

AUSTRALIA & NEW ZEALAND BANKING GROUP LTD
Form 6-K
October 30, 2006

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**

25 & 26 October 2006

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 X

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.

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Yes

No

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

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 26 October 2006

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

ASX Announcement

Investor Relations
100 Queen Street
Melbourne Vic 3000
www.anz.com

For Release: 25 October 2006

ANZ 2006 Annual Result Excel template

ANZ will announce its 2006 Annual Result on Thursday, 26 October 2006.

To assist market participants in analysing the results, ANZ will provide an Excel version of key tables with the Annual Results announcement. This will be available on ANZ's website at www.anz.com/australia/aboutanz/investorcentre/ReportsandResults/results.asp shortly after the Result has been lodged with the ASX.

A version of this file containing prior period numbers is now available at the above link. These prior period numbers are based on ANZ's new Divisional structure which was announced in April 2006.

For analyst enquiries, contact:

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HIGHLIGHTS

For Release: 26 October 2006

ANZ 2006 Annual Results

Profit after tax	
Statutory profit \$3,688 million	up 16.2%
Cash* profit \$3,587 million	up 13.8%
Cash* profit before provisions	up 10.4%
Earnings per share	
Statutory EPS 200.0 cents	up 18.0%
Cash* EPS 194.5 cents	up 13.2%
Shareholder return	
Full year dividend 125 cents	up 13.6%
Total Shareholder Return 17.1%	
Return on equity 20.7% (18.3%)	

Business highlights

Strong result in Personal - revenue up 13%, profit up 22%

Improved results and momentum in New Zealand and Institutional

Accelerated investment spend with 1,280 new FTEs

Credit environment benign, credit quality strong, credit costs at historic lows

Achieved targeted revenue and productivity targets. Revenue target range expanded, now 7-10%

Revenue growth 8.4%* (9.1% FX adjusted)

Cost-Income ratio 45.6%* (1.0% improvement, medium-term target 40%)

Adjusted common equity ratio stable at 4.7% (restated for new APRA capital deductions)

* Adjusted for AIFRS 2005 adjustments and non-core items (including significant items, ANZ National Bank incremental integration costs and AIFRS mark to market of certain hedge gains/losses)

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Australia and New Zealand Banking Group Limited (ANZ) today announced a record profit after tax of \$3,688 million for the year ended 30 September 2006, up 16.2%.

The headline result included a number of one-off gains including the National Housing Bank (NHB) insurance settlement. Adjusting for these, cash* profit was up 13.8% and cash* EPS were up 13.2%.

* Adjusted for AIFRS 2005 adjustments and non-core items (including significant items, ANZ National Bank incremental integration costs and AIFRS mark to market of certain hedge gains/losses)

A final dividend of 69 cents brought the full year dividend to 125 cents, an increase of 13.6%.

ANZ CEO Mr John McFarlane said: This is a good result based on a strong business performance.

The real highlight was our strong revenue growth, at the top of our target range, reflecting the substantial investment over recent years and the resultant strong momentum. This enabled us to lower the Cost Income ratio by 1% while at the same time accelerating our investment program.

Net interest margin fell 9 basis points over the year, moderating in the second half. Provisioning was unusually low, and partly reflects cyclically strong credit quality and the result of substantial de-risking that has taken place at ANZ over the past few years.

When we said that we would invest to create a real difference that others would find hard to replicate, and to accelerate revenue growth to 7%-9%, it was seen as stretching. It's now evident this is the right approach.

To be a great organisation we need to stand for something. For us it is to become a very different bank by reshaping the way banking is done. We are making it compelling for a customer to deal with us and not others, why the community should trust us, why shareholders should invest in us, and why our people should devote their working lives to us.

Our vision, our investment program, our strong foundation, and our track record, all underpin the future that I am personally very excited to be part of, Mr McFarlane said.

Outlook

Commenting on the outlook for ANZ, Mr McFarlane said: As the benefits of our investment program come through, we are confident to extend our future revenue target range to 7-10%.

We will continue to invest to underpin revenue growth, and work towards leadership in our major businesses over time. We believe this will build superior and sustainable value for shareholders over the medium to long term. In consequence, expense growth in 2007 is likely to be similar to that in 2006.

The adoption of AIFRS will require the \$141 million gain from New Zealand dollar hedges to be taken directly to retained earnings in 2007. We have taken out additional hedges to mitigate the negative impact of a weaker New Zealand dollar on earnings, which is expected to mitigate the 2007 EPS impact to less than 1%.

The impact of credit losses for the industry as a whole under IFRS is less predictable, though it is unlikely we will see current provisioning levels sustained at such low levels. Otherwise, with our strong momentum going into 2007, we are confident about the year ahead, Mr McFarlane said.

Divisional Performance

Personal has had an outstanding year, with revenue growth of 13% driving earnings growth of 22%. All Personal businesses recorded double-digit earnings growth, with the highlights being Pacific (up 67%), Investment and Insurance Products (up 48%), Consumer Finance (up 25%), and Mortgages (up 21%). Expenses were up 9%, as investment in future growth continued, with the addition of 714 full time equivalent staff, 25 new branches, and 330 ATMs over the year.

The Division is making good progress in establishing a strong proposition centered on **More Convenient Banking**, and continues to have a distinct lead over our peers in Customer Satisfaction. Giving customers a strong reason to bank with us other than price alone has resulted in minimal margin attrition. Some of these reasons included opening call centres 24 hours, 7 days a week; expanding the ATM network, including a partnership with Woolworths, extending branch opening hours including on weekends, and being first to market with new products.

Institutional earnings grew 11% over the same period last year, with revenue growth of 8%. This was offset by an 11% increase in expenses, driven primarily by higher people costs. Good results were achieved in Markets (up 13%), Corporate and Structured Finance (up 42%), Corporate Banking (up 19%), Business Banking (up 15%), and Trade/Transactions business (up 16%). This was partly offset by subdued performance from our Debt Products Group, mainly Institutional lending (down 10%), where the impact on margins from excess global liquidity continues to dampen earnings growth. Given this, the Division has sought to reduce the balance sheet intensity of this business, and this has resulted in lower risk-weighted asset growth of 10%, and 1% in the second half. While the environment at the top end of Institutional remains challenging, it is nevertheless making good progress in transforming this segment. The recent Peter Lee Associates survey confirmed ANZ regained its Number One Lead Institutional Bank position in Australia.

New Zealand Banking (in NZD) earnings were up 20% on the same period last year. The result was assisted by lower credit provision charges, with profit before provisions up 8%. There were good results from The National Bank Retail (up 21%), Corporate & Commercial (up 102%), and New Zealand Institutional (up 15%). The profit from UDC is still declining (down 25%), as the business is restructured. Overall, New Zealand Businesses is showing promising momentum, and has a clear growth strategy to build on a strong foundation. Robust credit growth and good credit quality continue.

Partnership Expansion continues with the completion of the 20% stake in Tianjin City Commercial Bank in China, and 10% stake in Sacombank in Vietnam. Discussions are proceeding satisfactorily in Shanghai and in other faster growing Asian countries. Our joint-ventures in Indonesia, the Philippines and Cambodia are performing well, and the cards businesses are showing strong organic growth with 1 million cards now on issue in Indonesia and the Philippines. INGA remediation program is nearing completion and the overall foundation of the business has improved substantially. We can now look forward to normal operation and growth in the years ahead.

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		2006	Group Change	Personal Change	Institutional Continuing Change	New Zealand Banking (NZD) Change
Key Business Drivers(1)						
Total Assets (EOP)	\$m	335,771	12%	12%	13%	11%
Deposits & other borrowings (EOP)	\$m	204,794	8%	11%	20%	5%
Average Interest Earning Assets	\$m	300,179	13%	12%	21%	18%
Net Interest Margin	bps	2.31	(9bps)	(1bps)	(19bps)	(21bps)
Net Interest Income	\$m	6,943	9%	12%	10%	8%
Other Operating Income	\$m	3,146	7%	16%	5%	6%
Total Income	\$m	10,089	8%	13%	8%	7%
FTE	No.	32,256	4%	6%	7%	1%
Operating Expenses	\$m	4,605	6%	9%	11%	6%
Profit Before Provisions(2)	\$m	5,484	10%	17%	6%	8%
Individual Provision Charge	\$m	338	-5%	17%	-21%	-74%
Collective Provision Charge	\$m	69	-67%	-38%	-88%	large
Total Credit Provision	\$m	407	-28%	-3%	-57%	-87%
Net Profit after tax	\$m	3,587	14%	22%	11%	20%
EVA	\$m	2,082	9%			

				Actual	Actual	Actual
Other Measures(1)						
Individual Provisions as a % of average net advances	%	0.13	(2bps)	0.21	0.07	0.04
Return on Average Assets	%	1.11		0.97	1.19	1.13
Return on Average RWA s	%	1.55	4bps	1.65	1.34	1.54
Cost to Income Ratio	%	45.6	(100bps)	49.3	38.5	45.5
Cost to Average Assets	%	1.42	(11bps)	1.60	1.09	1.41

(1) All numbers adjusted for AIFRS 2005 adjustments and non-core items (including significant items, ANZ National Bank incremental integration costs and AIFRS mark to market of certain hedge gains/losses)

(2) Profit before credit impairment and income tax

**Australia and New Zealand
Banking Group Limited
ABN 11 005 357 522**

*Consolidated Results
Dividend Announcement and
Appendix 4E*

**Full year ended
30 September 2006**

The Consolidated Results and Dividend Announcement constitutes the preliminary final report and contains the information required by Appendix 4E of the Australian Stock Exchange Listing Rules. It should be read in conjunction with the 2006 Concise Annual and Financial Reports and is lodged with the Australian Stock Exchange under listing rule 4.3A.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

APPENDIX 4E

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

Report for the full year ended 30 September 2006

	A\$ million	
Group operating revenue	ñ 8%*	10,152
Net profit after tax attributable to shareholders	ñ 16%*	3,688
Proposed final dividend per ordinary share, fully franked at 30% tax rate		69 cents
(previous corresponding period 59 cents, fully franked at 30% tax rate)		
Interim 2006 dividend per ordinary share, fully franked at 30% tax rate		56 cents
Record date for the proposed final dividend		15 November 2006
The proposed final dividend will be payable to shareholders registered in the books of the Company at close of business on 15 November 2006. Transfers must be lodged before 5:00 pm on that day to participate.		
Payment date for the proposed final dividend		15 December 2006

* Compared to September 2005

Highlights

All figures compared to September 2005 full year unless otherwise indicated

Profit after tax

Statutory profit \$3,688 million	up 16.2%
Cash* profit \$3,587 million	up 13.8%
Cash* profit before provisions	up 10.4%

Earnings per share

Statutory EPS 200.0 cents	up 18.0%
Cash* EPS 194.5 cents	up 13.2%

Shareholder return

Full year dividend 125 cents	up 13.6%
Total Shareholder Return 17.1%	
Return on equity 20.7% (18.3%)	

Business highlights

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Strong result in Personal - revenue up 13%, profit up 22%

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Credit environment benign, credit quality strong, credit costs at historic lows

Achieved targeted revenue and productivity targets. Revenue target range expanded, now 7-10%:

Revenue growth 8.4%* (9.1% FX adjusted)

Cost-Income ratio 45.6%* (1.0% improvement, medium-term target 40%)

Adjusted common equity ratio stable at 4.7% (restated for new APRA capital deductions)

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AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

ABN 11 005 357 522

CONSOLIDATED RESULTS, DIVIDEND ANNOUNCEMENT and APPENDIX 4E

Full year ended 30 September 2006

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

All amounts are in Australian dollars unless otherwise stated. The information on which this announcement is based is in the process of being audited by the Groups auditors, KPMG. The Company has a formally constituted Audit Committee of the Board of Directors. The signing of this preliminary final report was approved by resolution of a Committee of the Board of Directors on 25 October 2006.

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

HIGHLIGHTS

For Release: 26 October 2006

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Collective Provision Charge	\$m	69	-67%	-38%	-88%	large
Total Credit Provision	\$m	407	-28%	-3%	-57%	-87%
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EVA	\$m	2,082	9%			
				Actual	Actual	Actual
Other Measures(1)						
Individual Provisions as a % of average net advances	%	0.13	(2bps)	0.21	0.07	0.04
Return on Average Assets	%	1.11		0.97	1.19	1.13
Return on Average RWA s	%	1.55	4bps	1.65	1.34	1.54
Cost to Income Ratio	%	45.6	(100bps)	49.3	38.5	45.5
Cost to Average Assets	%	1.42	(11bps)	1.60	1.09	1.41

(1) All numbers adjusted for AIFRS 2005 adjustments and non-core items (including significant items, ANZ National Bank incremental integration costs and AIFRS mark to market of certain hedge gains/losses)

(2) Profit before credit impairment and income tax

FINANCIAL HIGHLIGHTS**Net Profit**

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	3,575	3,368	6%	6,943	5,818	19%
Other operating income	1,614	1,595	1%	3,209	3,578	-10%
Operating income	5,189	4,963	5%	10,152	9,396	8%
Operating expenses	(2,346)	(2,185)	7%	(4,531)	(4,418)	3%
Profit before credit impairment and income tax	2,843	2,778	2%	5,621	4,978	13%
Provision for credit impairment	(183)	(224)	-18%	(407)	(580)	-30%
Profit before income tax	2,660	2,554	4%	5,214	4,398	19%
Income tax expense	(780)	(742)	5%	(1,522)	(1,220)	25%
Minority interest	(3)	(1)	large	(4)	(3)	33%
Net profit attributable to shareholders of the Company	1,877	1,811	4%	3,688	3,175	16%

Profit on a comparable AIFRS basis

Net profit attributable to shareholders of the company has been amended as follows to arrive at profit on a comparable AIFRS basis.

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net profit attributable to shareholders of the Company	1,877	1,811	4%	3,688	3,175	16%
AIFRS adjustments to bring prior periods onto a comparable basis(1)	n/a	n/a	n/a	n/a	(31)	n/a
Profit on a comparable AIFRS basis(1)	1,877	1,811	4%	3,688	3,144	17%

Cash profit

Profit on a comparable AIFRS basis has been adjusted to exclude the following non-core items to arrive at cash profit. Throughout this document figures and ratios that are calculated on a cash basis have been shaded to distinguish them from figures calculated on a statutory AIFRS basis.

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Profit on a fully comparable AIFRS basis(1)	1,877	1,811	4%	3,688	3,144	17%

Less: Non-core items**Significant items(2)**

Gain on sale of NBNZ Life			n/a	14	-100%	
Settlement of ANZ National Bank claims	14	-100%	14		n/a	
Settlement of NHB insurance claim	79	-100%	79		n/a	
Total significant items(2)	93	-100%	93	14	large	
Ineffective hedge fair value gains/losses(3)	21	13	62%	34	31	10%
ANZ National Bank incremental integration costs(4)	(26)	-100%	(26)	(52)	-50%	
Total non-core items	21	80	-74%	101	(7)	large
Cash profit	1,856	1,731	7%	3,587	3,151	14%

(1). ANZ has calculated the 2005 result on an AIFRS basis that is comparable with 2006 (refer page 15), allowing readers to see the impact on 2005 results of accounting standards that have only been applied from 1 October 2005. The impact is a reduction of \$31 million in 2005 net profit after tax. No adjustment has been made to retrospectively designate derivatives hedging the Group's funding on the basis of impracticability

(2). In 2006 ANZ has classified the \$113 million (\$79 million after tax) settlement of the NHB insurance matter and the \$14 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: \$nil) as significant items. In 2005 ANZ classified \$14 million after tax profit on the sale of NBNZ life and funds management businesses as a significant item (tax on gain on sale of NBNZ life and funds management businesses: \$nil). ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)

(3). The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2006 ANZ has classified \$34 million after tax (2005 full year: \$31 million; Sep 2006 half: \$21 million; Mar 2006 half: \$13 million) relating to economic hedging as a non-core item (tax on hedge gains/losses \$15 million (2005 full year: \$13 million; Sep 2006 half: \$10 million; Mar 2006 half: \$5 million)). Included in this non-core amount is ineffectiveness arising from designated accounting hedges, any volatility arising from usage of the fair value option and approved classes of derivatives in the 2006 year not designated in accounting hedge relationships but that are considered to be economic hedges. The 2005 year numbers do not include any adjustment to retrospectively calculate the AIFRS impact on the derivatives associated with the Group's funding. ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

(4). In 2006 ANZ has incurred \$26 million after tax ANZ National Bank incremental integration costs (2005 full year: \$52 million; Sep 2006 half: nil; Mar 2006 half: \$26 million). Tax on ANZ National Bank incremental integration costs is \$13 million (2005 full year: \$26 million; Sep 2006 half: nil; Mar 2006 half: \$13 million). ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration

Analysis of Cash(1) profit by key line item:

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	3,575	3,368	6%	6,943	6,371	9%
Other operating income	1,583	1,563	1%	3,146	2,935	7%
Operating income	5,158	4,931	5%	10,089	9,306	8%
Operating expenses	(2,346)	(2,259)	4%	(4,605)	(4,340)	6%
Profit before credit impairment and income tax	2,812	2,672	5%	5,484	4,966	10%
Provision for credit impairment	(183)	(224)	-18%	(407)	(565)	-28%
Profit before income tax	2,629	2,448	7%	5,077	4,401	15%
Income tax expense	(770)	(716)	8%	(1,486)	(1,247)	19%
Minority interest	(3)	(1)	large	(4)	(3)	33%
Cash(1) profit	1,856	1,731	7%	3,587	3,151	14%

Earnings per share

	Half year Sep 06	Half year Mar 06	Movt Sep 06 v. Mar 06 %	Full year Sep 06	Full year Sep 05	Movt Sep 06 v. Sep 05 %
Earnings per ordinary share (cents)						
Basic	101.6	98.4	3%	200.0	169.5	18%
Diluted	98.5	95.5	3%	194.0	164.4	18%
Cash(1) (basic adjusted for non-core items)	100.5	94.0	7%	194.5	171.8	13%

Balance Sheet

	As at Sep 06 \$M	As at Mar 06 \$M	As at Sep 05 \$M	Movt Sep 06 v. Mar 06 %	Movt Sep 06 v. Sep 05 %
Assets					
Liquid assets	15,019	13,870	11,601	8%	29%
Due from other financial institutions	9,665	8,336	6,348	16%	52%
Trading and available for sale assets	19,832	22,008	16,327	-10%	21%
Net loans and advances including acceptances	268,845	255,238	245,939	5%	9%
Other	22,410	23,882	20,670	-6%	8%
Total assets	335,771	323,334	300,885	4%	12%
Liabilities					
Due to other financial institutions	14,118	13,345	12,027	6%	17%
Deposits and other borrowings	204,794	196,850	190,322	4%	8%
Liability for acceptances	13,435	13,692	13,449	-2%	0%
Bonds and notes	50,050	46,923	39,073	7%	28%
Other	33,468	33,728	26,476	-1%	26%
Total liabilities	315,865	304,538	281,347	4%	12%
Total shareholders equity	19,906	18,796	19,538	6%	2%

(1) Refer footnotes 1 to 4 on page 5

Financial ratios

	Half year Sep 06 \$M	Half year Mar 06 \$M	Full year Sep 06 \$M	Full year Sep 05 \$M
Net profit attributable to shareholders of the Company	1,877	1,811	3,688	3,175
Cash(1) profit	1,856	1,731	3,587	3,151
EVA™ (2)	1,069	1,013	2,082	1,911
Profitability ratios				
Return on:				
Average ordinary shareholders equity(3)(4)	20.4%	20.9%	20.7%	18.3%
Average ordinary shareholders equity(3)(4) (cash(1) profit basis)	20.2%	20.0%	20.1%	19.0%
Average assets	1.13%	1.15%	1.14%	1.12%
Average risk weighted assets	1.59%	1.60%	1.59%	1.52%
Average risk weighted assets (cash(1) profit basis)	1.57%	1.53%	1.55%	1.51%
Total income	14.2%	14.5%	14.4%	14.5%
Net interest margin	2.33%	2.29%	2.31%	2.30%
Net interest margin (cash(1) profit basis)	2.33%	2.29%	2.31%	2.40%
Profit per average FTE (\$)	59,187	58,202	117,392	106,251
Efficiency ratios				
Operating expenses to operating income	45.2%	44.0%	44.6%	47.0%
Operating expenses to average assets	1.41%	1.39%	1.40%	1.55%
Operating expenses to operating income (cash(1))	45.5%	45.8%	45.6%	46.6%
Operating expenses to average assets (cash(1))	1.41%	1.44%	1.42%	1.53%
Credit impairment provisioning				
Collective/general provision charge	33	36	69	223
Individual/specific provision charge	150	188	338	357
Total provision charge	183	224	407	580
Individual provision charge as a% of average net advances	0.11%	0.15%	0.13%	0.15%
Collective provision charge (comparable AIFRS basis(1))	33	36	69	208
Individual provision charge (comparable AIFRS basis(1))	150	188	338	357
Total provision charge (on a comparable AIFRS basis(1))	183	224	407	565
Individual provision charge as a% of average net advances (comparable AIFRS basis(1))	0.11%	0.15%	0.13%	0.15%
Ordinary share dividends (cents)				
Interim - 100% franked (Mar 06: 100% franked)	n/a	56	56	51
Final - 100% franked (Sep 06 100% franked)	69	n/a	69	59
Ordinary share dividend payout ratio(5)	68.0%	56.9%	62.6%	65.0%
Cash(1) ordinary share dividend payout ratio(5)	68.8%	59.6%	64.4%	64.1%
Preference share dividend (cents)				
Dividend paid(6)	15	12	27	84
Dividend paid(7) (on a comparable AIFRS basis)	15	12	27	18

(1). Adjusted for AIFRS 2005 adjustments and non-core items. Refer footnotes 1 to 4 on page 5

(2). EVA™ refers to Economic Value Added, a measure of shareholder value. See page 25 for a reconciliation of EVA™ to reported net profit and a discussion of EVA™ and an explanation of its usefulness as a performance measure

(3). Average ordinary shareholders equity excludes minority interest

(4). Excludes preference share dividend

- (5). *Dividend payout ratio is calculated using the proposed final dividend as at 30 September 2006 and the 31 March 2006, 30 September 2005 and 31 March 2005 dividends*
- (6). *2005 includes distributions on ANZ StEPS (Sep 2005: \$34 million; Mar 2005: \$32 million). Under AIFRS, distributions on ANZ StEPS are reported as interest expense in 2006*
- (7). *Represents dividends paid on Euro Hybrid issued on 13 December 2004*

	As at Sep 06	As at Mar 06	As at Sep 05	Movt Sep 06 v. Mar 06 %	Movt Sep 06 v. Sep 05 %
Net Assets					
Net tangible assets(1) per ordinary share (\$)	8.53	7.99	7.77	7%	10%
Net tangible assets(1) attributable to ordinary shareholders (\$M)	15,664	14,619	14,195	7%	10%
Total number of ordinary shares (M)	1,836.6	1,828.7	1,826.4	0%	1%
Capital adequacy ratio (%)					
Tier 1	6.8%	6.8%	6.9%		
Tier 2	4.2%	4.0%	3.9%		
Total capital ratio	10.6%	10.4%	10.5%		
Adjusted common equity ratio(2)	4.7%	5.0%	5.1%		
Impaired assets					
Collective/general provision (\$M)	1,940	1,903	2,167	2%	-10%
Collective/general provision as a % of risk weighted assets	0.81%	0.83%	0.99%	-2%	-18%
Collective/general provision on a comparable AIFRS basis(3) (\$M)	1,940	1,903	1,879	2%	3%
Collective/general provision on a comparable AIFRS basis(3) as a % of risk weighted assets	0.81%	0.83%	0.86%	-2%	-6%
Gross non-performing loans (\$M)	661	726	642	-9%	3%
Individual provisions on non-performing loans(4) (\$M)	(279)	(305)	(256)	-9%	9%
Net non-performing loans (\$M)	382	421	386	-9%	-1%
Individual provision as a % of total non-performing loans	42.2%	42.0%	39.9%	0%	6%
Gross non-performing loans as % of net advances	0.25%	0.28%	0.26%	-11%	-4%
Net non-performing loans as a % of net advances	0.14%	0.16%	0.16%	-13%	-13%
Net non-performing loans as a % of shareholders equity(5)	1.9%	2.2%	2.0%	-14%	-5%
Other information					
Full time equivalent staff (FTEs)	32,256	31,063	30,976	4%	4%
Assets per FTE (\$M)	10.4	10.4	9.7	0%	7%
Market capitalisation of ordinary shares (\$M)	49,331	48,461	43,834	2%	13%

(1) Equals Shareholders equity less preference share capital, minority interest and unamortised goodwill and other intangibles

(2) Adjusted common equity is calculated as Tier 1 capital, less Innovative Tier 1 capital instruments (converted at balance date spot rates), less transitional Tier 1 capital relief and deductions. This measure is commonly used to assess the adequacy of common equity held. See page 98 for a reconciliation to Tier 1 capital

(3) Refer footnote 1 on page 5

(4) Excludes individual provision on unproductive facilities

(5) Includes minority interest

Business unit analysis

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net profit after income tax(1)						
Personal	668	588	14%	1,256	1,033	22%
Institutional	715	681	5%	1,396	1,258	11%
New Zealand Businesses(2)	341	342	0%	683	592	15%
Partnerships & Private Bank	91	78	17%	169	176	-4%
Non-continuing businesses	8	30	-73%	38	126	-70%
Group Centre	33	12	large	45	(34)	large
Cash(3) profit	1,856	1,731	7%	3,587	3,151	14%
AIFRS 2005 adjustments(3) and non-core items(3)	21	80	-74%	101	24	large
Net profit	1,877	1,811	4%	3,688	3,175	16%

(1) *Prior period numbers have been adjusted for the divisional restructure in May 2006. Refer page 33 for an explanation of the changes*

(2) *New Zealand Businesses growth rates in NZD terms were 7% and 21% for the September 2006 half year and the September 2006 full year respectively*

(3) *Refer footnotes 1 to 4 on page 5*

	Half year Sep 06 \$ M	Half year Mar 06 \$ M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$ M	Full year Sep 05 \$ M	Movt Sep 06 v. Sep 05 %
Net loans and advances including acceptances by business unit(1)						
Personal	132,532	125,702	5%	132,532	118,587	12%
Institutional	72,576	70,463	3%	72,576	66,378	9%
New Zealand Businesses(2)	61,920	57,015	9%	61,920	56,917	9%
Partnerships & Private Bank	1,267	1,203	5%	1,267	1,110	14%
Non-continuing businesses	513	822	-38%	513	1,584	-68%
Group Centre	37	33	12%	37	(74)	large
	268,845	255,238	5%	268,845	244,502	10%
AIFRS 2005 adjustments	n/a	n/a	n/a	n/a	1,437	n/a
Net loans and advances including acceptances	268,845	255,238	5%	268,845	245,939	9%

(1) *Prior period numbers have been adjusted for the divisional restructure in May 2006. Refer page 33 for an explanation of the changes*

(2) *New Zealand Businesses growth rates in NZD terms were 6% and 13% for the September 2006 half year and the September 2006 full year respectively*

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Deposits and other borrowings by business unit(1)						
Personal	64,977	61,818	5%	64,977	58,366	11%

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Institutional	65,808	61,578	7%	65,808	54,721	20%
New Zealand Businesses(2)	45,419	43,938	3%	45,419	48,016	-5%
Partnerships & Private Bank	1,158	983	18%	1,158	885	31%
Non-continuing businesses			n/a		36	-100%
Group Centre	27,432	28,533	-4%	27,432	28,233	-3%
	204,794	196,850	4%	204,794	190,257	8%
AIFRS 2005 adjustments	n/a	n/a	n/a	n/a	65	n/a
Deposits and other borrowings	204,794	196,850	4%	204,794	190,322	8%

(1) *Prior period numbers have been adjusted for the divisional restructure in May 2006. Refer page 33 for an explanation of the changes*

(2) *New Zealand Businesses growth rates in NZD terms were 1% and -1% for the September 2006 half year and the September 2006 full year respectively. An increase in core deposits of 10% for the year was more than offset by a decrease in Treasury Certificates of Deposit and Commercial Paper due to a switch to longer term funding*

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CHIEF FINANCIAL OFFICER'S REVIEW**2006 results**

ANZ recorded a profit after tax of \$3,688 million for the year ended 30 September 2006, an increase of 16% over the September 2005 year. Earnings per share increased 18% to 200.0 cents over the September 2005 year. After adjusting for AIFRS 2005 adjustments(1) and non-core items(1) referred to on pages 13 to 15, Cash(1) profit increased 14% to \$3,587 million and Cash EPS increased 13% to 194.5 cents.

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net profit attributable to shareholders of the Company	1,877	1,811	4%	3,688	3,175	16%
AIFRS 2005 Adjustments(1)	n/a	n/a	n/a	n/a	(31)	n/a
Profit on a comparable AIFRS basis	1,877	1,811	4%	3,688	3,144	17%
Less: Non-core items(1) (refer to page 13)	(21)	(80)	-74%	(101)	7	large
Cash(1) profit	1,856	1,731	7%	3,587	3,151	14%

Cash(1) profit

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	3,575	3,368	6%	6,943	6,371	9%
Other operating income	1,583	1,563	1%	3,146	2,935	7%
Operating income	5,158	4,931	5%	10,089	9,306	8%
Operating expenses	(2,346)	(2,259)	4%	(4,605)	(4,340)	6%
Profit before credit impairment and income tax	2,812	2,672	5%	5,484	4,966	10%
Provision for credit impairment	(183)	(224)	-18%	(407)	(565)	-28%
Profit before income tax	2,629	2,448	7%	5,077	4,401	15%
Income tax expense	(770)	(716)	8%	(1,486)	(1,247)	19%
Minority interest	(3)	(1)	large	(4)	(3)	33%
Cash(1) profit	1,856	1,731	7%	3,587	3,151	14%

Profit growth

Cash profit increased 14% to \$3,587 million. Core(1) revenue increased 8% with volume growth partly offset by reduced margins (-9 basis points). Operating expense growth of 6% reflected on-going investment in the business.

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Cash profit in Australia increased 16% over the 2005 year with outstanding growth across the Personal businesses (22%). Solid performances across the Institutional businesses were partially offset by subdued performance from the Debt Products Group.

Cash profit in New Zealand increased 19% (26% in NZD terms), assisted by a lower credit provisioning charge, strong performance in the Markets business in Institutional, good lending growth and higher capital. These increases were partly offset by reduced earnings in UDC, competitive margin compression on mortgages and deposits and lower earnings in non-continuing businesses from certain structured finance transactions which have been exited.

Cash profit in Asia and Pacific increased 18% and 35% respectively, driven by strong volume growth in Fiji and PNG and the Indonesian cards business, being partly offset by lower earnings from PT Panin Bank.

Profit in the UK and US decreased driven by reduced profit in non-continuing businesses with the sale of the London headquartered project finance business in 2005 and repatriation of capital.

(1) ANZ has calculated the 2005 result on an AIFRS basis that is comparable with 2006 (refer page 15), allowing readers to see the impact on 2005 results of accounting standards that have only been applied from 1 October 2005. The impact is a reduction of \$31 million in 2005 net profit after tax. No adjustment has been made to retrospectively designate derivatives hedging the Group's funding on the basis of impracticability. In 2006 ANZ has classified the \$113 million (\$79 million after tax) settlement of the NHB insurance matter and the \$14 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: \$nil) as significant items. In 2005 ANZ classified \$14 million after tax profit on the sale of NBNZ life and funds management businesses as a significant item (tax on gain on sale of NBNZ life and funds management businesses: \$nil). ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2006 ANZ has classified \$34 million after tax (2005 full year: \$31 million; Sep 2006 half: \$21 million; Mar 2006 half: \$13 million) relating to economic hedging as a non-core item (tax on hedge gains/losses \$15 million (2005 full year: \$13 million; Sep 2006 half: \$10 million; Mar 2006 half: \$5 million)). Included in this non-core amount is ineffectiveness arising from designated accounting hedges, any volatility arising from usage of the fair value option and approved classes of derivatives in the 2006 year not designated in accounting hedge relationships but that are considered to be economic hedges. The 2005 year numbers do not include any adjustment to retrospectively calculate the AIFRS impact on the derivatives associated with the Group's funding. ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

In 2006 ANZ has incurred \$26 million after tax ANZ National Bank incremental integration costs (2005 full year: \$52 million; Sep 2006 half: nil; Mar 2006 half: \$26 million). Tax on ANZ National Bank incremental integration costs is \$13 million (2005 full year: \$26 million; Sep 2006 half: nil; Mar 2006 half: \$13 million). ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration

Impact of exchange rate movements(1)

Movements in exchange rates had little impact on reported Cash(1) profit due to NZD hedges. However growth rates in individual line items are affected. Presented below is an analysis of the impact of foreign exchange movements and currency hedges on the income statement. Movements in exchange rates have resulted in a \$5 million increase in Cash profits for 2006, principally in New Zealand (net of profit on contracts put in place to hedge USD and NZD revenues). The average NZD exchange rate reduced by 5.4% and the closing rate depreciated by 4.2% with a corresponding impact on the balance sheet.

	Half Year Sep 06 v. Half Year Mar 06			Full Year Sep 06 v. Full Year Sep 05		
	FX unadjusted % growth	FX adjusted % growth	FX impact \$M	FX unadjusted % growth	FX adjusted % growth	FX impact \$M
Net interest income(2)	6%	7%	(29)	9%	9%	(27)
Other operating income	1%	4%	(36)	7%	8%	(28)
Operating income	5%	6%	(65)	8%	9%	(55)
Operating expenses	4%	6%	52	6%	8%	55
Profit before credit impairment and income tax	5%	6%	(13)	10%	10%	
Provision for credit impairment	-18%	-17%	1	-28%	-27%	7
Profit before income tax	7%	8%	(12)	15%	15%	7
Income tax expense	8%	8%	5	19%	19%	(2)
Minority interest	large	100%		33%	33%	
Cash profit(1)	7%	8%	(7)	14%	14%	5

(1) ANZ has removed the impact of exchange rate movements to provide readers with a better indication of the Group's performance in local currency terms. Retranslation is net of revenue hedge earnings

(2) Net interest income included the impact of revenue hedge gains which increased \$58 million over 2005 and \$52 million over first half 2006

Profit drivers

Profit after tax increased 16% over the 2005 year and Cash(1) profit increased 14% over the 2005 year. For a discussion of the impact of non-core items and AIFRS 2005 adjustments refer pages 13 to 15.

Significant influences on profit are shown below. Explanations are on cash profit adjusted for AIFRS 2005 adjustments and non-core items:

Net interest #19% - Adjusted for AIFRS 2005 adjustments and non-core items(1) #9%:

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Net interest income was driven by growth of 13% in average interest earning assets attributable to Institutional Continuing (21%), particularly in trading securities and Personal (12%), largely in Mortgages, and average deposit growth in Institutional Continuing (15%) and Personal (10%). Volume growth was partly offset by a 9 basis point decline in margin.

Other income \$10% - Adjusted for AIFRS 2005 adjustments and non-core items(1) \$7%:

Other income growth was primarily driven by volume growth initiatives and higher trading profits in Australia and New Zealand. These increases were partly offset by reduced foreign exchange income and lower equity accounted income in PT Panin and the joint venture with ING.

Operating expenses #3% - Adjusted for AIFRS 2005 adjustments and non-core items(1) #6%:

Operating expense growth was primarily due to higher wage rates and a 4% increase in staff numbers, largely in Personal and Institutional, as we continue to invest in the business.

Provision for credit impairment \$30% - Adjusted for AIFRS 2005 adjustments and non-core items(1) \$28%:

The reduction in provision for credit impairment reflected the Group's strengthening risk profile. Individual provisions decreased by \$19 million due to increased write-backs in Institutional and lower single name provisions in New Zealand partly offset by lower write-backs in the non-continuing businesses. The collective provision charge decreased by \$139 million largely driven by the oil price shock risk provision recognised in 2005.

Income tax #25% - Adjusted for AIFRS 2005 adjustments and non-core items(1) #19%:

The increase in tax expense is driven by growth in profit before tax and a 1% increase in the effective tax rate reflecting the run-off of certain structured financing transactions in non-continuing businesses.

(1) Refer footnote 1 on page 11

Comparison with March 2006 half

The Group recorded a profit after tax of \$1,877 million for the half year ended 30 September 2006, an increase of 4% over the March 2006 half. Basic earnings per share increased 3% (3.2 cents) to 101.6 cents.

Cash profit increased 7% over the March 2006 half. Cash earnings per share (refer page 24) increased 7% (6.5 cents) to 100.5 cents.

Revenue increased 5%. After adjusting for non-core items, net interest increased 6% with a 4% increase in average interest earning asset volumes together with a 4 basis point improvement in margin. The margin improvement reflects a 4 basis point reduction from funding mix and competition offset by higher earnings from revenue hedges, trading income recognised in interest and interest refunds. Other operating income increased 1% due to volume growth initiatives and strong structured finance deal flows, offset by reduced trading profits. Operating costs increased 4% driven by on-going investment in the business.

Excluding non-core items, cash profit in Australia increased 15% driven by 14% growth in Personal. Cash profit in New Zealand increased 3% in NZD terms with strong performance from the New Zealand Businesses being partly offset by less favourable trading conditions for the Markets business. Cash profit in Asia and Pacific geographies increased 27% and 5% with volume related growth. Other geographies reduced 35% due largely to the profit on the sale of a power asset and the settlement of sale warranties occurring in the March 2006 half year.

Non-core items

ANZ has adjusted the income statement for non-core items, as outlined below, to assist readers in understanding the core business performance by removing the volatility in reported results created by one-off significant items, ANZ National Bank incremental integration costs which ceased in the half year March 2006 and the timing differences in the recognition of fair value gains in profit on ineffective hedging contracts.

Non-core items in the income statement

Significant items	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Gain on sale of NBNZ Life			n/a		14	-100%
Settlement of ANZ National Bank claims		14	-100%	14		n/a
Settlement of NHB insurance claim		79	-100%	79		n/a
Total significant items		93	-100%	93	14	large
Ineffective hedge fair value gains/losses	21	13	62%	34	31	10%
ANZ National Bank incremental integration costs		(26)	-100%	(26)	(52)	-50%
Non-core items	21	80	-74%	101	(7)	large

Significant items

Significant items in the income statement are those items that management believe do not form part of the core business by virtue of their magnitude and infrequent nature and, as such, should be removed from profit when analysing the core business performance. The following are considered significant items:

Settlement of the NHB insurance claim (March 2006 half year)

During the March 2006 half ANZ settled its \$130 million claim against a number of reinsurers in relation to the National Housing Bank (NHB) matter. ANZ has reported the \$113 million (\$79 million after tax) cost recovery as a significant item in 2006. \$1 million was received in 2005 and not treated as significant as it was immaterial.

Settlement of ANZ National Bank claims (March 2006 half year)

Following the purchase of National Bank of New Zealand Limited on 1 December 2003, a dispute arose with Lloyds TSB in relation to the accounting treatment in the Completion Accounts of the provision for retirement gratuities. The dispute was referred to arbitration and, as a result, ANZ National Bank received \$14 in March 2006 (\$14 million after tax) in final settlement.

Sale of NBNZ Life and Funds Management (September 2005 half year)

On 30 September 2005 ANZ National Bank sold NBNZ Life and Funds Management businesses into a joint venture with ING. Profit after tax on sale of \$14 million was recognised.

ANZ National Bank 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 2006 half year \$26 million after tax (Sep 2005 half: \$35 million; Mar 2005 half: \$17 million) or \$39 million before tax (Sep 2005 half: \$53 million; Mar 2005 half: \$25 million) of incremental integration costs were incurred. This program is now complete.

Ineffective hedge fair value gains

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. The implementation of AIFRS accounting policies on hedge accounting from 1 October 2005 introduced volatility within the Income Statement in respect of ineffective hedges as follows:

ineffectiveness of designated accounting cash flow and fair value hedges; and

approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges.

ANZ has separately reported the impact of volatility due to hedge ineffectiveness as a non-core item as the profit reported on hedge transactions will reverse over time and as such is not part of the core operating performance. During 2006 ANZ has classified \$34 million after tax (2005 full year: \$31 million; Sep 2006 half: \$21 million; Mar 2006 half: \$13 million) relating to ineffective hedging as a non-core item (tax on hedge gains/losses \$15 million (2005 full year: \$13 million; Sep 2006: \$10 million; Mar 2006: \$5 million)). The 2005 year numbers do not include any adjustment to retrospectively calculate the AIFRS impact on the derivatives associated with the Group's funding.

Net unrealised loss (balance sheet position)	Sep 06 \$m	Mar 06 \$m	Sep 05 \$m
Non-compliant hedges	84	102	129
Ineffective portion of effective cash flow and fair value hedges	11	24	15
Net unrealised loss (balance sheet position)	95	126	144

Ineffective hedge fair value gains (income statement)	Half year Sep 06 \$m	Half year Mar 06 \$m	Full year Sep 06 \$m	Full year Sep 05 \$m
Non-compliant hedges	18	27	45	36
Ineffective portion of effective cash flow and fair value hedges	13	(9)	4	8
Ineffective hedge fair value gains (before tax)	31	18	49	44
Ineffective hedge fair value gains (after tax)	21	13	34	31

In 2007 ineffective hedge fair value gains/losses will include mark to market gains/losses on NZD revenue hedges - refer page 26.

AIFRS 2005 adjustments

The Group implemented accounting policies in accordance with AIFRS on 1 October 2004, except for those relating to financial instruments and insurance contracts, which were implemented on 1 October 2005. The 2005 comparatives for these standards have not been restated in the statutory accounts. To assist readers to understand the core business performance on a comparable basis, ANZ has adjusted the 2005 figures to be comparable with the 2006 year result within the Chief Financial Officer's and Business Performance Reviews. The major adjustments are to the provision for credit impairment and recognition of fees as effective yield adjustments to net interest. No adjustment has been made to retrospectively calculate the AIFRS impact on the derivatives associated with the Group's funding on the basis of impracticability.

Full details of the impact of transition to AIFRS are set out in the 31 March 2006 Consolidated Financial Report and Dividend Announcement.

Summary of major AIFRS impacts

The following table reconciles comparative AIFRS (statutory) numbers with equivalent figures on a comparable AIFRS basis, including the impact of AASB 139.

	Full year Sep 05 \$M
Net interest income (statutory basis)	5,818
Fees recognised as an adjustment to yield(1)	622
Reclassified hybrid financial instruments(2)	(66)
Other	(3)
Net interest income (comparable AIFRS basis)	6,371
Other operating income (statutory basis)	3,578
Fees recognised as an adjustment to yield(1)	(635)
Derivatives and hedging(3)	44
Other	6
Other operating income (comparable AIFRS basis)	2,993
Operating income (statutory basis)	9,396
Total AIFRS income adjustments	(32)
Operating income (comparable AIFRS basis)	9,364
Operating expenses (statutory basis)	(4,418)
Other	
Operating expenses (comparable AIFRS basis)	(4,418)
Profit before credit impairment and income tax (statutory basis)	4,978
Total AIFRS adjustments (net total of identified above)	(32)
Profit before credit impairment and income tax (comparable AIFRS basis)	4,946
Provision for credit impairment (statutory basis)	(580)
Movement in credit loss provisioning(4)	15
Provision for credit impairment (comparable AIFRS basis)	(565)

Profit before income tax (statutory basis)	4,398
Total AIFRS profit before income tax adjustments	(17)
Profit before income tax (comparable AIFRS basis)	4,381
Income tax expense and minority interest (statutory basis)	(1,223)
Tax on AIFRS adjustments	(14)
Income tax expense and minority interest (comparable AIFRS basis)	(1,237)
Net profit (statutory basis)	3,175
AIFRS net profit adjustments	(31)
Net profit (comparable AIFRS basis)	3,144

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- (1) *Reclassification of fees and commissions against interest income and measured on the effective yield basis*
- (2) *Reclassification of interest expense on reclassification of ANZ StEPS from equity to debt*
- (3) *Measuring derivatives on a fair value basis and the reclassification of interest expense on non-hedged derivatives to other income*
- (4) *Restatement of credit loss provisions*

Income and expenses**Net Interest Income**

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income (\$M)	3,575	3,368	6%	6,943	5,818	19%
Average interest earning assets (\$M)	305,962	294,364	4%	300,179	253,183	19%
Net interest margin (%)	2.33	2.29		2.31	2.30	
Net interest income (adjusted for AIFRS 2005 adjustments(1))	3,575	3,368	6%	6,943	6,371	9%
Average interest earning assets(2) (\$M) (adjusted for AIFRS 2005 adjustments(1))	305,962	294,364	4%	300,179	265,981	13%
Net interest margin (adjusted for AIFRS 2005 adjustments(1))	2.33	2.29		2.31	2.40	

(1) Refer footnote 1 on page 11

(2) AIFRS 2005 adjustments include the reclassification of customers liability for acceptance from non-interest earning to interest earning (2005: \$13.3 billion) to be consistent with the classification of commercial bill fees as interest. Average balance sheets adjusted for AIFRS 2005 adjustments are included as Supplementary Information on pages 92 to 96

2006 result

Net interest income at \$6,943 million was 19% (\$1,125 million) higher than the 2005 year. After adjusting for non-core items and AIFRS 2005 adjustments, core net interest income was 9% (\$572 million) higher than the 2005 year.

Volume

Average interest earning assets increased 19%. After adjusting for AIFRS 2005 adjustments, average interest earning assets increased 13%:

Average net advances grew by \$23.6 billion (10%). Growth in Australia was attributable to: Personal (\$13.4 billion or 12%), with \$10.2 billion or 12% in Mortgages; and Institutional Australia (\$6.1 billion or 12%) with \$1.2 billion or 10% in Corporate Banking, \$1.2 billion or 13% in Business Banking, \$1.8 billion or 8% in Debt Products Group and Non-continuing Businesses (-\$0.8 billion). New Zealand's average net advances increased by \$4.1 billion

or 7% (\$8.4 billion or 13% in NZD terms). Average net advances grew by \$0.8 billion (9%) in Overseas Markets.

Other interest earning assets increased \$10.6 billion (32%), driven by higher levels of liquid assets (\$3.8 billion), trading securities (\$4.6 billion), available-for-sale assets and interbank lending (\$2.2 billion).

Average deposits and other borrowings grew \$17.1 billion or 9%. Growth in Australia was attributable to: Personal (\$5.5 billion or 10%), with \$4.1 billion or 11% in Banking Products and \$1.2 billion or 12% in Esanda; Institutional Australia (\$3.1 billion or 8%) with \$0.9 billion or 12% in Corporate Banking, \$0.8 billion in Business Banking and \$0.7 billion or 5% in Trade and Transaction Services Australia; and \$4.2 billion or 24% in Treasury. Average deposits and other borrowings decreased in New Zealand \$0.5 billion or 0.8% (\$2.6 billion increase or 5% in NZD terms which comprised core deposits growth of 12%, partially offset by a decrease in Treasury Certificates of Deposits and Commercial Paper due to a switch to longer term funding). Average deposits and other borrowings grew (\$4.7 billion or 24%) in Overseas Markets, with exchange rate impacts \$0.3 billion.

Margin

Net interest average margin was up 1 basis point to 2.31%, however, core net interest margin adjusted for AIFRS 2005 adjustments reduced 9 basis points from the 2005 year:

AIFRS 2005 adjustments (+10 basis points)

Changes predominantly reflect the inclusion of certain fees as net interest income, partially offset by interest expense on Hybrid securities, reported as debt instruments under AIFRS, and the inclusion of acceptances in average interest earning assets.

Funding mix (-5 basis points)

Margins were down due to substitution of wholesale funding for customer deposits (2 basis points) and a decrease in net non-interest bearing items (3 basis points).

Asset mix (-3 basis points)

Reduction in margin was due to an increase in the proportion of lower yielding liquid assets and trading securities in Group Treasury and Institutional (3 basis points), with offsetting impacts between changes in the proportion of higher yielding Esanda and Mortgage lending.

Competition (-8 basis points)

Competitive pressures reduced margins, mainly in Australian and New Zealand Mortgages (3 basis points) and Institutional lending (1 basis point) with slight margin reductions in Corporate and Business Banking and Rural portfolios (1 basis point). In addition, customer migration to lower yielding credit cards reduced the net interest margin (1 basis points), together with migration into high yielding customer deposits principally in New Zealand (2 basis points).

Wholesale rates (+3 basis points)

Wholesale rate movements benefited margins with less basis risk in variable rate mortgages and credit cards together with increased earnings on the investment of capital and rate insensitive deposits (3 basis points).

Other items (+4 basis points) include:

higher earnings from foreign exchange revenue hedging (+2 basis points or \$58 million)

release of a provision relating to prior year income in Institutional (+1 basis point)

reduced effective yield fee income (-2 basis point)

other impacts include lower funding costs associated with unrealised trading gains, interest received on tax refunds, increase in the proportion of credit cards earning interest and a reduction in the proportion of retail broker payments (+3 basis points)

Comparison with March 2006 half

Net interest income increased \$207 million (6%) over the March 2006 half.

Volume

Average interest earning assets increased \$11.6 billion (4%):

Average net advances grew by \$9.4 billion (4%). Growth in net advances in Australia was attributable to: Personal (\$7.4 billion or 6%), with \$5.8 billion or 6% in Mortgages; and Institutional Australia (\$2.9 billion or 5%), with \$0.5 billion or 4% in Corporate Banking, \$0.8 billion or 8% in Business Banking, \$1.2 billion or 5% in Debt Products Group, \$0.2 billion in Trade and Transaction Services Australia and Non-continuing Businesses (-\$0.3 billion). New Zealand's average net advances decreased by \$1.4 billion or 2% (increased \$5.0 billion or 7% in NZD terms). Average net advances increased by \$0.8 billion (9%) in Overseas Markets.

Other interest earning assets increased \$2.2 billion (6%), driven by higher levels of liquid assets (\$1.0 billion) and trading securities (\$2.1 billion), offset by a decrease in available-for-sale assets and interbank lending (\$0.9

million).

Average deposits and other borrowings grew \$6.1 billion or 3%. Growth in Australia was attributable to: Personal (\$2.9 billion or 5%), with \$2.0 billion or 5.2% in Banking Products; and Institutional Australia (\$2.6 billion or 7%), with \$0.4 billion or 5% in Corporate Banking, \$0.5 billion or 6% in Business Banking and \$1.4 billion or 9% in Trade and Transaction Services Australia; and \$4.0 billion or 20% in Treasury. Average deposits and other borrowings decreased in New Zealand \$3.0 billion or 6% (increased \$2.2 billion or 4.0% in NZD terms comprising core deposits growth of 6%, partially offset by a decrease in Treasury Certificates of Deposits and Commercial Paper due to a switch to longer term funding). Average deposits and other borrowings decreased (\$0.4 billion or 2.0%) in Overseas Markets with exchange rate impact of \$0.2 billion.

Margin

Net interest average margin increased 4 basis points from the March 2006 half:

Funding mix (unchanged)

Stable proportions of wholesale and customer funding within the portfolio.

Asset mix (unchanged)

Modest increase in the proportions of low yielding liquid assets and trading securities.

Competition (-3 basis points)

Competitive pressures reduced margins, mainly in Australian and New Zealand Mortgages (1 basis point) and Corporate Banking, Business Banking and Rural portfolios (1 basis point). In addition, migration to high yielding customer deposits and lower rate credit cards reduced margin (1 basis point).

Wholesale rates (unchanged)

Increased income on the investment of capital and rate insensitive deposits (+1 basis points) offset by a reduction in non-traded interest rate risk earnings, with minimal impacts from basis risk in variable rate mortgages and credit cards.

Other items (+7 basis points) include:

Higher earnings from foreign exchange revenue hedging (+3 basis points or \$52 million)

Funding costs associated with unrealised trading gains decreased \$64 million, captured as an improvement in net interest margin (+4 basis points), however it is directly offset by an equivalent decrease in trading income.

Release of revenue relating to prior year income in Institutional in the March 2006 half (-2 basis points).

Other impacts include reduced effective yield fee income (-1 basis point), an increase in the proportion of credit cards earning interest and interest received on tax refunds (+3 basis points).

Other Operating Income

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Other operating income						
Total fee income	1,116	1,029	8%	2,145	1,979	8%
Foreign exchange earnings	220	227	-3%	447	454	-2%
Profit on trading instruments	65	144	-55%	209	132	58%
Other	182	163	12%	345	370	-7%
Core other operating income	1,583	1,563	1%	3,146	2,935	7%
AIFRS 2005 adjustments(1)	n/a	n/a	n/a	n/a	585	n/a
Ineffective hedge fair value gains(1)	31	18	72%	49	44	11%
Significant items(1)		14	-100%	14	14	0%
Total other income	1,614	1,595	1%	3,209	3,578	-10%

(1) Refer footnote 1 on page 11

2006 result

Other operating income decreased \$369 million (10%). After adjusting for AIFRS 2005 adjustments and non-core items (refer pages 13 to 15 for details), core other operating income increased \$211 million (7%). The following explanations are based on core other operating income:

Fee income increased \$166 million (8%).

Lending fee income increased \$25 million (6%) largely in Personal where Mortgages increased \$11 million driven by asset lending growth and Banking Products increased \$7 million as a result of growth in the number of transaction accounts. New Zealand increased \$5 million (NZD increase \$10 million) largely in NBNZ Retail. Institutional increased \$2 million. Trade and Transaction Services increased \$10 million due to increased volumes in International Trade Finance, which was offset by a reduction in Debt Product Group due to lower loan administration fees.

Non-lending fee income increased \$141 million (9%):

Personal increased \$123 million (16%). Consumer Finance increased \$54 million (13%) principally due to volume growth. Investment and Insurance Products increased \$30 million (26%) from income generated by financial planners. Banking Products increased \$23 million (20%) driven by new product initiatives together with strong new

transaction deposit growth. Esanda grew \$5 million due to higher predetermination fee income.

Institutional increased \$16 million (4%). Trade and Transaction Services grew \$9 million (5%) due to business growth from new channels and the custody business. Markets increased \$8 million due to debt capital market deals.

Partnerships & Private Bank increased \$10 million mainly due to a 37% increase in cards issued in Indonesia.

New Zealand decreased \$7 million (NZD increase of \$15 million, 4%) with growth across card and transaction fees offset by exchange rate movements.

Foreign exchange earnings decreased \$7 million (2%) mainly in Institutional Markets due to lower foreign exchange swap and spot earnings which were offset by increased profit on trading instruments. This was partially offset in Markets in New Zealand with gains in spot and foreign exchange forward products associated with NZD and interest rate volatility and in Trade and Transaction Services as a result of continuing growth particularly from international payments revenue.

Profit on trading instruments increased \$77 million. Institutional increased \$40 million with Markets increasing \$49 million driven by strong growth in Australia and New Zealand associated with increased activity and positioning to take advantage of interest rate and currency volatility. In addition Markets increased due to the profit offsetting the foreign exchange loss referred to above. Included in the Markets increase was a \$15 million reduction due to unrealised losses in Australia and New Zealand which were offset by the funding benefit from realised cash flows included in net interest income. Debt Product Group decreased \$10 million due to costs incurred in managing the portfolio. In addition, the 2005 year included a \$32 million cost from the hedge of capital investment earnings in INGA which ceased in October 2005.

Other operating income decreased \$25 million (7%):

Partnerships & Private Bank decreased \$32 million reflecting the impact of the expiration of transitional tax relief and lower capital investment earnings on the INGA result as well as lower PT Panin equity accounted earnings.

New Zealand decreased \$17 million which includes a \$7 million gain in 2005 resulting from the alignment of revenue recognition on leases in the New Zealand Fleet business with Group accounting policies, UDC losses on sale of operating lease vehicles and lower profits from ING NZ offset by a \$5 million profit due to the sale of MasterCard shares.

Personal increased \$15 million largely in Mortgages from higher sales volumes and associated LMI policy premiums. A \$9 million increase in Consumer Finance due to the sale of MasterCard shares was offset by a \$9 million reduction in Esanda mainly as a result of the impact from the fall in secondhand car prices.

Non-continuing businesses increased \$10 million mainly as a result of a gain from settlement of warranties relating to the sale of the London headquartered project finance business and a \$4 million gain on the sale of power assets.

Institutional increased \$2 million with a \$11 million increase in Corporate and Structured Financing, which included a \$6 million gain on sale of power assets, offset by the impact of the \$10 million gain on sale of Sydney Futures Exchange shares in 2005.

Movements in average exchange rates over the September 2005 year decreased total other income by \$28 million.

Total Markets income is impacted by mix impacts between the categories within other operating income and net interest income. The effect for the 2006 year largely offset each other and was to decrease total other income by \$15 million (offset in net interest income).

Comparison with March 2006 result

Other operating income increased \$19 million (1%). Core other operating income increased \$20 million (1%) after excluding non-core items (refer pages 13 to 15 for details). The following explanations are based on core other operating income:

Fee income increased \$87 million (8%).

Lending fee income was flat. Institutional decreased \$13 million with a change in business mix in Corporate and Structured Financing (higher non-lending fees) and lower administration fees in Debt Products Group. Personal increased \$11 million including a \$4 million increase in Mortgages driven by lending growth and a \$3 million increase in Esanda due to fee initiatives.

Non-lending fee income increased \$87 million (11%):

Personal increased \$66 million (16%), of which \$35 million in Consumer Finance was driven principally by volume growth initiatives. Banking Products increased \$14 million driven by product initiatives together with strong new transaction deposit growth. Investment and Insurance Products increased \$10 million due to an increase in income generated by financial planners.

Institutional increased \$32 million (17%). Corporate and Structured Financing increased \$28 million from strong deal flow.

New Zealand decreased \$14 million (NZD increase of \$4 million) due to the impact of movements in exchange rates.

Foreign exchange earnings decreased \$7 million (3%) mainly in Institutional as a result of strong first half earnings in Markets associated with large currency volatility, particularly in New Zealand (\$32 million). This was partially offset by the close out of a large foreign exchange swap and spot position and the corresponding take up of a derivative trading profit (reducing foreign exchange earnings and increasing profit on trading income) in the first half (\$24 million).

Profit on trading instruments decreased \$79 million:

Markets decreased by \$71 million due to unrealised losses in Australia and New Zealand of \$64 million which are offset by the funding benefit from realised cash flows included in net interest income. In addition, the first half included the \$24 million profit on trading instruments offsetting the lower foreign exchange swap and spot earnings (see above). Institutional sales increased \$18 million associated with the closure of a number of large deals.

Debt Product Group decreased \$8 million due to costs incurred in managing the portfolio.

Other operating income increased \$19 million (12%):

Personal increased \$27 million. Esanda increased \$10 million due largely to the impact of a fall in secondhand car prices recorded in the first half. Mortgages increased \$9 million from higher sales volumes and associated LMI policy premiums. Consumer Finance increased mainly due to the \$9 million profit from the sale of MasterCard shares.

Partnerships & Private Bank increased \$12 million. INGA equity accounted income rose \$5 million reflecting increased funds under management. International Partnerships increased \$4 million due to equity accounted income from Tianjin City Commercial Bank.

Institutional increased \$6 million. Markets increased \$7 million due to bond sales.

Non-continuing businesses decreased \$20 million as the first half included a \$12 million gain from settlement of the sale warranties relating to the sale of the London headquartered project finance business and a \$4 million gain on sale of power assets.

Movements in average exchange rates over the March 2006 half year decreased total other income by \$36 million.

The total Markets mix impact (referred to above), in comparison with the March 2006 result, was to decrease total other income by \$64 million (offset in net interest income).

Expenses

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Operating expenses						
Personnel expenses	1,366	1,341	2%	2,707	2,493	9%
Premises expenses	208	205	1%	413	390	6%
Computer expenses	285	258	10%	543	541	0%
Other expenses	464	433	7%	897	867	3%
Restructuring costs	23	22	5%	45	49	-8%
Core operating expenses	2,346	2,259	4%	4,605	4,340	6%
ANZ National Bank incremental integration costs(1)		39	-100%	39	78	-50%
Significant items - settlement of NHB insurance claim		(113)	-100%	(113)		n/a
Total operating expenses	2,346	2,185	7%	4,531	4,418	3%
Total employees	32,256	31,063	4%	32,256	30,976	4%

(1) For March 2006 these costs are personnel costs of \$22 million (2005: \$36 million), computer costs of \$6 million (2005: \$17 million), and other costs of \$11 million (2005: \$25 million)

2006 result

Operating expenses increased \$113 million (3%) over the 2005 year. After adjusting for non-core items (refer page 13 for details of non-core items), core operating expenses increased \$265 million (6%). The following explanations exclude non-core items:

Personnel expenses increased \$214 million (9%) as a result of annual salary increases and a 4% increase in staff numbers mainly in the following business units:

Personal staff numbers increased 6%. Consumer Finance increased 8% to deal with increased volumes and cards initiatives. Branch Network staff numbers increased 6% due to the opening of 25 new branches under the Branch Investment Program coupled with extending opening hours for an additional 86 branches. Mortgages increased 8% due to increased volumes. Investment and Insurance Products increased 16% over the year due mainly to recruitment of financial planners.

Institutional staff numbers increased 7% due to a 24% increase in Markets primarily reflecting the strategy to drive business growth and increased staff for IT projects. Trade and Transaction Services increased 8% reflecting investment in business platforms and short-term parallel runs of a new operations site.

Partnership & Private Bank increased 29% driven mainly by the expansion program in Cambodia and increasing specialist staff to follow the growth agenda in Private Banking.

Premises costs increased \$23 million (6%) reflecting additional space requirements and opening of 25 new branches. There was also a \$6 million increase in the cost of security services.

Computer costs increased \$2 million. Depreciation charges in Operations, Technology and Shared Services and Personal were lower principally as a result of asset write-downs in 2005 and assets fully depreciating. Offsetting this were increases in Mortgages due to re-assessment of software projects, Trade and Transaction Services and Markets due to investment in new platforms, and Consumer Finance due to additional ATM and merchant terminals.

Other expenses increased \$30 million:

Travel expenses increased \$16 million with small increases spread across most business units.

Advertising spend increased \$14 million including expenditure on the ANZ NOW and ATM advertising campaigns and Consumer Finance expenditure due to the launch of new products including Visa Debit Card.

Movements in exchange rates reduced costs by \$55 million.

Comparison with March 2006 half

Operating expenses increased \$161 million (7%) or \$87 million (4%) adjusting for non-core items (refer page 13 for details). The following explanations exclude non-core items:

Personnel costs were up \$25 million (2%) with a 4% increase in staff numbers. The increase included a \$28 million benefit from movement in NZD exchange rates. Increases in staff numbers were mainly in the following business units:

Personal increased 4%. Consumer Finance increased by 8% to deal with increased volumes and cards initiatives. Retail Banking staff numbers increased 5% due to opening of 14 new branches under the Branch Investment Program together with extending opening hours of branches. Investment and Insurance Products increased 8% due mainly to recruitment of financial planners.

Institutional increased 5% mainly due to a 15% increase in Markets primarily reflecting the strategy to drive business growth. Trade and Transaction Services increased 6% reflecting business expansion particularly in Custodian Services and Trade Finance businesses.

Partnership & Private Bank increased 19% driven mainly by the expansion program in Cambodia and Private Banking increased 26% to bring forward the growth agenda.

Premises costs increased \$3 million (1%) driven by higher rental expense reflecting additional space requirements and opening of new branches.

Computer costs increased \$27 million (10%) due to the timing impact of higher software maintenance fees in the second half and re-assessment of software projects in Mortgages.

Other expenses were \$31 million (7%) higher. Advertising increased \$15 million which included the launch of the Visa Debit Card and an increased advertising campaign in New Zealand. Professional fees were up \$10 million with Operations, Technology and Shared Services increasing \$5 million due to a range of initiatives and Esanda increasing \$4 million due to a review of Esanda's Auto Finance business. Travel expenses increased \$8 million with small increases spread across most business units. Card processing expense increased \$5 million mainly due to microchip rollout costs. Non lending losses decreased \$17 million with the first half higher due to Institutional and New Zealand (the latter included a NZD 10 million Commerce Commission settlement impact).

Movements in exchange rates reduced cost growth by \$52 million.

Credit Risk

Provision for credit impairment charge

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Personal	173	168	3%	341	351	-3%
Institutional	7	51	-86%	58	136	-57%
New Zealand Businesses	1	4	-75%	5	158	-97%
Partnerships & Private Bank	16	9	78%	25	17	47%
Non-continuing businesses	(14)	(8)	75%	(22)	(97)	-77%
Core provision for credit impairment charge	183	224	-18%	407	565	-28%
AIFRS 2005 adjustments(1)	n/a	n/a	n/a	n/a	15	n/a
Provision for credit impairment charge	183	224	-18%	407	580	-30%

(1) Refer page 15

Individual provision charge

The individual provision charge was \$338 million, down \$19 million from the September 2005 year. This decrease was principally driven by increased recoveries and writebacks in Institutional and lower single name provisions in New Zealand. This was partially offset by growth and moderately higher risk in Personal, driven mainly by credit cards and lower recovery rates in Esanda due to falling used car prices and lower writebacks and recoveries in the non-continuing businesses.

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Personal	145	116	25%	261	223	17%
Institutional	(7)	56	large	49	62	-21%
New Zealand Businesses	8	11	-27%	19	101	-81%
Partnerships & Private Bank	15	8	88%	23	12	92%
Non-continuing businesses	(11)	(3)	large	(14)	(41)	-66%
Individual provision charge	150	188	-20%	338	357	-5%
AIFRS 2005 adjustments(1)	n/a	n/a	n/a	n/a		n/a
Individual/specific provision charge	150	188	-20%	338	357	-5%

(1) Refer page 15

Collective provision charge

The collective provision charge was \$69 million, down \$154 million from the September 2005 year or \$139 million on a comparable basis after AIFRS 2005 adjustments.

The Group charge for the year was driven by strong asset growth, changes in portfolio risk and a reduced benefit from non-continuing businesses following the sale of offshore project finance assets. This was partially offset by a decline in the scenario impact provision taken in 2005 to reflect the risk change of materially higher and sustained oil prices, which are now flowing into risk measured collective or individual provisions.

The risk increase was predominantly in Personal due to strong growth in low rate cards, which have a slightly higher risk/return; and moderately higher losses in Esanda as higher petrol prices reduce recovery rates on defaulted loans as resale values have fallen in some vehicle classes. New Zealand benefited from strong relative growth in lower risk mortgage products and improvement in personal loans and cards (low rate card products were only introduced late in the financial year). New Zealand continues to be supported by stable economic conditions that are being closely watched for any signs of weakening.

Half year	Half year	Movt Sep 06	Full year	Full year	Movt Sep 06
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	Sep 06 \$M	Mar 06 \$M	v. Mar 06 %	Sep 06 \$M	Sep 05 \$M	v. Sep 05 %
Lending growth	61	70	-13%	131	147	-11%
Risk profile	22	(5)	large	17	(49)	large
Portfolio mix	(2)	8	large	6	25	-76%
Scenario impact(1)	(45)	(32)	41%	(77)	141	large
Non-continuing business	(3)	(5)	-40%	(8)	(56)	-86%
Collective provision charge	33	36	-8%	69	208	-67%

(1) Scenario impact includes oil price shock and offshore risk provision in 2005 and the modelled unwind of the oil price shock provision in 2006 to offset the emergence of related Individual and Collective provisions from these scenario impacts

The analysis of the collective provision charge by business unit is set out below:

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Collective (general) provision charge						
Personal	28	52	-46%	80	128	-38%
Institutional	14	(5)	large	9	74	-88%
New Zealand Businesses	(7)	(7)	0%	(14)	57	large
Partnerships & Private Bank	1	1	0%	2	5	-60%
Non-continuing businesses	(3)	(5)	-40%	(8)	(56)	-86%
Collective provision charge	33	36	-8%	69	208	-67%
AIFRS 2005 adjustments(1)	n/a	n/a	n/a	n/a	15	n/a
Collective (general) provision charge	33	36	-8%	69	223	-69%

(1) Refer page 15

Expected loss

Management believe that disclosure of modelled expected loss data will assist readers in determining the longer term expected loss rates on the lending portfolio as they remove the volatility in reported earnings created by the use of AIFRS credit loss provisioning. The expected loss concept also aligns with the Basel II advanced approach to capital management. ANZ uses the expected loss methodology internally for economic value added (EVA) reporting and as a factor when determining the dividend payout ratio. Expected loss outcomes are subject to change as Basel II validation work is completed.

The Group's expected loss was \$691 million, an increase of \$111 million (19%) over the September 2005 year. This increase was primarily driven by strong growth in Personal including the strategic risk shift into lower rate credit cards and by a slightly higher risk profile in Esanda largely driven by the falling value of secondhand vehicles reducing recovery rates on defaulted facilities. Partnerships & Private Bank also increased due to strong growth and risk changes within the Indonesian credit cards portfolio. The non-continuing businesses expected loss reduced during 2006, however the expected loss rate increased over this period due to a large decrease in average net lending assets.

	% of Group Net Advances	Half year Sep 06	Half year Mar 06	Full year Sep 06	Full year Sep 05
Expected loss by segment(1)					
Personal	49%	0.28%	0.26%	0.27%	0.23%
Institutional	27%	0.30%	0.30%	0.30%	0.29%
New Zealand Businesses	23%	0.16%	0.18%	0.17%	0.19%
Partnerships & Private Bank	<1%	2.60%	1.62%	2.13%	1.29%
Non-continuing businesses	<1%	0.33%	0.46%	0.41%	0.22%
Total	100%	0.27%	0.26%	0.27%	0.25%
Expected loss (\$million)		357	334	691	580

(1) *Expected loss = Annualised expected loss divided by average net lending assets*

Gross non-performing loans

Gross non-performing loans increased to \$661 million, up \$19 million from \$642 million as at 30 September 2005. This increase was largely driven by two new accounts in Institutional during the first half of 2006, partially offset by lower non-performing loans in New Zealand and strong asset realisations and writeoffs in the non-continuing businesses.

	As at Sep 06 \$M	As at Mar 06 \$M	As at Sep 05 \$M	Movt Sep 06 v. Mar 06 %	Movt Sep 06 v. Sep 05 %
Gross non-performing loans					
Personal	147	135	136	9%	8%
Institutional	408	440	272	-7%	50%
New Zealand Businesses	99	138	187	-28%	-47%
Partnerships & Private Bank	7	5	3	40%	large
Non-continuing businesses		8	44	-100%	-100%

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Total gross non-performing loans 661 726 642 -9% 3%

Net non-performing loans

Net non-performing loans are \$382 million (Sep 2005: \$386 million) representing 1.9% of shareholders' equity as at 30 September 2006 (Sep 2005: 2.0%). The Group has an individual provision coverage ratio of 42%.

Net non-performing loans	As at Sep 06 \$M	As at Mar 06 \$M	As at Sep 05 \$M	Movt Sep 06 v. Mar 06 %	Movt Sep 06 v. Sep 05 %
Personal	64	58	64	10%	0%
Institutional	267	279	161	-4%	66%
New Zealand Businesses	51	77	117	-34%	-56%
Partnerships & Private Bank				n/a	n/a
Non-continuing businesses		7	45	-100%	-100%
AIFRS 2005 adjustments			(1)	n/a	-100%
Total net non-performing loans	382	421	386	-9%	-1%
Individual provision coverage	42%	42%	40%	0%	5%

Income Tax Expense

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Income tax expense on profit	780	742	5%	1,522	1,220	25%
Effective tax rate	29.3%	29.1%		29.2%	27.7%	
Income tax expense on cash profit(1)	770	716	8%	1,486	1,247	19%
Effective tax rate (cash profit(1))	29.3%	29.2%		29.3%	28.3%	

(1) Refer footnote 1 on page 11

2006 result

The Group's income tax expense increased by \$302 million to \$1,522 million resulting in an effective tax rate of 29.2%, an increase of 1.5% from the September 2005 year. The increase mainly reflects the run-off of structured finance transactions. The September 2005 year included the non-taxability of profit on sale of NBNZ Life and Funds Management Businesses.

Adjusted for AIFRS 2005 adjustment and non-core items, income tax expense increased by \$239 million resulting in an effective tax rate of 29.3%, an increase of 1.0% from the September 2005 year. This increase mainly reflects the run-off of structured financing transactions.

Comparison with March 2006 half

The Group's effective tax rate for the half year ended September 2006 increased 0.2%, with the AIFRS and non-core adjusted rate increasing 0.1% from the March 2006 half year.

Earnings per share

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Earnings per share(1) (cents)						
Basic	101.6	98.4	3%	200.0	169.5	18%
Diluted	98.5	95.5	3%	194.0	164.4	18%

Cash earnings per share

Net profit attributable to shareholders of the Company (\$M)	1,877	1,811	4%	3,688	3,175	16%
Less: non-core items included in profit after tax(2) (\$M)	(21)	(80)	-74%	(101)	7	large
AIFRS 2005 Adjustments(2) (\$M)	n/a	n/a	n/a	n/a	(31)	n/a
Cash Profit (\$M)	1,856	1,731	7%	3,587	3,151	14%
Preference share adjustments(3) (\$M)	(15)	(12)	25%	(27)	(18)	50%
Earnings adjusted for non-core items and AIFRS 2005 adjustments (\$M)	1,841	1,719	7%	3,560	3,133	14%
Weighted average number of ordinary shares (M)	1,832.2	1,828.4	0%	1,830.3	1,823.7	0%
Cash earnings per share (cents)	100.5	94.0	7%	194.5	171.8	13%

- (1) Refer page 79 for full calculation
- (2) Refer pages 13 to 15
- (3) The EPS calculation excludes the Euro preference shares

2006 full year earnings per share increased 18.0% (30.5 cents) to 200.0 cents over full year 2005. Cash EPS for the Group increased 13.2% or 22.7 cents over full year 2005. The main drivers of the increase in cash EPS on full year 2005 are:

Growth in continuing business profit before credit impairment (after tax) and preference shares contributed 11.6%

Reduction in the continuing businesses credit impairment charge (after tax) contributed 4.8%

Partly offset by non-continuing businesses (2.8%) and the dilution by the increase in number of shares (0.4%)

September 2006 half year earnings per share increased 3.3% (3.2 cents) on the March 2006 half. Cash EPS for the Group increased 6.9% or 6.5 cents on the March 2006 half. The main drivers of the increase in cash EPS on the March 2006 half are:

Growth in continuing business profit before credit impairment (after tax) contributed 6.9%

Reduction in the continuing businesses credit impairment charge (after tax) contributed 1.4%

Partly offset by non-continuing businesses (1.2%) and the dilution by the increase in number of shares (0.2%)

Dividends

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Dividend per ordinary share (cents)						
Interim (fully franked)	n/a	56	n/a	56	51	10%
Final (fully franked)	69	n/a	n/a	69	59	17%
Total	69	56	23%	125	110	14%
Ordinary share dividend payout ratio (%)						
	68.0%	56.9%		62.6%	65.0%	
Net profit after tax (\$M)	1,877	1,811	4%	3,688	3,175	16%
Non-core items(1) and AIFRS 2005 adjustments (\$M)	(21)	(80)	-74%	(101)	(24)	large
Cash(1) profit (\$M)	1,856	1,731	7%	3,587	3,151	14%
Dividend payout ratio of cash(1) profit (%)	68.8%	59.6%		64.4%	64.1%	

(1) Refer footnote 1 on page 11

The Directors propose that a final dividend of 69 cents be paid on each ordinary share, up 10 cents (17%) on the 2005 final dividend broadly in line with the growth in Cash EPS (adjusted for non-core items and AIFRS 2005 adjustments). The proposed final 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 5.00 pm (AEST) on the record date, namely, 15 November 2006. It is proposed that the final dividend will be payable on 15 December 2006. Dividends payable to shareholders with a registered address in Great Britain (including the Channel Islands and 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 fifth ASX trading day immediately following the record date for value on the payment date.

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 EVATM (Economic Value Added) growth relative to prior periods. EVATM for the year ended 30 September 2006 at \$2,082 million was up \$171 million on the year ended 30 September 2005, and up \$56 million on the March 2006 half.

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
EVATM						

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Net profit after tax	1,877	1,811	4%	3,688	3,175	16%
AIFRS 2005 adjustments and non-core items(1)	(21)	(80)	-74%	(101)	(24)	large
Cash Profit	1,856	1,731	7%	3,587	3,151	14%
Credit cost adjustment	(120)	(74)	62%	(194)	(4)	large
Economic profit	1,736	1,657	5%	3,393	3,147	8%
Imputation credits	351	313	12%	664	594	12%
Adjusted economic profit	2,087	1,970	6%	4,057	3,741	8%
Cost of ordinary capital	(1,003)	(945)	6%	(1,948)	(1,812)	8%
Cost of preference share capital	(15)	(12)	25%	(27)	(18)	50%
EVA™	1,069	1,013	6%	2,082	1,911	9%

(1) Refer footnote 1 on page 11

EVA™ is a measure of risk adjusted accounting profit used for evaluating business unit performance and is a factor in determining the variable component of remuneration packages. It is based on net profit after tax, adjusted for non-core items, credit costs, 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. The credit cost adjustment replaces the credit impairment charge with expected losses after tax at the rate applicable in the relevant geography.

At ANZ, economic capital is 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 deferred acquisition costs 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.

Market Risk

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

97.5% confidence level 1 day holding period

	As at Sep 06 \$M	High for period Sep 06 \$M	Low for period Sep 06 \$M	Ave for period Sep 06 \$M	As at Sep 05 \$M	High for period Sep 05 \$M	Low for period Sep 05 \$M	Ave for period Sep 05 \$M
Value at risk at 97.5% confidence								
Foreign exchange	0.5	1.6	0.3	0.7	0.8	1.7	0.3	0.8
Interest rate	1.7	3.2	0.8	1.8	1.3	2.2	0.2	0.9
Credit Spread	1.1	1.7	0.7	1.1	0.8	1.5	0.2	0.8
Diversification benefit	-1.4	n/a	n/a	-1.5	-1.2	n/a	n/a	-0.9
Total VaR	1.9	3.6	0.9	2.1	1.7	3.0	0.8	1.6

99% confidence level 1 day holding period

	As at Sep 06 \$M	High for period Sep 06 \$M	Low for period Sep 06 \$M	Ave for period Sep 06 \$M	As at Sep 05 \$M	High for period Sep 05 \$M	Low for period Sep 05 \$M	Ave for period Sep 05 \$M
Value at risk at 99% confidence								
Foreign exchange	0.6	2.0	0.3	0.8	0.9	2.1	0.4	1.1
Interest rate	2.0	4.4	1.3	2.4	1.7	2.8	0.2	1.2
Credit Spread	2.8	3.6	1.1	2.3	1.4	2.4	0.4	1.2
Diversification benefit	-2.9	n/a	n/a	-2.6	-1.8	n/a	n/a	-1.3
Total VaR	2.6	4.9	1.2	2.9	2.2	4.0	1.0	2.2

Revenue related cash flow hedges

The Group has used derivative instruments to hedge against the adverse impact on future offshore revenue streams from exchange rate movements. Movements in average exchange rates, net of associated revenue hedges, resulted in an increase of \$5 million in the Group's profit after tax for 2006 (Sep 2006 half: decrease \$7 million). This included the impact of earnings from associated revenue hedges, which increased by \$58 million (before tax) from 2005. Hedge revenue is booked in the Group Centre as interest income.

From 1 October 2006, new AIFRS rules do not permit economic hedging of offshore revenue streams to be accounted for in the same manner as that permitted under first year AIFRS transitional rules or AGAAP. As a consequence, any revenue hedges of the Group's offshore revenue streams will be marked to market through the income statement. In addition, AIFRS requires realised and unrealised positions on revenue hedges at 1 October 2006 to be taken directly to retained earnings.

The most significant offshore revenue stream is derived from the New Zealand geography (refer page 56) and the debt component of New Zealand Dollar intra-group funding of this business, which amounted to NZD1.77 billion at 30 September 2006. Details of revenue hedges are set out below.

	Half year Sep 06 \$M	Half year Mar 06 \$M	Full year Sep 06 \$M	Full year Sep 05 \$M
Net open position NZD (notional principal)		2,486		3,957
Amount taken to income (pre tax)				
- NZD hedges	49	(3)	46	(27)
- USD hedges				15

All revenue hedges existing at the start of financial year 2006 were realised. The realised gains on the hedges of future years revenues of approximately \$141 million (net of tax) have been deferred in the Hedging Reserve in equity at 30 September 2006. In line with AIFRS requirements, these gains (which would have otherwise been reflected in the income statement in future years) were transferred directly to Retained Earnings at 1 October 2006. In addition, NZD1.55 billion of capital hedges were established during the latter part of the financial year. The unrealised losses on these hedges at 30 September 2006 of approximately \$23 million (net of tax) have been included in the Foreign Currency Translation Reserve. Post balance date, these capital hedges have been de-designated, and will be marked-to market through the income statement in 2007 as a partial economic hedge of the expected 2007 NZD earnings. Approximately 95% of the anticipated 2007 NZD revenue streams (including inter-group funding) have been hedged at an effective all-in rate of NZD1.14/A\$, compared to an all in rate of NZD1.10/A\$ for 2006. This will limit the expected reduction in 2007 Group earnings per share due to a possible weaker NZD to less than 1%.

The changes to the accounting requirements have had no impact on the economic position of the Group. Whilst the marking to market of these hedges will introduce volatility going forward, the unrealised gains/losses on these hedges will be included in non-core items and excluded from Cash profit.

Balance Sheet

Total assets increased by \$34.9 billion (12%) since 30 September 2005 to \$335.8 billion. Exchange rate movements accounted for a net reduction of \$2.2 billion consisting of a reduction of \$3.1 billion in New Zealand partly offset by an increase of \$0.9 billion in Overseas Markets. Excluding the impact of exchange rate movements, total assets increased \$28.1 billion (14%) in Australia, \$7.6 billion (10%) in New Zealand and \$2.5 billion (25%) in Asia Pacific, offset by a reduction of \$1.1 billion (10%) in other geographies.

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

Liquid assets #29% (*Excl Exchange Rates #29%*)

Liquid assets increased by \$3.4 billion to \$15.0 billion at 30 September 2006.

Australia increased \$3.7 billion from customer-related repurchase agreement activity in Institutional and increased liquidity in Group Treasury. Overseas Markets decreased \$0.6 billion due to a switch from bank certificates of deposit to more attractive available-for-sale assets in the United Kingdom.

Due from other financial institutions #52% (*Excl Exchange Rates #51%*)

Due from other financial institutions increased by \$3.3 billion to \$9.7 billion at 30 September 2006 due mainly to an increase in volumes of interbank lending in Australian Treasury, Singapore and New Zealand partially offset by a decrease in United Kingdom.

Trading securities #46% (*Excl Exchange Rates #47%*)

Trading securities volumes increased \$2.9 billion to \$9.2 billion at 30 September 2006 due largely to a strategic decision in Institutional to be more competitive in the Debt Capital Markets with greater focus on supporting customer issuance and investment needs.

Derivatives #41% (*Excl Exchange Rates #42%*)

Derivative assets increased \$2.7 billion to \$9.2 billion at 30 September 2006 driven principally by increased volatility in exchange rates, notably the significant depreciation in the NZD during the year and increased trading activity.

Available-for-sale assets #6% (Excl Exchange Rates #5%, excl Exchange Rates and AIFRS 2005 Adjustment \$5%)

Available-for-sale assets include assets previously classified as investment securities (under AGAAP) and loans and advances and other assets that are available-for-sale. These assets are measured at fair value. Available-for-sale asset volumes increased \$0.6 billion to \$10.7 billion at 30 September 2006 due to the reclassification of \$1.1 billion assets from net loans and advances and other assets on 1 October 2005 on adoption of AIFRS and an increase in available-for-sale loans in Institutional Australia. This is partially offset by a decrease in Corporate and Structured Finance following the de-consolidation of two Special Purpose Vehicles.

Net loans and advances #10% (Excl Exchange Rates #11%)

Net loans and advances increased \$22.9 billion to \$255.4 billion at 30 September 2006. Excluding the impact of exchange rate movements (-\$2.1 billion) and the impact of adopting AIFRS (-\$1.5 billion resulting from changes in credit provisioning and the reclassification to available-for-sale), the increase was \$26.5 billion (12%). Growth in Australia was 11% or \$17.1 billion. After adjusting 2005 to a fully comparable AIFRS basis growth was \$18.1 billion (11%):

Personal (12% or \$13.5 billion) with \$10.5 billion as a result of growth in housing loans. Consumer Finance increased \$1.1 billion, reflecting the success of the low rate MasterCard product. Esanda increased \$0.6 billion with solid new business writings partly offset by the natural run-off of assets. Investment and Insurance Products grew \$0.4 billion due to growth in margin lending volumes and uptake of new products and Regional & Rural Banking grew \$0.8 billion.

Institutional Australia (11% or \$4.6 billion) largely in Debt Products Group, with growth of \$1.6 billion driven by increased demand for funding of mergers and acquisition activity. Business Banking increased \$1.3 billion (14%) driven by continued business momentum and Corporate Banking grew \$0.9 billion (14%) with growth in asset finance products and variable rate term lending. Corporate and Structured Financing increased \$0.3 billion due to increased project finance and structured debt activity and volumes in Trade and Transaction Services increased \$0.3 billion as a result of growth in overdrafts.

New Zealand grew by \$4.7 billion (7%). However, after excluding the impact of exchange rates and impact of adopting AIFRS, growth was \$7.3 billion, or 12%, with increases in NBNZ Retail (\$2.2 billion or 10%), ANZ Retail (\$2.1 billion or 15%), Rural Banking (\$1.4 billion or 16%) and Corporate & Commercial Banking (\$1.8 billion or 20%). Overseas Markets grew by \$1.1 billion (13%) in Asia (\$0.7 billion) and Pacific (\$0.4 billion).

Other assets \$19% (Excl Exchange Rates \$18%)

Other assets reduced \$1.2 billion due mainly to lower assets awaiting settlement in New Zealand.

Total liabilities increased by \$34.5 billion (12%) from 30 September 2005. Exchange rate movements accounted for a net reduction of \$1.8 billion consisting of a \$2.7 billion reduction in New Zealand offset by an increase of \$0.9 billion in Overseas Markets. The explanations in the table below describe movements in the major liability classes.

Due to other financial institutions #17% (Excl Exchange Rates #15%)

Due to other financial institutions increased \$2.1 billion to \$14.1 billion at 30 September 2006.

Volumes in Australia increased \$3.3 billion principally in the Markets business in Institutional with increased interbank repurchase agreement activity partly offset by decreases in New Zealand and United Kingdom.

Deposits and other borrowings #8% (Excl Exchange Rates #9%)

Deposits and other borrowings increased \$14.5 billion to \$204.8 billion at September 2006. Excluding the impact of exchange rate movement, the increase was \$16.1 billion. After adjusting for exchange rate movements:

Australia increased \$9.3 billion (8%) largely as a result of increases in the following businesses:

Institutional increased \$4.1 billion (11%) with increased deposits in Debt and Transaction Services (\$4.0 billion) following the Balance Sheet Collateralised Loan Obligation issuance (\$2.2 billion) and growth in current accounts, Institutional & Corporate Relationships (\$1.7 billion) and Markets (\$0.7 billion), partly offset by a reduction in deposits in Corporate and Structured Financing (\$2.3 billion).

Personal increased \$6.3 billion (11%) mainly due to the growth in cash management account products and term deposit balances in Banking Products (\$4.3 billion) and Rural & Small Business Banking (\$0.8 billion), and increased issuance of commercial paper in Esanda to meet funding requirements (\$0.8 billion).

Treasury reduced \$1.1 billion largely due to a reduced requirement for short term domestic funding.

New Zealand increased \$2.8 billion (5%), largely in Institutional (\$4.4 billion) and Retail (\$2.2 billion) following growth in current accounts bearing interest and term deposits. This is partially offset by a reduction in Treasury (\$3.8 billion) where a switch has occurred from short term commercial paper and certificates of deposit to the longer term issuance of EMTNs.

Overseas Markets increased by \$4.0 billion largely due to increased term deposits in Asia (\$1.6 billion) and increased certificates of deposit in America (\$1.5 billion) and United Kingdom (\$0.4 billion).

Derivatives #25% (*Excl Exchange Rates #27%*)

Derivative liabilities increased \$1.7 billion to \$8.8 billion at 30 September 2006. The increase is driven by increased volatility in exchange rates, principally the significant movement in the NZD during the year and increased trading activities.

Payables and other liabilities #40% (*Excl Exchange Rates #42%*)

Payables and other liabilities increased \$3.1 billion (40%) to \$10.7 billion at 30 September 2006 with an increase in securities lending volumes in Institutional and an increase in liabilities awaiting settlement in Treasury.

Bonds and Notes #28% (*Excl Exchange Rates #29%*)

Bonds and notes increased \$11.0 billion to \$50.1 billion at 30 September 2006. Excluding exchange rate movements, bonds and notes increased by \$7.1 billion (22%) in Australia and \$4.1 billion (68%) in New Zealand in response to increased term funding requirements.

Loan Capital #22% (*Excl Exchange Rates #22%*)

Loan capital increased \$2.0 billion to \$11.1 billion at 30 September 2006 in response to term funding requirements and the reclassification of ANZ StEPS (\$1.0 billion) from equity to debt on adoption of AIFRS on 1 October 2005.

Capital Management

	As at Sep 06	As at Mar 06	As at Sep 05
Tier 1	6.8%	6.8%	6.9%
Tier 2	4.2%	4.0%	3.9%
Deductions	(0.4)%	(0.4)%	(0.3)%
Total	10.6%	10.4%	10.5%
ACE	5.0%	5.0%	5.1%
Transitional Tier 1 Capital Relief	(0.3)%		
Adjusted ACE	4.7%	5.0%	5.1%
Target ACE	4.0%-4.75%	4.5%-5.0%	
RWA \$m	240,219	230,653	219,573

Further details of the components of capital and the capital adequacy calculation are set out on pages 98 to 99

Prudential issues – APRA’s changes to prudential standards covering AIFRS impacts and Tier 1 hybrid capital

APRA changes to prudential standards, APS 110 Capital Adequacy and APS 111 Capital Adequacy: Measurement of Capital became effective on 1 July 2006. Transitional rules mean that some changes are not fully effective until January 2008 and potentially January 2010.

AIFRS and capital deductions

The changes to the prudential standards impact the capital base of the Group in the following ways:

The Group’s Tier 1 capital base was reduced by \$716 million at 1 July 2006 due to new or higher deductions for such items as capitalised software, net deferred tax assets, hedge accounting ineffectiveness and defined pension plan deficits, offset by a small release in the general provision for loan losses. The deduction for deferred tax assets has been introduced into the calculation of ANZ’s Tier 1 capital post March 2006. APRA is now requiring verification letters from the Group’s auditors and tax advisors before netting of deferred tax assets and liabilities is permitted for offshore sites.

The Group’s upper Tier 2 capital base was reduced by \$17 million at 1 July 2006 due to the release of the general provision for loan losses, offset by an allowance for the recognition of post acquisition earnings and movement in reserves for associates.

APRA introduced transitional rules to January 2008, whereby the Group can add back to its capital base the adverse impact of adopting the new prudential standards on 1 July 2006. The Group has taken Tier 1 and Upper Tier 2 transitional relief of \$716 million and \$17 million respectively. These amounts are fixed for the period to January 2008. The end of the transitional period is expected to be aligned with the adoption of the Basel II accord.

	\$m	\$m
Total Tier 1 capital at 30 September 2006 (before Transitional relief)	15,641	
Transitional relief	30 June 2006 values	30 Sep 2006 values
- Items included in Equity under IFRS:		
Hedge accounting ineffectiveness	132	77
Defined pension plan deficits (net)	83	161
General provision for loan losses	(184)	(184)(1)
- New deduction:		
Capitalised software	397	397
Deferred tax assets	289	290
- Other	(1)	(1)(1)
Total	716	740
Transitional Tier 1 capital at 30 September 2006	16,357	

(1) Assumed unchanged since June 2006

Tier 1 Capital and Securitisation

The prudential standards and guidance notes also outlined new criteria for Tier 1 and Tier 2 capital, including sub-categories therein for hybrid Tier 1, Lower and Upper Tier 2. Material changes from the existing prudential standards are:

Introduction of a sub-category of Tier 1 capital being Fundamental Tier 1 which includes most components of shareholders equity, excluding hybrid Tier 1 instruments. This sub-category must be at least 75% of net Tier 1, which effectively reduces the level of hybrid Tier 1 capital (Residual Tier 1) to 25% of net Tier 1 previously 25% of Tier 1 before deductions.

Splitting hybrid Tier 1 into two sub-categories, Innovative and Non-Innovative Tier 1, with limits of 15% and 10% of net Tier 1 respectively. Transition rules will be available to ADIs up until January 2010 if the ADI is above these limits when first measured on 1 January 2008 based upon hybrid Tier 1 instruments on issue at 31 August 2005 (subject to certain conditions being met). The Non-Innovative category is a new classification covering instruments that have the characteristics of non-cumulative, irredeemable preference shares without innovative capital features . ANZ believes that its existing hybrid Tier 1 instruments will be classified as Innovative. At 30 September 2006, ANZ has an Innovative hybrid usage rate of 20.4% (nil for Non-Innovative) which is above the limit and as such expects to apply for the transitional relief contemplated in the standard.

ACE Ratio

As noted above, upon adopting APRA's new prudential standards in July 2006, the Group incurred a \$716 million reduction in Tier 1 capital for increased or new deductions. Whilst APRA has provided transitional relief from these deductions, this transitional relief will not flow through to Rating Agency measures of ACE. As these deductions do not reflect changes to the underlying economic risk of the business, the Group lowered its ACE target range by 25 basis points and expanded the range by 25 basis points to allow short term flexibility, for example AIFRS volatility. The Group's revised ACE target range is 4.00% to 4.75%. The ACE ratio at 4.7% remains at the upper end of the Group's targeted capital range. During the year, ACE ratio declined 39 basis points principally due to:

new capital deductions from adopting AIFRS and APRA's amendments to the prudential standards on 1 July 2006 (-33 basis points);

net profit after preference share dividends of \$3.7 billion (+167 basis points);

ordinary share dividend payments and commitments, net of Bonus Option Plan and Dividend Reinvestment Plan of \$2.1 billion (-95 basis points);

increase in risk weighted assets, excluding the impact of exchange rate movements (-47 basis points);

increase in investment/profit retention in funds management businesses and associates (-20 basis points) principally due to capital injections into PT Panin and Tianjin City Commercial Bank, and profit retention within ING joint ventures;

buy-back of ordinary equity of \$146 million (-7 basis points); and

other (-4 basis points) which includes exchange rate movements principally due to a weaker NZ dollar, increase in defined pension liabilities, 1st loss facility deduction for Collateralised Loan Obligation (CLO), offset by share issuances to staff and option conversions.

Hybrid Capital and Tier 1 Capital

The Group raises hybrid capital to further strengthen the Group's capital base and ensure compliance with APRA's prudential capital requirements.

There was no issuance of new hybrid capital during the year and, as at 30 September 2006, the Group had three Innovative Hybrid Capital instruments outstanding:

Innovative 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	Debt (post AIFRS)	Debt	Equity
Regulatory (APRA) classification	Tier 1	Tier 1	Tier 1
September 2006 balance	\$1,000 million	\$1,471 million	\$871 million
Interest rate	BBSW +1.00%	Tranche 1 Coupon: 4.48% Tranche 2 Coupon: 5.36%	Euribor +0.66%

On adoption of AIFRS on 1 October 2005 the ANZ StEPS issue was reclassified from equity to debt, however, it continues to be classified as Innovative Tier 1 capital for regulatory purposes.

Buy-Back of Ordinary Equity

The Group commenced an on-market buy-back of \$350 million of ordinary equity on 10 January 2005. The buy-back was completed 14 March 2006 with the Group repurchasing 15.7 million shares at an average cost of \$22.26 per share. 6.1 million shares were repurchased during the year at an average cost of \$24.02 per share, totalling \$146 million.

Deferred acquisition costs and deferred income

The Group recognises 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 30 September 2006 the Group's assets included \$569 million (Mar 2006: \$549 million; Sep 2005: \$524 million) in relation to costs incurred in acquiring interest earning assets. During the year, amortisation of \$293 million (Sep 2005: \$258 million) was recognised as an adjustment to the yield earned on interest earning assets.

Deferred income

At 30 September 2006, the Group had deferred income of \$406 million (Mar 2006: \$426 million; Sep 2005(3): \$474 million) in relation to income received in advance. At 30 September 2006, this includes \$3 million (Mar 2006: \$5 million; Sep 2005: \$3 million) deferred service type fees. These fees are deferred and will be amortised over the period of service under AASB 118: Revenue .

At 30 September 2006, fee income of \$343 million (Mar 2006: \$364 million; Sep 2005: \$382 million) that is integral to the yield of an originated financial instrument, net of any direct incremental costs, has been capitalised. This income is deferred and recognised against net loans and advances over the expected life of the financial instrument under AASB 139: Financial Instruments: Recognition and Measurement . At 30 September 2006, the Group's liabilities included other deferred income of \$60 million (Mar 2006: \$57 million; Sep 2005: \$89 million).

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

	Deferred Acquisition Costs(1)				Deferred Income		
	Sep 06 \$M	Mar 06 \$M	Sep 05 \$M	Sep 06 \$M	Mar 06 \$M	Sep 05(3) \$M	Sep 05(4) \$M
Personal	440	447	435	149	143	140	32
Institutional	21	10	10	212	240	274	36
New Zealand Businesses	80	67	61	42	39	51	15
Other(2)	28	25	18	3	4	9	9
Total	569	549	524	406	426	474	92

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

- (2) *Includes Group Centre and Partnerships & Private Bank*
- (3) *Includes fee income of \$382 million deferred under AASB 139: Financial Instruments Recognition and Measurement*
- (4) *Comparative AIFRS (statutory) numbers*

Deferred acquisition costs analysis:

	September 2006		September 2005	
	Amortisation Costs	Capitalised Costs(1)	Amortisation Costs	Capitalised Costs(1)
Personal	259	264	228	270
Institutional	1	12	6	4
New Zealand Businesses	31	50	20	43
Other(2)	2	12	4	
Total	293	338	258	317

- (1) *Costs capitalised during the year exclude brokerage trailer commissions paid*
- (2) *Includes Group Centre and Partnerships & Private Bank*

Software capitalisation

At September 2006, the Group's intangibles included \$397 million in relation to costs incurred in acquiring and developing software. Details are set out in the table below:

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Balance at start of period	390	386	1%	386	436	-11%
Software capitalised during the period	75	62	21%	137	99	38%
Amortisation during the period	(57)	(57)	0%	(114)	(125)	-9%
Software written-off	(9)	(1)	large	(10)	(24)	-58%
Other	(2)		n/a	(2)		n/a
Total software capitalisation	397	390	2%	397	386	3%

Deferred tax assets (overseas)

Deferred tax assets are recognised using the comprehensive tax balance sheet liability method. They are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised. The APRA Prudential Standards require net deferred tax assets (net of deferred tax liabilities) to be deducted from capital. The Prudential Standards only allow netting of deferred tax assets and liabilities for subsidiaries incorporated outside of Australia under certain limited circumstances.

Overseas deferred tax assets (net of collective provision)

	As at Sep 06 \$M
New Zealand	296
United Kingdom	84
America	25
Other	55
Gross deferred tax asset	460
Less:	
Deferred tax asset in respect of overseas collective/general provision	(170)
Tier 1 capital deduction	290

BUSINESS PERFORMANCE REVIEW**Income Statement (including effect of movements in foreign currencies)**

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net profit after income tax						
Personal	668	588	14%	1,256	1,033	22%
Institutional	715	681	5%	1,396	1,258	11%
New Zealand Businesses	341	342	0%	683	592	15%
Partnerships & Private Bank	91	78	17%	169	176	-4%
Non-continuing businesses	8	30	-73%	38	126	-70%
Group Centre	33	12	large	45	(34)	large
Net profit before adjustments and non-core items	1,856	1,731	7%	3,587	3,151	14%
AIFRS 2005 adjustments(1) and non-core items(1)	21	80	-74%	101	24	large
Net profit	1,877	1,811	4%	3,688	3,175	16%

Income Statement (prior period figures adjusted to remove the impact of exchange rate movements(2))

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net profit after income tax(2)						
Personal	668	588	14%	1,256	1,034	21%
Institutional	715	670	7%	1,396	1,252	12%
New Zealand Businesses	341	312	9%	683	562	22%
Partnerships & Private Bank	91	78	17%	169	176	-4%
Non-continuing businesses	8	29	-72%	38	125	-70%
Group Centre	33	47	-30%	45	6	large
Net profit before adjustments and non-core items	1,856	1,724	7%	3,587	3,155	14%
AIFRS 2005 adjustments(1) and non-core items(1)	21	80	-74%	101	25	large
Net profit	1,877	1,804	4%	3,688	3,180	16%
FX impact on reported net profit(2)		7	large		(5)	-100%
Reported net profit	1,877	1,811	4%	3,688	3,175	16%

The Group from time to time modifies the organisation of its businesses to facilitate delivery of the strategic agenda. Prior period numbers are adjusted for such changes to allow comparability. Significant changes since 31 March 2006 have been:

A simplified divisional structure was implemented in May 2006:

Personal: Esanda, Small Business and the Pacific have been added to the division. INGA's operating results are now included in Partnerships & Private Bank.

Institutional: Corporate Banking, Business Banking and Personal & Private Banking Asia (including the Asian branch network) are now part of the Institutional division. In addition, Trade and Transaction Services and the Debt Products Group have been combined into Debt and Transaction Services. The component of Treasury activities in respect of managing interest rate mismatch is now included in Markets.

New Zealand: UDC is now included in New Zealand Businesses.

Partnerships & Private Bank: Includes ANZ's partnerships and investments, including ING Australia, ANZ's investments in Asia, and Private Bank.

Group Centre: Treasury mismatch activities are now included in Institutional, and INGA's investment earnings in Partnerships & Private Bank.

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

(1) ANZ has calculated the 2005 result on an AIFRS basis that is comparable with 2006 (refer page 15), allowing readers to see the impact on 2005 results of accounting standards that have only been applied from 1 October 2005. The impact is a reduction of \$31 million in 2005 net profit after tax. No adjustment has been made to retrospectively designate derivatives hedging the Group's funding on the basis of impracticability

In 2006 ANZ has classified the \$113 million (\$79 million after tax) settlement of the NHB insurance matter and the \$14 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: \$nil) as significant items. In 2005 ANZ classified \$14 million after tax profit on the sale of NBNZ life and funds management businesses as a significant item (tax on gain on sale of NBNZ life and funds management businesses: \$nil). ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2006 ANZ has classified \$34 million after tax (2005 full year: \$31 million; Sep 2006 half: \$21 million; Mar 2006 half: \$13 million) relating to economic hedging as a non-core item (tax on hedge gains/losses \$15 million (2005 full year: \$13 million; Sep 2006 half: \$10 million; Mar 2006 half: \$5 million)). Included in this non-core amount is ineffectiveness arising from designated accounting hedges, any volatility arising from usage of the fair value option and approved classes of derivatives in the 2006 year not designated in accounting hedge relationships but that are considered to be economic hedges. The 2005 year numbers do not include any adjustment to retrospectively calculate the AIFRS impact on the derivatives associated with the Group's funding. ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

In 2006 ANZ has incurred \$26 million after tax ANZ National Bank incremental integration costs (2005 full year: \$52 million; Sep 2006 half: nil; Mar 2006 half: \$26 million). Tax on ANZ National Bank incremental integration costs is \$13 million (2005 full year: \$26 million; Sep 2006 half: nil; Mar 2006 half: \$13 million). ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration

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

Personal

Brian Hartzer

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	1,558	1,455	7%	3,013	2,696	12%
Other external operating income	645	542	19%	1,187	1,019	16%
Operating income	2,203	1,997	10%	4,200	3,715	13%
External operating expenses	(911)	(834)	9%	(1,745)	(1,580)	10%
Net inter business unit expenses	(167)	(157)	6%	(324)	(310)	5%
Operating expenses	(1,078)	(991)	9%	(2,069)	(1,890)	9%
Profit before credit impairment and income tax	1,125	1,006	12%	2,131	1,825	17%
Provision for credit impairment	(173)	(168)	3%	(341)	(351)	-3%
Profit before income tax	952	838	14%	1,790	1,474	21%
Income tax expense and minority interest	(284)	(250)	14%	(534)	(441)	21%
Net profit	668	588	14%	1,256	1,033	22%

Consisting of:

Banking Products	157	139	13%	296	254	17%
Mortgages	187	176	6%	363	299	21%
Consumer Finance	141	115	23%	256	204	25%
Regional, Rural and Small Business Banking(1)	87	80	9%	167	142	18%
Investment and Insurance Products	20	17	18%	37	25	48%
Esanda	56	41	37%	97	87	11%
Pacific	35	30	17%	65	39	67%
Other(2)	(15)	(10)	50%	(25)	(17)	47%
	668	588	14%	1,256	1,033	22%

Balance Sheet

Net loans & advances including acceptances	132,532	125,702	5%	132,532	118,587	12%
Other external assets	4,198	3,916	7%	4,198	3,517	19%
External assets	136,730	129,618	5%	136,730	122,104	12%
Deposits and other borrowings	64,977	61,818	5%	64,977	58,366	11%
Other external liabilities	2,472	2,200	12%	2,472	1,919	29%
External liabilities	67,449	64,018	5%	67,449	60,285	12%
Risk Weighted Assets	80,409	76,339	5%	80,409	72,094	12%

Ratios

Net interest margin	2.37%	2.36%		2.36%	2.37%	
Return on assets	1.00%	0.94%		0.97%	0.90%	
Return on risk weighted assets	1.71%	1.59%		1.65%	1.52%	
Operating expenses to operating income	48.9%	49.6%		49.3%	50.9%	
Operating expenses to average assets	1.61%	1.58%		1.60%	1.64%	
Individual provision charge	(145)	(116)	25%	(261)	(223)	17%
Individual provision charge as a % of average net advances	0.22%	0.19%		0.21%	0.20%	
Collective provision charge	(28)	(52)	-46%	(80)	(128)	-38%
Collective provision charge as a % of average net advances	0.04%	0.09%		0.06%	0.11%	
Net non-performing loans	64	58	10%	64	64	0%
Net non-performing loans as a % of net advances	0.05%	0.05%		0.05%	0.05%	
Total employees	12,795	12,259	4%	12,795	12,081	6%

- (1) *Comprises Rural Commercial & Agribusiness Products and Small Business Banking*
- (2) *Other includes the branch network, whose costs are fully recovered from product business units and marketing and support costs*

Personal

Brian Hartzler

2006 result

Profit after tax increased 22% over the year, driven by strong lending and deposit growth across the business, up 12% and 11% respectively, while margin compression was contained at 1 basis point across the division. Market share was maintained in retail mortgages and we grew share in retail deposits and personal lending. We continued to increase our retail footprint through the addition of 25 more branches and the expansion of our ATM network as well as growth in our specialist sales force. We are making good progress in establishing a strong brand proposition based on delivering More Convenient Banking, and we continue to lead our major peers in customer satisfaction.

Balance sheet growth drove double digit earnings increases in Mortgages, Consumer Finance, Banking Products and Small Business Banking, while Regional & Rural Banking earnings benefited from a benign credit environment. Investment and Insurance Products experienced strong growth driven by our financial planning business. Pacific earnings grew 67% from good lending growth and low credit costs. Esanda rebounded, growing by 11% as revenue improved in the second half.

Significant factors affecting the result were:

Overall net interest income increased 12%. Mortgages, Regional & Rural Banking and Small Business Banking net interest income grew in line with balance sheet growth (overall up 12%) as margins were held. Consumer Finance net interest income increased 15% with strong balance sheet growth of 21% skewed towards lower margin products. Banking Products net interest income increased by 9% with good deposit growth of 11% offset by ongoing migration to lower margin products. Pacific net interest income grew by 25% in line with strong balance sheet growth of 24%. Esanda net interest income increased by 5%.

Other operating income increased 16%. Mortgages grew other income 49% on the back of strong sales and lending volumes and fee initiatives to match competitors. Consumer Finance grew by 15% through stronger issuing and lending fees and a \$9 million profit from the sale of shares received from the MasterCard Initial Public Offering in the second half. Banking Products grew other income by 17% from higher sales of transaction accounts. Financial planning income was up 28% as more planners generated higher sales volumes. Small Business Banking and Pacific grew other income by 8% and 7% respectively, Regional & Rural Banking grew other income by 1%, while Esanda contracted other income by 1% due to a \$6 million impact from a fall in second hand car prices.

Operating costs increased 9%. Investment continued in expanding the footprint through the addition of 25 more branches, a further 330 ATMs and significant additions to our frontline staff. Operating costs also increased due

to higher marketing and project spend and annual salary rises.

Overall credit costs reduced 3% largely as a result of the provisions taken into account in 2005 for the impact of higher oil prices on consumer s debt servicing capacity, coupled with the effectiveness of improved collections strategies.

Individual provisions were 17% higher primarily in our credit card business reflecting growth in the size of the book, particularly in low rate cards, which have a marginally higher risk profile.

Comparison with March 2006 half

Overall profit after tax increased 14% driven by strong income performance and investment in the business.

Operating income was up 10% driven by strong volume and fee growth across all businesses. Revenues increased by 8% in Mortgages, 14% in Consumer Finance (including the profit on sale of MasterCard shares), 10% in Banking Products, 8% in Regional & Rural Banking, 9% in Small Business Banking, 11% in Esanda, 9% in Pacific and 16% in Investment and Insurance Products from strong sales through the tax year end from our financial planners.

Operating expenses increased 9% due to higher numbers of front line staff to service increased business volumes, ongoing investment in the branch network, investment in chip technology in the Cards business and increased marketing spend as we work to create our distinctive customer proposition focused around More Convenient Banking.

Personal

Brian Hartzer

Personal division by business unit

	Full Year Sep 2006					Growth Rate				
	Revenue	Expenses	PBP(1)	Credit(2)	NPAT	Revenue	Expenses	PBP(1)	Credit(2)	NPAT
Banking Products	945	517	428	6	296	11%	8%	15%	-40%	17%
Mortgages	1,006	473	533	14	363	15%	8%	21%	8%	21%
Consumer Finance	1,006	421	585	219	256	15%	8%	21%	14%	25%
Rural Commercial & Agribusiness Products	281	110	171	4	116	10%	11%	9%	-79%	20%
Small Business Banking	171	90	81	8	51	12%	10%	16%	14%	16%
Investment & Insurance Products	179	127	52		37	23%	17%	49%	-100%	48%
Esanda	394	165	229	90	97	4%	2%	5%	-3%	11%
Pacific	213	123	90		65	18%	14%	25%	-100%	67%
Other(3)	5	43	(38)		(25)	n/a	72%	52%	n/a	47%
Personal Division	4,200	2,069	2,131	341	1,256	13%	9%	17%	-3%	22%

	Half Year Sep 2006					Growth Rate (on March 2006 half)				
	Revenue	Expenses	PBP(1)	Credit(2)	NPAT	Revenue	Expenses	PBP(1)	Credit(2)	NPAT
Banking Products	495	265	230	6	157	10%	5%	16%	n/a	13%
Mortgages	521	246	275	9	187	8%	8%	7%	50%	6%
Consumer Finance	535	223	312	110	141	14%	13%	14%	1%	23%
Rural Commercial & Agribusiness Products	146	58	88	2	60	8%	12%	6%	0%	5%
Small Business Banking	89	46	43	3	27	9%	5%	13%	-25%	17%
Investment & Insurance Products	96	68	28		20	16%	15%	17%	n/a	18%
Esanda	208	84	124	42	56	11%	4%	17%	-13%	37%
Pacific	111	62	49	1	35	9%	2%	20%	large	17%
Other(3)	2	26	(24)		(15)	-33%	53%	71%	n/a	50%
Personal Division	2,203	1,078	1,125	173	668	10%	9%	12%	3%	14%

(1) PBP (profit before provision) is profit before credit impairment and income tax

(2) Credit impairment expense

(3) Other includes the branch network, whose costs are fully recovered from product business units and marketing and support costs

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Institutional (Continuing)

Steve Targett

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	1,070	999	7%	2,069	1,873	10%
Other external operating income	600	660	-9%	1,260	1,204	5%
Operating income	1,670	1,659	1%	3,329	3,077	8%
External operating expenses	(521)	(499)	4%	(1,020)	(922)	11%
Net inter business unit expenses	(130)	(133)	-2%	(263)	(232)	13%
Operating expenses	(651)	(632)	3%	(1,283)	(1,154)	11%
Profit before credit impairment and income tax	1,019	1,027	-1%	2,046	1,923	6%
Provision for credit impairment	(7)	(51)	-86%	(58)	(136)	-57%
Profit before income tax	1,012	976	4%	1,988	1,787	11%
Income tax expense and minority interest	(297)	(295)	1%	(592)	(529)	12%
Net profit	715	681	5%	1,396	1,258	11%
Consisting of:						
Debt & Transaction Services(1)	315	299	5%	614	624	-2%
Markets(2)	140	152	-8%	292	259	13%
Corporate and Structured Financing	110	94	17%	204	144	42%
Business Banking	103	102	1%	205	178	15%
Corporate Banking	94	85	11%	179	151	19%
Other(3)	(47)	(51)	-8%	(98)	(98)	0%
	715	681	5%	1,396	1,258	11%
Balance Sheet						
Net loans & advances including acceptances	72,576	70,463	3%	72,576	66,378	9%
Other external assets	46,528	51,029	-9%	46,528	38,697	20%
External assets	119,104	121,492	-2%	119,104	105,075	13%
Deposits and other borrowings	65,808	61,578	7%	65,808	54,721	20%
Other external liabilities	42,878	46,293	-7%	42,878	36,903	16%
External liabilities	108,686	107,871	1%	108,686	91,624	19%
Risk Weighted Assets	106,050	104,729	1%	106,050	96,843	10%
Ratios						
Net interest margin	1.93%	1.93%		1.93%	2.12%	
Return on assets	1.15%	1.22%		1.19%	1.31%	
Return on risk weighted assets	1.34%	1.34%		1.34%	1.40%	
Operating expenses to operating income	39.0%	38.1%		38.5%	37.5%	
Operating expenses to average assets	1.05%	1.14%		1.09%	1.20%	
Individual provision charge	7	(56)	large	(49)	(62)	-21%
Individual provision charge as a % of average net advances	-0.02%	0.16%		0.07%	0.10%	
Collective provision charge	(14)	5	large	(9)	(74)	-88%
Collective provision charge as a % of average net advances	0.04%	-0.01%		0.01%	0.12%	
Net non-performing loans	267	279	-4%	267	161	66%
Net non-performing loans as a % of net advances	0.37%	0.39%		0.37%	0.24%	
Total employees	5,675	5,397	5%	5,675	5,318	7%

- (1) *Debt and Transaction Services consists of the Debt Product Group and Trade and Transaction Services*
- (2) *Markets includes interest rate mismatch component of Treasury result. NPAT for 2006 was \$13 million (2005: \$15 million; Sep 2006: \$6 million; Mar 2006: \$7 million)*
- (3) *Other includes Client Relationship Group and Personal and Private Banking Asia. Client Relationship Group carries the relationship management costs associated with Institutional customers, with associated revenue booked in the product businesses*

2006 result

Profit after tax increased by 11% with revenue growth of 8% a good outcome. We continued to invest in our business, with expenses growing 11% as we lifted the skills base and improved systems. The balance sheet is being more actively managed, through mechanisms such as the recent successful Collateralised Loan Obligation (CLO), with risk weighted assets growing by only 1% in the second half. Credit quality remained strong throughout the year. All businesses achieved annual profit growth rates in excess of 10%, except for the Debt Products Group, which holds the lending assets for large institutional clients. Business Banking and Corporate Banking profit grew 15% and 19% respectively with sound lending and deposit growth, and a reduction in credit impairment expenses. Trade and Transaction Services profit increased by 16% from higher global Trade Finance and Clearing Services volumes and the release of revenue related to prior years. Corporate and Structured Financing profit increased 42% as deal flow volumes increased and credit impairment expense reduced after the write-back of several individual provisions. Markets profit increased by 13% with continuing revenue growth from sales activity and a particularly strong first half trading result. These strong performances were offset by the Debt Product Group, where a net profit decline of 10% resulted from declining margins, constrained balance sheet growth and a modest increase in individual provisions after write-backs in 2005.

Profit before credit impairment and income tax, adjusting for the impact of exchange rate movements, increased 7%.

Significant factors affecting the result were:

Net interest income grew by 10%. Average net lending assets increased 14%, while average deposit volumes increased 15%. The net interest margin decreased 19 basis points due to competition, run-off of higher margin assets and changes in business mix. Debt and Transaction Services increased 7% due to higher deposit volumes and the release of revenue related to prior years, offset by margin compression in the lending portfolio. Business Banking increased 8%, with 13% average lending growth and 11% average deposit growth, offsetting a 20 basis point decline in margins. Corporate Banking increased 5%, with average lending growth of 10% and average deposit growth of 12% offsetting a 7 basis point margin decline. Markets net interest income increased \$47 million, from increased trading securities income and collateral volumes.

Other operating income increased 5%, with an 8% increase in Markets from a strong first half result. Higher custodian fees and foreign exchange revenue in Debt and Transaction Services was partially offset by mark to market adjustments on hedges of the lending book. Corporate and Structured Financing increased 5%, with higher income from structured finance transactions. Business Banking and Corporate Banking grew 10% and 8% respectively, due to higher volumes.

Operating expenses increased 11%, reflecting increased investment in personnel. Personnel numbers increased by 357, and we have focussed on providing training for current staff and selective recruitment to cover skill gaps. We are also investing in new IT platforms in our Markets and Transaction Services businesses.

Provision for credit impairment decreased by \$78 million. This was driven by both lower collective and individual provision charges, following a combination of improved credit quality, high debt recoveries and collective provisions raised in 2005 for portfolio deterioration in segments identified as being most vulnerable to higher oil prices. Net non-performing loans increased largely due to two accounts in Australia and New Zealand being downgraded in the March 2006 half.

Comparison with March 2006 half

Profit after tax increased by \$34 million (5%). Profit before credit impairment and income tax, adjusting for the impact of exchange rate movements, increased 1%.

Operating income increased by 1%. Revenue in Corporate and Structured Financing increased 13% with solid deal flow in the second half. Business Banking increased 4% with lending and deposit growth offsetting margin declines. Corporate Banking increased 3% due to lending and deposit growth. Lower revenue in Debt and Transaction Services was due to lower margins in the Debt Product Group, and the release of revenue related to prior years in the first half. Markets operating income reduced by 2%, with higher revenue from sales offset by lower trading income in less favorable trading conditions in all markets.

Operating expenses increased 3% due to on-going investment in filling capability gaps and investing in systems. However, other discretionary costs were well controlled.

Provisions for credit impairment decreased \$44 million. Individual provisions decreased due to ongoing debt recoveries and no large new provisions in the second half. The collective provision increased \$19 million primarily from volume growth.

Institutional (Continuing)

Steve Targett

Institutional division by business unit

	Full Year Sep 2006					Growth Rate				
	Revenue	Expenses	PBP(1)	Credit(2)	NPAT	Revenue	Expenses	PBP(1)	Credit(2)	NPAT
Trade and Transaction										
Services	631	299	332	(8)	238	15%	18%	11%	large	16%
Debt Product Group	591	15	576	37	376	-4%	36%	-5%	large	-10%
Markets	700	286	414	(4)	292	15%	13%	16%	-69%	13%
Corporate and Structured										
Financing	411	138	273	(6)	204	12%	10%	13%	large	42%
Business Banking	503	189	314	21	205	8%	6%	9%	-34%	15%
Corporate Banking	435	164	271	18	179	5%	12%	2%	-65%	19%
Other(3)	58	192	(134)		(98)	5%	3%	2%	n/a	1%
Institutional	3,329	1,283	2,046	58	1,396	8%	11%	6%	-57%	11%

	Half Year Sep 2006					Growth Rate (on March 2006 half)				
	Revenue	Expenses	PBP(1)	Credit(2)	NPAT	Revenue	Expenses	PBP(1)	Credit(2)	NPAT
Trade and Transaction										
Services	311	147	164	(14)	124	-3%	-3%	-2%	large	9%
Debt Product Group	286	9	277	3	191	-6%	50%	-8%	-91%	3%
Markets	347	148	199		140	-2%	7%	-7%	-100%	-8%
Corporate and Structured										
Financing	219	72	147	(3)	110	13%	9%	16%	0%	17%
Business Banking	257	96	161	14	103	4%	3%	5%	100%	1%
Corporate Banking	221	81	140	7	94	3%	-1%	6%	-36%	11%
Other(3)	29	98	(69)		(47)	12%	3%	0%	n/a	-8%
Institutional	1,670	651	1,019	7	715	1%	3%	-1%	-86%	5%

(1) PBP (profit before provision) is profit before credit impairment and income tax

(2) Credit impairment expense

(3) Other includes Personal & Private Banking Asia and Client Relationship Group

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New Zealand Banking(1) (NZ Businesses and NZ Institutional)

Graham Hodges

	Half year Sep 06 NZD M	Half year Mar 06 NZD M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 NZD M	Full year Sep 05 NZD M	Movt Sep 06 v. Sep 05 %
Net interest income	1,031	945	9%	1,976	1,835	8%
Other external operating income	363	417	-13%	780	736	6%
Operating income	1,394	1,362	2%	2,756	2,571	7%
External operating expenses	(608)	(600)	1%	(1,208)	(1,138)	6%
Net inter business unit expenses	(25)	(21)	19%	(46)	(43)	7%
Operating expenses	(633)	(621)	2%	(1,254)	(1,181)	6%
Profit before credit impairment and income tax	761	741	3%	1,502	1,390	8%
Provision for credit impairment	(5)	(15)	-67%	(20)	(157)	-87%
Profit before income tax	756	726	4%	1,482	1,233	20%
Income tax expense and minority interest	(243)	(233)	4%	(476)	(394)	21%
Net profit (NZD)	513	493	4%	1,006	839	20%
Net profit (excluding Institutional Continuing) (NZD)	404	376	7%	780	642	21%
Net profit (excluding Institutional Continuing) (AUD)	341	342	0%	683	592	15%

Consisting of:

ANZ Retail	107	98	9%	205	191	7%
The National Bank Retail	138	128	8%	266	219	21%
Rural Banking	48	44	9%	92	84	10%
Corporate & Commercial Banking	93	79	18%	172	85	large
UDC	14	13	8%	27	36	-25%
Central Support(2)	4	14	-71%	18	27	-33%
New Zealand Institutional (Continuing)	109	117	-7%	226	197	15%
New Zealand Banking	513	493	4%	1,006	839	20%
New Zealand Businesses (excluding Institutional Continuing)	404	376	7%	780	642	21%

Balance Sheet

Net loans & advances including acceptances	77,998	73,932	5%	77,998	69,248	13%
Other external assets	13,387	15,503	-14%	13,387	12,748	5%
External assets	91,385	89,435	2%	91,385	81,996	11%
Deposits and other borrowings	63,176	61,752	2%	63,176	59,943	5%
Other external liabilities	17,411	16,565	5%	17,411	13,322	31%
External liabilities	80,587	78,317	3%	80,587	73,265	10%
Risk Weighted Assets	68,391	65,097	5%	68,391	60,165	14%

Ratios

Net interest margin	2.34%	2.33%		2.34%	2.55%	
Return on assets	1.11%	1.16%		1.13%	1.12%	
Return on risk weighted assets	1.49%	1.60%		1.54%	1.54%	
Operating expenses to operating income	45.4%	45.6%		45.5%	45.9%	
Operating expenses to average assets	1.37%	1.47%		1.41%	1.58%	
Individual provision charge	(7)	(23)	-70%	(30)	(116)	-74%
Individual provision charge as a% of average net advances	0.02%	0.06%		0.04%	0.18%	
Collective provision charge	2	8	-75%	10	(41)	large
Collective provision charge as a% of average net advances	-0.01%	-0.02%		-0.01%	0.06%	
Net non-performing loans	93	119	-22%	93	129	-28%
Net non-performing loans as a% of net advances	0.12%	0.16%		0.12%	0.19%	
Total employees	9,393	9,238	2%	9,393	9,333	1%

(1) *Excludes non-continuing businesses, integration and central funding. For a reconciliation of New Zealand Banking results to the New Zealand Geographic results refer page 57*

(2) *Central support includes Treasury, INGNZ and shared services*

New Zealand Banking

Graham Hodges

2006 result

Profit after tax for New Zealand Banking increased 20% (NZD167 million) over the year, assisted by a NZD92 million after tax reduction in credit impairment expense. Overall, the business is showing promising momentum and has a clear strategy to build on this momentum. The business continues to experience robust lending growth, good credit quality, and the level of interest margin decline has moderated.

Growth in profit before credit impairment and income tax was strong in The National Bank Retail (11%) due to other income growth, Corporate & Commercial Banking (11%) and Rural Banking (9%) due to strong lending growth. NZ Institutional Continuing Businesses growth was 25% due to a strong Markets performance. ANZ Retail improved marginally (2%) with growth constrained in other operating income and expenses impacted by the additional costs of operating domestic systems in New Zealand (NZD10 million). UDC's results were disappointing, with fierce competition and sales force restructuring adversely impacting growth. A number of actions are underway in UDC to return the business to profitable growth.

The results of the Retail Banks include the cost for compensation to customers relating to a Commerce Commission action on disclosure of optional issuer fees (-NZD10 million) and income recognised as a result of the MasterCard Initial Public Offer (+NZD5 million).

Total revenue included additional net integration revenue synergies of NZD24 million, whilst total costs included additional net cost synergies of NZD10 million.

Key influences on the result include the following:

Net interest income increased 8%. Lending volumes increased 13% driven by double-digit growth in ANZ Retail (15%), The National Bank Retail (10%), Corporate & Commercial Banking (20%) and Rural (16%). This was partly offset by a reduction of 7% in UDC due to fierce competition and sales force restructuring. Deposit volumes increased 5%, with strong growth in Corporate & Commercial Banking (19%), ANZ Retail (11%), The National Bank Retail (7%) and Rural Banking (2%). Treasury deposits reduced by 29% offset by the growth in other external liabilities driven by a shift to longer term wholesale funding. Net interest margin reduced by 21 basis points, driven by competition and product mix changes; the mix factors included customer migration from variable rate to fixed rate mortgages, increased requirement for wholesale funding, and growth in lower margin at call products (including ANZ On-line Call) and term deposit products. ANZ Retail net interest margin reduced by 22 basis points, The National Bank Retail by 18 basis points and NZ Institutional Continuing Businesses by 14 basis points. These declines occurred primarily in the first half.

Other external operating income increased 6% largely due to the strong result in New Zealand Institutional Continuing (15%), mainly from the Markets business. Other income in The National Bank Retail increased by 21%, with growth across lending, card and transactional fees as well as commission income. UDC other income reduced 83%, with performance impacted by the transition to a restructured sales team and strong competitive pressures, and the 2005 result including a one-off benefit from an accounting policy change.

Operating expenses increased 6%. Increases in frontline and customer support staff, salary increases, the cost of the Commerce Commission settlement (NZD10 million), and the cost of operating domestic systems in New Zealand (NZD10 million) were partly offset by a 6% reduction in support staff, and control of discretionary expenditure.

Provision for credit impairment decreased by NZD137 million. This was driven by both lower collective and individual provision charges, following a combination of increased lending volumes being offset by individual provisions raised for corporate accounts and exposures to the apple and pear export industry in 2005, an improved credit risk profile (an increased proportion of low risk residential and rural lending) and collective provisions raised in 2005 for portfolio deterioration in segments identified as being most vulnerable to higher oil prices. Net non-performing loans reduced NZD36 million (28%) with credit conditions remaining generally benign.

Comparison with March 2006 half

Profit after tax increased 4%, with growth in ANZ Retail (9%), The National Bank Retail (8%), Rural Banking (9%), and Corporate Banking (18%). This was partially offset by a reduction in NZ Institutional Continuing Businesses (-7%) with the strong first half performance from the Markets business not matched in the second half.

Net interest income increased 9%. Lending volumes increased 5%, with good growth in all businesses apart from UDC, and NZ Institutional Continuing Businesses which were impacted by repayments. Deposits grew 2% with strong growth in ANZ Retail, The National Bank Retail and Rural Banking, offset by a reduction in Treasury of 12%. The level of interest margin decline has moderated in all businesses, and in NZ Institutional Continuing Businesses margins improved. This was due to a sharp decline in exchange rates during the March half which resulted in an additional NZD32 million interest income being earned on swap transactions in the September half, however, trading losses offset the interest income.

Other operating income reduced 13%, mainly driven by NZ Institutional Continuing Businesses, with the exceptional Markets performance in the first half not matched. Other income in The National Bank Retail increased 9%, with growth across lending, cards and transactional fees. Fee income in other businesses was constrained by competitive pressures.

Operating expenses increased 2% with salary and rental increases offset by control of discretionary expenditure and with the NZD10 million cost associated with the Commerce Commission settlement impacting the

March 2006 half result.

Provision for credit impairment decreased NZD10 million. The individual provision charge reduced NZD16 million largely reflecting provisioning for an isolated loss in the March 2006 half, and the collective provision charge increased by NZD6 million. Net non-performing loans reduced 22%.

New Zealand Banking

Graham Hodges

New Zealand Banking by business unit

	Full Year Sep 2006 (NZD M)					Growth Rate				
	Revenue	Expenses	PBP(1)	Credit(2)	NPAT	Revenue	Expenses	PBP(1)	Credit(2)	NPAT
ANZ Retail	744	428	316	13	205	4%	5%	2%	-48%	7%
The National Bank										
Retail	849	450	399	2	266	8%	5%	11%	-94%	21%
Rural Banking	215	78	137	1	92	5%	1%	9%	0%	10%
Corporate & Commercial										
Banking	366	120	246	(11)	172	11%	10%	11%	large	large
UDC	88	45	43	2	27	-25%	0%	-41%	-89%	-25%
Central Support	26	9	17		18	-30%	-10%	-37%	n/a	-33%
New Zealand										
Institutional	468	124	344	13	226	23%	19%	25%	large	15%
New Zealand Banking	2,756	1,254	1,502	20	1,006	7%	6%	8%	-87%	20%

**New Zealand
Businesses (excluding
Institutional
Continuing)**

	2,288	1,130	1,158	7	780	4%	5%	4%	-96%	21%
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	Half Year Sep 2006 (NZD M)					Growth Rate (on March 2006 half)				
	Revenue	Expenses	PBP(1)	Credit(2)	NPAT	Revenue	Expenses	PBP(1)	Credit(2)	NPAT
ANZ Retail	379	214	165	7	107	4%	0%	9%	40%	9%
The National Bank										
Retail	435	226	209	4	138	5%	1%	11%	large	8%
Rural Banking	111	39	72	1	48	7%	0%	11%	n/a	9%
Corporate & Commercial										
Banking	189	61	128	(11)	93	7%	3%	8%	n/a	18%
UDC	44	22	22	1	14	0%	-4%	5%	-50%	8%
Central Support	12	9	3		4	-14%	n/a	-79%	n/a	-71%
New Zealand										
Institutional	224	62	162	3	109	-8%	0%	-11%	-70%	-7%
New Zealand Banking	1,394	633	761	5	513	2%	2%	3%	-67%	4%

**New Zealand
Businesses (excluding
Institutional
Continuing)**

	1,170	571	599	2	404	5%	2%	7%	-60%	7%
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(1) PBP (profit before provision) is profit before credit impairment and income tax

(2) Credit impairment expense

ING New Zealand joint venture

In September 2005 ANZ National Bank Limited entered into a joint venture with ING Insurance International Limited (INGII). The joint venture, ING (NZ) Holdings Ltd (INGNZ), is 49% owned by ANZ National Bank Limited and 51% owned by INGII.

For 2006 full year, INGNZ contributed NZD22 million in equity accounted earnings (2005 full year: NZD29 million (prior to the establishment of the joint venture, this was reported between INGA and NZ Businesses); Sep 2006 half: NZD10 million; Mar 2006 half: NZD12 million). The September 2006 half contribution was marginally down on the March half due to a one-off compensation payment for the cancellation of a property management contract. INGNZ is reported as part of Central Support within the New Zealand Businesses.

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Partnerships & Private Bank

Bob Edgar

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	40	33	21%	73	62	18%
Other external operating income	103	87	18%	190	178	7%
Operating income	143	120	19%	263	240	10%
External operating expenses	(44)	(42)	5%	(86)	(71)	21%
Net inter business unit expenses	13	11	18%	24	21	14%
Operating expenses	(31)	(31)	0%	(62)	(50)	24%
Profit before credit impairment and income tax	112	89	26%	201	190	6%
Provision for credit impairment	(16)	(9)	78%	(25)	(17)	47%
Profit before income tax	96	80	20%	176	173	2%
Income tax expense and minority interest	(5)	(2)	large	(7)	3	large
Net profit	91	78	17%	169	176	-4%
Consisting of:						
INGA(1)	64	58	10%	122	128	-5%
International Partnerships(1)	18	14	29%	32	42	-24%
Other(2)	9	6	50%	15	6	large
	91	78	17%	169	176	-4%
Total employees	635	533	19%	635	494	29%

(1) INGA, PT Panin, Metrobank Card Corporation and Tianjin City Commercial Bank are equity accounted. Indonesia Cards and ANZ Royal are controlled entities

(2) Other comprises Private Bank and Support Units

2006 result

Profit after tax decreased 4%. Strong underlying performance in the Cards and Private Bank businesses were offset by lower equity accounted earnings for PT Panin Bank and the expiration of transitional tax relief and lower capital investment earnings in INGA. The impact of exchange rate movements was immaterial. The INGA result is further explained on pages 47 to 49. Significant influences on the result were:

Net interest income increased 18% (\$11 million), driven by strong volume growth in Indonesia Cards and the first full year of operations in Cambodia.

Other external operating income increased 7% (\$12 million).

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Cards other income increased \$12 million. A 37% increase in cards issued drove fee income up 62% in Indonesia Cards and contributed to significant growth in Metrobank equity accounted income. New partnerships increased income by \$7 million driven by equity accounted income from Tianjin City Commercial Bank, and the first full year of operations in Cambodia with deposit volumes well ahead of expectations. ANZ Private Bank other income increased 41% reflecting the impact of cross sell initiatives. INGA income increased \$4 million with a 12% increase in operating profit partly offset by the impacts of the expiration of transitional tax relief in 2005 and lower capital investment earnings net of the capital investment hedge.

These increases were partially offset by a \$15 million reduction in equity accounted income from PT Panin, reflecting the difficult economic conditions during the latter part of 2005 and reduced bond sales.

Operating expenses increased 24% as a result of the first full year of operations in Cambodia, increased business activity in the Cards business in Indonesia and ongoing investment across the Private Bank and International Partnership businesses. Net inter business unit expenses include a credit for inter business unit commission revenue generated by Private Bank which was up 20% for the year primarily due to increased Mortgage commissions (up 25%), consumer deposit commissions (up 23%) and margin lending commissions (up 26%).

Provision for credit impairment increased \$8 million largely due to regulatory changes in Indonesia impacting the cards portfolio.

Income tax expense increased \$10 million mainly due to the impact of the tax benefit from capital investment hedges in respect of INGA in 2005. ANZ ceased hedging INGA's capital investment earnings from 1 October 2005.

Comparison with March 2006 half

Profit after tax increased 17%. Net interest income increased \$7 million (21%) primarily due to volume growth in Indonesia Cards. Other operating income increased \$16 million (18%) due to increased INGA equity accounted income reflecting higher funds under management, equity accounted income from the new Tianjin City Commercial Bank partnership and increased fee and other income from cards volume growth in Indonesia and the Philippines. Operating expenses were flat reflecting absorption of cost increases despite continued investment in the second half. Provision for credit impairment increased \$7 million due to the impact of regulatory changes in Indonesia.

Partnerships & Private Bank

Bob Edgar

ING Australia performance

The results in the table below show the performance of INGA on a fully comparable AIFRS basis, other than the full year to September 2005 which adopts AIFRS from 1 January 2005 (i.e. commencement of INGA's financial year). In addition, the results have been restated to exclude net profits from the New Zealand business that INGA sold in September 2005, which are included in New Zealand Businesses.

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Funds management income	237	208	14%	445	368	21%
Life Risk Income						
income	112	107	5%	219	214	2%
assumption changes(1)		15	-100%	15	6	large
	112	122	-8%	234	220	6%
Total Income	349	330	6%	679	588	15%
Funds management expenses	(139)	(136)	2%	(275)	(240)	15%
Life Risk expenses	(63)	(64)	-2%	(127)	(97)	31%
Remediation expenses(2)	(15)	(24)	-38%	(39)	(38)	3%
Gross tax on operating profit(3)	(34)	(18)	89%	(52)	(76)	-32%
Operating profit after tax, before TTR	98	88	11%	186	137	36%
Transitional tax relief (TTR)(3)					29	
Operating profit after tax before capital investment earnings	98	88	11%	186	166	12%
Capital investment earnings after tax(4)	29	28	4%	57	133	-57%
Profit after tax	127	116	9%	243	299	-19%
ANZ share of INGA earnings @ 49%						
JV operating profit	48	43	12%	91	81	12%
JV capital investment earnings	14	14	0%	28	66	-58%
	62	57	9%	119	147	-19%
ANZ capital hedges(5)					(21)	
Net funding	2	1		3	2	
Net return to ANZ	64	58	10%	122	128	-5%
Carrying value of investment(6)	1,462	1,407		1,462	1,392	
Annualised return on ANZ investment(6)	8.5%	8.1%		8.1%	10.5%	
Performance measures for ING Australia						
Value of new business(7)	47	34		81	62	
Cost to income(8)	58%	60%		59%	59%	
Funds Management						
Retail & mezzanine funds under management	38,849	33,731	15%	38,849	31,696	23%
Net retail & mezzanine flows	842	415	large	1,257	475	large
Life Risk						
Total in-force	596	536	11%	596	496	20%
New premiums	103	65	58%	168	115	46%

Funds management growth (Retail & mezzanine)(9)	Sep 06 \$M	In flows	Out flows	Other flows	Sep 05 \$M
OneAnswer	14,076	4,088	(2,304)	838	11,454
Other Personal Investment	8,959	518	(1,707)	659	9,489
Mezzanine	2,630	703	(697)	198	2,426
Employer Super	9,352	1,615	(1,077)	487	8,327
Oasis	3,832	453	(335)	3,714	
Total	38,849	7,377	(6,120)	5,896	31,696

-
- (1) *Gains or losses arising from a change in valuation methods and best estimate assumptions*
- (2) *Remediation expenses represent costs incurred in rectifying historical unit pricing errors and fully compensating customers*
- (3) *Transitional tax relief for life insurance companies discontinued with effect from 1 July 2005*
- (4) *On 30 September 2005 ING Australia sold its New Zealand based businesses to a joint venture between ING Group and ANZ National Bank (further details are contained on page 44). As a result, prior period profits relating to the sold operations (Sep 2005: \$4 million; Mar 2005: \$4 million) are now reflected in the ING NZ joint venture*
- (5) *In 2005, ANZ partially hedged against volatility in this income stream and, as a result, gains in capital investment earnings were partially offset by hedge losses. ANZ ceased hedging capital investment earnings from 1 October 2005*
- (6) *ANZ adopts the equity method of accounting for its 49% interest in INGA. The carrying value of the investment in INGA has been tested for impairment by comparing the carrying value with the recoverable amount of INGA. The Group engaged Ernst & Young ABC Limited (EY ABC) to provide an independent valuation of INGA for 31 March 2006 assessment purposes (the recoverable amount), and there has been no evidence of subsequent impairment. The independent economic valuation was based on a discounted cash flow approach, with allowance for the cost of capital. Based on the results of this valuation, no change is required to the carrying value of the investment in INGA*
- (7) *Value of new business represents the present value of future profits arising from the new business written over the periods less the present value of the cost of capital applying to that new business. Consistent value factors are applied across all reporting periods*
- (8) *Cost to Income ratio is management expenses (excluding Remediation Expenses) / Total Income*

(9) *Other Flows includes investment income net of taxes, fees and charges (and the acquisition of Oasis)*

Partnerships & Private Bank

Bob Edgar

2006 result

Highlights of the year included the successful launch and subsequent strong sales of INGA's new retail risk product OneCare and improvements in sales and retention of retail and mezzanine funds under management. The increased inflows occurred mainly in INGA's flagship platform product OneAnswer. INGA also acquired majority ownership of Oasis Asset Management, a rapidly growing provider of badged platform products to non-aligned advisers, with effect from 1 May 2006. The acquisition serves to strengthen INGA's position in the open market.

Substantial progress was made in resolving remediation issues. This work is well advanced.

INGA continues to hold strong market shares in its chosen segments. Net flows growth within the Personal Investments business has outpaced the market with a 96% uplift in the year to June 2006 compared with industry growth of 36%. The Employer Super business maintained its #3 ranking for inflows and market share (13%) within the small-medium enterprises masterfund segment. The success of OneCare has translated into increased market share in individual life risk new annual premiums, from 8.3% in 2005 to 13.4% in the year to June 2006. INGA enjoyed the highest growth in new annual premium among the major institutions in the industry. (*Source of market statistics: Plan For Life*)

A core component of INGA's strategy has been to grow the number of aligned advisers. Following the acquisition of the Synergy dealer group in October 2005 and continued organic growth in the aligned dealer groups in 2006, the total number of INGA aligned advisers has grown to 1,145. This represents a year-on-year increase of 142 planners, of which ANZ financial planners contributed 47. INGA ranks 4th in the industry for adviser numbers, with the largest growth amongst the major institutions.

Profit after tax was 19% lower due to lower capital investment earnings. Operating profit after tax increased by 12% on 2005. Significant influences included:

Funds management income increased by 21% based on higher average funds under management underpinned by strong investment markets, and improved net flows in both personal investments and employer super businesses. This increase was achieved in an environment of increasing pressure on margins. The Oasis acquisition added \$11 million of funds management income in the half year to 30 September.

Risk income was 6% higher than full year 2005, driven by strong growth in premium income in both term life and consumer credit, together with continued favourable mortality and morbidity experience profits.

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Funds management expenses increased by 15% mainly due to higher spend on customer service and five months of Oasis expenses. Life risk expenses increased due to costs incurred in developing the new OneCare product and higher nondeferrable acquisitions costs due to the significantly higher sales volume in 2006. Remediation expenses are at similar levels to the previous year and are not expected to continue beyond the end of the calendar year.

Tax on operating profit (including transitional tax relief) increased 11% due to profit growth and the impact of the loss of transitional tax relief for life companies from 1 July 2005, offset by favourable one-off tax treatments in the March 2006 half year.

Capital investment earnings after tax were lower than the previous year due to:

the recognition of held-for-trading investment returns, and margin on service (MOS) actuarial reserving treatment for the quarter ended 31 December 2004 (IFRS was adopted from 1 January 2005),

a \$500 million capital repayment to shareholders made on 31 December 2004, resulting in lower average capital invested in 2006, and

lower average yields across various asset classes in which shareholder capital is invested.

Note: the 2005 comparative figures have been compiled on an AGAAP basis for the first 3 months and an AIFRS basis for the last 9 months. This was due to AASB 1 which required ANZ to commence reporting AIFRS numbers from the joint venture's transition date of 1 January 2005. The impact of this is that the 2005 NPAT result is boosted by \$13 million of unrealised investment earnings that would not be recognised under AIFRS accounting.

The balance of unrealised gains on available for sale securities at 30 September 2006 was \$13.3 million (30 September 2005: \$13.0 million).

Adviser numbers (by Dealer Group)

	Sep 06	Sep 05	Mvmt
ANZ Financial Planning	374	327	14%
RetireInvest	205	203	1%
Tandem Financial Advice	96	81	19%
Millenium3	452	381	19%
ING Financial Planning	18	11	64%
Other			

Total	1,145	1,003	14%
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Sales by Channel

(12 mths)	Retail Funds Management(1)		Life Insurance(2)	
	Sep-06	Mar-06	Sep-06	Mar 06(3)
ANZ Bank	45%	46%	12%	14%
IFAs aligned to ING	18%	17%	9%	10%
Direct	6%	5%	19%	18%
Open Market	31%	32%	60%	58%
Total	100%	100%	100%	100%

(1) *Includes mezzanine funds management business*

(2) *Includes directly marketed life insurance and consumer credit life insurance*

(3) *Life insurance March 2006 restated to reflect realignment of Mastertrust and Group risk business*

Comparison with March 2006 half

Profit after tax was 9% higher than the half year to 31 March 2006.

Operating profit after tax was 11% higher, influenced by:

Strong growth in funds management income +14% based on higher average funds under management, improved net flows, and the acquisition of Oasis Asset Management.

Higher risk income from in-force premium growth, more than offset by the non-recurrence of assumption changes made in the March half.

Flat funds management and life risk expenses, and reduced spending on remediation in the September half as expected.

Higher tax due to higher taxable operating profit, and the non-recurrence of tax adjustments booked in the March half.

Capital investment earnings were 4% higher due to marginally higher yields on equities.

The balance of unrealised gains on available for sale securities at 30 September 2006 was \$13.3 million (31 March 2006: \$26.3 million).

Non-continuing businesses(1)

Steve Targett

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	1	11	-91%	12	62	-81%
Other external operating income	(4)	18	large	14	7	100%
Operating income	(3)	29	large	26	69	-62%
External operating expenses	(3)		n/a	(3)	(6)	-50%
Net inter business unit expenses	(1)	(1)	0%	(2)	(18)	-89%
Operating expenses	(4)	(1)	large	(5)	(24)	-79%
Profit before credit impairment and income tax	(7)	28	large	21	45	-53%
Provision for credit impairment	14	8	75%	22	97	-77%
Profit before income tax	7	36	-81%	43	142	-70%
Income tax expense and minority interest	1	(6)	large	(5)	(16)	-69%
Net profit	8	30	-73%	38	126	-70%

(1) *Non-continuing businesses comprises the London headquartered project finance business, the run-off of New Zealand conduit transactions and certain structured finance transactions that ANZ has exited as part of its de-risking strategy*

2006 result

Profit after tax reduced by \$88 million (70%). During the year good progress was made in reducing the volume of structured loans in the discontinued book, which reduced by \$1.1 billion to \$513 million. The credit quality on the remaining business is sound. Significant factors affecting the results were:

Net interest income reduced by \$50 million reflecting a 76% (\$2.6 billion) reduction in average lending volumes from \$3.4 billion in 2005 to \$0.8 billion in 2006.

Other operating income of \$14 million largely represents a \$12 million release of provisions created on the sale of the London headquartered project finance business following the settlement of sale warranties provided to Standard Chartered Bank and a \$4 million gain on sale of power assets.

Operating expenses reduced by \$19 million, with the remaining expenses being legal and restructuring costs associated with the legacy balances in the London headquartered project finance business.

The benefit from the provision for credit impairment arises from the run-off of legacy assets, releasing collective provisions, and recoveries. The reduction in this benefit reflects a lower volume of run-off in 2006.

Comparison with March 2006 half

Profit after tax reduced by \$22 million (73%). Operating income reduced by \$32 million, with reduced net interest income resulting from a \$0.3 billion reduction in lending volumes. Other operating income of \$18 million in the first half was largely from the release of provisions created on the sale of the London headquartered project finance business. Operating expenses increased by \$3 million. The benefit from the provision for credit impairment increased a further \$6 million, reflecting a \$4 million recovery on an individual provision together with the release of collective provisions as legacy assets run off.

Group Centre(1)

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	163	94	73%	257	154	67%
Other external operating income	5	10	-50%	15	30	-50%
Operating income	168	104	62%	272	184	48%
External operating expenses	(395)	(373)	6%	(768)	(777)	-1%
Net inter business unit expenses	287	281	2%	568	548	4%
Operating expenses	(108)	(92)	17%	(200)	(229)	-13%
Profit before credit impairment and income tax	60	12	large	72	(45)	large
Provision for credit impairment			n/a			n/a
Profit before income tax	60	12	large	72	(45)	large
Income tax expense and minority interest	(27)		n/a	(27)	11	large
Net profit	33	12	large	45	(34)	large
Total employees	4,241	4,082	4%	4,241	4,007	6%

(1) *Group Centre comprises Group People Capital, Group Risk Management, Treasury (includes the funding component of Treasury results with the mismatch component being included in the Markets business of Institutional), Group Strategic Development, Group Financial Management, Shareholder Functions and Operations, Technology and Shared Services*

2006 result

The result for the Group Centre was a \$45 million profit compared with a loss of \$34 million in 2005. Significant influences on the result were:

Operating income increased by \$88 million, primarily due to a \$58 million increase in income on contracts put in place to hedge NZD and USD denominated earnings. These gains are largely offset in the translation of the results of New Zealand Banking. Operating income also increased due to \$38 million of additional interest received on tax refunds. This was partially offset by lower benefits from USD capital hedges and other sundry income.

Operating expenses reduced by \$29 million mainly due to reductions in non-incremental New Zealand integration costs, other project costs and lower non-lending losses. The increase in employee numbers is largely driven by the transitional impact of offshoring technology and back office work to India.

The higher effective tax rate in 2006 resulted primarily from allowance for withholding tax payable on future remittances from offshore operations.

Comparison with March 2006 half

The half year profit of \$33 million was \$21 million higher than in the March 2006 half. Revenue increased by \$64 million primarily from increases by \$52 million in income on contracts put in place to hedge NZD denominated earnings and by \$15 million in additional interest received on tax refunds. Operating expenses increased by \$16 million largely due to timing of Technology costs. The higher effective tax rate in the September 2006 half resulted primarily from allowance for withholding tax payable on future remittances from offshore operations in the second half.

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GEOGRAPHIC SEGMENT PERFORMANCE

Geographic performance

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net profit						
Australia	1,292	1,196	8%	2,488	2,148	16%
New Zealand	408	422	-3%	830	695	19%
Asia	70	55	27%	125	95	32%
Pacific	58	55	5%	113	90	26%
Other	49	83	-41%	132	147	-10%
	1,877	1,811	4%	3,688	3,175	16%

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Cash(1) profit						
Australia	1,269	1,108	15%	2,377	2,054	16%
New Zealand	408	434	-6%	842	708	19%
Asia	70	55	27%	125	106	18%
Pacific	58	55	5%	113	84	35%
Other	51	79	-35%	130	199	-35%
	1,856	1,731	7%	3,587	3,151	14%

	Full Year Sep 2006					Growth Rate				
	Revenue	Expenses	PBP(2)	Credit(3)	NPAT	Revenue	Expenses	PBP(2)	Credit(3)	NPAT
Australia	6,806	3,079	3,727	412	2,377	11%	8%	13%	-9%	16%
New Zealand	2,406	1,127	1,279	16	842	4%	-1%	9%	-89%	19%
Asia	323	151	172	21	125	26%	19%	33%	large	18%
Pacific	286	128	158		113	15%	14%	16%	-100%	35%
Other	268	120	148	(42)	130	-25%	3%	-38%	-24%	-35%
	10,089	4,605	5,484	407	3,587	8%	6%	10%	-28%	14%
New Zealand (NZD)	2,752	1,288	1,464	19	964	10%	4%	15%	-88%	26%

	Half Year Sep 2006					Growth Rate (on March 2006 half)				
	Revenue	Expenses	PBP(2)	Credit(3)	NPAT	Revenue	Expenses	PBP(2)	Credit(3)	NPAT
Australia	3,563	1,600	1,963	194	1,269	10%	8%	11%	-11%	15%
New Zealand	1,161	538	623	2	408	-7%	-9%	-5%	-86%	-6%
Asia	175	77	98	13	70	18%	4%	32%	63%	27%
Pacific	146	65	81	1	58	4%	3%	5%	large	5%
Other	113	66	47	(27)	51	-27%	22%	-53%	80%	-35%
	5,158	2,346	2,812	183	1,856	5%	4%	5%	-18%	7%
New Zealand (NZD)	1,392	644	748	5	490	2%	0%	4%	-64%	3%

(1) ANZ has calculated the 2005 result on an AIFRS basis that is comparable with 2006 (refer page 15), allowing

readers to see the impact on 2005 results of accounting standards that have only been applied from 1 October 2005. The impact is a reduction of \$31 million in 2005 net profit after tax. No adjustment has been made to retrospectively designate derivatives hedging the Group's funding on the basis of impracticability

In 2006 ANZ has classified the \$113 million (\$79 million after tax) settlement of the NHB insurance matter and the \$14 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: \$nil) as significant items. In 2005 ANZ classified \$14 million after tax profit on the sale of NBNZ life and funds management businesses as a significant item (tax on gain on sale of NBNZ life and funds management businesses: \$nil). ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2006 ANZ has classified \$34 million after tax (2005 full year: \$31 million; Sep 2006 half: \$21 million; Mar 2006 half: \$13 million) relating to economic hedging as a non-core item (tax on hedge gains/losses \$15 million (2005 full year: \$13 million; Sep 2006 half: \$10 million; Mar 2006 half: \$5 million)). Included in this non-core amount is ineffectiveness arising from designated accounting hedges, any volatility arising from usage of the fair value option and approved classes of derivatives in the 2006 year not designated in accounting hedge relationships but that are considered to be economic hedges. The 2005 year numbers do not include any adjustment to retrospectively calculate the AIFRS impact on the derivatives associated with the Group's funding. ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance (refer page 14)

In 2006 ANZ has incurred \$26 million after tax ANZ National Bank incremental integration costs (2005 full year: \$52 million; Sep 2006 half: nil; Mar 2006 half: \$26 million). Tax on ANZ National Bank incremental integration costs is \$13 million (2005 full year: \$26 million; Sep 2006 half: nil; Mar 2006 half: \$13 million). ANZ National Bank incremental integration costs are excluded to better reflect the core cost base and assist analysis of the cost base following completion of the integration

(2) *PBP (profit before provision) is profit before credit impairment and income tax*

(3) *Credit impairment expense*

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Australia

	Half year Sep 06 \$M	Half year Mar 06 \$M	Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Sep 06 v. Sep 05 %
Net interest income	2,470	2,291	8%	4,761	4,262	12%
Other external operating income	1,093	952	15%	2,045	1,877	9%
Operating income	3,563	3,243	10%	6,806	6,139	11%
Operating expenses	(1,600)	(1,479)	8%	(3,079)	(2,847)	8%
Profit before credit impairment and income tax	1,963	1,764	11%	3,727	3,292	13%
Provision for credit impairment	(194)	(218)	-11%	(412)	(452)	-9%
Profit before income tax	1,769	1,546	14%	3,315	2,840	17%
Income tax expense	(499)	(438)	14%	(937)	(786)	19%
Minority interest	(1)		n/a	(1)		n/a
Cash(1) profit	1,269	1,108	15%	2,377	2,054	16%
Non-core items and AIFRS 2005 adjustments(1)	23	88	-74%	111	94	18%
Net profit	1,292	1,196	8%	2,488	2,148	16%
Net interest average margin	2.33%	2.31%		2.32%	2.12%	
Return on risk weighted assets	1.64%	1.59%		1.62%	1.55%	
Operating expenses(1) to operating income	44.5%	42.0%		43.3%	45.8%	
Operating expenses(1) to average assets	1.39%	1.29%		1.34%	1.49%	
Core(1) net interest average margin	2.33%	2.31%		2.32%	2.37%	
Cash(1) return on risk weighted assets	1.61%	1.47%		1.54%	1.48%	
Operating expenses to operating income (cash(1))	44.9%	45.6%		45.3%	46.4%	
Operating expenses to average assets (cash(1))	1.39%	1.40%		1.40%	1.50%	
Individual provision charge	(141)	(169)	-17%	(310)	(251)	24%
Individual provision charge as a% of average net advances	0.15%	0.19%		0.17%	0.15%	
Collective provision charge	(53)	(49)	8%	(102)	(164)	-38%
Collective provision charge as a% of risk weighted assets	0.06%	0.06%		0.06%	0.10%	
Individual provision charge (cash)	(141)	(169)	-17%	(310)	(252)	23%
Individual provision charge as a% of average net advances (cash)	0.15%	0.19%		0.17%	0.15%	
Collective provision charge (cash)	(53)	(49)	8%	(102)	(200)	-49%
Collective provision charge as a% of average net advances (cash)	0.06%	0.06%		0.06%	0.12%	
Net non-performing loans	295	305	-3%	295	200	48%
Net non-performing loans as a% of net advances	0.15%	0.18%		0.15%	0.12%	
Total employees	18,723	18,221	3%	18,723	18,043	4%
Lending growth	4.5%	5.1%		9.8%	15.7%	
External assets	230,898	221,142	4%	230,898	202,778	14%
Risk weighted assets	160,719	154,115	4%	160,719	145,132	11%

(1) ANZ has calculated the 2005 result on an AIFRS basis that is comparable with 2006 (refer page 15), allowing readers to see the impact on 2005 results of accounting standards that have only been applied from 1 October 2005. The impact is a reduction of \$63 million in 2005 net profit after tax. No adjustment has been made to retrospectively designate derivatives hedging the Group's funding on the basis of impracticability

In 2006 ANZ has classified the \$113 million (\$79 million after tax) settlement of the NHB insurance matter as a significant item. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. In 2006 ANZ has classified \$32 million after tax (2005 full year: \$31 million; Sep 2006 half: \$23 million; Mar 2006 half: \$9 million) relating to economic hedging as a non-core item (tax on hedge gains/losses \$14 million (2005 full year: \$13 million; Sep 2006 half: \$11 million; Mar 2006 half: \$3 million)). Included in this non-core amount is ineffectiveness arising from designated accounting hedges, any volatility arising from usage of the fair value option and approved classes of derivatives in the 2006 year not designated in accounting hedge relationships but that are considered to be economic hedges. The 2005 year numbers do not include any adjustment to retrospectively calculate the AIFRS impact on the derivatives associated with the Group's funding. ANZ excludes volatility associated with fair value movements on these transactions to provide a better indication of the core business performance

2006 result

Profit after tax increased by 16%. Cash profit also increased 16% (refer pages 13 to 15 for an explanation of non-core items and AIFRS adjustments). Significant influences on cash profit were:

Net interest income increased by 12%. Average net advances increased 11%, driven by growth in Consumer Finance 21%, Rural Commercial & Agribusiness Products 15%, Mortgages 12%, Business Banking 13%, Corporate Banking 10% and Debt Product Group 8%. Average deposit and other borrowing volumes increased 12% driven by Rural Commercial & Agribusiness Products 13%, Esanda 12%, Banking Products 11%, Corporate Banking 12%, Business Banking 11% and Group Treasury 24%. Net interest margin decreased 5 basis points with a change in the asset mix, increased volumes of wholesale funding and competitive pressures in the lending books of Mortgages, Consumer Finance, Debt Products Group, Business Banking and Corporate Banking, partly offset by higher earnings from foreign exchange revenue hedging, +3 basis points or \$58 million, interest received on tax refunds from the ATO and release of revenue related to prior years in Trade and Transaction Services.

Other operating income increased by 9%. Personal increased 8% due to volume growth initiatives in Consumer Finance, higher transaction volumes in Banking Products and higher sales from financial planners in Investment and Insurance Products. Institutional increased 9% due to increased volumes in Trade and Transaction Services, higher deal fees in Corporate and Structured Financing and higher Markets earnings with increased activity and positioning to take advantage of interest rate and currency volatility. In addition the 2005 year included a \$32 million cost from the hedging of capital investment earnings in INGA which ceased in October 2005.

Operating expenses increased by 8% reflecting an increased investment in frontline staff with a 4% increase in personnel numbers, the footprint expansion in Personal through the addition of 25 more branches and a further 330 ATMs, annual salary increases, and investment in new IT platforms in Markets and Transactional Services businesses.

Provision for credit impairment decreased by 9% (\$40 million). This was driven by a combination of increased lending volumes, moderately higher risk in credit cards and an increase in Institutional, due to two accounts downgraded in the March 2006 half, partly offset by recoveries in the non-continuing businesses, being offset by an improved credit risk profile in most portfolios and collective provisions raised in 2005 for expected portfolio deterioration in segments identified as being most vulnerable to higher oil prices.

Comparison with March 2006 half

Profit after tax increased 8%. After adjusting for the impact of non-core items and AIFRS 2005 adjustments (refer pages 13 to 15), cash profit increased 15%.

Net interest income increased 8% as average net advances increased 6% and average deposits and other borrowings increased 8% and net interest margin increased 2 basis points. Higher earnings from foreign exchange revenue hedging contributed +5 basis points or \$52 million. Market's net interest income increased \$22 million due to a reduction in funding costs associated with unrealised trading gains resulting in a higher proportion of revenue being booked as interest, offset in Other income.

Other income increased 15%. Personal increased 20%, due to strong volume and fee growth across all businesses and Institutional increased 12%, due to solid deal flow in Corporate and Structured Financing and higher Markets revenue from sales.

Operating expenses increased 8% reflecting the 3% increase in staff numbers, higher marketing spend, the ongoing investment in the branch network and the timing impact of higher software maintenance fees in the second half and re-assessment of software projects in Mortgages.

Provision for credit impairment decreased 11% as the individual provision charge decreased \$28 million, due to ongoing debt recoveries and no large new provisions in Institutional, partly offset by higher provisions in Personal due to increased volumes and seasonality in Consumer Finance.

New Zealand

	Half year Sep 06 NZD \$M	Half year Mar 06 NZD \$M	Sep 06 v. Mar 06 %	Full year Sep 06 NZD \$M	Full year Sep 05 NZD \$M	Sep 06 v. Sep 05 %
Net interest income	1,028	943	9%	1,971	1,772	11%
Other external operating income	364	417	-13%	781	731	7%
Operating income	1,392	1,360	2%	2,752	2,503	10%
Operating expenses	(644)	(644)	0%	(1,288)	(1,234)	4%
Profit before credit impairment and income tax	748	716	4%	1,464	1,269	15%
Provision for credit impairment	(5)	(14)	-64%	(19)	(156)	-88%
Profit before income tax	743	702	6%	1,445	1,113	30%
Income tax expense	(253)	(227)	11%	(480)	(344)	40%
Minority interest		(1)	-100%	(1)	(1)	0%
Cash(1) profit	490	474	3%	964	768	26%
Non-core items(1) and AIFRS 2005 adjustments		(13)	-100%	(13)	(14)	-7%
Net profit (NZD)	490	461	6%	951	754	26%
Net profit (AUD)	408	422	-3%	830	695	19%
Net interest average margin	2.33%	2.32%		2.32%	2.36%	
Return on risk weighted assets	1.41%	1.49%		1.45%	1.32%	
Operating expenses(1) to operating income	46.2%	49.9%		48.1%	52.2%	
Operating expenses(1) to average assets	1.34%	1.54%		1.44%	1.63%	
Core(1) net interest average margin	2.33%	2.32%		2.32%	2.43%	
Cash(1) return on risk weighted assets	1.41%	1.54%		1.47%	1.35%	
Operating expenses to operating income (cash(1))	46.3%	47.4%		46.8%	49.3%	
Operating expenses to average assets (cash(1))	1.34%	1.45%		1.39%	1.53%	
Individual provision charge	(7)	(23)	-70%	(30)	(116)	-74%
Individual provision charge as a% of average net advances	0.02%	0.06%		0.04%	0.18%	
Collective provision charge	2	9	-78%	11	(6)	large
Collective provision charge as a% of average net advances	-0.01%	-0.03%		-0.01%	0.01%	
Individual provision charge (cash)	(7)	(23)	-70%	(30)	(116)	-74%
Individual provision charge as a% of average net advances (cash)	0.02%	0.06%		0.04%	0.18%	
Collective provision charge (cash)	2	9	-78%	11	(40)	large
Collective provision charge as a% of average net advances (cash)	-0.01%	-0.03%		-0.01%	0.06%	
Net non-performing loans	93	119	-22%	93	123	-24%
Net non-performing loans as a% of net advances	0.12%	0.16%		0.12%	0.18%	
Total employees	9,392	9,304	1%	9,392	9,515	-1%
Lending growth	5.5%	6.1%		11.9%	13.9%	
External assets	95,153	93,410	2%	95,153	86,505	10%
Risk weighted assets	68,496	65,216	5%	68,496	61,041	12%

(1) ANZ has calculated the 2005 result on an AIFRS basis that is comparable with 2006 (refer page 15), allowing readers to see the impact on 2005 results of accounting standards that have only been applied from 1 October 2005. The impact is a reduction of NZD27 million in 2005 net profit after tax. No adjustment has been made to retrospectively designate derivatives hedging the Group's funding on the basis of impracticability

In 2006 ANZ has classified the NZD\$16 million settlement of a dispute with Lloyds TSB over the accounting treatment of certain items in the completion accounts for the acquisition of National Bank of New Zealand Limited (tax on settlement: \$nil) as significant items. In 2005 ANZ

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classified \$14 million after tax profit on the sale of NBNZ life and funds management businesses as a significant item (tax on gain on sale of NBNZ life and funds management businesses: \$nil). ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 13)

In 2006 ANZ has incurred NZD29 million after tax ANZ National Bank incremental integration costs (2005 full year: NZD56 million; Sep 2006 half: \$nil; Mar 2006 half: NZD29 million). ANZ National Bank incremental integration costs are excluded to better reflect the core cost base following completion of the integration

Reconciliation of Geographic result

NZ Business	Half year Sep 06 NZD \$M	Half year Mar 06 NZD \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 NZD \$M	Full year Sep 05 NZD \$M	Movt Sep 06 v. Sep 05 %
New Zealand Businesses	404	376	7%	780	642	21%
NZ Institutional (Continuing)	109	117	-7%	226	197	15%
New Zealand Banking	513	493	4%	1,006	839	20%
Non-continuing businesses	1	3	-67%	4	35	-89%
NZ shareholder functions	(24)	(22)	9%	(46)	(106)	-57%
New Zealand geography adjusted for non-core items(1)	490	474	3%	964	768	26%
Non-core items and AIFRS 2005 Adjustments		(13)	-100%	(13)	(14)	-7%
Total New Zealand geography	490	461	6%	951	754	26%

(1) Refer footnote 1 on page 53

2006 result

Profit after tax in NZD increased by 26% (NZD197 million) after adjusting for the impact of AIFRS and non-core items (refer page 15). The result was assisted by a NZD137 million (NZD92 million after tax) reduction in the credit impairment charge. Profit before credit impairment and income tax increased 15% after adjusting for the impact of AIFRS 2005 adjustments and non-core items. Overall, the business is displaying promising momentum, and has achieved robust credit growth, maintained good credit quality, and the level of interest margin decline has moderated.

Key influences on cash profit include:

Net interest income increased 11% (NZD199 million) including an additional NZD76 million resulting from the issue of preference share capital in September 2005 to repay intercompany debt as a result of amendments to New Zealand thin capitalisation rules. Lending volumes increased 12% with growth robust across all businesses, except for a reduction in UDC (impacted by intense competition and sales force restructuring), and the roll off in discontinuing businesses. Net interest margins declined 11 basis points mainly driven by competition and product mix impacts (customer migration from variable rate to fixed rate mortgages, the increasing requirement for wholesale funding, and growth in lower margin products). This was partly offset by the benefit of the additional preference share capital (equivalent of 9 basis points).

Other external operating income increased 7% largely due to the strong result in Institutional (15%) mainly from the Markets business, as well as income resulting from the MasterCard Initial Public Offer (NZD5 million). The National Bank Retail increased by 21%, with growth across lending, card and transactional fees as well as commission income.

Operating expenses increased 4%. Increases in frontline and customer support staff numbers, salary increases, the cost of the Commerce Commission settlement (NZD10 million), and the cost of operating domestic systems in New Zealand (NZD10 million) were partly offset by a 6% reduction in the number of support staff, control of discretionary expenditure, and lower non-incremental integration costs with the project completed during the year.

Provision for credit impairment decreased by NZD137 million. This was driven by both lower collective and individual provision charges, following a combination of increased lending volumes being offset by individual provisions raised for corporate accounts and exposures to the apple and pear export industry in 2005, an improved credit risk profile (an increased proportion of low risk residential and rural lending) and collective provisions raised in 2005 for portfolio deterioration in segments identified as being most vulnerable to higher oil prices.

The effective tax rate increased, largely due to the run off of structured finance deals.

Comparison with March 2006 half

Profit after tax in NZD increased by 6%. After adjusting for the impact of AIFRS and non-core items (refer pages 13 to 15), cash profit increased 3%. The following explanations exclude the impact of non-core items:

Net interest income increased 9%. Lending volumes increased 6%, with good growth across all businesses apart from UDC and Institutional. Deposits grew 2%. The level of net interest margin decline has moderated in all businesses, except in NZ Institutional Continuing Businesses where the margin has improved due to a sharp decline in exchange rates during the March half which resulted in an additional NZD32 million interest income being earned on swap transactions in the September half, however, trading losses offset the interest income.

Other operating income reduced 13%, mainly driven by NZ Institutional Continuing Businesses, with the exceptional Markets performance in the first half not matched. Other income in The National Bank Retail increased 9%, with growth across lending, cards and transactional fees. Fee income in other businesses was constrained by competitive pressures.

Operating expenses remained flat. Salary and rental increases were offset by lower non-incremental integration costs with the project completing during March 2006. The first half result was also impacted by the cost of the Commerce Commission settlement.

Provision for credit impairment decreased by NZD9 million. The individual provision charge reduced NZD16 million largely reflecting provisioning for an isolated loss in the March 2006 half, and the collective provision credit

reduced by NZD7 million. Net non-performing loans reduced 22%.

Asia

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	92	77	19%	169	120	41%
Other external operating income	83	71	17%	154	136	13%
Operating income	175	148	18%	323	256	26%
Operating expenses	(77)	(74)	4%	(151)	(127)	19%
Profit before credit impairment and income tax	98	74	32%	172	129	33%
Provision for credit impairment	(13)	(8)	63%	(21)	(7)	large
Profit before income tax	85	66	29%	151	122	24%
Income tax expense	(14)	(11)	27%	(25)	(15)	67%
Minority interest	(1)		n/a	(1)	(1)	0%
Cash profit(1)	70	55	27%	125	106	18%
Non-core items(1) and AIFRS 2005 adjustments			n/a		(11)	-100%
Net profit	70	55	27%	125	95	32%
Consisting of:						
Network Business	52	41	27%	93	64	45%
International Partnerships	18	14	29%	32	42	-24%
	70	55	27%	125	106	18%
Operating expenses to operating income	44.0%	50.0%		46.8%	49.6%	
Operating expenses to operating income (cash(1))	44.0%	50.0%		46.8%	49.4%	
Individual provision charge	(14)	(4)	large	(18)	(11)	64%
Collective provision charge	1	(4)	large	(3)	(10)	-70%
Individual provision charge (cash)	(14)	(4)	large	(18)	(11)	64%
Collective provision charge (cash)	1	(4)	large	(3)	4	large
Net non-performing loans			n/a		6	-100%
Total employees	913	843	8%	913	826	11%

(1) ANZ has calculated the 2005 result on an AIFRS basis that is comparable with 2006 (refer page 15), allowing readers to see the impact on 2005 results of accounting standards that have only been applied from 1 October 2005. The impact is a reduction of \$11 million in 2005 net profit after tax. No adjustment has been made to retrospectively designate derivatives hedging the Group's funding on the basis of impracticability

2006 result

Profit after tax increased 32%. After adjusting for AIFRS 2005 adjustments (refer page 15) profit after tax increased by 18%. The depreciation of the AUD increased profit growth by 2% (\$2 million). After adjusting for non-core items and exchange rate movements:

Net interest income increased 37% reflecting improved Treasury performance in Singapore, Card volumes in Indonesia, improved deposit margins, particularly in Vietnam, and the first full year of operations in Cambodia. Loan and deposit volumes also grew across the region, reflective of increased economic activity.

Other external operating income increased 10% due to higher Cards volumes in Indonesia, higher foreign exchange revenue, increased equity accounted income from Metrobank Card Corporation and Tianjin City Commercial Bank, offset by reduced Equity accounted income in PT Panin Bank.

Operating expenses increased 17% as a result of costs associated with building partner relationships in Indonesia, China and Vietnam, the first full year of operating costs in Cambodia and new product specialists in Asia.

Provision for credit impairment increased by \$13 million. The individual provision charge increased largely due to Singapore and Indonesia, offset by write-backs in Hong Kong and Philippines.

Income tax expense increase reflects increased profit and the impact of reduced equity accounted income from PT Panin Bank.

Comparison with March 2006 half

Profit after tax increased 27%. Operating income increased 18% with strong deposit volume growth in Hong Kong and Indonesia, higher Metrobank Card Corporation Inc equity accounted income from growth in card volumes and higher equity accounted earnings from the new partnership with Tianjin City Commercial Bank. Operating expenses increased by 4% as investments were made to progress partnerships in Indonesia, China and Vietnam, together with the addition of specialist product skills. The impact of exchange rate movements was immaterial.

Pacific

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	72	66	9%	138	111	24%
Other external operating income	74	74	0%	148	137	8%
Operating income	146	140	4%	286	248	15%
Operating expenses	(65)	(63)	3%	(128)	(112)	14%
Profit before credit impairment and income tax	81	77	5%	158	136	16%
Provision for credit impairment	(1)	1	large		(17)	-100%
Profit before income tax	80	78	3%	158	119	33%
Income tax expense	(22)	(22)	0%	(44)	(34)	29%
Minority interest		(1)	-100%	(1)	(1)	0%
Cash profit(1)	58	55	5%	113	84	35%
Non-core items(1) and AIFRS 2005 adjustments			n/a		6	-100%
Net profit	58	55	5%	113	90	26%
Operating expenses to operating income	44.5%	45.0%		44.8%	44.8%	
Operating expenses to operating income (cash(1))	44.5%	45.0%		44.8%	45.3%	
Individual provision charge	4	3	33%	7	(12)	large
Collective provision charge	(5)	(2)	large	(7)	2	large
Individual provision charge (cash)	4	3	33%	7	(13)	large
Collective provision charge (cash)	(5)	(2)	large	(7)	(4)	75%
Net non-performing loans	5	8	-38%	5	22	-77%
Total employees	1,662	1,613	3%	1,662	1,606	3%

(1) ANZ has calculated the 2005 result on an AIFRS basis that is comparable with 2006 (refer page 15), allowing readers to see the impact on 2005 results of accounting standards that have only been applied from 1 October 2005. The impact is a reduction of \$6 million in 2005 net profit after tax. No adjustment has been made to retrospectively designate derivatives hedging the Group's funding on the basis of impracticability

2006 result

Profit after tax increased 26%. After adjusting for AIFRS 2005 adjustments (refer page 15) profit after tax increased by 35%. The depreciation of the AUD increased profit growth by 2% (\$2 million). After adjusting for non-core items and exchange rate movements:

Net interest increased 23% reflecting growth in lending volumes in Fiji, Samoa and PNG.

Other external operating income increased 7% due to growth in lending volumes in Fiji, Samoa, PNG and Vanuatu and higher foreign exchange revenue.

Operating expenses increased 13% predominantly due to investment in our Operational Excellence agenda and expansion of footprint.

Provision for credit impairment decreased by \$17 million predominantly due to the writeback of two individual provisions in Fiji.

Income tax expense increase reflects increased profit.

Comparison with March 2006 half

Profit after tax increased 5%. Operating income increased 4% with strong lending and increased fee income. Operating expenses increased by 3%. The impact of exchange rate movements was immaterial.

Other: United Kingdom, Europe, United States and Middle East & South Asia [including Bangalore]

	Half year Sep 06 \$M	Half year Mar 06 \$M	Movt Sep 06 v. Mar 06 %	Full year Sep 06 \$M	Full year Sep 05 \$M	Movt Sep 06 v. Sep 05 %
Net interest income	82	69	19%	151	244	-38%
Other external operating income	31	86	-64%	117	111	5%
Operating income	113	155	-27%	268	355	-25%
Operating expenses	(66)	(54)	22%	(120)	(117)	3%
Profit before credit impairment and income tax	47	101	-53%	148	238	-38%
Provision for credit impairment	27	15	80%	42	55	-24%
Profit before income tax	74	116	-36%			