Deposits and other borrowings increased $11.9 billion (7%) to $180.4 billion, at 31 March 2005. Exchange rate movements reduced deposits and other borrowings by $2.2 billion with a $0.9 billion reduction in New Zealand and a $1.3 billion reduction in overseas markets. Excluding exchange rate movements: Australia increased $9.0 billion (9.3%) largely as a result of increases in the following businesses: Treasury funding increasing $4.0 billion with higher certificates of deposit volumes to meet the Group s increased short term funding requirements. Institutional increased $2.2 billion largely due to several corporate deposits in Trade and Transaction Services over balance date. Personal Banking increased $1.5 billion mainly due to high yielding term deposit and cash management account products. Corporate Australia increased by $0.9 billion. New Zealand increased $4.8 billion, largely in Treasury ($3.2 billion) with an increase in commercial paper and certificate of deposit issuance to help fund the growing New Zealand balance sheet. Deposits grew in ANZ Retail and NBNZ Retail by $0.8 billion. Overseas Markets increased $0.3 billion. Reduced funding resulting from the Euro Hybrid issue has been offset by additional funding requirement given increased asset volumes.
Payables and other liabilities ⇓13% *Excl Exchange Rates* ⇓12%	Payables and other liabilities decreased $1.8 billion (13%) to $12.4 billion as at 31 March 2005 with a reduction in securities lending volumes and lower unrealised losses on revaluation of derivative instruments.
Bonds and Notes ⇑17%	Bonds and notes increased $4.7 billion (17%) to $32.3 billion, at 31 March 2005. Excluding exchange rate movements, bonds and notes increased by $5.8 billion (22%) in response to increased term funding requirements.
Loan Capital ⇓4%	Loan capital decreased $0.4 billion (4%) to $8.1 billion, at 31 March 2005 due entirely to movements in exchange rates.

Capital Management

	As at Mar 05	As at Sep 04	As at Mar 04	Movt Mar 05 v. Sep 04	Movt Mar 05 v. Mar 04
Tier 1	7.0%	6.9%	7.0%	1%	0%
Tier 2	3.6%	4.0%	3.7%	-10%	-3%
Deductions	(0.3)%	(0.5)%	(0.5)%	-40%	-40%
Total	10.3%	10.4%	10.2%	-1%	1%
ACE	5.1%	5.1%	5.2%	0%	-2%
RWA $m	209,524	196,664	186,157	7%	13%

ACE Ratio

The ACE ratio, at 5.1%, remains above the Group s targeted capital range with only $117 million of the planned $350 million buy-back having been completed. During the period, ACE capital (and the ACE ratio), excluding the impact of movements in exchange rates, increased by $0.8 billion principally due to:

Current period earnings, before goodwill amortisation and after preference share dividends, of $1.5 billion (+79 basis points)

Ordinary share dividend commitments of $0.9 billion (-47 basis points)

Capital repatriation from INGA, net of profit retained and completion account adjustments, of $0.2 billion (+10 basis points)

Buy-back of ordinary equity of $117 million (-6 basis points) being offset by share issues of $159 million (+8 basis points) through the Bonus Option Plan, Dividend Reinvestment Plan, option conversions and issues to staff.

Risk Weighted Asset (RWA) growth was $12.9 billion, however excluding the impact of exchange rate movements, was $15.0 billion, resulting in a 36 basis points reduction in the ACE ratio.

The impact of exchange rate movements on the ACE ratio was minimal with the reduction in capital levels being offset by a reduction in RWA volumes and goodwill.

Hybrid Capital and Tier 1 Capital

The Group raises hybrid capital to supplement the Group s ACE capital to further strengthen the Group s capital base and ensure compliance with APRA s prudential capital requirements, principally its Tier 1 capital requirements.

In December 2004 the Group raised $871 million (+44 basis points) through the issuance of a 500 million hybrid capital instrument (Euro Hybrid) into the European market. The instrument is similar in structure to the Group s existing Australian (ANZ StEPS) and US Stapled Trust Security issuances, with a coupon paying note issued by a UK subsidiary (ANZ Jackson Funding PLC) being stapled to a fully paid up 1,000 preference share issued by the Australia and New Zealand Banking Group Limited (the company). Coupons are paid quarterly based upon 3 month EURIBOR plus 66 basis points. On the business day prior to 15 December 2053, a conversion event will occur and the note will be detached and transferred to the Paris branch of the company, at which time the fully paid preference share will become coupon paying. A conversion event can occur earlier than 15 December 2053 under certain circumstances outlined in the offering circular dated 9 December 2004.

The Euro Hybrid issue, coupled with the items identified within the ACE Capital discussion, resulted in the Group s Tier 1 ratio increasing by 11 basis points over the half year. The Tier 1 ratio remains solid even after allowing for the completion of the buy-back of ordinary equity.

Hybrid Capital details

	ANZ StEPS	US Stapled Trust Security	Euro Hybrid
Amount (in issue currency)	$1,000 million	USD1,100 million	500 million
Accounting classification	Equity	Debt	Equity
Maturity date	14 September 2053	15 December 2053	15 December 2053
March 2005 balance (net of issue costs)	$987 million	$1,425 million	$871 million
Interest rate	BBSW +1.00%	Tranche 1 Coupon: 4.48%	Euribor +0.66%
		Tranche 2 Coupon: 5.36%	

Buy-Back of Ordinary Equity

The Group commenced an on-market buy-back of $350 million of ordinary equity on 10 January 2005. Up until 15 March 2005, when ANZ went into a voluntary black-out period for buying back shares due to the forthcoming half year profit announcement, the Group had repurchased 5.6 million shares at an average cost of $20.74 per share for a total of $117 million.

National Bank of New Zealand - Integration

ANZ National Bank became the largest provider of banking services in New Zealand following the acquisition of The National Bank of New Zealand Limited in December 2003. Integration is focussed on maximising the value of ANZ National Bank by harnessing the complementary strengths of the two banks while improving the customer experience. The overall integration programme involves:

maintaining separately branded retail, corporate and commercial banking businesses;

strengthening our Rural banking business under The National Bank brand;

growing our Institutional banking businesses under the ANZ brand;

merging and rationalising head office and support functions;

aligning of technology systems; and

the realisation of integration synergies.

Significant progress in 2004 included legal amalgamation and reorganisation into a single management structure. During this time the overall integration strategy was confirmed, the brand strategy agreed and plans were finalised for the integrated technology solution. As part of amalgamation, the Reserve Bank of New Zealand (RBNZ) implemented new Conditions of Registration which require, inter alia, that by 31 December 2005 ANZ National Bank is managed in, and has systems located and operated in, New Zealand. The reorganisation of management and operational structures, to integrate the two heritage banks, has been completed. The additional work required to deliver the integrated technology solution is well underway.

The key features of the technology solution are:

the location in New Zealand of the domestic technology systems supporting ANZ Retail Banking, General Ledger, Procurement and HR/Payroll;

the migration of the international technology systems supporting the Corporate, Wholesale and Payments business to the ANZ Group global systems; and

the establishment in New Zealand of a special purpose capability to provide the Bank with the ability to locate, manage and control the International Systems in New Zealand in the event of a failure of ANZ or ANZ National Bank.

The primary focus of the integration programme in 2005 is the delivery of the integrated technology solution. An important part of the design and implementation planning is to ensure that customer levels are maintained or improved, operational risk is minimised and the transition for staff is seamless.

In the current half year the Bank has:

Agreed with the RBNZ that the technology systems migration plans are a reasonable basis to satisfy the Conditions of Registration.

Commenced the migration of target systems in Institutional, Corporate and Commercial and Support Units.

Commenced new IT infrastructure establishment in New Zealand to support the systems migrating from Australia to New Zealand.

Completed the Rural integration programme while maintaining its number one market share in this segment.

The integration programme remains on track for practical completion by the end of the calendar year 2005.

The total cost of integration is estimated to be NZD220 million. To date integration costs of NZD98 million have been incurred in line with expectations. However, as the full impact of the RBNZ requirements has been clarified over the half, there is a risk that the RBNZ Conditions of Registration compliance costs may increase modestly.

In the first half of 2005, revenue attrition relating to integration activities continues to track favourably against expectations, with little attrition evident. The cost synergies expected in 2005 are tracking slightly ahead of expectations, and estimated benefits forecast for 2007 remain on track.

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Impact of NBNZ on March 2004 results

The March 2004 half year only included four months contribution from The National Bank of New Zealand (NBNZ) following its acquisition from Lloyds TSB on 1 December 2003, hence, management believe that a comparison of profit and loss data between the March 2005 and the March 2004 halves does not reflect the core business performance.

The following table has been provided to assist readers in understanding the impact of the contribution from NBNZ on the March 2004 half, had it been consolidated for the entire half. Commentary comparing the results for the first half of 2005 with the prior comparative period (first half of 2004), has been adjusted, where noted in the commentary, to improve the reader s ability to analyse the income and expense trends by notionally adjusting for NBNZ.

	Four months to Mar 04 $M	**Half of four months to Mar 04 $M**
Net interest income	273	137
Other operating income	106	53
Operating income	379	190
Operating expenses	(222)	(111)
Profit before debt provision	157	79
Provision for doubtful debts	(27)	(14)
Profit before income tax	130	65
Income tax expense & Outside equity interest	(54)	(27)
Net profit	76	38

The following table gives the internal funding(1) of the New Zealand operations.

	NZD M
As at 31 March 2005	
Debt	
Debt Funding - Australia	1,765
Debt Funding - United Kingdom	1,129
	2,894
Subordinated debt	**516**
Equity	
Ordinary Share Capital	1,450
Redeemable Preference Share Capital	2,210
Retained Earnings	1,040
	4,700
Unamortised goodwill	**3,285**

(1) Includes structural funding provided to New Zealand from the Group. Short term internal funding is excluded from this table

Critical Accounting Policies

The Group prepares its consolidated financial statements in accordance with Australian Accounting Standards and other authoritative accounting pronouncements. However, notwithstanding the existence of relevant accounting standards, there are a number of critical accounting treatments, which include complex or subjective decisions or assessments. The Group requires all such applications of judgement to be reviewed and agreed by Group Finance, and where the impact is material, the accounting treatment be reviewed during the audit process by the Group s external auditors. All material changes to accounting policy are approved by the Audit Committee of the Board.

Details of all critical accounting policies are provided in the 30 September 2004 Financial Report. There has been no material changes to the Group s critical accounting policies or their related methodologies since September 2004.

A brief discussion of critical accounting policies, and their impact on the Group, follows:

a) Economic Loss Provisioning

Each month the Group recognises an expense for credit losses (provision for doubtful debts) reflecting historical loss experience for each part of the loan portfolio. The provision for doubtful debts is booked to the General Provision which is maintained to cover the losses inherent in the Group s existing loan portfolio. The method used by the Group for determining the expense charge is referred to as Economic Loss Provisioning (ELP). The Group uses economic loss provisioning models to calculate the expected loss by considering:

- the size, composition and risk profile of the current loan portfolio; and
- the history of credit losses for each type and risk of lending.

The average charge to profit for ELP was 0.25% of average net lending assets or $284 million (Sep 2004 half: 0.30% or $319 million; Mar 2004 half: 0.33% or $313 million).

As at March 2005, the balance of the General Provision of $2,080 million (Sep 2004: $1,992 million; Mar 2004: $1,828 million) represents 0.99% (Sep 2004: 1.01%; Mar 2004: 0.98%) of risk weighted assets.

b) Specific provisioning

A specific provision is maintained to cover identified Non Accrual Loans. When a specific debt loss is identified as being probable, its value is transferred from the General Provision to the Specific Provision. Specific Provision is applied when the full recovery of one of the Group s exposures is identified as being doubtful resulting in the creation of a specific charge equal to the full amount of the expected loss plus any enforcement/recovery expenses.

Recoveries resulting from proceeds received from accounts which were written off in prior years are transferred back to the General Provision.

The recognition of losses has an impact on the size of the General Provision rather than directly impacting profit. However, to the extent that the General Provision is drawn down beyond a prudent amount it will be restored through a transfer from the current year s earnings. The amount of net transfer from the General Provision to the Specific Provision, net of recoveries, during the March 2005 half year was $151 million (Sep 2004 half: $247 million; Mar 2004: $196 million).

c) Deferred acquisition costs and deferred income

ANZ Group recognise assets that represent deferred acquisition costs relating to the acquisition of interest earning assets, and liabilities that represent deferred income relating to income received in advance of services performed.

Deferred acquisition costs - at 31 March 2005 the Group s assets included $492 million (Sep 2004: $465 million; Mar 2004: $401 million) in relation to costs incurred in acquiring interest earning assets. During the March 2005 half year, amortisation of $123 million (Sep 2004 half: $112 million; Mar 2004 half: $106 million) was recognised as an adjustment to the yield earned on interest earning assets.

Deferred income - at 31 March 2005, the Group s liabilities included $94 million (Sep 2004: $149 million; Mar 2004: $135 million) in relation to income received in advance.

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

	Deferred Acquisition Costs(1)			Deferred Income		
	Mar-05 $m	**Sep-04 $m**	**Mar-04 $m**	**Mar-05 $m**	**Sep-04 $m**	**Mar-04 $m**
Personal Banking Australia	151	145	127	15	31	19
Esanda and UDC	260	250	236			
New Zealand Businesses	49	36	24	28	44	45
Institutional	10	10	14	4	3	2
Other(2)	22	24		47	71	69
Total	492	465	401	94	149	135

(1) Deferred acquisition costs largely include the amounts of brokerage capitalised and amortised in the three Business segments: Personal Banking Australia, Esanda and UDC and the New Zealand Business. Deferred acquisition costs also include capitalised debt raising expenses

(2) *Includes Group Centre, Corporate Australia, INGA and Asia Pacific*

Deferred acquisition costs analysis:

	March 2005		September 2004	
	Amortised Costs $m	Capitalised Costs(1) $m	Amortised Costs $m	Capitalised Costs(1) $m
Personal Banking Australia	32	38	27	45
Esanda and UDC	79	89	75	89
New Zealand Businesses	7	20	4	16
Institutional	2	2	4	
Other(2)	3	1	2	26
Total	123	150	112	176

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(1) Capitalised costs exclude brokerage trailer commissions paid, relating to the acquisition of mortgage assets of $41 million (Sep 2004 half: $49 million)

(2) Includes Group Centre, Corporate Australia, INGA and Asia Pacific

d) Derivatives and Hedging

The Group buys and sells derivatives as part of its trading operations and to hedge its interest rate risk, foreign exchange risk and the equity risk in INGA. Derivative instruments entered into for the purpose of hedging are accounted for on the same basis as the underlying exposures or risks. The Group classifies derivatives into two types according to the purpose they are entered into: trading or hedging.

Income and loss relating to trading derivatives is reported in the statement of financial performance as trading income. The fair value of trading derivatives is recorded on a gross basis as other assets or other liabilities as appropriate unless there is a legal right of set off. The fair value of a derivative financial instrument is the net present value of future expected cash flows arising from that instrument.

In order to be classified as a hedging derivative the hedging relationship must be expected to be effective. Hedging derivatives are accounted for in the same manner as the underlying asset or liability they are hedging. For example, if the hedged instrument is accounted for using the accrual method, the hedging instrument will also be accounted for using the accrual method.

Movements in the value of foreign exchange contracts that are hedging overseas operations are not recognised as income or expenses. Instead these movements are recognised in the Foreign Currency Translation Reserve together with the net difference arising from the translation of the overseas operation.

Derivatives entered into as part of the Group s trading operations are carried at their fair values with any change in fair value being immediately recognised as part of trading income.

e) Special purpose and off balance sheet vehicles

The Group may invest in or establish special purpose entities or vehicles (SPEs), to enable it to undertake specific types of transactions. Where the Group controls such vehicles, they are consolidated into the Group financial results.

Certain SPEs may be set up by the Group to facilitate Group strategic aims, or to assist with structured transactions for clients. The Group has established certain SPEs controlled by the Group, which are consolidated into the Group s financial statements in order to facilitate transactions undertaken for Group purposes. These SPEs have been established as part of the Group s funding activities, for example, the StEPS structure, and as part of lending activities undertaken in the normal course of business.

The table below summarises the main types of SPEs that are not consolidated into the Group, the reason for their establishment, and the key risks associated with them.

Type of SPE	Reason for establishment	Key Risks	SPE Assets $m
Securitisation vehicles	Assets are transferred to an SPE, which funds the purchase by issuing securities. Enables ANZ or customers to increase diversity of funding sources. The amount disclosed here is the total assets of SPEs managed or arranged by ANZ. It includes SPEs that purchase assets from sellers other than ANZ.	ANZ may manage securitisation vehicles, service assets in a vehicle or provide liquidity or other support and retains the risks associated with the provision of these services. 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.	Mar 2005: 13,328 Sep 2004: 13,013 Mar 2004: 10,509
Structured finance entities	These entities are set up to assist with the structuring of client financing.	ANZ may retain liquidity risk, if it provides liquidity support to the vehicle. ANZ may also manage these vehicles.	Mar 2005: 1,924 Sep 2004: 1,993 Mar 2004: 1,730
Managed funds	These funds invest in specified investments on behalf of clients.	INGA and ANZ National Bank Limited, as managers of the funds, expose ANZ to operational and reputational risk.	Mar 2005: 35,183 Sep 2004: 32,174 Mar 2004: 30,889

f) Valuation of investment in INGA

The Group adopts the equity method of accounting for its 49% interest in INGA. As at 31 March 2005, the Group s carrying value is $1,513 million (Sep 2004: $1,697 million; Mar 2004: $1,688 million). During the March 2005 half, INGA made a capital return to shareholders of $500 million. ANZ s 49% share of this was $245 million.

The carrying value is subject to a recoverable amount test, to ensure that this does not exceed its recoverable amount at the reporting date. The Group obtained an independent valuation of INGA as at 31 March 2005 to determine the current recoverable amount. Any excess of carrying value above recoverable amount is written off to the Statement of Financial Performance. The independent valuation is based on a discounted cashflow approach, with allowance for the cost of capital.

As at 31 March 2005, based on this review, no change is required to the carrying value of the investment (Sep 2004: Nil; Mar 2004: Nil)

g) Valuation of goodwill in ANZ National Bank Limited

Goodwill arising from the NBNZ acquisition is systematically amortised by way of a charge to the statement of financial performance over the period of time during which the benefits of the acquisition are expected to arise, such period of benefit not exceeding 20 years.

The unamortised balance of goodwill is reviewed at each balance date and is written down to the extent that it is no longer supported by probable future benefits.

The Group obtained an independent valuation of ANZ National Bank Limited as at 31 March 2005. The valuation calculated the value of ANZ National Bank Limited from a New Zealand geographic and New Zealand business unit perspective. The operations were valued using a capitalisation of earnings methodology. Based on the results of this valuation as at 31 March 2005, no change is required to the amortised carrying value of goodwill arising from NBNZ.

h) Tax Consolidations

The Company, Australia and New Zealand Banking Group Limited, is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries, trusts and partnerships. The implementation date for the tax-consolidated group was 1 October 2003. Under tax consolidations, the head entity recognises all of the current and deferred tax assets and liabilities of the tax-consolidated group, adjusted for the impact of arrangements made with other members of the tax-consolidated group.

Members of the tax-consolidated group have entered into a tax sharing agreement which provides for the allocation of income tax liabilities between the entities should the head entity default on its income tax payment obligations.

The tax-consolidated group has also entered into a tax funding agreement that requires wholly-owned subsidiaries to receive/make contributions from/to the head entity for:

deferred tax balances recognised by the head entity on implementation date, including the impact of any relevant reset tax cost bases; and

current tax assets and liabilities and deferred tax balances which have been calculated as if the wholly-owned subsidiaries were taxed on a stand-alone basis.

The contributions are payable as set out in the tax funding agreement and reflect the timing of the head entity s obligations to make payments for tax liabilities to the Australian Taxation Office. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities which are equivalent to deferred tax balances.

Entry into tax consolidations resulted in no material adjustment to the consolidated tax expense or consolidated deferred tax balances.

i) Software capitalisation

At 31 March 2005, the Group s fixed assets included $401 million (Sep 2004: $430 million; Mar 2004: $447 million) in relation to costs incurred in acquiring and developing software. During the March 2005 half year, amortisation expense of $57 million (Sep 2004 half: $66 million; Mar 2004 half: $63 million) was recognised.

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Balance at start of period	430	447	465	-4%	-8%
Software capitalised during the period	45	55	59	-18%	-24%
Amortisation during the period	(57)	(66)	(63)	-14%	-10%
Software written-off	(16)	(10)	(31)	60%	-48%
Acquisitions		2	15	-100%	-100%
Other	(1)	2	2	large	large
Total software capitalisation	401	430	447	-7%	-10%

BUSINESS PERFORMANCE REVIEW

Profit and Loss (including effect of movements in foreign currencies)

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

Profit and Loss (prior period figures adjusted to remove the impact of exchange rate movements(4))

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net profit after income tax					
Personal Banking Australia	442	417	384	6%	15%
Institutional	455	436	431	4%	6%
New Zealand Businesses	306	301	231	2%	32%
Corporate Australia	182	172	164	6%	11%
Esanda and UDC	77	74	71	4%	8%
Asia Pacific	48	59	51	-19%	-6%
ING Australia	63	61	47	3%	34%
Group Centre(1)	(81)	(111)	(76)	-27%	7%
Net profit (excl significant items(2) and NBNZ incremental integration costs(3))	1,492	1,409	1,303	6%	15%
Significant items(2) and NBNZ incremental integration costs(3)	(17)		84	n/a	large
Net profit	1,475	1,409	1,387	5%	6%
FX impact on reported net profit(4)		10	9	-100%	-100%
Reported net profit	1,475	1,419	1,396	4%	6%

(1) Group Centre includes the operations of Treasury

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

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

(4) ANZ has removed the impact of exchange rate movements to provide investors with a better indication of the business unit performance in local currency terms. Retranslation is net of revenue hedge earnings

The Group from time to time modifies the organisation of its businesses to enhance the focus on delivery of specialised products or services to customers. Prior period numbers are adjusted for such organisational changes to allow comparability. During the half ended 31 March 2005 the significant changes were:

Institutional now includes the NBNZ Institutional businesses which were previously reported in the New Zealand businesses.

New Zealand Businesses now excludes the NBNZ Institutional businesses which are reported in Institutional. Within the New Zealand businesses sub-units have been reorganised to reflect the operating model.

Group Centre. A number of central support functions have been transferred to business units.

In addition, there were a number of minor restatements as a result of customer segmentation, changes to internal transfer pricing methodologies and the realignment of support functions.

Personal Banking Australia
Brian Hartzer

Regional Commercial and Agribusiness
Other(1)
Banking Products
Consumer Finance
Mortgages

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	1,019	980	931	4%	9%
Other external operating income	445	427	405	4%	10%
Net inter business unit fees	61	59	59	3%	3%
Operating income	1,525	1,466	1,395	4%	9%
External operating expenses	(671)	(644)	(625)	4%	7%
Net inter business unit expenses	(132)	(134)	(132)	-1%	0%
Operating expenses	(803)	(778)	(757)	3%	6%
Profit before debt provision	722	688	638	5%	13%
Provision for doubtful debts	(94)	(94)	(89)	0%	6%
Profit before income tax	628	594	549	6%	14%
Income tax expense and outside equity interests	(186)	(177)	(165)	5%	13%
Net profit attributable to members of the Company	442	417	384	6%	15%
Consisting of:					
Regional Commerical and Agribusiness	57	54	53	6%	8%
Banking Products	113	108	100	5%	13%
Mortgages	149	138	137	8%	9%
Consumer Finance	118	104	85	13%	39%
Other(1)	5	13	9	-62%	-44%
	442	417	384	6%	15%
Balance Sheet					
Net loans & advances including acceptances	97,807	91,183	84,886	7%	15%
Other external assets	2,053	1,969	2,064	4%	-1%
External assets	99,860	93,152	86,950	7%	15%
Deposits and other borrowings	39,471	38,004	35,818	4%	10%
Other external liabilities	2,059	2,034	1,944	1%	6%
External liabilities	41,530	40,038	37,762	4%	10%
Ratios					
Net interest average margin	2.17%	2.23%	2.30%	-3%	-6%
Return on assets	0.92%	0.93%	0.92%	-1%	0%
Return on risk weighted assets	1.67%	1.68%	1.67%	-1%	0%
Operating expenses to operating income	52.7%	53.1%	54.3%	-1%	-3%
Operating expenses to average assets	1.67%	1.73%	1.82%	-3%	-8%
Net specific provisions	(60)	(65)	(71)	-8%	-15%
Net specific provision as a % of average net advances	0.13%	0.15%	0.17%	-13%	-24%
Net non-accrual loans	15	17	14	-12%	7%
Net non-accrual loans as a % of net advances	0.02%	0.02%	0.02%	0%	0%
Total employees	9,289	8,965	8,737	4%	6%

(1) Other includes the branch network, whose costs are fully recovered from product business units, Private Banking, Financial Planning and support costs

March 2005 half year compared to September 2004 half year

Profit after tax increased by 6% with strong performances across all core businesses. Within Other, strong performances in Private Banking and Financial Planning were offset by higher central support costs mainly related to an increased marketing spend. Mortgage lending increased 7% and deposits grew 4%, delivering market share increases. Staff satisfaction (as measured by Hewitt Best Employer survey) was at record levels and customer satisfaction (as measured by Roy Morgan Research) was up 2.2% to 75.8%, the highest of the major Australian banks. Underpinning this performance was our award-winning product range and the continuing re-investment in our distribution network.

Significant factors affecting the result were:

Net interest income increased 4%.

Mortgage lending grew 7% over the period. Regional Commercial and Agribusiness volumes increased 6% reflecting ANZ s continuing focus on this market. Consumer Finance lending grew 8% in large part due to the success of the low rate MasterCard product.

Deposit volumes increased 4% as a result of strong growth in savings accounts and steady growth in transaction account balances.

Average net interest margin reduced by 6 basis points. Consumer Finance margin decreased by 20 basis points due largely to growth in the low rate MasterCard product. Banking Products margin declined by 7 basis points mainly due to higher growth in low margin cash management and term deposit products, the flat to falling yield curve and competitive pressures. Mortgages margin was steady.

Other external operating income increased $18 million (4%).

Fee income increased by $12 million (3%). Banking Products fees increased by 6% due to growth in account numbers. Other increased with higher sales through our financial planners and increased general insurance sales through the branch network. Regional Commercial and Agribusiness increased 11% with a seasonally stronger March half. Consumer Finance fees saw a 1% increase, impacted by seasonality of annual fees and increased competition in merchant acquiring.

Other operating income increased by $6 million with increased equity accounted income from E*Trade, profit sharing arrangement with Diners and a strong performance from our lenders mortgage insurance business.

External operating costs increased 4%. Personnel costs were up 6% due to annual salary increments as well as increased front line staff to handle higher business volumes and to service new points of representation. Additional financial planners were also added during the half. Staff numbers were up in Consumer Finance to support increased acquisition (including white-labelled products) and cross sell activity. Computer expenses decreased $10 million (10%) due to lower merchant acquiring line costs, a high level of technology spend in the previous half and certain branch banking software now being fully amortised. Premises costs increased by $10 million reflecting the opening of new points of representation and investment in branch refurbishments. Other costs increased $9 million reflecting increased marketing spend on ANZ NOW and Cards and Mortgages marketing campaigns.

Provision for doubtful debts was flat with increased volumes offset by improved credit quality and higher recoveries in Consumer Finance. Non-accrual loans remained low reflecting sound credit quality.

March 2005 half year compared to March 2004 half year

Profit after tax increased 15%. Consumer Finance grew 39% reflecting 11% revenue growth and 4% decline in costs. Banking Products profit increased 13% driven by deposit growth. Mortgages grew 9% with strong volume growth offset by margin contraction.

Operating income increased 9% driven by solid growth in all core businesses. Revenue growth in Mortgages (10%), Consumer Finance (11%) and Regional Commercial and Agribusiness (8%) related to volume growth partly offset by margin contraction. Revenue in Banking Products grew 6% with increased deposit volumes following successful campaigns to grow V2 Plus and term deposits in the second half of 2004.

Operating costs increased by 6%, driven by the impact of increased staff to service increased customer activity levels and continuing investment in our branch network, including additional financial planners. Costs were further impacted by an increased marketing spend.

Provision for doubtful debts increased 6% due largely to the 15% increase in lending volumes. Credit quality was stable across all businesses.

Institutional
Steve Targett

Institutional Banking
Markets
Trade and Transaction Services
Corporate and Structured Financing

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	394	369	346	7%	14%
Other external operating income	680	692	670	-2%	1%
Net inter business unit fees	(13)	(14)	(10)	-7%	30%
Operating income	1,061	1,047	1,006	1%	5%
External operating expenses	(305)	(301)	(276)	1%	11%
Net inter business unit expenses	(76)	(72)	(72)	6%	6%
Operating expenses	(381)	(373)	(348)	2%	9%
Profit before debt provision	680	674	658	1%	3%
Provision for doubtful debts	(71)	(75)	(87)	-5%	-18%
Profit before income tax	609	599	571	2%	7%
Income tax expense and outside equity interests	(154)	(163)	(144)	-6%	7%
Net profit attributable to members of the Company	455	436	427	4%	7%
Consisting of:					
Institutional Banking	145	149	152	-3%	-5%
Trade & Transaction Services	99	94	87	5%	14%
Markets	109	100	97	9%	12%
Corporate and Stuctured Financing	102	93	91	10%	12%
	455	436	427	4%	7%
Balance Sheet					
Net loans & advances including acceptances	46,697	42,525	40,906	10%	14%
Other external assets	21,674	18,232	20,013	19%	8%
External assets	68,371	60,757	60,919	13%	12%
Deposits and other borrowings	30,167	27,395	26,283	10%	15%
Other external liabilities	21,877	21,983	22,122	0%	-1%
External liabilities	52,044	49,378	48,405	5%	8%
Ratios					
Net interest average margin	1.60%	1.59%	1.63%	1%	-2%
Return on assets	1.40%	1.40%	1.45%	0%	-3%
Return on risk weighted assets	1.27%	1.27%	1.28%	0%	-1%
Operating expenses to operating income	35.9%	35.6%	34.6%	1%	4%
Operating expenses to average assets	1.17%	1.20%	1.18%	-3%	-1%
Net specific provisions	(1)	(106)	(61)	-99%	-98%
Net specific provision as a % of average net advances	0.00%	0.50%	0.30%	-100%	-100%
Net non-accrual loans	169	299	359	-43%	-53%
Net non-accrual loans as a % of net advances	0.36%	0.70%	0.88%	-49%	-59%
Total employees	2,927	2,946	2,892	-1%	1%

Institutional now includes the NBNZ Institutional business that was previously reported in the New Zealand businesses segment. Comparatives have been adjusted.

March 2005 half year compared to September 2004 half year

Profit after tax increased by 4%. The impact of exchange rate movements was immaterial.

This result reflects the early benefits of strategic initiatives to return the business to sustainable growth after several years of de-risking while, at the same time, tight credit spreads affected earnings in Institutional Banking. During the half, the sale of the London headquartered project finance business largely completed the withdrawal from non-core activities. Earnings in Institutional Banking were 3% lower for the half with strong asset growth largely offset by margin reduction. Profit increased in all other businesses, with Corporate and Structured Financing (10%) higher reflecting strong deal flow, Trade & Transaction Services (5%) higher where margins have improved and Markets (9%) higher due to stronger foreign exchange customer activity and the sale of Sydney Futures Exchange shares. The focus of the business is now on further key initiatives to deliver revenue growth, combined with efficient use of capital and continuing strong risk management.

Significant factors affecting the result were:

Net interest income increased $25 million (7%), largely due to an increase of $22 million in Markets. A higher proportion of revenue was booked as interest due to funding costs associated with unrealised trading gains, offset by an equivalent fall in other operating income. Total income in Markets increased $14 million. Trade and Transaction Services increased 11%, driven by increased lending and deposit volumes and improved margins. Institutional Banking increased 1%, with lending growth of 14% being offset by a decline in margin due to competitive pressures. Corporate and Structured Financing decreased 10%, with lower lending assets following the sale of the London-headquartered project finance business.

Overall loan volumes increased 10%, deposit volumes increased 10% and net interest margin remained stable. Lending volumes in Australia were 16% higher, and in New Zealand, where the integration of the NBNZ business is progressing well, lending volumes were 21% higher in NZD terms.

Other operating income decreased $12 million (2%). Markets decreased $10 million largely due to the funding costs associated with unrealised trading gains described above, partly offset by profit on the sale of Sydney Futures Exchange shares. Corporate and Structured Financing increased 11%, reflecting a strong contribution from the private equity portfolio, the sell down of the Energy Infrastructure Trust and a $4 million gain on the sale of the London headquartered project finance business. This was offset by a decrease of 6% in Institutional Banking which experienced lower fee income.

Operating expenses have been tightly managed to be only 2% higher due to the successful execution of several initiatives which have focused on delivering a more efficient platform for the business. These included the integration of the Capital Markets and Foreign Exchange businesses, realignment of the segments in Institutional Banking, reorganisation of the Institutional Banking model in Asia, reorganisation of London infrastructure following the sale of the project finance activities, and a number of other infrastructure related efficiency initiatives. Some of the savings from these initiatives have been reinvested in growth and capability improvements, particularly in the Markets and Transaction Services businesses.

Provision for doubtful debts was 5% lower reflecting improved credit quality and lower offshore exposures, including the London project finance assets. Net specific provisions were $105 million lower, with no individually large new specific provisions in the current half. Net non-accrual loans have decreased by 43% due to continuing improvements in the portfolio quality.

Income tax expense reduced $9 million as a result of increased non-taxable income, including the sale of equity securities, the sale of the London headquartered project finance business, together with reduced profits in higher tax jurisdictions, principally the US.

March 2005 half year compared to March 2004 half year

Profit after tax increased $28 million (7%), including an additional 2 months contribution from NBNZ of $16 million, (refer page 28). The impact of exchange rate movements on translation of offshore earnings was less than 1%.

Operating income increased 5%. Trade and Transaction Services revenue increased 13% with increased trade flows through Asia, strong growth in Custody and increased international payments revenue. Markets increased 12% with stronger foreign exchange customer activity and volatility in the AUD. Institutional Banking reduced 3% with lower net interest and fee income and reduced margins. Corporate and Structured Financing revenue increased 4% reflecting a strong contribution from the private equity portfolio and the sell down of the Energy Infrastructure Trust.

Operating expenses increased 9%. Staff costs were higher due to an additional 2 months of NBNZ costs in the current half, investment in growth in Trade and Transaction Services, and an increase in costs related to delivering critical compliance initiatives.

Provision for doubtful debts reduced 18% due to a reduction in credit exposures offshore. Net specific provisions decreased by $60 million, with no individually large new specific provisions booked in the current half.

New Zealand Businesses(1)
Sir John Anderson

ANZ Retail	NBNZ Retail
Corporate Banking	Rural Banking
Central Support	Excludes Institutional, UDC,
(including Treasury)	integration and central funding

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	713	689	522	3%	37%
Other external operating income	245	247	204	-1%	20%
Net inter business unit fees	3	2	3	50%	0%
Operating income	961	938	729	2%	32%
External operating expenses	(462)	(448)	(354)	3%	31%
Net inter business unit expenses	(1)	(7)	(10)	-86%	-90%
Operating expenses	(463)	(455)	(364)	2%	27%
Profit before debt provision	498	483	365	3%	36%
Provision for doubtful debts	(46)	(53)	(44)	-13%	5%
Profit before income tax	452	430	321	5%	41%
Income tax expense and outside equity interests	(146)	(139)	(102)	5%	43%
Net profit attributable to members of the Company	306	291	219	5%	40%
Consisting of:					
ANZ Retail	103	105	93	-2%	11%
NBNZ Retail	116	104	62	12%	87%
Rural Banking	36	34	21	6%	71%
Corporate Banking	54	47	32	15%	69%
Central Support	(3)	1	11	large	large
	306	291	219	5%	40%
Balance Sheet					
Net loans & advances including acceptances	51,996	49,892	44,489	4%	17%
Other external assets	3,910	3,491	6,052	12%	-35%
External assets	55,906	53,383	50,541	5%	11%
Deposits and other borrowings	46,470	43,003	42,750	8%	9%
Other external liabilities	4,870	4,244	3,160	15%	54%
External liabilities	51,340	47,247	45,910	9%	12%
Ratios					
Net interest average margin	2.67%	2.73%	2.73%	-2%	-2%
Return on assets	1.12%	1.10%	1.08%	2%	4%
Return on risk weighted assets	1.51%	1.54%	1.57%	-2%	-4%
Operating expenses to operating income	48.2%	48.5%	49.9%	-1%	-3%
Operating expenses to average assets	1.70%	1.72%	1.79%	-1%	-5%
Net specific provisions	(26)	(22)	(13)	18%	100%
Net specific provision as a % of average net advances	0.10%	0.09%	0.08%	11%	25%
Net non-accrual loans	28	30	26	-7%	8%
Net non-accrual loans as a % of net advances	0.05%	0.06%	0.06%	-17%	-17%
Total employees	8,434	8,066	7,905	5%	7%

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(1) For a reconciliation of the New Zealand businesses results to the New Zealand Geographic results refer page 50

March 2005 half year compared to September 2004 half year

Profit after tax for the New Zealand businesses increased $15 million (5%). NBNZ Retail, Corporate Banking and Rural Banking increased 12%, 15% and 6% respectively, with strong volume growth, partly offset by lower margins in the case of NBNZ Retail. ANZ Retail profit after tax reduced by 2% driven by lower mortgage margins and reduced fee income following restructuring of honour fees partly offset by lower expenses. After adjusting for the impact of a 3% strengthening in the average NZD exchange rate, which impacted all trends, profit after tax growth was 2%.

Key influences on the result excluding the impact of the 3% strengthening in the average NZD exchange rate include the following:

Net interest income increased 1%.

Lending volumes increased 6% with growth in NBNZ Retail (7%), ANZ Retail (6%), Corporate Banking (7%) and Rural (4%).

Deposit volumes increased 3% in customer businesses after adjusting for the exchange rate impact, with solid deposit growth in ANZ Retail (4%), NBNZ Retail (3%), Corporate Banking (3%) and Rural (7%). Treasury funding volumes increased by $3 billion to fund strong asset growth across the New Zealand businesses.

Net interest margins have reduced as a result of the mortgage price war in the half which drove lower customer rates and a switch by customers from variable rate mortgages to fixed rate mortgages; a change in deposit mix with volume growth in lower margin call and term deposit products in ANZ Retail, partially offset by stronger deposit margins in NBNZ Retail, and a $7 million reduction in Treasury interest due to lower mismatch income and from a rising funding rate environment. Lending margins in Corporate and Rural were relatively static.

Other operating income reduced 3%. Growth in loan approval fees in ANZ Retail and NBNZ Retail was impacted by significant competitor-driven fee discounting and waivers. Fees in ANZ Retail reduced $8 million with a change in fee structures in response to customer demand. Rural Banking fees were seasonally lower with farm refinancing traditionally occurring in the September half year. NBNZ Retail achieved growth in sales commissions and Life Company profits.

Operating expenses reduced by 1% in NZD terms with salary increases and an increase in numbers of front-line staff (5% higher) being offset by seasonally lower staff leave costs and flat discretionary spend growth.

Provision for doubtful debts reduced by $8 million with the main factors being increased lending volumes offset by a reduction in loss factors in NBNZ following further analysis of loss history, improved credit quality and an increased proportion of low risk residential and rural lending. Net specific provisions increased, but are still lower than economic loss provisions. Non-accrual loans remain at a low level.

March 2005 half year compared to March 2004 half year

Profit after tax increased $87 million (40%) due to revenue growth, the inclusion of an additional two months contribution from NBNZ ($50 million) and the impact of a 5% appreciation in the average NZD exchange rate. After adjusting for the additional 2 months contribution from NBNZ and the impact of a strengthening NZD, profit after tax increased $25 million (9%).

Net interest income increased $191 million (37%) driven by the additional 2 months contribution from NBNZ ($125 million), a 10% growth in NZD lending volumes and growth in deposits in NBNZ Retail and ANZ Retail of 7% and 6% in NZD terms respectively. Interest margin has declined by 6 basis points reflecting the impact of the mortgage price war and product switch from floating to fixed rate loans, and a change in deposit product mix.

Other operating income increased $41 million (20%) due largely to the additional 2 months contribution from NBNZ ($37 million). Volume growth in all segments was offset by reduced pricing, including increased discounting of mortgage loan approval fees.

Operating costs increased $99 million (27%) as a result of the additional 2 months contribution from NBNZ ($79 million) and an increased investment in frontline staff.

Provision for doubtful debts increased $2 million (5%) with improved credit quality and a revision of loss factors in NBNZ largely offsetting the additional 2 months contribution from NBNZ ($12 million).

Corporate Australia
Graham Hodges

Corporate Banking Australia
Business Banking Australia
Small Business Banking

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	340	322	311	6%	9%
Other external operating income	142	140	131	1%	8%
Net inter business unit fees	(46)	(43)	(42)	7%	10%
Operating income	436	419	400	4%	9%
External operating expenses	(113)	(108)	(103)	5%	10%
Net inter business unit expenses	(32)	(34)	(35)	-6%	-9%
Operating expenses	(145)	(142)	(138)	2%	5%
Profit before debt provision	291	277	262	5%	11%
Provision for doubtful debts	(31)	(31)	(27)	0%	15%
Profit before income tax	260	246	235	6%	11%
Income tax expense and outside equity interests	(78)	(74)	(71)	5%	10%
Net profit attributable to members of the Company	182	172	164	6%	11%
Consisting of:					
Business Banking Australia	92	88	84	5%	10%
Corporate Banking Australia	64	60	55	7%	16%
Small Business Banking	26	24	25	8%	4%
	182	172	164	6%	11%
Balance Sheet					
Net loans & advances including acceptances	19,318	18,450	17,215	5%	12%
Other external assets	108	87	88	24%	23%
External assets	19,426	18,537	17,303	5%	12%
Deposits and other borrowings	16,630	15,715	14,997	6%	11%
Other external liabilities	5,608	5,508	5,282	2%	6%
External liabilities	22,238	21,223	20,279	5%	10%
Ratios					
Net interest average margin	3.97%	3.98%	4.01%	0%	-1%
Return on assets	1.66%	1.65%	1.64%	1%	1%
Return on risk weighted assets	1.95%	1.95%	1.96%	0%	-1%
Operating expenses to operating income	33.3%	33.9%	34.5%	-2%	-3%
Operating expenses to average assets	1.33%	1.36%	1.38%	-2%	4%
Net specific provisions	(23)	(24)	(20)	-4%	15%
Net specific provision as a % of average net advances	0.24%	0.27%	0.24%	-11%	0%
Net non-accrual loans	56	51	42	10%	33%
Net non-accrual loans as a % of net advances	0.29%	0.28%	0.24%	4%	21%
Total employees	1,841	1,716	1,677	7%	10%

March 2005 half year compared to September 2004 half year

Profit after tax increased by 6%. Significant influences on the result were:

Net interest income increased 6% driven by growth in both average lending (7%) and average deposits (6%). The growth in average lending (Corporate Banking 6%, Business Banking 7%) and average deposit volumes (Corporate Banking 6%, Business Banking 5% and Small Business Banking 9%) resulted from increased activity with existing customers and new customer acquisition. Key factors in achieving growth were the increased investment in frontline staff, the industry specialisation approach to customers and ANZ s very competitive customer service proposition; offsetting this, lending volume growth slowed due to increased competition. Deposit volume growth also reflected higher seasonal deposits over the December/January period.

The net interest margin remained stable, declining by 1 basis point. Portfolio mix changes largely offset an increasing impact of competition in both Corporate and Business Banking markets. Competitive margin pressure was more evident on the deposit side than the lending side of the balance sheet.

Other external operating income increased 1%, mainly driven by the success of the Wall St to Main St proposition, including private equity. The modest growth reflected a slow down in volumes and a degree of seasonality, which results in a cyclically stronger September half year.

Net inter-business unit fees, which represent the branch network costs, were 7% higher due to the increased investment in the branch network, including new and refurbished branches.

Effective cost management saw operating expenses increase only 2% despite a significant investment in frontline staff in Small Business Banking and ongoing investment in Corporate and Business Banking. Staff numbers increased by 125. The cost to income ratio reduced to 33.3%.

Provision for doubtful debts remained flat despite the increase in lending volumes. Credit quality in both the Business Banking and Corporate segments remains sound.

Net specific provisions, at $23 million, are down 4% and significantly below expected loss levels. Non-accrual loans as a percentage of the portfolio continued to remain at a low level.

March 2005 half year compared to March 2004 half year

Profit after tax increased 11%, with growth in Corporate Banking of 16% and Business Banking of 10%. Net interest income increased 9% from growth in both average lending and average deposit volumes (15% and 11% respectively). Net interest margins declined 4 basis points due to changes in product mix, reflecting a combination of faster growth in lending than deposits and higher growth rates in lower margin products and growing competition in business markets. Other operating income increased mainly due to the growth in Wall St to Main St activity. Operating costs increased by 5% driven by a 10% increase in staff numbers and annual salary increases, funded in part through effective cost management.

Provision for doubtful debts increased by 15% reflecting growth in lending volumes.

Esanda and UDC

Elizabeth Proust

A leading provider of vehicle and equipment finance, rental services and fixed and at call investments. Operates in Australia as Esanda and Esanda FleetPartners and in New Zealand as UDC and Esanda FleetPartners

	Half year Mar 05 $M	**Half year Sep 04 $M**	**Half year Mar 04 $M**	**Movt Mar 05 v. Sep 04 %**	**Movt Mar 05 v. Mar 04 %**
Net interest income	183	182	179	1%	2%
Other external operating income	57	56	48	2%	19%
Net inter business unit fees	(4)	(4)	(5)	0%	-20%
Operating income	236	234	222	1%	6%
External operating expenses	(81)	(83)	(76)	-2%	7%
Net inter business unit expenses	(14)	(14)	(13)	0%	8%
Operating expenses	(95)	(97)	(89)	-2%	7%
Profit before debt provision	141	137	133	3%	6%
Provision for doubtful debts	(31)	(34)	(33)	-9%	-6%
Profit before income tax	110	103	100	7%	10%
Income tax expense and outside equity interests	(33)	(29)	(31)	14%	6%
Net profit attributable to members of the Company	77	74	69	4%	12%
Operating expenses to operating income	40.3%	41.5%	40.1%	-3%	0%
Net specific provisions	(24)	(23)	(24)	4%	0%
Net non-accrual loans	43	37	59	16%	-27%
Total employees	1,349	1,297	1,252	4%	8%

March 2005 half year compared to September 2004 half year

Profit after tax increased by 4%. Strong profit growth in Australia was partly offset by a weaker performance in New Zealand, which was impacted by structural changes and competitive pressure. Significant influences on the result were:

Net interest income grew by 1% with a 2% increase in lending volumes reflecting seasonal patterns in new business writings in the first half and a very competitive market, particularly in New Zealand. A 6 basis point decline in margins resulted from the cost of exiting franchisee arrangements in New Zealand and the run-off of higher yielding loans during the year which were increasingly replaced by new business from lower risk, lower margin, higher return segments.

Other operating income grew by 2% due primarily to increased fees from value-added fleet management services.

Operating expenses decreased by 2% with the September 2004 half including increased indirect taxes. This reduction was partly offset by annual salary increases and an increased investment in growth with additional front-line staff and expenditure on the new Esanda Online Saver product. The continued control of expenses and growth in income has resulted in the cost to income ratio falling to 40.3% from 41.5% in the September 2004 half.

Provision for doubtful debts decreased by 9% despite the 2% increase in lending volumes with an improvement in the credit quality of the loan book from an increased proportion of lower risk new business and assets.

March 2005 half year compared to March 2004 half year

Profit after tax grew by 12%. Net interest income grew 2% driven by a 6% increase in lending volumes while other operating income increased 19% due primarily to changes in the fee structure for business lending in February 2004 and increased fees from value-added fleet management services. Operating expenses increased by 7% as a result of higher staff numbers in frontline growth initiatives and call centres as well as annual salary increases. These were offset by lower software expenditure and amortisation charges. Provision for doubtful debts was 6% lower and net non-accrual loans were $16 million lower than March 2004 reflecting the overall improvement in credit quality.

Asia Pacific

Elmer Funke Kupper

Provision of primarily retail banking services in the Pacific Region and Asia, including ANZ s share of PT Panin Bank in Indonesia; this business unit excludes institutional and corporate transactions conducted in the Asia Pacific geographies and included in Institutional business unit results

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	78	79	74	-1%	5%
Other external operating income	73	74	73	-1%	0%
Operating income	151	153	147	-1%	3%
External operating expenses	(81)	(74)	(70)	9%	16%
Net inter business unit expenses	1	1		0%	n/a
Operating expenses	(80)	(73)	(70)	10%	14%
Profit before debt provision	71	80	77	-11%	-8%
Provision for doubtful debts	(11)	(12)	(11)	-8%	0%
Profit before income tax	60	68	66	-12%	-9%
Income tax expense and outside equity interests	(12)	(8)	(15)	50%	-20%
Net profit attributable to members of the Company	48	60	51	-20%	-6%
Operating expenses to operating income	53.0%	47.7%	47.6%	11%	11%
Net specific provisions	(17)	(7)	(7)	large	large
Net non-accrual loans	15	17	17	-12%	-12%
Total employees	2,040	1,972	1,890	3%	8%

March 2005 half year compared to September 2004 half year

Profit after tax decreased by 20%. Improved core business revenue was offset by lower adjustments ($8 million) of provisions arising on adoption of equity accounting for PT Panin Bank in Indonesia and a strengthening of the AUD which suppressed profit growth by 2%. Excluding exchange rate movements the main drivers of the results were:

Net interest income increased 3%. A 12% growth in lending volumes, mainly in Fiji, and 10% growth in deposits were largely offset by the structural change in interest rate environment in PNG, with average Treasury Bill rates falling by approximately 600 basis points between the two halves.

Other operating income increased 2%. Equity accounted income increased with improved core business performance in PT Panin Bank offset by lower adjustments of provisions created on adoption of equity accounting for PT Panin Bank. The September 2004 half also included $2 million income from the sale of properties in the Pacific, which was not repeated in the March 2005 half.

Operating expenses increased due to the set-up cost for the ANZ Royal Bank joint venture in Cambodia, costs associated with building partner relationships in China and Vietnam and continued support for the centralisation of regional operations in Fiji.

Credit quality remains sound with reduction in provision for doubtful debts by 4%. The increase in net specific provisions is a result of provisioning for one account in Fiji.

Income tax expense increased $4 million largely as a result of a one off tax credit arising from the repayment of foreign currency loans upon the exercise of options in PT Panin in the September 2004 half.

March 2005 half year compared to March 2004 half year

Profit after tax reduced 6%. Operating income was flat with a 20% increase in lending volumes and strong core business performance in PT Panin Bank was offset by the impact of the structural change in the interest rate environment in PNG and the cessation of provision write-backs mentioned above. Operating expenses increased 14% as a result of set-up costs of the ANZ Royal Bank operations in Cambodia and costs associated with building partner relationships in China and Vietnam. The impact of exchange rate movements was immaterial.

ING Australia

Paul Bedbrook

INGA, the joint venture between ANZ and ING Group, provides integrated manufacture and distribution of wealth creation, management and protection products and services aligned to ANZ distribution and the open market

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Funds management income	226	237	206	-5%	10%
Risk income	110	101	80	9%	38%
	336	338	286	-1%	17%
Costs (excl goodwill on purchase of ANZ business)	(238)	(251)	(198)	-5%	20%
	98	87	88	13%	11%
Capital investment earnings	101	99	65	2%	55%
Net income	199	186	153	7%	30%
Income tax expense	(35)	(30)	(27)	17%	30%
Profit after tax	164	156	126	5%	30%
ANZ share					
ANZ share of INGA earnings @ 49%	80	76	62	5%	29%
ANZ capital hedges	(11)	(7)	(6)	57%	83%
Net funding cost	(6)	(8)	(9)	-25%	-33%
Net return to ANZ(1)	63	61	47	3%	34%

(1) Notional Goodwill amortisation of $21 million (Sep 04: $19 million; Mar 04: $22 million) is reported in the Group Centre. Lower amortisation in the September 2004 half reflects goodwill reduction of $25 million from finalisation of completion accounts

March 2005 half year compared to September 2004 half year

Net return to ANZ increased by 3%. Significant influences on the result were:

Funds management income reduced by 5%, impacted by a one-off increase to the reserve supporting annuity products, lower net income associated with a new franchise agreement, higher fee rebates payable to customers, outsourcing charges for administration of the Wrap product and a write down in the value of a subsidiary business. Total funds under management and inflows increased by $2.6 billion or 9%. INGA maintained its number 4 position in Retail Funds under Management as measured by ASSIRT.

Risk income increased by 9%, driven by continued favourable claims experience and increased sales of life insurance products through the ANZ network.

Costs reduced 5% from the September half year mainly due to lower costs associated with process improvements.

Capital investment earnings increased by 2% in line with continued strong investment markets. ANZ continues to partially hedge against volatility in this income stream. As a result, gains in capital investment earnings were offset by hedge losses.

Tax expense increased due to the higher capital investment earnings and operating profit.

March 2005 half year compared to March 2004 half year

Net return to ANZ increased 34%. Funds management income increased by 10% due to continued strong investment markets and higher funds under management. Life risk income increased driven by favourable claims experience and increased insurance sales through the ANZ network. Costs increased by 20% due to the insourcing of investment management services in the September half year, increased investment in product systems and process improvements, and a write off of fixed assets. Capital investment earnings increased over the March 2004 half with higher fixed interest and equity returns. These gains were partly offset by losses on ANZ s hedges. Tax expense increased due to higher capital investment earnings.

Group Centre

Group People Capital	Group Strategic Development
Group Risk Management	Group Financial Management
Treasury	Operations, Technology and Shared Services

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	135	135	156	0%	-13%
Other external operating income	(3)	(5)	(11)	-40%	-73%
Net inter business unit fees	(1)		(5)	n/a	-80%
Operating income	131	130	140	1%	-6%
External operating expenses	(463)	(446)	(399)	4%	16%
Net inter business unit expenses	255	261	263	-2%	-3%
Operating expenses	(208)	(185)	(136)	12%	53%
Profit before debt provision	(77)	(55)	4	40%	large
Provision for doubtful debts		(20)	(22)	-100%	-100%
Profit before income tax	(77)	(75)	(18)	3%	large
Income tax expense and outside equity interests	(4)	(17)	(31)	-76%	-87%
Net profit attributable to members of the Company	(81)	(92)	(49)	-12%	65%
Including:					
Treasury	9	16	37	-44%	-76%
Total employees	3,952	3,792	3,618	4%	9%

March 2005 half year compared to September 2004 half year

The result for the Group Centre was a loss of $81 million compared with a loss of $92 million in the September 2004 half. Significant influences on the result were:

The strengthening of the average NZD exchange rate over the half resulted in a $12 million reduction in income on contracts put in place to hedge NZD denominated earnings. These losses were offset in New Zealand Businesses, and the New Zealand component of the Institutional and Esanda and UDC businesses. In addition the maturity of contracts put in place to hedge USD revenues resulted in a further decline of $9 million.

The investment of the Euro hybrid issue proceeds increased profit after tax by $5 million.

Group Treasury earnings reduced $7 million largely as a result of lower balance sheet management earnings in Singapore and reduced short end mismatch earnings.

Other operating income increased $2 million with the September 2004 half including settlement of the INGA warranties which enabled the release of provisions held against potential claims which was partly offset by a provision for loss on the proposed sale of property.

Operating expenses increased $23 million with increased risk management and compliance costs including Basel II, GST, International Accounting Standards and the US Sarbanes Oxley legislation, higher goodwill amortisation with the September half including an adjustment to align the amortisation term of goodwill on NBNZ s balance sheet and reduce NBNZ goodwill following the final settlement with Lloyds TSB, and increased non-lending losses charge mainly related to cheque conversion fraud.

The decrease in tax expense reflects mainly the issue of shares under the employee share scheme and the impact of the Euro hybrid. The September 2004 half includes non-taxable property write-downs. Goodwill amortisation is booked in the Group Centre.

Provision for doubtful debts reduced $20 million with no additional charge in the Group Centre as a result of reduced risk in the Institutional offshore business.

March 2005 half year compared to March 2004 half year

The half year loss of $81 million compared with a loss of $49 million in the March 2004 half. Revenue reduced 6% as a result of lower earnings in Treasury ($39 million). Operating costs increased largely as a result of an additional $26 million goodwill amortisation on the NBNZ acquisition, provisioning for cheque conversion fraud and increased compliance and risk management costs. Economic loss provisioning reduced reflecting the reduced additional charge taken in the Group Centre.

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GEOGRAPHIC SEGMENT PERFORMANCE

Geographic performance

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net profit attributable to shareholders of the company					
Australia	1,051	984	1,000	7%	5%
New Zealand	269	268	227	0%	19%
Asia Pacific	84	99	92	-15%	-9%
Other	71	68	77	4%	-8%
	1,475	1,419	1,396	4%	6%
Net profit excluding significant items(1) and NBNZ incremental integration costs(2)					
Australia	1,051	970	916	8%	15%
New Zealand	286	282	227	1%	26%
Asia Pacific	84	99	92	-15%	-9%
Other	71	68	77	4%	-8%
	1,492	1,419	1,312	5%	14%

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

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

Net profit after income tax

	Australia	New Zealand	Asia Pacific	Other	Total
March 2005 Half					
Personal	442	202	53		**697**
Institutional	277	101	18	31	**427**
Corporate	182	107	27		**316**
Esanda and UDC	60	17			**77**
ING Australia	63				**63**
Group Centre	27	(158)	(14)	40	**(105)**
	1,051	**269**	**84**	**71**	**1,475**

September 2004 Half					
Personal	417	194	41		**652**
Institutional	267	101	28	30	**426**
Corporate	172	96	30		**298**
Esanda and UDC	54	19			**73**
ING Australia	60				**60**
Group Centre	14	(142)		38	**(90)**
	984	**268**	**99**	**68**	**1,419**
March 2004 Half					
Personal	384	145	35		**564**
Institutional	254	85	30	47	**416**
Corporate	164	63	29		**256**
Esanda and UDC	52	18			**70**
ING Australia	47				**47**
Group Centre	99	(84)	(2)	30	**43**
	1,000	**227**	**92**	**77**	**1,396**

Australia

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	1,859	1,749	1,701	6%	9%
Fee income	877	862	818	2%	7%
Other operating income	266	293	357	-9%	-25%
Operating income	3,002	2,904	2,876	3%	4%
Operating expenses	(1,362)	(1,305)	(1,246)	4%	9%
Profit before debt provision	1,640	1,599	1,630	3%	1%
Provision for doubtful debts	(200)	(224)	(220)	-11%	-9%
Income tax expense	(389)	(392)	(410)	-1%	-5%
Outside equity interest		1		-100%	n/a
Net profit attributable to members of the Company	1,051	984	1,000	7%	5%
Net interest average margin	2.38%	2.43%	2.54%	-2%	-6%
Return on risk weighted assets	1.57%	1.56%	1.65%	1%	-5%
Operating expenses(1) to operating income	45.2%	44.8%	43.2%	1%	5%
Operating expenses(1) to average assets	1.52%	1.54%	1.58%	-1%	-4%
Net specific provision	(101)	(196)	(165)	-48%	-39%
Net specific provision as a % of average net advances	0.13%	0.27%	0.24%	-52%	-46%
Net non-accrual loans	220	213	275	3%	-20%
Net non-accrual loans as a % of net advances	0.14%	0.14%	0.19%	0%	-26%
Total employees	17,389	16,815	16,411	3%	6%
Lending growth	8.4%	6.2%	7.2%		
External assets	185,434	170,455	161,542	9%	15%
Risk weighted assets	139,243	129,764	122,982	7%	13%

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(1) This excludes goodwill amortisation of $4 million (Sep 2004 half: $4 million; Mar 2004 half: $4 million). Refer Note 15 on page 83

March 2005 half year compared to September 2004 half year

Profit after tax increased by 7%. Excluding the Australian component of significant items, (refer page 12) profit increased by 8%. Significant influences on the result were:

Net interest income increased by 6%. Lending volumes increased 8%, driven by growth in Personal Banking 7%, Institutional 19% and Corporate Australia 5%. Deposit and other borrowing volumes increased in Personal Banking 4% and Institutional 12%. Net interest average margin decreased by 5 basis points with a change in the composition of the portfolio, with growth in lower margin mortgages, term deposit and cash management accounts, and increased competition in Institutional. This was partly offset in Markets, where a higher proportion of revenue was booked as net interest ($19 million), offset by lower other operating income.

Fee income increased by 2% with a 3% increase in Personal Banking Australia, on higher lending volumes, higher income from financial planners and higher sales of general insurance products in the branch network. Institutional reduced 3% due largely to increased competition in Institutional Banking.

Other operating income decreased $27 million. The September 2004 half included $14 million profit from significant items, (refer page 12) and Markets declined $19 million, offset by higher net interest income as a result of lower funding costs on derivative positions. Excluding these impacts, other operating income increased 2% with higher earnings from the sale of equity securities, (including Private Equity), in Institutional.

Operating expenses increased by 4% reflecting an increased investment in frontline staff and annual salary increases, and increased compliance costs including the US Sarbanes Oxley legislation and International Financial Reporting Standards.

Provision for doubtful debts decreased by 11% driven by a reduced charge in the Group Centre. The impact of volume growth was offset by improved credit quality in most portfolios. Net specific provisions decreased $95 million mainly in Institutional reflecting an improvement in overall credit quality and no new large credit provisions during the half.

March 2005 half year compared to March 2004 half year

Profit after tax increased 5%. Excluding the Australian component of significant items, ($84 million profit in March 2004 half) profit increased by 15%. Net interest income increased 9% with higher lending volumes partly offset by 16 basis point margin contraction. Fee income increased 7% mainly due to increased transaction and lending volumes in Personal Banking Australia. Operating expenses increased 9% mainly due to a $75 million increase in personnel costs.

New Zealand

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	789	771	600	2%	32%
Fee income	277	277	230	0%	20%
Other operating income	75	70	61	7%	23%
Operating income	1,141	1,118	891	2%	28%
Operating expenses	(661)	(640)	(488)	3%	35%
Profit before debt provision	480	478	403	0%	19%
Provision for doubtful debts	(57)	(63)	(55)	-10%	4%
Income tax expense	(154)	(147)	(119)	5%	29%
Outside equity interests			(2)	n/a	-100%
Net profit attributable to members of the Company	269	268	227	0%	19%
Net interest average margin	2.43%	2.49%	2.52%	-2%	-4%
Return on risk weighted assets	1.04%	1.11%	1.22%	-6%	-15%
Operating expenses(1) to operating income	50.6%	50.4%	48.3%	0%	5%
Operating expenses(1) to average assets	1.60%	1.66%	1.59%	-4%	1%
Net specific provision	(29)	(25)	(19)	16%	53%
Net specific provision as a % of average net advances	0.10%	0.09%	0.09%	11%	11%
Net non-accrual loans	42	47	41	-11%	2%
Net non-accrual loans as a % of net advances	0.07%	0.08%	0.08%	-13%	-13%
Total employees	9,256	8,816	8,596	5%	8%
Lending growth (including FX impact)	5.0%	10.7%	153.3%		
Lending growth (excluding FX impact)	6.9%	3.2%	154.1%		
External assets	73,566	69,801	67,921	5%	8%
Risk weighted assets	53,472	49,863	46,900	7%	14%

(1) This excludes goodwill amortisation of $84 million (Sep 2004 half: $77 million; Mar 2004 half: $58 million). Refer Note 15 on page 83

The following table represents the New Zealand geography in local currency (NZD).

	Half year Mar 05 NZD M	Half year Sep 04 NZD M	Half year Mar 04 NZD M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	855	859	684	0%	25%
Fee income	300	308	263	-3%	14%
Other operating income	81	78	69	4%	17%
Operating income	1,236	1,245	1,016	-1%	22%
Operating expenses	(716)	(713)	(557)	0%	29%
Profit before debt provision	520	532	459	-2%	13%
Provision for doubtful debts	(62)	(71)	(62)	-13%	0%
Income tax expense	(167)	(163)	(136)	2%	23%
Outside equity interests			(2)	n/a	-100%

Net profit attributable to members of the Company	291	298	259	-2%	12%
External assets	80,179	74,687	77,885	7%	3%
Risk weighted assets	58,280	53,353	53,781	9%	8%

Reconciliation of Geographic result

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
NZ Business					
New Zealand Businesses	306	291	219	5%	40%
UDC	17	19	18	-11%	-6%
Institutional	101	101	85	0%	19%
	424	411	322	3%	32%
Total integration costs	(21)	(23)	(5)	-9%	large
NBNZ goodwill	(81)	(75)	(54)	8%	50%
Acquisition and funding	(68)	(59)	(39)	15%	74%
Other	15	14	3	7%	large
New Zealand geography	269	268	227	0%	19%

March 2005 half year compared to September 2004 half year

Profit after tax was flat. After adjusting for the impact of a 3% strengthening in the average NZD exchange rate, which impacted all trends, profit after tax reduced 2%. Increased profit (in NZD terms) in New Zealand Businesses (2%) was offset by reduced profit in Institutional (-3%) and UDC (-14%). The Institutional result includes a reduction in profit of $3 million due to acquisition related revenue attrition. Profit on structured deals was $6 million lower as a result of the planned roll off of structured transactions. Both reductions are in line with expectations. Key influences on the result excluding the impact of exchange rates include:

Net interest income was constrained, partly due to higher costs of funding the NBNZ acquisition due to rising interest rates ($9 million) and a $7 million reduction in Treasury earnings due to lower mismatch earnings from a rising rate environment. Lending volumes increased 7% with growth in New Zealand businesses (6%), and Institutional (21%, mainly in Institutional Banking and Structured Financing) offsetting a reduction in UDC (5%). Customer deposit volumes increased 3% in New Zealand businesses. Net interest margins have reduced 6 basis points as a result of the mortgage price war and product switch from floating to fixed rate loans, margin reductions in Institutional Banking, higher funding costs, and a change in deposit mix with volume growth in lower margin call and term deposit products.

Fee income reduced 3% with retail loan approval fees constrained as a result of competitive discounting, a decision to restructure the honour fee in ANZ Retail, and seasonally lower lending fees in Rural Banking largely offsetting volume driven increases in fees in Institutional.

Other operating income was higher, with increased income from private equity transactions being partly offset by reduced profit on trading instruments with low interest rate volatility and a flat yield curve resulting in reduced customer hedging activity.

Operating expenses were flat in NZD terms. Salary increases and an increased investment in front-line staff increasing staff numbers by 5% have been offset by seasonally lower staff leave costs and constraints on discretionary spend. The total integration spend was flat.

Provision for doubtful debts reduced by $8 million with increased lending volumes being offset by the revision of loss factors in NBNZ following further analysis of loss history and an increased proportion of low risk residential and rural lending. Non-accrual loans remain at a low level.

March 2005 half year compared to March 2004 half year

Profit after tax increased $42 million (19%) due largely to the inclusion of an additional two months contribution from NBNZ ($29 million including acquisition and funding costs) and the impact of a 5% appreciation in the average NZD exchange rate. The Institutional result includes a reduction in profit of $3 million due to acquisition related revenue attrition. This reduction is in line with expectations. After adjusting for the additional 2 months contribution from NBNZ and the impact of a strengthening NZD, profit after tax was flat.

Net interest increased 32% driven by an additional 2 months contribution from NBNZ ($127 million including acquisition and funding costs) and a 10% growth in NZD lending volumes and NZD growth in deposits in NBNZ Retail and ANZ Retail of 7% and 6% respectively. Interest margin has declined by 9 basis points reflecting the impact of the mortgage price war , lending product switch from variable to fixed, and a change in deposit mix.

Fee income increased $47 million (20%) as a result of an additional 2 months contribution from NBNZ ($38 million). Volume growth in New Zealand businesses and Institutional was partly offset by reduced pricing and increased discounting of mortgage loan approval fees.

Other operating income increased $14 million (23%) as a result of an additional 2 months contribution from NBNZ ($15 million) partly offset by lower revenue in UDC ($2 million) and current year losses in Treasury resulting from conversion of foreign denominated funding into NZD ($3 million).

Operating costs increased $173 million (35%) as a result of an additional 2 months contribution from NBNZ ($115 million including goodwill amortisation), integration costs and an increased investment in frontline staff.

Asia Pacific

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	102	115	109	-11%	-6%
Fee income	55	59	51	-7%	8%
Other operating income	79	70	80	13%	-1%
Operating income	236	244	240	-3%	-2%
Operating expenses	(114)	(107)	(102)	7%	12%
Profit before debt provision	122	137	138	-11%	-12%
Provision for doubtful debts	(15)	(16)	(18)	-6%	-17%
Income tax expense	(22)	(20)	(27)	10%	-19%
Outside equity interests	(1)	(2)	(1)	-50%	0%
Net profit attributable to members of the Company	84	99	92	-15%	-9%
Operating expenses(1) to operating income	47.9%	43.0%	42.1%	11%	14%
Net specific provision	(15)	(9)	(10)	67%	50%
Net non-accrual loans	21	22	24	-5%	-13%
Total employees	2,275	2,221	2,131	2%	7%

(1) This excludes goodwill amortisation of $1 million (Sep 2004 half: $2 million; Mar 2004 half: $1 million). Refer Note 15 on page 83

March 2005 half year compared to September 2004 half year

Profit after tax decreased 15%. The result was significantly impacted by lower adjustments of provisions arising on adoption of equity accounting for PT Panin Bank ($8 million), lower interest earnings in the Treasury operations in Singapore ($9 million after tax) and the impact of appreciation of the AUD which suppressed profit growth by 4% ($4 million).

Excluding exchange rate movements other areas of the business improved with the main drivers of the results being:

Net interest reduced 7% with the impact of the structural change in the interest rate environment in PNG, with average Treasury Bill rates falling by approximately 600 basis points between the two halves, and reduced Treasury earnings in Singapore offsetting volume driven increases in other regions in a competitive environment.

Other operating income increased 17% with stronger than expected growth in PT Panin Bank and increased foreign exchange earnings.

Operating expenses increased due to set-up costs for the ANZ Royal Bank joint venture in Cambodia, costs associated with building partner relationships in China and Vietnam and the centralisation of regional operations in Fiji.

Provision for doubtful debts reduced by 7%, which reflects a lower loss rate on credit cards in Indonesia. The increase in net specific provisions is a result of provisioning for one account in Fiji.

Income tax expense increased, despite lower profit before tax, largely as a result of a one off tax credit arising from the repayment of foreign currency loans upon the exercise of options in PT Panin in the September 2004 half.

March 2005 half year compared to March 2004 half year

Profit after tax reduced 9%. Operating income reduced 2% with the impact of the structural change in the interest environment in PNG, and lower Treasury earnings offset by growth in tother areas. Operating expenses increased by 12% as a result of set-up cost of the ANZ Royal Bank operations in Cambodia and costs associated with building partner relationships in China and Vietnam.

Other

	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Net interest income	103	110	99	-6%	4%
Fee income	53	62	62	-15%	-15%
Other operating income	22	15	24	47%	-8%
Operating income	178	187	185	-5%	-4%
Operating expenses	(63)	(72)	(66)	-13%	-5%
Profit before debt provision	115	115	119	0%	-3%
Provision for doubtful debts	(12)	(16)	(20)	-25%	-40%
Income tax expense	(32)	(31)	(22)	3%	45%
Net profit attributable to members of the Company	71	68	77	4%	-8%
Operating expenses to operating income	35.4%	38.5%	35.7%	-8%	-1%
Net specific provision	(6)	(17)	(2)	-65%	large
Net non-accrual loans	43	169	177	-75%	-76%
Total employees	912	903	833	1%	9%

March 2005 half year compared to September 2004 half year

Profit after tax increased by 4%. Excluding the impact of exchange rates profit increased by 10%. Significant influences on the result excluding the impact of exchange rates were:

Net interest income decreased 2%. Higher earnings on capital following interest rates increases during the September 2004 half and higher earnings on funds lent to New Zealand were offset by a decline in Institutional following the sale of the London headquartered project finance business and the continued strategy to de-risk the overseas portfolios.

Fee income reduced 10% following the sale of the project finance businesses.

Other operating income increased by $7 million mainly due to the profit on sale of the project finance activities and a $2 million increase in income in Markets.

Operating expenses decreased 7% as the sale of the project finance business resulted in a reorganisation in the London infrastructure, which decreased personnel, computer and other expenses. Employee numbers increased 1% with additional technology staff in ANZIT in India.

Provision for doubtful debts decreased 24% reflecting the reduction in the exposure to the US and UK Power and Telecommunications sectors. Net specific provisions reduced with no significant new provisions in the half and the recovery of several bad debts previously provided for.

March 2005 half year compared to March 2004 half year

Profit after tax decreased 8%. After adjusting for the impact of exchange rate movements, profit decreased 6%. A 4% increase in net interest income was largely due to earnings on additional capital associated with funding the NBNZ acquisition. Fee income reduced $9 million largely due to the sale of the project finance business. Foreign exchange earnings reduced from the strong March 2004 half. Provision for doubtful debts decreased 40% driven by a 13% reduction in loan volumes and the impact of the strategy to de-risk the offshore portfolios. Income tax expense increased $10 million largely due to the March 2004 half including the release of a $7 million tax provision relating to prior year tax expense in the US.

FOUR YEAR SUMMARY BY HALF YEAR

	Mar 05 $M	Sep 04 $M	Mar 04 $M	Sep 03 $M	Mar 03 $M	Sep 02 $M	Mar 02 $M	Sep 01 $M
Statement of Financial Performance								
Net interest income	**2,853**	2,745	2,509	2,171	2,140	2,053	1,965	1,954
Other operating income	**1,704**	1,708	1,683	1,456	1,352	1,561	1,409	1,333
Operating expense	**(2,200)**	(2,124)	(1,902)	(1,626)	(1,602)	(1,575)	(1,330)	(1,553)
Provision for doubtful debts	**(284)**	(319)	(313)	(311)	(303)	(309)	(551)	(290)
Profit before income tax	**2,073**	2,010	1,977	1,690	1,587	1,730	1,493	1,444
Income tax expense	**(597)**	(590)	(578)	(482)	(444)	(457)	(441)	(468)
Outside equity interest	**(1)**	(1)	(3)	(1)	(2)	(1)	(2)	(1)
Net profit attributable to members of the Company	**1,475**	1,419	1,396	1,207	1,141	1,272	1,050	975
Statement of Financial Position								
Assets	**277,849**	259,345	247,288	195,591	190,518	183,105	176,589	185,493
Net assets	**19,008**	17,925	16,748	13,787	12,485	11,465	10,803	10,551
Ratios								
Return on average ordinary equity(1)	**17.2%**	17.3%	19.1%	20.9%	20.3%	24.8%	21.6%	20.9%
Return on average ordinary equity(1) excluding significant items(2) and NBNZ incremental integration costs(3)	**17.4%**	17.3%	18.4%	20.9%	20.3%	21.4%	21.9%	20.9%
Return on average assets	**1.1%**	1.1%	1.2%	1.2%	1.2%	1.4%	1.2%	1.1%
Tier 1 capital ratio	**7.0%**	6.9%	7.0%	7.7%	7.7%	7.9%	7.8%	7.5%
Operating expenses(4) to operating income	**46.3%**	45.8%	43.9%	44.6%	45.6%	43.3%	39.1%	47.0%
Operating expenses(4) to operating income excluding significant items(2) and NBNZ incremental integration costs(3)	**45.8%**	45.5%	45.1%	44.6%	45.6%	45.5%	46.5%	47.0%
Shareholder value - ordinary shares								
Total return to shareholders (share price movement plus dividends)	**11.3%**	3.0%	13.6%	2.5%	4.1%	1.4%	13.7%	18.6%
Market capitalisation	**37,584**	34,586	34,284	27,314	27,135	26,544	26,579	23,783
Dividend	**51 cents**	54 cents	47 cents	51 cents	44 cents	46 cents	39 cents	40 cents
Franked portion	**100%**	100%	100%	100%	100%	100%	100%	100%
Share price(5)								
high	**$ 22.02**	$ 19.44	$ 19.40	$ 18.45	$ 18.19	$ 19.70	$ 17.90	$ 16.71
low	**$ 19.02**	$ 17.45	$ 15.94	$ 16.66	$ 15.01	$ 16.18	$ 15.23	$ 12.85
closing	**$ 20.62**	$ 19.02	$ 18.96	$ 17.17	$ 17.15	$ 16.88	$ 17.00	$ 15.28
Share information (per fully paid ordinary share)								
Earnings per share - basic(5)	**78.8c**	76.4c	76.8c	73.3c	69.1c	77.7c	63.6c	59.1c

Dividend payout ratio	**64.7%**	71.0%	63.8%	67.0%	61.3%	57.0%	58.9%	65.0%
Net tangible assets	**$ 7.69**	$ 7.51	$ 6.94	$ 7.49	$ 7.32	$ 6.58	$ 6.14	$ 5.96
Number of fully paid ordinary shares on issue (millions)	**1,822.7**	1,818.4	1,808.2	1,521.7	1,513.4	1,503.9	1,495.7	1,488.3
Other information								
Permanent employees (FTE s)	**28,388**	27,383	26,585	21,586	21,218	21,380	21,508	21,403
Temporary employees (FTE s)	**1,444**	1,372	1,386	1,551	1,265	1,102	1,229	1,098
Total employees	**29,832**	28,755	27,971	23,137	22,483	22,482	22,737	22,501
Number of shareholders(6)	**255,655**	252,072	245,173	223,545	210,512	198,716	190,133	181,667

(1) Average ordinary shareholders equity excludes outside equity interests

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

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

(4) Operating expenses excludes goodwill amortisation of $89 million (Sep 2004: $83 million; Mar 2004: $63 million; Sep 2003: $9 million; Mar 2003: $9 million; Sep 2002: $10 million; Mar 2002: $10 million; Sep 2001: $8 million)

(5) September 2003 and prior periods adjusted for the bonus element of the rights issue

(6) Excludes employees whose only ANZ shares are held in trust under ANZ employee share schemes

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Australia and New Zealand Banking Group Limited

CONSOLIDATED FINANCIAL STATEMENTS AND OTHER DISCLOSURES

Half year ended

31 March 2005

CONSOLIDATED FINANCIAL STATEMENTS - TABLE OF CONTENTS

DIRECTORS REPORT

The directors present their report on the consolidated financial report for the half year ended 31 March 2005.

Directors

The names of the directors of the Company who held office during and since the end of the half year are:

Mr. CB Goode, AC - Chairman	Director since 24 July 1991, Chairman since 24 August 1995
Mr J McFarlane, OBE - Chief Executive Officer	CEO and director since 1 October 1997
Dr GJ Clark	Director since 1 February 2004
Mr JC Dahlsen	Director since 20 May 1985; retired 3 February 2005
Dr RS Deane	Director since 28 September 1994
Mr JK Ellis	Director since 1 October 1995
Mr DM Gonski, AO	Director since 7 February 2002
Ms MA Jackson, AC	Director since 22 March 1994
Mr DE Meiklejohn	Director since 1 October 2004
Mr JP Morschel	Director since 1 October 2004
Dr BW Scott, AO	Director since 21 August 1985; retired 23 April 2005

Result

The consolidated profit from ordinary activities after income tax attributable to shareholders of the Company was $1,475 million. Further details are contained in the Results Commentary and Business Performance Review on pages 11 to 46 and in the financial report.

Review of operations

A review of the operations of the Group during the half year and the results of those operations are contained in the Results commentary and Business Performance Review on pages 11 to 46.

Lead auditor s independence declaration

The lead auditor s independence declaration, as required under section 307C of the Corporations Act 2001 (as amended) is set out on page 94 and forms part of the Director s. Report for the half year ended 31 March 2005.

Rounding of amounts

The Company is a company of the kind referred to in the Australian Securities and Investments Commission class order 98/100 dated 10 July 1998 pursuant to section 341(1) of the Corporations Act 2001 (as amended). Consequently, amounts in this report and the accompanying financial report have been rounded to the nearest million dollars except where otherwise indicated.

Signed in accordance with a resolution of the directors.

/s/ Charles Goode
Charles Goode
Chairman

/s/ John McFarlane
John McFarlane
Director

26 April 2005

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Note	Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Total income	2	9,981	9,282	8,226	8%	21%
Interest income		8,277	7,574	6,543	9%	27%
Interest expense		(5,424)	(4,829)	(4,034)	12%	34%
Net interest income		2,853	2,745	2,509	4%	14%
Other operating income	2	1,704	1,708	1,683	0%	1%
Operating income		4,557	4,453	4,192	2%	9%
Operating expenses	3	(2,200)	(2,124)	(1,902)	4%	16%
Profit before debt provision		2,357	2,329	2,290	1%	3%
Provision for doubtful debts	9	(284)	(319)	(313)	-11%	-9%
Profit before income tax		2,073	2,010	1,977	3%	5%
Income tax expense	4	(597)	(590)	(578)	1%	3%
Profit after income tax		1,476	1,420	1,399	4%	6%
Net profit attributable to outside equity interest		(1)	(1)	(3)	0%	-67%
Net profit attributable to shareholders of the Company		1,475	1,419	1,396	4%	6%
Currency translation adjustments, net of hedges after tax		(284)	487	(254)	large	12%
Total adjustments attributable to shareholders of the company recognised directly into equity		(284)	487	(254)	large	12%
Total changes in equity other than those resulting from transactions with shareholders as owners		1,191	1,906	1,142	-38%	4%
Earnings per ordinary share (cents)						
Basic	6	78.8	76.4	76.8	3%	3%
Diluted		76.9	74.4	75.3	3%	2%
Dividend per ordinary share (cents)	5	51	54	47	-6%	9%
Net tangible assets per ordinary share ($)		7.69	7.51	6.94	2%	11%

The notes appearing on pages 62 to 92 form an integral part of these financial statements

Equity instruments issued to employees

Under existing Australian Accounting Standards, certain equity instruments issued to employees are not required to be expensed. The impact of expensing options, and shares issued under the $1,000 employee share plan, has been calculated and is disclosed below.

Half year Mar 05 $M	Half year Sep 04 $M	Half year Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %

Net profit attributable to shareholders of the Company	1,475	1,419	1,396	4%	6%
Expenses attributable to:					
Options issued to Group Heads(1)	(3)	(4)	(4)	-25%	-25%
Options issued to general management(1)	(11)	(11)	(12)	0%	-8%
Shares issued under $1,000 employee share plan	(23)		(22)	n/a	5%
Total	1,438	1,404	1,358	2%	6%

(1) Based on fair values estimated at grant date in accordance with the fair value measurement provisions of AASB 1046. Value of options amortised on a straight line basis over the vesting period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at Mar 05 $M	As at Sep 04 $M	As at Mar 04 $M	Movt Mar 05 v. Sep 04 %	Movt Mar 05 v. Mar 04 %
Assets						
Liquid assets		8,855	6,363	5,732	39%	54%
Due from other financial institutions		6,428	4,781	7,093	34%	-9%
Trading securities(1)		6,108	5,478	6,393	12%	-4%
Investment securities		6,745	7,746	6,669	-13%	1%
Net loans and advances	7	218,558	204,962	188,858	7%	16%
Customer s liability for acceptances		12,922	12,466	13,358	4%	-3%
Regulatory deposits		143	176	107	-19%	34%
Shares in associates and joint venture entities		1,764	1,960	1,905	-10%	-7%
Deferred tax assets		1,234	1,454	1,319	-15%	-6%
Goodwill(2)		3,118	3,269	3,202	-5%	-3%
Other assets(3),(4)		10,493	9,158	11,117	15%	-6%
Premises and equipment		1,481	1,532	1,535	-3%	-4%
Total assets		277,849	259,345	247,288	7%	12%
Liabilities						
Due to other financial institutions		10,056	7,349	7,143	37%	41%
Deposits and other borrowings		180,410	168,557	163,208	7%	11%
Liability for acceptances		12,922	12,466	13,358	4%	-3%
Income tax liabilities		1,715	1,914	1,454	-10%	18%
Payables and other liabilities(4)		12,431	14,212	15,918	-13%	-22%
Provisions		865	845	857	2%	1%
Bonds and notes		32,321	27,602	21,245	17%	52%
Loan capital(5)	10	8,121	8,475	7,357	-4%	10%
Total liabilities		258,841	241,420	230,540	7%	12%
Net assets		19,008	17,925	16,748	6%	13%
Shareholders equity						
Ordinary share capital		8,028	8,005	7,865	0%	2%
Preference share capital		1,858	987	987	88%	88%
Reserves		295	579	106	-49%	large
Retained profits		8,809	8,336	7,773	6%	13%
Share capital and reserves attributable to shareholders of the Company						