

AUSTRALIA & NEW ZEALAND BANKING GROUP LTD

Form 6-K

October 27, 2005

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

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

For the Month of October 2005

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

Form 40-F

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 Yes 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.

**Australia and New Zealand
Banking Group Limited**

ABN 11 005 357 522

***Consolidated Results
Dividend Announcement and
Appendix 4E***

**Full Year
30 September 2005**

The Consolidated Results and Dividend Announcement constitutes the preliminary final report and is the Appendix 4E required by the Australian Stock Exchange. It should be read in conjunction with the September 2005 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 2005

				A\$ million
Group operating revenue	up	8.2%	to	9,350
Operating profit after tax attributable to shareholders	up	7.2%	to	3,018
Extraordinary items after tax attributable to shareholders		0%	to	nil
Operating profit and extraordinary items after tax attributable to shareholders	up	7.2%	to	3,018
Proposed final dividend per ordinary share, fully franked at 30% tax rate (previous corresponding period 54 cents, fully franked at 30% tax rate)				59 cents
Interim 2005 dividend per ordinary share, fully franked at 30% tax rate				51 cents
Record date for the proposed final dividend				14 November 2005
The proposed final dividend will be payable to shareholders registered in the books of the Company at close of business on 14 November 2005. Transfers must be lodged before 5:00 pm on that day to participate.				
Payment date for the proposed final dividend				16 December 2005

Highlights**Earnings per share**

Cash EPS 175.2 cents - up 8.8% (excl. non core items)*

EPS 160.9 cents - up 5.1%

Profit after tax

\$3,018 million - up 7.2%

\$3,056 million - up 11.9% (excl. non core items)*

\$1,564 million second half, up 4.8% on first half (excl. non core items)*

Shareholder return

Dividend 110 cents - up 8.9%

Total Shareholder Return 33%

Ratios

Cost-income ratio 45.6% (45.3%) (excl. non core items)*

Cash return on equity 18.8% (19.1%) (excl. non core items)*

Adjusted common equity ratio stable at 5.1%

Business Comment

Strong performance in Australia, particularly in Personal Banking

NZ result subdued as expected due to margins and integration

Substantial staff investment with 2,221 additional FTE

Net specific provisions down 19% and non-accruals down 23%

New Growth and Transformation program with revised targets:

7% - 9% revenue growth per annum

Cost-Income to 40% over time

* Excluding non-core items - significant items and NBNZ incremental integration costs

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

ABN 11 005 357 522

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Full year ended 30 September 2005

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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 Group s auditors, KPMG. The Company has a formally constituted Audit Committee of the Board of Directors. This report was approved by resolution of a Committee of the Board of Directors on 24 October, 2005.

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

HIGHLIGHTS

Media Release

For Release: 25 October 2005

ANZ cash EPS* up 8.8%

Strong revenue growth in the second half

Earnings per share

Cash EPS 175.2 cents - up 8.8% (excl. non core items)*

EPS 160.9 cents - up 5.1%

Profit after tax

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New Growth and Transformation program with revised targets:

7% - 9% revenue growth per annum

Cost-Income to 40% over time

* *Excluding non-core items - significant items and NBNZ incremental integration costs*

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Australia and New Zealand Banking Group Limited (ANZ) today announced a record operating profit after tax of \$3,018 million for the year ended 30 September 2005, up 7.2% on the previous year.

Excluding non-core items*, operating profit after tax was \$3,056 million up 11.9% and cash earnings per share were 175.2 cents up 8.8%.

The full-year dividend was increased by 8.9% to 110 cents, in line with ANZ's policy to increase dividends at the rate of cash earnings per share growth.

Second half operating profit after tax was particularly strong at \$1,564 million, up 4.8% on the first half, with revenues up 4.9% including other operating income up 7.6%.

ANZ Chief Executive Officer Mr John McFarlane said: This is a good result, ahead of our original target of 7% to 8% cash EPS growth for the year. I was particularly pleased with the quality of the result in the second half especially, the strength in revenues.

Lending and deposit growth were up 12% and 10% respectively on the year, offset by a margin decline of 14 basis points.

Risks were substantially lower than last year, and we were able to produce a good profit notwithstanding a high level of spending for the future.

In line with earlier commitments, we have continued to invest in the sustainability of the business, which has seen an additional 2,221 staff employed in the year, largely in the front line. As a consequence, expense growth* for the year was 11%, or 8% when adjusted for the additional two-month contribution from NBNZ. We expect this level of investment to deliver improved returns over the coming year, and particularly into 2007, which should then see the cost-income ratio move downwards once again.

Credit quality remains at its best level in over a decade, with a 19% reduction in Net Specific Provisions and a 23% reduction in Non-Accrual Loans. With 14 years of uninterrupted growth in Australia, while the environment remains benign, it would not be surprising for credit standards in the market to reflect a false sense of security, so it is important we remain vigilant, he said.

Business Performance

Commenting on each of the business divisions, Mr McFarlane said: Geographically, the highlight was Australia, with earnings* up 14% in the year. New Zealand was up 11% on the same basis, benefiting from a full 12 months of The National Bank of New Zealand this year, versus 10 months the previous year.

* *Excluding non-core items - significant items and NBNZ incremental integration costs*

Most divisions produced double-digit earnings growth. Personal Banking Australia was particularly strong, up 15% on the year, with Corporate Australia at 10%, and Esanda 11%. Institutional had a respectable year in the face of strong competition up 8%, building momentum after several years focusing on risk reduction.

Our Personal division in Australia benefited from strong performances by the individual businesses. Credit card balances grew 21% in the year, mortgages 14%, and deposits 10%. We were the only major bank to increase share in retail deposits. The momentum in Personal is quite remarkable given ANZ's heritage as a corporate bank. We continue to build upon our commitment to convenience and simplicity, with 15 new branches opening during the year.

Institutional is in a stage of reinvigorating its business following a number of years of relatively flat earnings and asset growth, as a consequence of a comprehensive de-risking program. Lending and deposits growth of 15% and 10% respectively, supported by solid non-interest income growth in the second half, give me confidence that we are on track to regain our number one position in this segment.

In New Zealand, the NBNZ franchise showed solid progress, however the extremely competitive environment coupled with increased spending to stabilise the ANZ retail business, subdued the result. Integration is on track and will virtually be complete by the end of 2005 allowing our focus to be on leveraging the benefits of market leadership externally. The run off of historical conduit transactions in 2006 will subdue the New Zealand geographic performance in the year ahead.

Corporate Australia performed well, with good growth coming from the innovative Wall Street to Main Street strategy, however the exceptional asset growth in Business Banking has begun to slow.

Underlying performance in Asia Pacific remains strong. The 2005 growth rate is distorted by the benefit of one-off earnings in PT Panin bank in 2004. We have continued to expand in the region, with new partnerships in Vietnam and Cambodia, and our negotiations in China are now at an advanced stage.

Esanda continued to deliver consistent earnings growth in an increasingly competitive environment. Australia performed particularly well but was offset by the impact of restructuring UDC franchise agreements during the year, Mr McFarlane said.

Growth and Transformation

Commenting on the new Growth and Transformation agenda and related internal targets announced earlier in the year, Mr McFarlane said: ANZ has now had seven years of consistent performance. This has partly been as a result of our ability to set stretch targets and to deliver against them.

We have now set ourselves the task of becoming Australasia's leading bank.

New internal financial targets have been established for the next several years of 7% to 9% annual revenue growth and a reduction, over time, in the cost-income ratio to 40%.

Over the past few years, we have strengthened our strategic position and have increased share. We now have the second largest personal customer base across Australia and New Zealand, and are unique in our positioning and experience in Asia.

We have the highest personal customer satisfaction of the major banks. Staff engagement is the highest of the major companies in Australia. Our community programs are also beginning to differentiate us. At the same time, we delivered a strong Total Shareholder Return of 33% over the past year together with a conservative risk profile and continued world-class efficiency levels.

Notwithstanding the higher investment spending in the past year, going forward, we will continue to invest in faster growth segments. In the near term, we expect Australia will continue to drive our growth, with good momentum in our major divisions. In the medium term, we expect New Zealand will deliver improved returns, and over the longer term Asia will become increasingly meaningful.

At the same time, we will become leaner, sharper, more agile, and more externally focused. We are well advanced in a program to achieve this, including realising the benefits of New Zealand integration, reducing back office costs through process redesign and leveraging our capability in Bangalore, increased automation, and simplifying our technology architecture to improve speed to market. Important also is leveraging our unique performance culture and values. These and other steps give us confidence that we will achieve our stated targets, Mr McFarlane said.

Outlook

The economic environment in Australia, New Zealand and internationally, remains supportive of reasonable earnings growth in the medium term, despite the softening associated with more stable housing and high oil prices.

System credit growth in 2006 is likely to remain around 9% to 10%, and while it would be prudent to remain cautious about margins, we do not expect last year's unusual margin decline to be repeated in 2006.

The coming year will also see the full impact from the run-off of certain structured finance transactions and the end of transitional tax relief benefits in the ING Australia joint venture.

The year ahead will see the full year cost impact from our investment program however, we expect the revenue benefits will start to emerge more fully, delivering good momentum into the following year.

Despite these factors, all in all, the environment in 2006 should be broadly similar to that in 2005, enabling us to produce continued good results in the year ahead, Mr McFarlane said.

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FINANCIAL HIGHLIGHTS**Net Profit**

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	2,945	2,853	3%	5,798	5,254	10%
Other operating income	1,848	1,704	8%	3,552	3,391	5%
Operating income	4,793	4,557	5%	9,350	8,645	8%
Operating expenses	(2,315)	(2,200)	5%	(4,515)	(4,026)	12%
Profit before debt provision	2,478	2,357	5%	4,835	4,619	5%
Provision for doubtful debts	(296)	(284)	4%	(580)	(632)	-8%
Profit before income tax	2,182	2,073	5%	4,255	3,987	7%
Income tax expense	(637)	(597)	7%	(1,234)	(1,168)	6%
Outside equity interests	(2)	(1)	100%	(3)	(4)	-25%
Net profit attributable to shareholders of the Company	1,543	1,475	5%	3,018	2,815	7%

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

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Significant items						
TrUEPrS						
Swap income			n/a		110	-100%
Interest			n/a		2	-100%
Income tax expense			n/a		(28)	-100%
Cash dividends(3)			n/a			n/a
Gain on sale of NBNZ Life(1),(4)	14		n/a	14		n/a
Gain on finalising INGA completion accounts after tax(1),(4)			n/a		14	-100%
Total significant items	14		n/a	14	98	-86%
NBNZ incremental integration costs after tax(2),(5)	(35)	(17)	large	(52)	(14)	large
	(21)	(17)	24%	(38)	84	large

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

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	2,945	2,853	3%	5,798	5,252	10%
Other operating income	1,834	1,704	8%	3,538	3,267	8%

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Operating income	4,779	4,557	5%	9,336	8,519	10%
Operating expenses	(2,262)	(2,175)	4%	(4,437)	(4,005)	11%
Profit before debt provision	2,517	2,382	6%	4,899	4,514	9%
Provision for doubtful debts	(296)	(284)	4%	(580)	(632)	-8%
Profit before income tax	2,221	2,098	6%	4,319	3,882	11%
Income tax expense	(655)	(605)	8%	(1,260)	(1,147)	10%
Outside equity interests	(2)	(1)	100%	(3)	(4)	-25%
Net profit excluding significant items and NBNZ incremental integration costs	1,564	1,492	5%	3,056	2,731	12%

(1) In 2005 ANZ has classified \$14 million after tax profit on the sale of NBNZ life businesses as a significant item. In 2004 ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts and \$84 million net profit after tax arising from the TrUEPrS transaction as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

(2) In 2005 ANZ has incurred \$52 million after tax NBNZ incremental integration costs (2004 full year: \$14 million; Sept 2005 half: \$35 million; Mar 2005 half: \$17 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration (refer page 12)

(3) Dividends on TrUEPrS preference shares treated as significant items (2005: \$nil; 2004: \$36 million) do not impact net profit, but do impact earnings per share

(4) Tax on gain on INGA completion accounts: \$nil. Tax on gain on sale of NBNZ Life: \$nil

(5) Tax on incremental NBNZ integration costs: \$26 million (2004 full year: \$7 million; Sept 2005 half: \$18 million; Mar 2005 half: \$8 million)

Earnings per share(1)

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Earnings per ordinary share (cents)						
Earnings per ordinary share (basic)	82.0	78.8	4%	160.9	153.1	5%
Earnings per ordinary share (diluted)	80.4	76.9	5%	157.5	149.7	5%
Earnings per ordinary share (basic) excluding significant items(2) and NBNZ incremental integration costs(3)	83.2	79.8	4%	163.0	150.4	8%
Earnings per ordinary share (basic) excluding significant items(2) and NBNZ incremental integration costs(3) and goodwill amortisation	89.4	85.9	4%	175.2	161.1	9%

Net profit by business unit

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net profit after income tax						
Personal Banking Australia	528	485	9%	1,013	883	15%
Institutional	471	452	4%	923	857	8%
New Zealand Businesses	307	307	0%	614	513	20%
Corporate Australia	192	184	4%	376	341	10%
Esanda and UDC	82	77	6%	159	143	11%
Asia Pacific	47	48	-2%	95	111	-14%
Group Centre	(63)	(61)	3%	(124)	(117)	6%
Net profit (excl significant items(2) and NBNZ incremental integration costs(3))	1,564	1,492	5%	3,056	2,731	12%
Significant items(2) and NBNZ incremental integration costs(3)	(21)	(17)	24%	(38)	84	large
Net profit	1,543	1,475	5%	3,018	2,815	7%

Net profit by geography

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Australia(2)	1,108	1,051	5%	2,159	1,886	14%
New Zealand(2), (3), (4)	280	286	-2%	566	509	11%
Asia Pacific	100	84	19%	184	191	-4%
Other	76	71	7%	147	145	1%
Net profit excluding significant items(2) and NBNZ incremental integration costs(3)	1,564	1,492	5%	3,056	2,731	12%

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Significant items(2) and NBNZ incremental integration costs(3)	(21)	(17)	24%	(38)	84	large
Net profit	1,543	1,475	5%	3,018	2,815	7%

(1) Refer page 74 for details of calculation

(2) In 2005 ANZ has classified \$14 million after tax profit on the sale of NBNZ life businesses as a significant item. In 2004 ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts, \$84 million net profit after tax and \$36 million dividends arising from the TrUEPrS transaction as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

(3) In 2005 ANZ has incurred \$52 million after tax NBNZ incremental integration costs (2004 full year: \$14 million; Sept 2005 half: \$35 million; Mar 2005 half: \$17 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration

(4) New Zealand includes only 10 months of NBNZ in 2004. Adjusted for this (refer page 28) year on year growth was 5%

Statement of Financial Position

	As at Sep 05 \$M	As at Mar 05 \$M	As at Sep 04 \$M	Movt Sep 05 v. Mar 05 %	Movt Sep 05 v. Sep 04 %
Assets					
Liquid assets	11,600	8,855	6,363	31%	82%
Due from other financial institutions	6,348	6,428	4,781	-1%	33%
Trading and investment securities	13,226	12,853	13,224	3%	0%
Net loans and advances including acceptances	244,401	231,480	217,428	6%	12%
Other	17,610	18,233	17,549	-3%	0%
Total assets	293,185	277,849	259,345	6%	13%
Liabilities					
Due to other financial institutions	12,027	10,056	7,349	20%	64%
Deposits and other borrowings	185,693	180,410	168,557	3%	10%
Liability for acceptances	13,449	12,922	12,466	4%	8%
Bonds and notes	39,073	32,321	27,602	21%	42%
Other	23,455	23,132	25,446	1%	-8%
Total liabilities	273,697	258,841	241,420	6%	13%
Total shareholders equity	19,488	19,008	17,925	3%	9%

Net loans and advances including acceptances by business unit

	As at Sep 05 \$M	As at Mar 05 \$M	As at Sep 04 \$M	Movt Sep 05 v. Mar 05 %	Movt Sep 05 v. Sep 04 %
Personal Banking Australia	104,119	97,807	91,207	6%	14%
Institutional	48,080	46,041	41,889	4%	15%
New Zealand Businesses	55,144	52,093	49,967	6%	10%
Corporate Australia	21,158	19,877	19,010	6%	11%
Esanda and UDC	14,280	13,813	13,588	3%	5%
Asia Pacific	1,806	1,644	1,557	10%	16%
Other(1)	(186)	205	210	large	large
Net loans and advances including acceptances	244,401	231,480	217,428	6%	12%

(1) Includes Group Centre provision for doubtful debts balance

Deposits and other borrowings by business unit

	As at Sep 05 \$M	As at Mar 05 \$M	As at Sep 04 \$M	Movt Sep 05 v. Mar 05 %	Movt Sep 05 v. Sep 04 %
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Personal Banking Australia	42,077	39,868	38,416	6%	10%
Institutional	29,663	29,775	26,984	0%	10%
New Zealand Businesses	46,078	46,470	43,003	-1%	7%
Corporate Australia	18,000	17,023	16,125	6%	12%
Esanda and UDC	12,907	12,167	11,857	6%	9%
Asia Pacific	5,602	5,305	5,123	6%	9%
Other	31,366	29,802	27,049	5%	16%
Deposits and other borrowings	185,693	180,410	168,557	3%	10%

Financial Ratios

	Half year Sep 05 \$M	Half year Mar 05 \$M	Full year Sep 05 \$M	Full year Sep 04 \$M
EVATM(1)	985	926	1,911	1,750
Profitability ratios				
Return on:				
Average ordinary shareholders equity(2),(3)	17.4%	17.2%	17.3%	18.1%
Average ordinary shareholders equity(2),(3) (excluding significant items(4) and NBNZ incremental integration costs(5))	17.6%	17.4%	17.5%	17.8%
Average ordinary shareholders equity(2),(3) (excluding goodwill amortisation, notional goodwill, significant items(4) and NBNZ incremental integration costs(5))	18.9%	18.7%	18.8%	19.1%
Average assets	1.06%	1.10%	1.08%	1.16%
Average risk weighted assets	1.43%	1.46%	1.45%	1.54%
Total income(3)	13.6%	14.4%	14.0%	15.5%
Net interest average margin	2.30%	2.40%	2.35%	2.49%
Profit per average FTE (\$)	50,574	50,426	100,997	102,933
Efficiency ratios(6)				
Operating expenses(6) to operating income (excluding significant items(4) and NBNZ incremental integration costs(5))	45.4%	45.8%	45.6%	45.3%
Operating expenses(6) to operating income	46.4%	46.3%	46.4%	44.9%
Operating expenses(6) (excluding significant items(4) and NBNZ incremental integration costs(5)) to average assets	1.50%	1.55%	1.52%	1.59%
Operating expenses(6) to average assets	1.53%	1.57%	1.55%	1.60%
Debt provisioning				
Economic loss provisioning (\$M)	296	284	580	632
Net specific provisions (\$M)	206	151	357	443
Ordinary share dividends (cents)				
Interim - 100% franked (Mar 04: 100% franked)	n/a	51	51	47
Final - 100% franked (Sep 04: 100% franked)	59	n/a	59	54
Ordinary share dividend payout ratio(7)	71.9%	64.7%	68.4%	67.5%
Ordinary share dividend payout ratio(7) excluding goodwill, significant items(4) and NBNZ incremental integration costs(5)	66.0%	59.4%	62.8%	64.1%
Preference share dividend				
Dividend paid (\$M)	46	38	84	98

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

(2) Average ordinary shareholders equity excludes outside equity interests

(3) Excludes preference share dividend

(4) In 2005 ANZ has classified \$14 million after tax profit on the sale of NBNZ life businesses as a significant item. In 2004 ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts, \$84 million net profit after tax and \$36 million dividends arising from the TrUEPrS transaction as significant items. ANZ excludes

significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

(5) In 2005 ANZ has incurred \$52 million after tax NBNZ incremental integration costs (2004 full year: \$14 million; Sept 2005 half: \$35 million; Mar 2005 half: \$17 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration

(6) Operating expenses exclude goodwill amortisation

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

	As at Sep 05	As at Mar 05	As at Sep 04	Movt Sep 05 v. Mar 05 %	Movt Sep 05 v. Sep 04 %
Net Assets					
Net tangible assets(1) per ordinary share (\$)	8.05	7.69	7.51	5%	7%
Net tangible assets(1) attributable to ordinary shareholders (\$M)	14,705	14,014	13,651	5%	8%
Total number of ordinary shares (M)	1,826.4	1,822.7	1,818.4	0%	0%
Capital adequacy ratio (%)					
Tier 1	6.9%	7.0%	6.9%		
Tier 2	3.9%	3.6%	4.0%		
Total capital ratio	10.5%	10.3%	10.4%		
Adjusted common equity ratio(2)	5.1%	5.1%	5.1%		
Impaired assets					
General provision (\$M)	2,167	2,080	1,992	4%	9%
General provision as a % of risk weighted assets	0.99%	0.99%	1.01%	0%	-2%
Gross non-accrual loans (\$M)	642	640	829	0%	-23%
Specific provisions on non-accrual loans(3) (\$M)	(256)	(314)	(378)	-18%	-32%
Net non-accrual loans	386	326	451	18%	-14%
Specific provision(3) as a % of total non-accrual loans	39.9%	49.1%	45.6%	-19%	-13%
Gross non-accrual loans as % of net advances	0.26%	0.28%	0.38%	-7%	-32%
Net non-accrual loans as a % of net advances	0.16%	0.14%	0.21%	14%	-24%
Net non-accrual loans as a % of shareholders equity(4)	2.0%	1.7%	2.5%	18%	-20%
Other information					
Full time equivalent staff (FTEs)	30,976	29,832	28,755	4%	8%
Assets per FTE (\$M)	9.5	9.3	9.0	2%	6%
Market capitalisation of ordinary shares (\$M)	43,834	37,584	34,586	17%	27%

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

(2) Adjusted common equity is calculated as Tier 1 capital less preference shares at current rates and deductions from total capital. This measure is commonly used to assess the adequacy of common equity held. See page 81 for a reconciliation to Tier 1 capital

(3) Excludes specific provision on unproductive facilities

(4) Includes outside equity interest

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RESULTS COMMENTARY

2005 result

Australia and New Zealand Banking Group Limited (ANZ, or the Group) recorded a profit after tax of \$3,018 million for the year ended 30 September 2005, an increase of 7% over the September 2004 year. After excluding significant items and National Bank of New Zealand (NBNZ) incremental integration costs referred to on page 12, profit increased 12% to \$3,056 million.

Earnings per share

Basic earnings per share (EPS) increased 5.1% (7.8 cents) to 160.9 cents, whilst EPS excluding significant items and NBNZ incremental integration costs and goodwill amortisation increased 8.8% (14.1 cents) to 175.2 cents as a result of:

Profit growth (+19.0 cents).

The issuance of shares under the dividend reinvestment and bonus option plans and employee share option schemes net of shares bought back (-0.5 cents).

The issuance of shares under the 2 for 11 rights issue in November 2003 (-4.4 cents). This was offset by increased profit following the acquisition of NBNZ, which was EPS accretive in its first year. However, with integration largely complete, it is no longer possible to distinguish the contributions from the previous ANZ and NBNZ businesses in New Zealand.

Profit growth

Profit excluding significant items in Australia increased 14% with growth in Personal Banking Australia (15%), Corporate Australia (10%), Esanda (15%), and the Australian component of Institutional (8%). The Group Centre result improved principally from the cessation of the Group Centre charge for doubtful debts. Profit excluding significant items and NBNZ incremental integrations costs in New Zealand increased 11% due to a 4% appreciation in the average NZD exchange rate and a full 12 months contribution from the NBNZ businesses following acquisition. Adjusting for these items, profit in New Zealand increased 1% with growth impacted by intense competition in the mortgage market and the decision to exit certain structured finance transactions. Profit in Asia Pacific reduced 4%, impacted by lower earnings from PT Panin Bank and lower Treasury earnings in Singapore. Profit in the UK and US was flat reflecting reduced earnings associated with the sale of the London headquartered project finance business.

Profit drivers

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Profit after tax increased 7% over the 2004 year, 12% after excluding significant items and NBNZ incremental integration costs, and 10% after also adjusting the 2004 year for an additional two months contribution from NBNZ. Significant influences on the result include:

Net interest 10%		
<i>Excl significant items*</i> 10%		
<i>Adjusted for NBNZ**</i> 8%		
		Net interest income was driven by lending growth of 12%, particularly in Mortgages (14%), and deposit growth in Personal Banking Australia (10%) and Corporate Australia (12%). Volume growth was partly offset by a 14 basis point decline in margin. The investment of the proceeds from the December 2004 Euro hybrid issue increased net interest by \$21 million (\$14 million after tax) but is EPS neutral.
Other income 5%		
<i>Excl significant items*</i> 8%		
<i>Adjusted for NBNZ**</i> 7%		
		Other income growth was driven by volume from growth in fees, higher foreign exchange income, notably in the Pacific, and increased private equity earnings. These increases were offset by reduced profit on trading securities with a higher proportion of income booked as interest. Income from significant items reduced with the 2004 year including \$110 million swap income on the redemption of TrUEPrS.
Operating expenses 12%		
<i>Excl significant items*</i> 11%		
<i>Adjusted for NBNZ**</i> 8%		
		Operating expense increases were driven by an 8% increase in staff numbers with investment in growth initiatives, an increased marketing spend and higher compliance costs.
Doubtful Debts 8%		
<i>Excl significant items*</i> 8%		
<i>Adjusted for NBNZ**</i> 10%		
		The reduction in provision for doubtful debts reflected the Group's strengthening risk profile and a reduced Group Centre charge for offshore losses.
Income tax 6%		
<i>Excl significant items*</i> 10%		
<i>Adjusted for NBNZ**</i> 7%		
		The increase in tax expense is broadly in line with growth in profit before tax. The effective tax rate reduced slightly from 29.3% to 29.0%.
Exchange rates 1%		
		The appreciation of the AUD has resulted in a \$30 million decrease in the contribution from earnings denominated in foreign currencies (net of a \$40 million reduction in profit after tax on contracts put in place to hedge USD and NZD revenues).

* Excludes significant and NBNZ incremental integration costs. Refer footnotes 1 & 2 on page 5 for an explanation

** Excludes significant items and NBNZ incremental integration costs. 2004 adjusted for an additional two months contribution from NBNZ (refer page 28)

Asset quality

Asset quality continued to improve:

Net specific provisions reduced 19% to \$357 million with the reduction principally in Institutional. This represented a loss rate of 15 basis points compared to the ELP charge of 25 basis points.

Net non-accrual loans reduced 14% to \$386 million with lower levels of new non-accrual loans and the realisation of two large power exposures in the US.

The ELP rate reduced 6 basis points over the year in line with the Group's strengthening risk profile. The Group Centre charge for offshore losses reduced by \$41 million (2 basis points) and the ELP rate reduced in all business units over the September 2004 year reflecting lower risk.

Comparison with March 2005 half

The Group recorded a profit after tax of \$1,543 million for the half year ended 30 September 2005, an increase of 5% over the March 2005 half. Profit excluding significant items and NBNZ incremental integration costs increased 5% to \$1,564 million.

Basic earnings per share increased 4.1% (3.2 cents) to 82.0 cents. Earnings per share excluding significant items and NBNZ incremental integration costs and goodwill amortisation increased 4.1% (3.5 cents) to 89.4 cents.

Profit in Australia increased 5% driven by 9% growth in Personal Banking Australia and 4% growth in Corporate Australia. Profit in New Zealand reduced 4%, or 2% after excluding significant items and NBNZ incremental integration costs, due largely to a 2% reduction in Institutional offsetting higher profit in UDC. Profit in New Zealand businesses was flat. Profit in the Asia Pacific geographies increased 19%, other geographies increased 7%.

Asset quality remained stable with gross non-accrual loans increasing only \$2 million to \$642 million and ELP remaining unchanged at 25 basis points. Net specific provisions increased 36% from the low provisioning levels reported in the March half, with increases in Australia and New Zealand partly offset by recoveries overseas.

Significant items and NBNZ incremental integration costs

Significant items

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

Sale of NBNZ Life (2005 year)

On 30 September 2005 ANZ National sold the NBNZ Life and Funds Management businesses into a joint venture with ING. Profit after tax on sale of \$14 million was recognised. (Refer page 29 for further details)

INGA completion account profit (2004 year)

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

TrUEPrS (2004 year)

During 2004 the Group bought back TrUEPrS, a hybrid Tier 1 instrument. Previously deferred income that was earned on close out of interest rate swaps that had been hedging the TrUEPrS distributions was recognised in profit. The impact of TrUEPrS, being the release of deferred swap income of \$108 million before tax and \$2 million other swap income, the \$36 million periodic and final cash dividends paid to holders of TrUEPrS, and the funding benefit from holding TrUEPrS for part of the 2004 year, have been classified as significant items.

NBNZ incremental integration costs

Expenditure on the integration of ANZ National Bank includes both the reallocation of existing resources to integration and incremental integration costs. Incremental costs are those costs that will not recur once integration is complete and thus do not form part of the core ongoing cost base. During the 2005 year \$52 million after tax (2004 full year: \$14 million; Sep 2005 half: \$35 million; Mar 2005: \$17 million) or \$78 million before tax (2004 full year: \$21 million; Sep 2005 half: \$53 million; Mar 2005 half: \$25 million) of incremental integration costs were incurred.

Income and expenses**Net Interest**

	Half year Sep 05	Half year Mar 05	Movt Sep 05 v. Mar 05 %	Full year Sep 05	Full year Sep 04	Movt Sep 05 v. Sep 04 %
Net interest income (\$M)	2,945	2,853	3%	5,798	5,254	10%
Net interest average margin (%)	2.30	2.40	n/a	2.35	2.49	n/a
Average interest earning assets (\$M)	256,604	239,959	7%	248,304	212,153	17%

2005 result

Net interest income at \$5,798 million was 10% (\$544 million) higher than the 2004 year with an additional two months from NBNZ contributing \$137 million.

Volume

Average net loans and advances grew by \$33.3 billion (18%) with growth attributable to Personal Banking Australia (\$12.9 billion or 15% with \$11.2 billion in Mortgages), Institutional Australia (\$5.6 billion or 27%), Corporate Australia (\$2.0 billion or 16%) and New Zealand (\$12.6 billion or 26%) including exchange rate impacts from a stronger New Zealand dollar (\$1.8 billion) and the first full year from NBNZ. Average net loans and advances reduced by \$0.7 billion (7%) in Overseas Markets as a result of the strategy to reduce higher risk exposures and the exchange rate impact of an appreciating Australian dollar (\$0.3 billion).

Average deposits and other borrowings grew \$21.0 billion (13%) with growth in Treasury (\$4.4 billion) to fund asset growth, Personal Banking Australia (\$3.7 billion or 10%), Institutional Australia (\$3.0 billion or 18%), and Corporate Australia (\$1.6 billion or 10%). Average deposits and other borrowings increased in New Zealand (\$9.0 billion or 20%), driven by Treasury (\$2.6 billion) and exchange rate impacts (\$1.7 billion). Average deposits and other borrowings declined (\$2.0 billion or 9%) in Overseas Markets, reflecting the substitution of offshore commercial paper issuance with domestic certificates of deposit, and a \$0.9 billion reduction resulting from exchange rate movements.

Margin

Net interest average margin contracted by 14 basis points from the 2004 year:

Funding mix (-3 basis points)

Changes in the funding mix reduced the net interest margin by 3 basis points due to substitution of wholesale funding for customer deposits (3 basis points), with offsetting impacts from movements in customer deposit mix and an increase in net non-interest bearing interest items.

Asset mix (-3 basis points)

Movements in the composition of assets in the portfolio negatively impacted the net interest margin by 3 basis points. This reflects growth in lower yielding Mortgage and Institutional assets (1 basis point) and declining proportions of higher yielding Asset Finance, Corporate and Structured Financing and Consumer Finance (3 basis points) lending, partly offset by a decline in liquid assets (-1 basis point).

Competition (-7 basis points)

Competitive pressures reduced margins by 7 basis points with this impact arising mainly in Mortgages (particularly in New Zealand), Institutional, Esanda and higher yielding customer deposits, plus migration of customers to lower yielding credit cards and New Zealand fixed rate mortgages (2 basis points).

Wholesale rates (nil)

Wholesale rate movements had offsetting impacts with less basis risk in variable rate mortgages and credit cards (1 basis point) and increased earnings from the investment of capital and rate insensitive deposits (3 basis points), offset by reduced Treasury mismatch earnings (4 basis points).

Other items (-1 basis point) include:

increased retail broker payments (-1 basis point)

reduced earnings from foreign exchange revenue hedging (-3 basis points)

lower funding costs associated with unrealised trading gains decreased as a result of movements in the AUD. This increase (+1 basis point) is reflected in the net interest margin, however it is directly offset by an equivalent reduction in trading income

reduced interest forgone on non-accrual loans (+1 basis point)

increased proportion of credit cards earning interest (+1 basis point)

Comparison with March 2005 half

Net interest increased \$92 million (3%).

Volume

Average net loans and advances grew by \$12.9 billion (6%) with growth in Australia attributable to Personal Banking Australia (\$6.5 billion or 7% with Mortgages contributing \$5.4 billion), Institutional (\$2.3 billion) and Corporate Australia (\$0.7 billion). New Zealand's average net loans and advances increased by \$3.6 billion (6%) with minimal impacts from exchange rate movements. Average net loans and advances reduced by \$0.6 billion (6%) in Overseas Markets due to de-risking, with no significant impacts from movements in exchange rates.

Average deposits and other borrowings increased \$6.5 billion (4%) from growth in Personal Banking Australia (\$1.5 billion), Institutional (\$2.7 billion) and Corporate Australia (\$0.7 billion). Average deposits and other borrowings increased \$0.5 billion in New Zealand, and a further \$0.8 billion in Overseas Markets.

Margin

Net interest average margin contracted by 10 basis points:

Asset mix (-2 basis points).

Lower proportions of higher yielding assets in Asset Finance and Corporate and Structured Financing reduced margin by 2 basis points.

Funding mix (-3 basis points).

Higher proportions of more expensive wholesale and customer liabilities (-2 basis points) within the portfolio and falling levels of net non-interest bearing interest items (-1 basis point) contributed to a decline in net interest margin.

Wholesale rates (+1 basis point)

Increased income on the investment of capital and rate insensitive deposits (+1 basis point), was partly offset by lower Treasury mismatch earnings.

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

Competition (-4 basis points)

Competitive pressures reduced margins (-4 basis points) with this impact arising mainly in Mortgages (particularly in New Zealand) and Institutional lending with slight margin reductions in Corporate, Business Banking and Rural portfolios. In addition customer migration to lower yielding credit cards and New Zealand fixed rate mortgages (-1 basis point) reduced the net interest margin (-1 basis point).

Other (-2 basis points)

Funding costs associated with unrealised trading gains increased as a result of movements in the AUD. This decrease in interest income is reflected in the net interest margin, however it is directly offset by an equivalent increase in trading income.

Other Operating Income

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Other operating income						
Total fee income	1,354	1,262	7%	2,616	2,421	8%
Foreign exchange earnings	233	221	5%	454	411	10%
Profit on trading instruments	94	40	large	134	151	-11%
Other	153	181	-15%	334	284	18%
Total other income excluding significant items	1,834	1,704	8%	3,538	3,267	8%
Significant items(1)	14		n/a	14	124	-89%
Total other income	1,848	1,704	8%	3,552	3,391	5%

(1) Refer page 12

2005 result

Other operating income increased \$161 million (5%) or \$271 million (8%) after excluding significant items (refer page 12 for details), with an additional two months contribution from NBNZ in 2005 of \$53 million (refer page 28 for details). The following explanations exclude significant items:

Fee income increased \$195 million (8%) including \$37 million from the additional two months contribution from NBNZ.

Lending fee income increased \$41 million (4%):

The additional two months contribution from NBNZ was \$10 million.

Personal Banking Australia increased \$12 million (7%) with volume related increases in Consumer Finance and increased package registration and honour fees in Banking Products.

Corporate Australia increased \$13 million (6%) driven by increased lending volumes.

Asia Pacific increased \$4 million (20%) due to increases in loan approval fees in Kiribati, Fiji and Tonga as a result of lending growth.

Esanda and UDC increased \$2 million (5%) due primarily to the full year impact of changes in the fee structure for business lending made in February 2004.

Institutional decreased \$3 million (1%) with a \$7 million reduction in Client Relationship Group due to lower commercial bill fee income as a result of lower volumes and bill margins, offset by a \$3 million increase in Trade and Transaction Services from expansion in trade business and a \$3 million increase in structured debt fees in Corporate and Structured Financing.

Non-lending fee income increased \$154 million (11%):

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

Personal Banking Australia increased \$70 million (12%) with a \$31 million (8%) increase in Consumer Finance driven by volume growth, a rise in cross sell initiatives and higher Bpay revenue. Wealth Management increased \$21 million (29%) as a result of increased income generated by financial planners. Banking Products increased \$16 million (14%) driven by an uplift in account service and transaction fees with growth in the number of transaction accounts.

Institutional increased \$24 million (7%). Corporate and Structured Financing increased \$18 million (17%) due to strong performances across Debt Capital Markets, Capital Solutions and advisory fees and Trade and Transaction Services increased \$9 million (5%) reflecting growth in the custody business.

New Zealand increased \$15 million after adjusting for the additional two months contribution from NBNZ (\$27 million) mainly as a result of the appreciation in the NZD.

Esanda and UDC grew \$12 million (27%) with an emphasis on generating revenue through the provision of value-added fleet management services and higher predetermination fees from improved collection rates.

Movements in exchange rates over 2004 increased fee income growth by \$10 million.

Foreign exchange earnings increased \$43 million (10%) with an additional two months contribution from NBNZ (\$11 million). Markets increases were primarily driven by offshore sites, particularly in the Pacific where tourism and increased trade benefited PNG and Fiji. Trade and Transaction Services increases were as a result of new revenue channels in Melbourne and Brisbane for international payments as well as improved volumes and spreads.

Profit on trading instruments decreased \$17 million (11%) with a higher proportion of income booked as interest and a higher cost of the hedge of capital investment earnings in INGA (\$12 million) reflecting stronger equity markets in 2005. This is offset in higher equity accounted income from INGA which is reported in other operating income. The additional two months contribution from NBNZ was \$2 million.

Other operating income increased \$50 million (18%) including the additional two months contribution from NBNZ (\$3 million).

Institutional increased \$19 million with Corporate and Structuring Financing increasing \$15 million due to improved private equity and infrastructure trust earnings and Markets making a \$10 million gain on sale of Sydney Futures Exchange shares in 2005, offset by an \$11 million reduction in Client Relationship Group due to finalisation of the sale of development properties in 2004.

Personal Banking Australia increased \$18 million (14%) with Consumer Finance increasing \$7 million largely from profit sharing arrangement with Diners, Banking Products increasing \$3 million due to strong equity accounted earnings from E*Trade, and Wealth Management increasing \$9 million due to increased equity accounted profit from INGA reflecting stronger equity markets, growth in funds under management, a favourable claims experience and increased insurance sales through the ANZ network.

Esanda and UDC increased \$4 million mainly due to the \$7 million impact of aligning the revenue recognition on leases in the New Zealand fleet business with Group accounting policies.

Corporate Australia increased \$3 million due to earnings from private equity investments reflecting the success of the Wall St to Main St strategy.

Asia Pacific reduced \$6 million as a result of lower equity accounted income from PT Panin Bank with lower provision adjustments included in equity accounted earnings (\$15 million) and a \$11 million withholding tax credit in 2004 partly offset by an improved core business performance.

Movements in exchange rates increased total other income by \$13 million.

Comparison with March 2005 half

Other operating income increased \$144 million (8%) or \$130 million (8%) after excluding significant items (refer page 12 for details). The following explanations exclude significant items:

Fee income increased \$92 million (7%).

Lending fee income increased \$27 million (5%) principally in Institutional with a \$18 million increase in Corporate and Structured Financing from increased project financing fees and a \$5 million increase in Personal Banking Australia as a result of a \$3 million increase in Mortgages due to balance sheet growth.

Non-lending fee income increased \$65 million (9%):

Personal Banking Australia increased \$29 million (9%), of which \$17 million in Consumer Finance was driven by volume growth, seasonal timing of fee income and cross sell initiatives. Wealth Management increased \$5 million

due to seasonality arising from the financial year end and an increase in income generated by financial planners. Banking Products increased \$4 million driven by increased account and transaction numbers.

Institutional increased \$20 million (12%) with Trade and Transaction Services increasing \$9 million (9%) reflecting an increase in structured trade deals and growth in the custody business. Corporate and Structured Financing increased \$7 million (12%) due largely to increased advisory fees.

New Zealand increased \$7 million (4%) driven by the seasonality of annual account fees.

Corporate Australia increased \$3 million (9%), which included an increase in advisory fees.

Foreign exchange earnings increased \$12 million (5%) primarily driven by offshore sites particularly in Fiji and PNG which experienced a good coffee season and increased mining exports.

Profit on trading instruments increased \$54 million due largely to a lower proportion of revenue being booked as interest due to higher funding costs associated with unrealised trading gains (\$38 million). Total income in Markets increased \$11 million.

Other operating income decreased \$28 million (15%):

Institutional decreased \$20 million. Corporate and Structured Financing decreased \$14 million due to lower private equity and infrastructure trust earnings as well as the \$4 million profit on sale of the London headquartered project finance business in the first half of 2005. Markets decreased \$9 million following a \$10 million gain on sale of Sydney Futures Exchange shares in the March 2005 half.

The Group Centre decreased \$14 million including lower capital investment earnings from INGA, reflecting the impact of capital repatriations during the year.

Asia Pacific reduced \$5 million as a result of lower equity accounted income from PT Panin Bank being partially offset by a solid core business performance.

Esanda and UDC increased \$3 million mainly due to the impact of aligning the revenue recognition in New Zealand FleetPartners with Group policies.

The impact of movement in exchange rates on other operating income was immaterial.

Expenses

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Operating expenses						
Personnel expenses	1,246	1,167	7%	2,413	2,122	14%
Premises expenses	197	193	2%	390	353	10%
Computer expenses	281	260	8%	541	552	-2%
Goodwill amortisation	90	89	1%	179	146	23%
Other expenses	426	439	-3%	865	772	12%
Restructuring costs	22	27	-19%	49	60	-18%
NBNZ incremental integration costs(1)	53	25	large	78	21	large
Total operating expenses	2,315	2,200	5%	4,515	4,026	12%
Total employees	30,976	29,832	4%	30,976	28,755	8%

(1) These costs are personnel costs of \$36 million (2004 full year: \$9 million; Sep 2005 half: \$23 million; Mar 2005 half: \$13 million), computers costs of \$17 million (2004 full year: \$1 million; Sep 2005 half: \$15 million; Mar 2005 half: \$2 million), and other costs of \$25 million (2004 full year: \$11 million; Sep 2005 half: \$15 million; Mar 2005 half: \$10 million). Refer page 12 for details

2005 result

Operating expenses increased \$489 million (12%) over the 2004 year partly due to the inclusion of a full twelve month contribution from NBNZ (\$111 million including additional goodwill amortisation. Refer page 28) and increased NBNZ incremental integration costs of \$57 million.

Personnel expenses increased \$291 million (14%) partly due to the additional two months contribution from NBNZ (\$50 million). Adjusting for this, personnel costs increased \$241 million (11%) as a result of annual salary increases together with a 2,221 (8%) increase in staff, mainly in the following business units:

Personal Banking Australia staff numbers increased by 8%. Consumer Finance increased by 19% to deal with increased volumes and cross sell activity and higher card acquisition activity, including white labelled card initiatives. Retail Banking increased by 6% due to 15 new branch openings, forward hire for a further 6 new branch openings in early 2006 and higher staff levels to cover increasing network volumes. Regional Commercial and Agribusiness Products increased 5% to support the take a fresh look campaign.

New Zealand Businesses increased by 6% due to the ANZ Turnaround program including increases in branch network staffing levels, a rise in Corporate Banking to support business growth and increases in support staff driven largely by information technology staff with the transition of systems to New Zealand.

Group Centre staff numbers were up 10% with Operations, Technology and Shared Services increasing 6% due to technology project-related activity in India.

Asia Pacific staff numbers were up 11% due mainly to the formation of the ANZ Royal Bank joint venture in Cambodia, an increase in staffing in Amerika Samoa Bank and rural banking initiatives in Fiji.

Corporate Australia increased 10% driven by a significant investment in frontline staff in Small Business Banking and continued investment in Corporate and Business Banking.

Institutional increased 6% due to a 21% increase in Trade and Transaction Services reflecting business expansion particularly in the Trade Finance and Custodian Service businesses.

Premises costs increased \$37 million (10%) with the additional two months contribution from NBNZ (\$7 million). The increase was largely in rental expense reflecting additional space requirements, new ATMs, market increases and the sale and lease back of certain properties. There was also a rise in the cost of security services.

Computer costs decreased \$11 million (2%) despite the additional two months contribution from NBNZ (\$9 million). The reduction was mainly in Personal Banking Australia, down \$19 million due to lower merchant acquiring line costs, certain branch banking software now being fully amortised and a higher level of project related technology spend in 2004.

Goodwill amortisation increased \$33 million mainly as a result of the additional two months NBNZ goodwill amortisation.

Other expenses increased \$93 million (12%) with the additional two months contribution from NBNZ (\$18 million). Adjusting for this other expenses increased \$75 million:

Advertising spend increased \$31 million including expenditure on the ANZ NOW and ANZ Bank of the Year advertising campaigns.

Travel expenses increased \$24 million with Operations, Technology and Shared Services increasing \$7 million which included increased travel to Indian based technology operations and smaller increases spread across most business units.

Non-lending losses increased \$13 million mainly as a result of cheque conversion losses.

Restructuring costs reduced \$11 million. The 2005 year included a \$20 million write-down in the value of the Sales and Service Platform (SSP) in the branch network. The 2004 year included the write-down of hardware and software being developed for ATMs (\$8 million).

NBNZ incremental integration costs increased \$57 million. Refer page 28 for details on integration.

Movements in exchange rates increased cost growth by \$31 million.

Comparison with March 2005 half

Operating expenses increased \$115 million (5%) or \$87 million (4%) excluding NBNZ incremental integration costs.

Personnel costs were up \$79 million (7%) due to annual salary increases and a 4% increase in staff numbers mainly in the following business units:

Personal Banking Australia increased 4%. Consumer Finance increased by 5% to deal with increased volumes and cross sell activity and higher card acquisition activity, including white labelled card initiatives. Other (including Retail banking) increased 4% due to new branch openings, forward hire for a further 6 new branch openings in early first half 2006 and higher staff levels to cover increasing network volumes.

Institutional numbers were 6% higher due to a 12% increase in Trade and Transaction Services reflecting business expansion particularly in the Trade Finance and Custodian Services businesses.

Asia Pacific increased 8% due mainly to the formation of the ANZ Royal Bank joint venture in Cambodia.

Group Centre increased 6% with an additional 4% staff in Operations, Technology and Shared Services, largely due to technology project related activity.

New Zealand Businesses increased by 2% due to ANZ Turnaround program and increases in support staff driven largely by information technology staff with the transition of systems to New Zealand.

Premises costs increased \$4 million (2%) with a \$3 million increase in rental expense reflecting additional space requirements.

Computer costs increased \$21 million (8%). The increase was mainly due to a \$18 million rise in Operations, Technology and Shared Services due to increased use of computer contractors for the New Zealand business system integration and a higher level of project-related technology spend.

Other expenses were \$13 million (3%) lower as a result of a reduced charge for non-lending losses (\$18 million) as the first half included a charge for cheque conversion losses. Increased travel costs of \$14 million were offset by reductions in other expense categories.

The impact of movements in exchange rates on operating expenses was immaterial.

Income Tax Expense

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Total income tax expense on profit	637	597	7%	1,234	1,168	6%
Effective tax rate	29.2%	28.8%		29.0%	29.3%	

2005 result

The Group's income tax expense increased by \$66 million to \$1,234 million resulting in an effective tax rate of 29.0%, a decrease of 0.3% from the September 2004 year. This decrease reflects the net effect of several small items including the non-taxability of profit on sale of the NBNZ Life and Funds Management businesses and the Sydney Futures Exchange shares and higher earnings in lower tax rate jurisdictions. This has been partly offset by higher goodwill amortisation due to a full year contribution from NBNZ and the lower tax benefit due to the run off of certain New Zealand structured financing transactions.

Comparison with March 2005 half

The Group's effective tax rate for the half year ended 30 September 2005 increased 0.4% from March 2005 to 29.2%. The effective tax rate increased due to lower equity accounted earnings from INGA and lower tax benefit due to the run off of certain New Zealand structured financing transactions in the September half. The March half included the tax deduction for the employee share issue and the non-taxable profit on sale of Sydney Futures Exchange shares, whilst the September half included non-taxable profit on the sale of the NBNZ Life and Funds Management businesses.

Earnings per share

EPS excluding goodwill, significant items and NBNZ incremental integration costs for the Group increased to 175.2 cents, up 8.8% or 14.1 cents on the 2004 year and increased 4.1% or 3.5 cents on the March 2005 half.

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Earnings per share						
Basic	82.0	78.8	4%	160.9	153.1	5%
Basic (excluding goodwill, significant items(1) and NBNZ incremental integration costs(2))	89.4	85.9	4%	175.2	161.1	9%
Diluted(3)	80.4	76.9	5%	157.5	149.7	5%

(1) In 2005 ANZ has classified the \$14 million profit after tax relating to the gain on sale of the NBNZ Life business as a significant item. In 2004 ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts, \$84 million profit after tax and \$36 million dividends arising from the TrUEPrS transaction as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

(2) In 2005 ANZ has incurred \$52 million after tax NBNZ incremental integration costs (2004 full year: \$14 million; Sept 2005 half: \$35 million; Mar 2005 half: \$17 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration (refer page 12)

(3) The US Stapled Trust securities issued on 27 November 2003 mandatorily convert to ordinary shares in 2053 unless redeemed or bought back prior to that date. The US Stapled Trust Security issue can be de-stapled and the investor left with coupon paying preference shares at ANZ's discretion at any time, or at the investor's discretion under certain circumstances. AASB 1027 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be included in the calculation of diluted EPS. The inclusion of this issue in EPS increased the diluted number of shares by 60.1 million and reduced diluted EPS by 2.5 cents

Dividends

	Half year Sep 05 \$M	Half year Mar 05 \$M	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Dividend per ordinary share (cents)					
Interim (fully franked)	n/a	51	51	47	9%
Final (fully franked)	59	n/a	59	54	9%
Ordinary share dividend payout ratio (%)	71.9%	64.7%	68.4%	67.5%	
Dividend payout ratio excluding goodwill, significant items(1) and NBNZ incremental integration costs(2) (%)	66.0%	59.4%	62.8%	64.1%	

(1) & (2) Refer above

The Directors propose that a final dividend of 59 cents be paid on each ordinary share, up 5 cents (9.3%) on the 2004 final dividend in line with the growth in EPS excluding goodwill, significant items and NBNZ incremental integration costs. The proposed dividend will be fully franked. The proposed annual dividend of 110 cents is up 8.9% from 2004.

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 on the record date, namely, 14 November 2005. It is proposed that the final dividend will be payable on 16 December 2005. Dividends payable to shareholders with a registered address in the United Kingdom, Channel Islands, The Isle of Man and New Zealand will be converted to their local currency at ANZ's daily forward exchange rate at the close of business on the record date for value on the payment date.

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

EVA Reconciliation

One measure of shareholder value is EVATM (Economic Value Added) growth relative to prior periods. EVATM for the year ended 30 September 2005 at \$1,911 million was up \$161 million from \$1,750 million in 2004. EVA for the September 2005 half was \$985 million, up \$59 million from \$926 million in the March 2005 half.

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
EVATM						
Net profit after tax	1,543	1,475	5%	3,018	2,815	7%
Goodwill amortisation - NBNZ	81	81	0%	162	129	26%
Goodwill amortisation (excluding NBNZ)(1)	32	30	7%	62	60	3%
Significant items(2) and NBNZ incremental integration costs(3)	21	17	24%	38	(84)	large
Imputation credits	302	281	7%	583	540	8%
Risk adjusted profit	1,979	1,884	5%	3,863	3,460	12%
Cost of ordinary capital	(948)	(920)	3%	(1,868)	(1,648)	13%
Cost of preference share capital	(46)	(38)	21%	(84)	(62)	35%
EVATM	985	926	6%	1,911	1,750	9%

(1) Includes notional amortisation of goodwill relating to INGA (refer footnote 1 on page 30)

(2) In 2005 ANZ has classified \$14 million profit after tax relating to the gain on sale of the NBNZ Life and Funds Management businesses as a significant item. In 2004 ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts, \$84 million net profit after tax and \$36 million dividends arising from the TrUEPrS transaction as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

(3) In 2005 ANZ has incurred \$52 million after tax NBNZ incremental integration costs (2004 full year: \$14 million; Sept 2005 half: \$35 million; Mar 2005 half: \$17 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration

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

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

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

Credit Risk**Economic loss provisions (ELP)**

The Group economic loss provision charge (ELP) was \$580 million, a decrease of \$52 million (8%) over the September 2004 year. This improvement continues to reflect strong underlying credit quality and the cessation of the Group centre charge for offshore losses (September 2004: \$41 million).

The ELP rate decreased 6 basis points over the year in line with the Group's strengthening risk profile, including strong growth in secured Mortgages products with the ELP rate reducing in all business units over the year. Methodologies relating to NBNZ lending were also refined during 2005.

	% of Group Net Advances	Half year Sep 05	Half year Mar 05	Full year Sep 05	Full year Sep 04
ELP rates by segment(1)					
Personal Banking Australia	42%	0.21%	0.20%	0.20%	0.21%
Institutional	20%	0.28%	0.30%	0.29%	0.37%
New Zealand Businesses	22%	0.17%	0.18%	0.17%	0.24%
Corporate Australia	9%	0.33%	0.33%	0.33%	0.34%
Esanda and UDC	6%	0.44%	0.44%	0.44%	0.51%
Asia Pacific	1%	1.37%	1.39%	1.38%	1.60%
Operating segments total	100%	0.25%	0.25%	0.25%	0.29%
Group Centre	0%	0.00%	0.00%	0.00%	0.02%
Total	100%	0.25%	0.25%	0.25%	0.31%
ELP charge (\$million)		296	284	580	632

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

Net specific provisions

Net specific provisions were \$357 million, down \$86 million from the year to September 2004. This reduction is a factor of lower large single name losses, coupled with low default levels and strong recoveries, as expected at such a strong point in the credit cycle. This result follows a sustained period of de-risking, predominantly in our domestic and offshore Institutional portfolios. The increase in New Zealand was due to exposure to two medium-sized corporate accounts and a few smaller exposures impacted by the significant downturn in the apple and pear export industry.

Half year Sep 05	Half year Mar 05	Movt Sep 05 v. Mar 05	Full year Sep 05	Full year Sep 04	Movt Sep 05 v. Sep 04
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	\$M	\$M	%	\$M	\$M	%
Net specific provisions						
Personal Banking Australia	86	60	43%	146	137	7%
Institutional	(18)	1	large	(17)	166	large
New Zealand Businesses	65	26	large	91	36	large
Corporate Australia	18	23	-22%	41	43	-5%
Esanda and UDC	48	24	100%	72	47	53%
Asia Pacific	7	17	-59%	24	14	71%
Total net specific provisions	206	151	36%	357	443	-19%

General provision balance

The general provision balance at 30 September 2005 was \$2,167 million (0.99% of risk weighted assets), an increase of \$175 million from \$1,992 million (1.01% of risk weighted assets) at 30 September 2004. This represents a surplus of \$525 million over the APRA minimum guideline.

Gross non-accrual loans

Gross non-accrual loans decreased to \$642 million, down from \$829 million as at 30 September 2004. This was assisted by strong credit quality, favourable economic conditions and fewer large single name defaults. Over the year several large non-performing exposures were finalised, including many of the Power and Telecommunications legacy accounts. The adverse movement in New Zealand was due to exposure to two medium-sized corporate accounts and a few smaller exposures impacted by the significant downturn in the apple and pear export industry.

The default rate (new non accruals/average gross lending assets) has reduced by 12 basis points since September 2004 to 41 basis points. This improvement is largely the result of lower new non-accrual loans in the Institutional business.

	As at Sep 05 \$M	As at Mar 05 \$M	As at Sep 04 \$M	Movt Sep 05 v. Mar 05 %	Movt Sep 05 v. Sep 04 %
Gross non-accrual loans					
Personal Banking Australia	48	37	40	30%	20%
Institutional	233	287	479	-19%	-51%
New Zealand Businesses	162	81	86	100%	88%
Corporate Australia	85	120	112	-29%	-24%
Esanda and UDC	78	78	73	0%	7%
Asia Pacific	36	37	39	-3%	-8%
Total gross non-accrual loans	642	640	829	0%	-23%

Net non-accrual loans

Net non-accruals are \$386 million (Sep 2004: \$451 million) representing 2.0% of shareholders' equity as at September 2005 (Sep 2004: 2.5%). The Group has a specific provision coverage ratio of 40%.

	As at Sep 05 \$M	As at Mar 05 \$M	As at Sep 04 \$M	Movt Sep 05 v. Mar 05 %	Movt Sep 05 v. Sep 04 %
Net non-accrual loans					
Personal Banking Australia	20	15	17	33%	18%
Institutional	169	169	299	0%	-43%
New Zealand Businesses	96	28	30	large	large
Corporate Australia	40	56	51	-29%	-22%
Esanda and UDC	39	43	37	-9%	5%
Asia Pacific	22	15	17	47%	29%
Total net non-accrual loans	386	326	451	18%	-14%
Specific provision coverage	40%	49%	46%	-18%	-13%

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 05 \$M	High for period Sep 05(1) \$M	Low for period Sep 05(1) \$M	Ave for period Sep 05(1) \$M	As at Sep 04 \$M	High for period Sep 04(1) \$M	Low for period Sep 04(1) \$M	Ave for period Sep 04(1) \$M
Value at risk at 97.5% confidence								
Foreign exchange	0.8	1.7	0.3	0.8	0.5	1.9	0.3	0.7
Interest rate	1.3	2.2	0.2	0.9	1.0	1.6	0.2	0.6
Credit Spread	0.8	1.5	0.2	0.8	0.5	1.0	0.3	0.6
Diversification benefit	(1.2)	n/a	n/a	(0.9)	(0.7)	n/a	n/a	(0.5)
Total VaR	1.7	3.0	0.8	1.6	1.3	2.5	0.8	1.4

99% confidence level 1 day holding period

	As at Sep 05 \$M	High for period Sep 05(1) \$M	Low for period Sep 05(1) \$M	Ave for period Sep 05(1) \$M	As at Sep 04 \$M	High for period Sep 04(1) \$M	Low for period Sep 04(1) \$M	Ave for period Sep 04(1) \$M
Value at risk at 99% confidence								
Foreign exchange	0.9	2.1	0.4	1.1	0.9	2.8	0.4	1.0
Interest rate	1.7	2.8	0.2	1.2	0.8	2.0	0.1	0.7
Credit Spread	1.4	2.4	0.4	1.2	1.0	1.5	0.5	0.8
Diversification benefit	(1.8)	n/a	n/a	(1.3)	(0.9)	n/a	n/a	(0.6)
Total VaR	2.2	4.0	1.0	2.2	1.8	3.4	1.0	1.9

(1) Numbers are based on full year period

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

Revenue related hedges

Notional	30 September 2005		Unrealised	30 September 2004		Unrealised
	Amount taken to			Amount taken to		

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	Principal Amount \$M	Income \$M	Gains/(Losses) \$M	Principal Amount \$M	Income \$M	Gains/(Losses) \$M
USD Revenue						
Hedges		15		36	31	14
NZD Revenue						
Hedges	3,957	(27)	41	3,450	14	(58)
Total	3,957	(12)	41	3,486	45	(44)

The Group uses a variety of derivative instruments to hedge against the adverse impact on future offshore revenue streams from exchange rate movements. As at 30 September 2005 ANZ had \$4.0 billion (Mar 2005: \$3.9 billion; Sep 2004: \$3.5 billion) hedge contracts in place.

Movements in average exchange rates resulted in a reduction of \$30 million (1%) in the Group's profit after tax (net of profit and loss on revenue hedges). Earnings from revenue hedges reduced by \$57 million (before tax) from 2004. Hedge revenue is booked in the Group Centre as interest income.

Statement of Financial Position

Total assets increased by \$33.8 billion (13%) since 30 September 2004 to \$293.2 billion. Exchange rate movements accounted for a net reduction of \$3.1 billion consisting of a reduction of \$1.9 billion in New Zealand and \$1.2 billion in Overseas Markets. Excluding the impact of exchange rate movements, total assets increased \$25.0 billion (15%) in Australia, \$10.6 billion (16%) in New Zealand and \$1.3 billion (7%) in Overseas Markets.

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

<p>Liquid assets 82% <i>Excl Exchange Rates</i> 89%</p>	<p>Liquid assets increased by \$5.2 billion (82%) to \$11.6 billion at 30 September 2005.</p> <p>Australia increased \$1.9 billion due largely to an increase in customer-related repo activity and overnight lending in Institutional. New Zealand increased \$1.7 billion as a result of larger holdings of bank certificates of deposit for liquidity purposes. Overseas Markets increased \$1.6 billion due to increased trade bills and letters of credit volumes.</p>
<p>Due from other financial institutions 33% <i>Excl Exchange Rates</i> 37%</p>	<p>Due from other financial institutions increased by \$1.6 billion (33%) to \$6.3 billion at 30 September 2005 due largely to increase in volume of bank overdrafts, securities borrowing volumes in Trade and Transaction Services Australia and interbank lending in New Zealand and the United Kingdom.</p>
<p>Trading securities 15% <i>Excl Exchange Rates</i> 15%</p>	<p>Trading securities volumes increased \$0.8 billion (15%) to \$6.3 billion at 30 September 2005 due largely to more active trading in Institutional Australia (\$1.4 billion) partly offset by reduced holdings in Treasury (\$0.8 billion) with changes in the composition of the liquidity portfolio.</p>
<p>Investment securities 10% <i>Excl Exchange Rates</i> 8%</p>	<p>Investment security volumes decreased \$0.8 billion to \$6.9 billion at 30 September 2005 due to changes in the composition of the liquidity portfolio and reduced holdings related to discontinued structured finance activities in New Zealand (\$0.5 billion).</p>
<p>Net loans and advances 13% <i>Excl Exchange Rates</i> 14%</p>	<p>Net loans and advances increased 13% (\$26.0 billion) since September 2004. Excluding the impact of exchange rate movements, the increase was 14% (\$28.2 billion).</p> <p>Growth in Australia of 15% (\$21.1 billion) was largely the result of increases in the following businesses:</p> <p>Personal Banking Australia (14% or \$12.8 billion), predominantly in Mortgages (\$10.8 billion) as a result of growth in housing loans. Consumer Finance increased \$1.1 billion reflecting the success of the low rate MasterCard product. Regional Commercial and Agribusiness Products grew \$0.7 billion and Banking Products grew \$0.2 billion.</p>

Institutional Australia (24% or \$5.4 billion) largely in Client Relationship Group (\$4.0 billion) driven by increased demand for funding of mergers and acquisition activity. Growth of \$0.8 billion in Corporate and Structured Financing was due mainly to increased project finance activity, and higher volumes in Trade and Transaction Services (\$0.7 billion) were as a result of growth in overdrafts.

Corporate Australia (14% or \$1.9 billion) largely in Business Banking (\$1.1 billion) driven by continued investment in frontline staff and process simplification, the industry specialisation approach to customers and a competitive customer service proposition.

Esanda (9% or \$1.0 billion) driven by new business writings, particularly in the Commercial Asset Finance and Broker channels.

New Zealand grew by \$6.2 billion (11%). Excluding the impact of exchange rates, growth was \$7.8 billion, or 14%, with increases in NBNZ Retail (\$2.6 billion), ANZ Retail (\$1.4 billion), Institutional (\$1.9 billion) and Corporate Banking (\$1.4 billion).

Overseas Markets declined by \$1.3 billion largely due to the sale of the London headquartered project finance business and the impact of exchange rate movements (\$0.7 billion).

Customer's liability
for acceptance 8%
Excl Exchange Rates
8%

Customer's liability for acceptance increased by \$1.0 billion to \$13.4 billion at 30 September 2005 with growth predominantly in Institutional Australia (\$0.5 billion) and Corporate Banking (\$0.3 billion).

Other assets 8%
Excl Exchange Rates
9%

Other assets increased \$0.7 billion (8%) to \$9.9 billion as at 30 September 2005 due mainly to increase in trade dated asset volumes.

Shares in associates
and joint venture
entities 4%

The \$0.1 billion reduction is due to \$245 million capital repatriation from INGA, partly offset by equity accounted earnings retained in associates and the establishment of the new joint venture with ING in New Zealand.

Total liabilities increased by \$32.3 billion (13%) from 30 September 2004. Exchange rate movements accounted for a net reduction of \$3.3 billion consisting of a \$1.6 billion reduction in New Zealand and a \$1.7 billion reduction in Overseas Markets.

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

<p>Due to other financial institutions 64%</p> <p><i>Excl Exchange Rates</i> 71%</p>	<p>Due to other financial institutions increased \$4.7 billion (64%) to \$12.0 billion at 30 September 2005.</p> <p>Volumes in Australia increased \$2.0 billion. The increase was mainly in Institutional notably in Markets (\$1.2 billion) with increased interbank repo activity and increased Clearing Services volumes in Trade and Transaction Services (\$0.8 billion).</p> <p>Excluding exchange rate movements New Zealand increased \$1.5 billion largely in Structured Finance, and Overseas Markets increased \$1.4 billion largely in the United Kingdom with reduced Certificate of Deposit and Term Deposit issuance in Treasury.</p>
<p>Deposits and other borrowings 10%</p> <p><i>Excl Exchange Rates</i> 12%</p>	<p>Deposits and other borrowings increased \$17.1 billion (10%) to \$185.7 billion at 30 September 2005. Exchange rate movements reduced deposits and other borrowings by \$2.7 billion with a \$1.4 billion reduction in New Zealand and a \$1.3 billion reduction in Overseas Markets. Excluding exchange rate movements:</p> <p>Australia increased \$16.1 billion (17%) largely as a result of increases in the following businesses:</p> <p style="padding-left: 40px;">Treasury funding increased \$7.4 billion with higher certificates of deposit volumes to meet the Group's increased short term funding requirements.</p> <p style="padding-left: 40px;">Personal Banking Australia increased \$3.7 billion due to high yielding term deposit and cash management account products.</p> <p style="padding-left: 40px;">Institutional increased \$2.0 billion largely due to several corporate deposits in Trade and Transaction Services.</p> <p style="padding-left: 40px;">Corporate Australia increased \$1.9 billion.</p> <p style="padding-left: 40px;">Esanda increased \$1.1 billion.</p> <p>New Zealand increased \$4.7 billion, largely in Treasury (\$2.1 billion) with an increase in commercial paper and certificate of deposit issuance to help fund the growing New Zealand balance sheet. Deposits grew in ANZ Retail and NBNZ Retail by \$1.7 billion.</p> <p>Overseas Markets decreased \$0.9 billion, with Americas decreasing \$1.4 billion, UK & Europe decreasing \$0.5 billion and Asia/Pacific increasing \$1.1 billion. Reduced funding resulting from the Euro Hybrid issue has been partly offset by additional funding requirement given increased asset volumes.</p>
<p>Payables and other liabilities 18%</p> <p><i>Excl Exchange Rates</i> 17%</p>	<p>Payables and other liabilities decreased \$2.6 billion (18%) to \$11.6 billion at 30 September 2005 with a reduction in securities lending volumes and lower unrealised losses on revaluation of derivative instruments.</p>
<p>Bonds and Notes 42%</p>	<p>Bonds and notes increased \$11.5 billion (42%) to \$39.1 billion at 30 September 2005. Excluding exchange rate movements, bonds and notes increased by \$13.3 billion (48%) in response to increased term funding</p>

Excl Exchange Rates requirements.
48%

Loan Capital 8% Loan capital increased \$0.7 billion (8%) to \$9.1 billion at 30 September 2005 or \$1.1 billion (13%)
Excl Exchange Rates excluding exchange rate movements.
13%

Capital Management

	As at Sep 05	As at Mar 05	As at Sep 04
Tier 1	6.9%	7.0%	6.9%
Tier 2	3.9%	3.6%	4.0%
Deductions	(0.3)%	(0.3)%	(0.5)%
Total	10.5%	10.3%	10.4%
ACE	5.1%	5.1%	5.1%
RWA \$m	219,573	209,524	196,664

ACE Ratio

The ACE ratio at 5.1% remains above the Group's targeted capital range with only \$204 million of the planned \$350 million buy-back having been completed. During the period, ACE ratio declined 2 basis points principally due to:

current period earnings before goodwill amortisation and after preference share dividends of \$3.2 billion (+161 basis points);

ordinary share dividend commitments of \$2.0 billion (-102 basis points);

reduced capital deductions of \$0.1 billion (+6 basis points) principally due to a capital repatriation from INGA being offset by profit retention in funds management businesses and an increase in capitalised expenses;

buy-back of ordinary equity of \$204 million (-10 basis points) being offset by share issues of \$309 million (+16 basis points) through the Bonus Option Plan, Dividend Reinvestment Plan, option conversions and issues to staff;

increase in risk weighted assets, excluding the impact of exchange rate movements (-67 basis points); and

exchange rate movements (-5 basis points).

Hybrid Capital and Tier 1 Capital

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

In December 2004 the Group raised \$871 million (+44 basis points) through the issuance of a \$500 million hybrid capital instrument (Euro Hybrid) into the European market. The instrument is similar in structure to the Group's existing Australian (ANZ StEPS) and US Stapled Trust Security issuances, with full details of the issue having been provided in the March 2005 profit announcement.

The Euro Hybrid issue, coupled with the items identified within the ACE Capital discussion, resulted in the Group's Tier 1 ratio remaining unchanged over the full year.

Hybrid Capital details

	ANZ StEPS	US Stapled Trust Security	Euro Hybrid
Amount (in issue currency)	\$1,000 million	USD1,100 million	500 million
Accounting classification	Equity	Debt	Equity
Maturity date	14 September 2053	15 December 2053	15 December 2053
September 2005 balance (net of issue costs)	\$987 million	\$1,443 million	\$871 million
Interest rate	BBSW +1.00%	Tranche 1 Coupon: 4.48% Tranche 2 Coupon: 5.36%	Euribor +0.66%

Buy-Back of Ordinary Equity

The Group commenced an on-market buy-back of \$350 million of ordinary equity on 10 January 2005. Up until 15 September 2005, when ANZ went into a voluntary black-out period for buying back shares, the Group had repurchased 9.6 million shares at an average cost of \$21.15 per share for a total of \$204 million. The buyback period has been extended to 30 March 2006.

Prudential Issues APRA s proposals on International Financial Reporting Standards (IFRS) changes and Tier 1 hybrid capital

ANZ will adopt IFRS from 1 October 2005. However, APRA have indicated that revised prudential reporting obligations to incorporate the new standards will not be effective until 1 July 2006. Between 1 October 2005 and 1 July 2006, ANZ will submit prudential reports to APRA on a modified AGAAP basis.

Below is the estimated impact of adopting IFRS on ANZ s capital as at 1 October 2005 (refer also to Note 1 on pages 61 to 69). This is subject to any further IFRS adjustments and APRA finalising its position on a number of IFRS issues, particularly the treatment of deferred fee income and the collective provisions under the prudential capital standards.

\$ million	Book equity	ACE & Tier 1	Tier 2
Fee revenue	(266)	0	0
Defined benefits schemes	(107)	(107)	0
Credit Provisioning	191	191	(235)
Reclassification of StEPS	(992)	0	0
INGA	(181)	0	0
Goodwill written back	224	0	0
Derivatives accounting	33	(108)	0
Asset revaluation reserve		31	(31)
Other	(32)	(32)	0
Total adjustment	(1,130)	(25)	(266)

APRA has also proposed changes to the composition of Tier 1 capital, with a tightening of the rules around the volume and eligibility of instruments that will qualify as Tier 1 capital, including:

changing the volume of eligible hybrid Tier 1 capital from 25% of Tier 1 capital before hybrids and deductions, to 25% of Tier 1 including hybrids and deductions, with the 25% being split into 10% for a new category being non-innovative or pure preference shares and 15% for innovative or structured issuances;

introducing a new class of hybrid Tier 1 capital, non-innovative or pure preference shares . APRA s paper identifies pure preference shares as non-cumulative irredeemable preference shares without innovative capital features issued directly by the licensed banking entity;

including in the innovative Tier 1 hybrid capital classification any issue that has an incentive for the issuer to call, such as a step-up feature or an option to convert into ordinary shares, or an instrument issued through a Special Purpose Vehicle, or any Tier 1 instrument not representing shares ; and

phasing in the new rules between July 2006 and January 2008, with a further transition period to January 2010 for institutions that cannot become compliant at January 2008 based upon the hybrid capital instruments they have on issue at the date of the discussion paper. This timetable is designed to align with the introduction of Basel II requirements.

At the time of publication of this Results Announcement, the rules are yet to be finalised and accordingly it is not possible to determine the absolute impact the changes will have on the Group's capital position and future strategy. However, it is anticipated that all of the Group's existing hybrid capital issues will continue to be classified as innovative capital and that the Group is likely to be above the new 15% limit at January 2008. ANZ will be requesting that APRA continue to apply the additional transition rules through to 2010. The changes mean that ANZ will have to fund risk weighted asset growth and business initiatives from either fundamental (ACE) or non-innovative Tier 1 capital.

The National Bank of New Zealand - Integration

ANZ National Bank is the largest provider of banking services in New Zealand following the amalgamation of The National Bank of New Zealand Limited in June 2004.

The primary focus of the integration programme in 2005 has been the delivery of integrated technology and business solutions in line with the overall integration objectives which ensure that customer satisfaction levels are maintained or improved, operational risk is minimised and the transition for staff is seamless.

Integration has progressed well in 2005 with the expected organisational and financial outcomes delivered. The overall integration objectives remain unchanged and include:

- satisfying the Reserve Bank of New Zealand (RBNZ) Conditions of Registration
- maintaining separately branded retail, corporate and commercial banking businesses;
- strengthening our Rural banking business primarily under The National Bank brand;
- growing our Institutional businesses under the ANZ brand;
- merging and rationalising head office and support functions;
- aligning, to the extent possible, technology systems; and
- realisation of integration synergies.

The key integration achievements for 2005 have been:

- agreement with the RBNZ that the systems plans are a reasonable basis to satisfy the Conditions of Registration with the domestic systems to be completed as planned by 31 December 2005 and the international systems to be completed by 30 June 2006;

- completed new IT infrastructure establishment in New Zealand to support the systems migrating from Australia to New Zealand;

- completed the migration to New Zealand of target systems in General Ledger, Procurement, Property and HR/Payroll;

- commenced the migration to ANZ Group systems in Institutional, Corporate and Commercial; and

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

As the full impact of RBNZ requirements has been clarified during the year, the total cost of integration is now estimated to be NZD240 million, a modest increase on the original estimate of NZD220 million. To date integration costs of NZD188 million have been incurred in line with expectations.

The RBNZ recently announced a changed approach to its Outsourcing Policy which has driven a change in the Conditions of Registration. An analysis has commenced on how this may change the nature and cost of compliance.

In 2005, revenue attrition relating to integration activities continues to track favourably against expectations, with little attrition evident. The cost synergies in 2005 are tracking slightly ahead of expectations with cost synergies and revenue benefits both NZD1 million ahead, and estimated benefits forecast for 2007 remain on track.

Impact of NBNZ on September 2005 results

The 2004 financial year included only ten months contribution from NBNZ following its acquisition from Lloyds TSB on 1 December 2003. Hence, management believe that a comparison of profit and loss data between the 2005 and the 2004 years does not reflect the core business performance.

The following table has been provided to assist readers in understanding the impact of the contribution from NBNZ on 2004, had it been consolidated for the entire year. Commentary comparing the results for 2005 with 2004 will refer to results notionally adjusted for these impacts where this assists the reader to analyse the income and expense trends.

	Ten months to Sep 04 \$M	Four months to Mar 04 \$M	Half of four months to Mar 04 \$M
Net interest income	708	273	137
Other operating income	259	106	53
Operating income	967	379	190
Operating expenses	(572)	(222)	(111)(1)
Profit before debt provision	395	157	79
Provision for doubtful debts	(62)	(27)	(14)
Profit before income tax	333	130	65
Income tax expense & Outside equity interest	(138)	(54)	(27)
Net profit	195	76	38

(1) Includes goodwill amortisation

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

	Sep 05 NZD M	Mar 05 NZD M	Sep 04 NZD M
Debt			
Debt Funding - Australia	1,765	1,765	1,765
Debt Funding - United Kingdom		1,129	1,129
	1,765	2,894	2,894
Subordinated debt	725	516	507
Equity			
Ordinary share capital	1,450	1,450	1,450
Redeemable preference share capital	3,339	2,210	2,210
Retained earnings	1,122	1,040	751
	5,911	4,700	4,411
Unamortised goodwill	3,078	3,285	3,379

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

As a result of amendments to thin capitalisation tax rules in New Zealand, the Group restructured its internal funding of the New Zealand group on 23 September 2005. This involved the replacement of NZD1.129 billion of intercompany debt with redeemable preference share capital. This will increase profit in New Zealand by approximately NZD50 million after tax in 2006. However, this will be partly offset by the impact of unwinding certain structured finance transactions which are also impacted by the thin capitalisation amendments. The franking and profit impact on the Group of the change in New Zealand funding will be limited due to redirecting capital from United Kingdom to New Zealand.

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 Ltd and 51% owned by INGII.

On 30 September 2005:

ANZ National Bank Limited and INGII invested NZD163 million and NZD170 million respectively into INGNZ.

ANZ National Bank Limited sold the NBNZ Life and Funds Management businesses to INGNZ for NZD158 million resulting in the following impact on the Group's financial statements:

Reduction in unamortised goodwill of NZD114 million.

Recognition of approximately NZD16 million (\$14 million) profit on sale of 51% of the NBNZ Life and Funds Management businesses.

An investment in INGNZ of NZD145 million (being initial investment adjusted for unrecognised profit on ANZ National Bank's 49% share of the profit on sale of the NBNZ Life and Funds Management businesses joint venture and costs).

The intangible and tangible components of the investment in INGNZ are deducted from Tier 1 and total capital, respectively, in the Group's capital adequacy ratio.

INGNZ acquired at market value the New Zealand-based businesses previously owned by INGA. The profit on sale of the New Zealand-based businesses of approximately \$40 million is recognised in INGA, however, ANZ's share of this profit is eliminated on consolidation.

ING Australia Performance

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Funds management income	239	226	6%	465	443	5%
Risk income	122	110	11%	232	181	28%
	361	336	7%	697	624	12%
Costs (excl goodwill on purchase of ANZ business)	(250)	(238)	5%	(488)	(449)	9%
	111	98	13%	209	175	19%
Capital investment earnings	79	101	-22%	180	164	10%
Net income	190	199	-5%	389	339	15%
Income tax expense	(48)	(35)	37%	(83)	(57)	46%
Profit after tax	142	164	-13%	306	282	9%
ANZ share						
ANZ share of INGA earnings @ 49%	70	80	-13%	150	138	9%
Notional goodwill amortisation	(22)	(21)	5%	(43)	(41)	5%
ANZ equity accounted profit	48	59	-19%	107	97	10%
ANZ capital hedges	(10)	(11)	-9%	(21)	(13)	62%
Net funding cost	(5)	(6)	-17%	(11)	(17)	-35%
Net return to ANZ(1)	33	42	-21%	75	67	12%
Gross fund flows excluding V2 Plus	5,047	4,417	14%	9,464	7,701	23%
Net fund flows including V2 Plus	61	724	-92%	785	403	95%

(1) Notional Goodwill amortisation of \$43 million (2004 full year: \$41 million; Sep 2005 half: \$22 million; Mar 2005 half: \$21 million) is reported in the Group Centre

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 29.

2005 result

The net return to ANZ from INGA increased by 12%.

Funds management income increased by 5% based on higher average funds under management underpinned by strong investment markets, and improved net flows in both personal investments and employer super businesses.

Risk income increased by 28% due to growth in in-force premiums and continued favourable claims experience. Sales growth was primarily in group life insurance products.

Core operating costs were lower than 2004, offset by an increase in investment management fees due to higher funds under management. Additional costs were incurred on projects remediating past unit pricing issues and upgrading systems and processes. These projects should be completed in 2006.

Capital investment earnings were higher than 2004, but negatively impacted by interest costs of \$26 million (nil in 2004) related to a return of shareholder capital during the year. ANZ partially hedged against volatility in this income stream. As a result, gains in capital investment earnings were partially offset by hedge losses. ANZ ceased hedging capital investment earnings from 1 October 2005.

Tax expense increased 46% due to the loss of transitional tax relief for life companies from 1 July 2005, higher operating profit and higher capital investment earnings.

Comparison with March 2005 half

Funds management income increased by 6% due to higher average funds under management which were impacted by improved net flows in employer superannuation business. Risk income increased by 11% due to ongoing favourable claims experience in the second half, supported by continued strong sales of life insurance products through the ANZ network and direct marketing initiatives. Core operating costs for the half were in line with the March half. Increased legacy unit pricing remediation costs resulted in an overall 5% increase in expenses. Capital investment earnings were below the abnormally high returns achieved in the first half. Gross gains in capital investment earnings were again partially offset by hedge losses. Tax expense increased due to the loss of transitional tax relief for life companies from 1 July 2005, and higher operating profit, partially offset by lower second-half capital investment earnings.

Critical Accounting Policies

The Group prepares its consolidated financial statements in accordance with Australian Accounting Standards and other authoritative accounting pronouncements. All material changes to accounting policy are approved by the Audit Committee of the Board.

Details of critical accounting policies will be provided in the 30 September 2005 Financial Report. There have been no material changes to the Group's critical accounting policies or their related methodologies since September 2004.

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

a) Economic Loss Provisioning

The Group recognises an expense for credit losses (provision for doubtful debts) based on the expected long term loss ratio for each part of the loan portfolio. The provision for doubtful debts is booked to the General Provision which is maintained to cover the losses inherent in the Group's existing loan portfolio. The method used by the Group for determining the expense charge is referred to as Economic Loss Provisioning (ELP).

The Group uses ELP models to calculate the expected loss by considering:

the size, composition and risk profile of the current loan portfolio; and

the history of credit losses for each type and risk of lending.

The charge to profit for ELP was 0.25% of average net lending assets or \$580 million (Sep 2004: 0.31% or \$632 million).

As at September 2005, the balance of the General Provision of \$2,167 million (Sep 2004: \$1,992 million) represented 0.99% (Sep 2004: 1.01%) of risk weighted assets.

b) Specific provisioning

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A specific provision is maintained to cover identified Non Accrual Loans. When a specific debt loss is identified as being probable, its value is transferred from the General Provision to the Specific Provision. The Specific Provision equates to the full amount of the expected loss plus any enforcement/recovery expenses.

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

The recognition of specific losses has an impact on the size of the General Provision rather than directly impacting profit. However, to the extent that the General Provision is drawn down beyond a prudent amount it will be restored through a transfer from the current year's earnings. The amount of net transfer from the General Provision to the Specific Provision, net of recoveries, during the year was \$357 million (Sep 2004: \$443 million).

c) 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 2005 the Group's assets included \$524 million (Sep 2004: \$465 million) in relation to costs incurred in acquiring interest earning assets. During the year, amortisation of \$258 million (Sep 2004: \$218 million) was recognised as an adjustment to the yield earned on interest earning assets.

Deferred income - at 30 September 2005, the Group's liabilities included \$79 million (Sep 2004: \$156 million) in relation to income received in advance.

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

	Deferred Acquisition Costs(1)		Deferred Income	
	Sep-05 \$M	Sep-04 \$M	Sep-05 \$M	Sep-04 \$M
Personal Banking Australia	153	145	27	36
Esanda	284	250		
New Zealand Businesses	61	38	15	41
Institutional	6	10	19	11
Other(2)	20	22	18	68
Total	524	465	79	156

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

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

Deferred acquisition costs analysis:

	September 2005		September 2004	
	Amortisation Costs \$M	Capitalised Costs(1) \$M	Amortisation Costs \$M	Capitalised Costs(1) \$M
Personal Banking Australia	63	71	64	66
Esanda	165	199	147	170
New Zealand Businesses	20	43	7	30
Institutional	4			
Other(2)	6	4		24
Total	258	317	218	290

(1) Costs capitalised during the year exclude brokerage trailer commissions paid, relating to the acquisition of mortgage assets of \$83 million (2004 full year: \$87 million)

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

d) Derivatives and Hedging

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

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

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

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

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

e) Special purpose and off balance sheet vehicles

The Group may invest in or establish special purpose entities (SPEs) to enable it to undertake specific types of transactions. Where the Group has established SPEs which are controlled by the Group to facilitate transactions undertaken for Group purposes, these are consolidated in the Group's financial statements.

The main type of SPEs that are not consolidated into the Group are:

Securitisation vehicles - Assets are transferred to an SPE, which funds the purchase by issuing securities. ANZ can provide specific services to the SPE, including management and servicing of assets and/or providing liquidity support, swaps and credit guarantees. ANZ earns fees at a commercial rate for providing these services.

Structured finance entities - These entities are set up to assist with the structuring of client financing. ANZ may provide credit facilities to the vehicle and may also manage these vehicles.

Managed funds - These funds invest in specified investments on behalf of clients. INGA, INGNZ and ANZ National Bank Limited as managers of funds, expose ANZ to operational risk and reputational risk.

f) Valuation of investment in INGA

The Group adopts the equity method of accounting for its 49% interest in INGA. As at 30 September 2005, the Group's carrying value was \$1,479 million (Sept 2004: \$1,697 million). The change since September 2004 reflects a capital repatriation and a dividend received during the year together with the equity accounted profit for the year.

The carrying value is subject to a recoverable amount test to ensure that this does not exceed its recoverable amount at the reporting date. The Group obtained an independent valuation at 31 March 2005 and at that time the carrying value did not exceed the recoverable amount. At 30 September 2005, a management review was conducted to determine whether there were any indicators of impairment of the value of the investment. This assessment did not indicate the existence of impairment indicators and accordingly no writedown was made.

g) Valuation of goodwill in ANZ National Bank Limited

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

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

The Group obtained an independent valuation of ANZ National Bank Limited as at 31 March 2005 which determined that no writedown in the carrying value of NBNZ goodwill was required at that time. At 30 September 2005, a management review was conducted to determine whether there were any indicators of impairment in the carrying value of NBNZ goodwill. This assessment did not indicate the existence of impairment indicators and accordingly no writedown was made.

h) Software capitalisation

At 30 September 2005, the Group's fixed assets included \$381 million (Sep 2004: \$430 million; Mar 2005: \$401 million) in relation to costs incurred in acquiring and developing software. During the September 2005 half year, amortisation expense of \$64 million (Sep 2004 half: \$66 million; Mar 2005 half: \$57 million) was recognised.

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Balance at start of period	401	430	-7%	430	465	-8%

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Software capitalised during the period	51	45	13%	96	114	-16%
Amortisation during the period	(64)	(57)	12%	(121)	(129)	-6%
Software written-off	(8)	(16)	-50%	(24)	(41)	-41%
Acquisitions			n/a		17	-100%
Other	1	(1)	large		4	-100%
Total software capitalisation	381	401	-5%	381	430	-11%

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BUSINESS PERFORMANCE REVIEW**Profit and Loss (including effect of movements in foreign currencies)**

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net profit after income tax						
Personal Banking Australia	528	485	9%	1,013	883	15%
Institutional	471	452	4%	923	857	8%
New Zealand Businesses	307	307	0%	614	513	20%
Corporate Australia	192	184	4%	376	341	10%
Esanda and UDC	82	77	6%	159	143	11%
Asia Pacific	47	48	-2%	95	111	-14%
Group Centre(1)	(63)	(61)	3%	(124)	(117)	6%
Net profit (excl significant items(2) and NBNZ incremental integration costs(3))	1,564	1,492	5%	3,056	2,731	12%
Significant items(2) and NBNZ incremental integration costs(3)	(21)	(17)	24%	(38)	84	large
Net profit	1,543	1,475	5%	3,018	2,815	7%

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

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net profit after income tax						
Personal Banking Australia	528	485	9%	1,013	883	15%
Institutional	471	451	4%	923	858	8%
New Zealand Businesses	307	306	0%	614	532	15%
Corporate Australia	192	185	4%	376	341	10%
Esanda and UDC	82	77	6%	159	145	10%
Asia Pacific	47	48	-2%	95	109	-13%
Group Centre(1)	(63)	(65)	-3%	(124)	(167)	-26%
Net profit (excl significant items(2) and NBNZ incremental integration costs(3))	1,564	1,487	5%	3,056	2,701	13%
Significant items(2) and NBNZ incremental integration costs(3)	(21)	(17)	24%	(38)	84	large
Net profit	1,543	1,470	5%	3,018	2,785	8%
FX impact on reported net profit(4)		5	-100%		30	-100%
Reported net profit	1,543	1,475	5%	3,018	2,815	7%

(1) Group Centre includes the operations of Treasury

(2) In 2005 ANZ has classified \$14 million after tax profit on the sale of NBNZ life businesses as a significant item. In 2004 ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts and \$84 million net profit after tax arising from the TrUEPrS transaction as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

(3) In 2005 ANZ has incurred \$52 million after tax NBNZ incremental integration costs (2004 full year: \$14 million; Sept 2005 half: \$35 million; Mar 2005 half: \$17 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration (refer page 12)

(4) 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

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

Institutional - Institutional Banking has been renamed Client Relationship Group. The Non-Continuing Business comprising the London headquartered project finance and certain structured finance transactions that ANZ has exited as part of its de-risking strategy has been reported as a separate business unit.

Personal Banking Australia. A new business unit, Wealth Management, has been created that comprises the equity accounted earnings from INGA's core business and the Financial Planning business.

ING Australia - To provide better alignment with ANZ businesses, INGA equity accounted profit result has been split for management purposes between core business and the more volatile capital investment earnings. The core business portion rolls up alongside the Financial Planning distribution arm as part of Wealth Management within Personal Banking Australia. The capital investment earnings, capital hedge results, funding costs and notional goodwill amortisation are now reported in the Group Centre

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.

Personal Banking Australia

Brian Hartzer

Regional Commercial and Agribusiness Products

Banking Products

Mortgages

Consumer Finance

Wealth Management

Other(1)

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	1,085	1,019	6%	2,104	1,912	10%
Other external operating income	525	488	8%	1,013	912	11%
Net inter business unit fees	64	61	5%	125	118	6%
Operating income	1,674	1,568	7%	3,242	2,942	10%
External operating expenses	(694)	(669)	4%	(1,363)	(1,263)	8%
Net inter business unit expenses	(142)	(134)	6%	(276)	(270)	2%
Operating expenses	(836)	(803)	4%	(1,639)	(1,533)	7%
Profit before debt provision	838	765	10%	1,603	1,409	14%
Provision for doubtful debts	(104)	(94)	11%	(198)	(183)	8%
Profit before income tax	734	671	9%	1,405	1,226	15%
Income tax expense and outside equity interests	(206)	(186)	11%	(392)	(343)	14%
Net profit attributable to members of the Company	528	485	9%	1,013	883	15%
Consisting of:						
Regional Commercial and Agribusiness Products	60	57	5%	117	106	10%
Banking Products	117	113	4%	230	208	11%
Mortgages	166	149	11%	315	275	15%
Consumer Finance	122	118	3%	240	189	27%
Wealth Management	52	47	11%	99	84	18%
Other(1)	11	1	large	12	21	-43%
	528	485	9%	1,013	883	15%
Balance Sheet						
Net loans & advances including acceptances	104,119	97,807	6%	104,119	91,207	14%
Other external assets	1,924	2,059	-7%	1,924	2,025	-5%
External assets	106,043	99,866	6%	106,043	93,232	14%
Deposits and other borrowings	42,077	39,868	6%	42,077	38,416	10%
Other external liabilities	2,263	2,057	10%	2,263	2,038	11%
External liabilities	44,340	41,925	6%	44,340	40,454	10%
Ratios						
Net interest average margin	2.15%	2.17%	-1%	2.16%	2.27%	-5%
Return on assets	1.02%	1.01%	1%	1.02%	1.02%	0%
Return on risk weighted assets	1.85%	1.83%	1%	1.84%	1.84%	0%
Operating expenses to operating income	49.9%	51.2%	-3%	50.6%	52.1%	-3%
Operating expenses to average assets	1.62%	1.67%	-3%	1.64%	1.77%	-7%

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Net specific provisions	(86)	(60)	43%	(146)	(137)	7%
Net specific provision as a % of average net advances	0.17%	0.13%	31%	0.15%	0.16%	-6%
Net non-accrual loans	20	15	33%	20	17	18%
Net non-accrual loans as a % of net advances	0.02%	0.02%	0%	0.02%	0.02%	0%
Total employees	9,616	9,251	4%	9,616	8,919	8%

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

2005 result

Profit after tax increased by 15% with strong performances across all businesses. Credit card lending grew by 21%, Mortgage lending increased 14% and deposits grew 10%, making ANZ the number three retail bank in Australia (as measured by share of main financial institutions). Within Other, a strong performance in Private Banking was offset by higher marketing and brand spend. Staff engagement was at record levels and customer satisfaction for the year to August 2005 (as measured by Roy Morgan Research) was up 1.7% to 75.3%, the highest of the major Australian banks. Performance was underpinned by our award-winning product range, winning Personal Investor Bank of the Year award for the sixth straight time, and the continuing re-investment and expansion in our distribution network to improve convenience and simplicity for customers.

Significant factors affecting the result were:

Net interest income increased 10%.

Mortgages net interest income increased 14%, consistent with lending growth. Consumer Finance net interest income grew 11% with lending growth of 21% being offset in part by a margin decrease of 12 basis points, due largely to growth in the low rate MasterCard product. Regional Commercial and Agribusiness Products net interest income increased 10% with lending growth of 15% offset by a 30 basis point reduction in margin due to mix and competitive pressures. Banking Products net interest income increased 5% underpinned by 9% growth in deposit volumes mainly in lower margin cash management and term deposit products.

Other external operating income increased \$101 million (11%).

Fee income increased by \$83 million (11%). Banking Products fees increased by 12% underpinned by 8% growth in the number of Transaction accounts and new fee initiatives. Wealth Management fees increased 28% driven by higher sales through our financial planners. Consumer Finance fees grew 9%, reflecting increases in merchant and credit card accounts.

Other operating income increased by \$18 million (14%) due to increased equity accounted income from INGA operating businesses and E*Trade, and the profit sharing arrangement with Diners.

Operating costs increased 7%. Personnel costs were up 11% due to both increases in salaries and staff numbers (up 697 or 8%), mainly in the front line to handle higher business volumes and service new points of representation. Computer expenses decreased \$19 million (10%) due to lower merchant acquiring line costs, a high level of technology spend in the previous year and certain branch banking software now being fully amortised. Premises costs increased by \$26 million reflecting the Footprint expansion including opening 15 new branches and installing 330 (net) new ATMs, and security upgrades. Other costs increased \$28 million reflecting increased marketing spend in Cards and Mortgages, ANZ NOW brand advertising, and increased EFTPOS interchange expenses driven by account acquisition.

Provision for doubtful debts increased by 8% reflecting volume growth in mortgages partly offset by higher recoveries in credit cards. Non-accrual loans remained stable reflecting continuing sound credit quality in existing businesses.

Comparison with March 2005 half

Overall profit after tax increased 9%. Profit after tax in mortgages grew 11% and Regional Commercial and Agribusiness Products increased 5% reflecting lending growth. Wealth Management profit grew 11% reflecting higher sales through our financial planners and increased equity accounted income from INGA operating businesses. Banking Products profit increased 4% driven by deposit growth. Consumer Finance profit increased 3% over the half with 8% revenue growth partly offset by new business investments.

Operating income increased 7% driven by solid growth in all core businesses. Revenues increased 7% in Mortgages, 8% in Consumer Finance, 4% in Banking Products and 5% in Regional Commercial and Agribusiness Products underpinned by balance sheet growth partly offset by margin contraction. Revenue in Wealth Management increased 8% driven by increased fee income.

Operating costs increased by 4%, driven by higher staff numbers (including financial planners) to handle higher business volumes and continuing investment in our branch network. This was partly offset by a seasonal reduction in marketing spend.

Provision for doubtful debts increased 11%, due largely to the 6% increase in lending volumes and an increased proportion of low rate MasterCard volumes that attract a higher provisioning level. Higher net specific provisions are driven by volume growth, the increased proportion of low rate Mastercard volumes and recoveries in Mortgages in the March half that were not repeated.

Institutional

Steve Targett

Client Relationship Group
Trade and Transaction Services
Markets
Corporate and Structured Financing
Non-continuing Business

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	371	391	-5%	762	708	8%
Other external operating income	756	677	12%	1,433	1,356	6%
Net inter business unit fees	(17)	(13)	31%	(30)	(23)	30%
Operating income	1,110	1,055	5%	2,165	2,041	6%
External operating expenses	(315)	(308)	2%	(623)	(576)	8%
Net inter business unit expenses	(71)	(72)	-1%	(143)	(144)	-1%
Operating expenses	(386)	(380)	2%	(766)	(720)	6%
Profit before debt provision	724	675	7%	1,399	1,321	6%
Provision for doubtful debts	(69)	(70)	-1%	(139)	(160)	-13%
Profit before income tax	655	605	8%	1,260	1,161	9%
Income tax expense and outside equity interests	(184)	(153)	20%	(337)	(304)	11%
Net profit attributable to members of the Company	471	452	4%	923	857	8%
Consisting of:						
Client Relationship Group	148	143	3%	291	297	-2%
Trade & Transaction Services	104	98	6%	202	179	13%
Markets	117	109	7%	226	196	15%
Corporate & Structured Financing						
- Continuing Business	82	72	14%	154	117	32%
- Non-Continuing Business	20	30	-33%	50	68	-26%
	471	452	4%	923	857	8%
Balance Sheet						
Net loans & advances including acceptances	48,080	46,041	4%	48,080	41,889	15%
Other external assets	22,821	21,698	5%	22,821	18,255	25%
External assets	70,901	67,739	5%	70,901	60,144	18%
Deposits and other borrowings	29,663	29,775	0%	29,663	26,984	10%
Other external liabilities	23,687	21,678	9%	23,687	21,763	9%
External liabilities	53,350	51,453	4%	53,350	48,747	9%
Ratios						
Net interest average margin	1.37%	1.60%	-14%	1.48%	1.61%	-8%
Return on assets	1.30%	1.41%	-8%	1.35%	1.43%	-6%
Return on risk weighted assets	1.22%	1.28%	-5%	1.22%	1.28%	-5%
Operating expenses to operating income	34.8%	36.0%	-3%	35.4%	35.3%	0%
Operating expenses to average assets	1.07%	1.18%	-9%	1.12%	1.20%	-7%

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Net specific provisions	18	(1)	large	17	(166)	large
Net specific provision as a % of average net advances	-0.08%	0.00%	n/a	-0.04%	0.40%	large
Net non-accrual loans	169	169	0%	169	299	-43%
Net non-accrual loans as a % of net advances	0.35%	0.37%	-5%	0.35%	0.71%	-51%
Total employees	3,103	2,923	6%	3,103	2,936	6%

2005 result

Profit after tax increased by \$66 million (8%), including an additional two months' contribution from NBNZ of \$16 million. The impact of exchange rate movements was immaterial. The result reflects the successful outcomes of strategic initiatives to return the business to sustainable growth. This was achieved despite a \$18 million reduction in earnings following the sale of the London-headquartered project finance business and the exit from certain non-core structured finance transactions. The focus of the business is now on further initiatives to deliver revenue growth, combined with disciplined use of capital and continuing strong risk management.

Profit increased in three of the four Institutional businesses. Strong deal flow and increased M&A activity delivered a 32% earnings increase for Corporate and Structured Financing's continuing business, while a strong performance from the International Trade Finance business underpinned a 13% increase for Trade and Transaction Services. Profit from Markets increased by 15%, due to stronger client sales activity. Asset growth in the Client Relationship Group was offset by tighter credit spreads and competitive pressures, resulting in reduced margins and a 2% decrease in earnings.

Significant factors affecting the result were:

Net interest income grew by \$54 million (8%). Trade and Transaction Services increased \$37 million due to increased lending and deposit volumes and improved margins in International Trade Finance. Markets increased \$20 million as a reduction in funding costs associated with unrealised trading gains resulted in a higher proportion of revenue being booked as interest. Client Relationship Group increased by a modest 2%, with lending growth of 18% offset by ongoing margin erosion. Net interest from non-continuing operations decreased by \$23 million due to the sale of the London-headquartered project finance business.

Overall loan volumes increased 15%, deposit volumes increased 10% and net interest margin decreased by 13 basis points.

Other operating income increased \$77 million (6%). Markets increased \$37 million (8%) on the back of strong client flow. Corporate and Structured Financing increased other operating income by \$37 million (20%), reflecting a strong contribution from structured debt, advisory and the private equity portfolio. This result was offset by a decrease of 6% in Client Relationship Group, due to lower fee income and a \$14 million reduction in non-continuing operations.

Operating expenses have increased by 6%, reflecting investment in people and systems in the transaction banking and custodian services businesses.

Provision for doubtful debts was 13% lower reflecting improved credit quality and lower offshore exposures, including the London project finance assets. Net specific provisions were \$183 million lower, with no individually large new specific provisions in the year and writebacks on some offshore accounts. Net non-accrual loans have decreased by 44% due to continuing improvements in the portfolio quality.

Income tax expense increased \$33 million, driven by increased profit and reduced non-taxable income, as certain structured finance transactions roll off.

Comparison with March 2005 half

Profit after tax increased by \$19 million (4%). The impact of exchange rate movements on translation of offshore earnings was immaterial.

Operating income increased by 5%. Non interest income grew strongly reflecting improved cross sell from the Client Relationship Group. Trade and Transaction Services foreign exchange revenue increased 8% with increased trade flows through Asia and the UK, strong growth in custody partly relating to client acquisition and increased International Payments foreign exchange revenue. Markets increased 4% with stronger client sales activity in Australia, New Zealand, the Pacific and Asia. Client Relationship Group increased 2% with higher net interest income. Corporate and Structured Financing s continuing revenue increased 14% driven by strong fee growth. Revenue in non-Continuing Business reduced by \$5 million.

Operating expenses increased 2%. Staff costs were higher, due to investment in people and systems in the transaction banking and custodian services businesses.

Provision for doubtful debts was flat. Recoveries of offshore provisions and the absence of large new provisions resulted in a net credit specific provision for the half.

New Zealand Businesses(1)

Sir John Anderson

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

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	721	713	1%	1,434	1,211	18%
Other external operating income	266	247	8%	513	453	13%
Net inter business unit fees	4	2	100%	6	6	0%
Operating income	991	962	3%	1,953	1,670	17%
External operating expenses	(490)	(460)	7%	(950)	(801)	19%
Net inter business unit expenses	(2)	(3)	-33%	(5)	(17)	-71%
Operating expenses	(492)	(463)	6%	(955)	(818)	17%
Profit before debt provision	499	499	0%	998	852	17%
Provision for doubtful debts	(46)	(46)	0%	(92)	(97)	-5%
Profit before income tax	453	453	0%	906	755	20%
Income tax expense and outside equity interests	(146)	(146)	0%	(292)	(242)	21%
Net profit attributable to members of the Company	307	307	0%	614	513	20%
Consisting of:						
ANZ Retail	92	95	-3%	187	185	1%
NBNZ Retail	122	119	3%	241	166	45%
Rural Banking	38	37	3%	75	55	36%
Corporate Banking	63	61	3%	124	92	35%
Central Support	(8)	(5)	60%	(13)	15	large
	307	307	0%	614	513	20%
Balance Sheet						
Net loans & advances including acceptances	55,144	52,093	6%	55,144	49,967	10%
Other external assets	5,013	3,884	29%	5,013	3,467	45%
External assets	60,157	55,977	7%	60,157	53,434	13%
Deposits and other borrowings	46,078	46,470	-1%	46,078	43,003	7%
Other external liabilities	7,348	4,870	51%	7,348	4,244	73%
External liabilities	53,426	51,340	4%	53,426	47,247	13%
Ratios						
Net interest average margin	2.49%	2.67%	-7%	2.58%	2.73%	-5%
Return on assets	1.05%	1.14%	-8%	1.09%	1.09%	0%
Return on risk weighted assets	1.47%	1.55%	-5%	1.55%	1.55%	0%
Operating expenses to operating income	49.6%	48.1%	3%	48.9%	49.0%	0%

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Operating expenses to average assets	1.68%	1.72%	-2%	1.70%	1.75%	-3%
Net specific provisions	(65)	(26)	large	(91)	(36)	large
Net specific provision as a % of average net advances	0.24%	0.10%	large	0.17%	0.09%	89%
Net non-accrual loans	96	28	large	96	30	large
Net non-accrual loans as a % of net advances	0.17%	0.05%	large	0.17%	0.06%	large
Total employees	8,580	8,437	2%	8,580	8,066	6%

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

New Zealand businesses

Sir John Anderson

2005 result

Profit after tax for the New Zealand businesses increased \$101 million (20%) including an additional two months contribution in 2005 from NBNZ (\$50 million). After adjusting for an additional two months contribution from NBNZ in 2005 and the impact of a 4% strengthening in the average NZD exchange rate, which impacted all trends, profit after tax growth in 2005 was 5%.

NBNZ Retail, Corporate Banking and Rural Banking posted strong profit growth with increases of 45%, 35% and 36% respectively (including the additional two months contribution from NBNZ). Solid asset and deposit growth and favourable wholesale funding impacts were partly offset by lower margins from price competition and unfavourable product mix switching. ANZ Retail profit after tax was flat, reflecting the competitor-driven net interest margin reduction, an increased proportion of low margin fixed rate mortgages, and reduced fee income from the restructuring of honour fees to address customer concerns as part of the ANZ Turnaround initiative. Lower Treasury mismatch earnings was the main driver of the reduction in Central Support earnings.

Key influences on the result excluding the impact of the 4% strengthening in the average NZD exchange rate include the following:

Net interest income increased 14% (\$178 million). This included an additional two months contribution from NBNZ (\$125 million). Excluding this net interest increased 3%. Lending volumes increased 13% with growth in NBNZ Retail (13%), ANZ Retail (11%), Corporate Banking (18%) and Rural (12%). Deposit volumes increased 7% in customer businesses with solid deposit growth in ANZ Retail (8%), NBNZ Retail (6%), Corporate Banking (8%) and Rural (5%). Treasury wholesale funding volumes increased by \$5.5 billion to fund asset growth across the New Zealand businesses.

Net interest margins have reduced 15 basis points impacted by: competition from the mortgage price war and customer migration from variable rate to fixed rate mortgages, increasing wholesale funding costs, changes in deposit mix with growth in lower margin call and term deposit products in ANZ Retail, and a \$26 million reduction in Treasury due to lower mismatch earnings and from a rising interest rate environment. Lending margins in Rural decreased slightly. These factors were partially offset by stronger deposit margins in NBNZ Retail.

Other operating income increased 9% due largely to the additional two months contribution from NBNZ (\$37 million). Excluding this, other operating income was flat with growth in loan approval fees in ANZ Retail and NBNZ Retail impacted by significant competitor-driven fee discounting and waivers. Fees in ANZ Retail reduced \$12 million with a change in fee structures as part of the ANZ Turnaround initiative. Rural Banking and Corporate Banking fees increased 7% and 10% respectively, driven by lending growth. NBNZ Retail achieved growth in sales commissions and Life Company profits.

Operating expenses increased 13%. Excluding the additional two months contribution from NBNZ (\$79 million) expense growth was contained to 4%. Salary increases and an increase in numbers of front-line staff (6% higher) were offset by constraints on discretionary spend growth, and reduced internal charges from Australia following the transfer of support functions back to New Zealand and certain branch software now being fully amortised.

Provision for doubtful debts reduced by \$9 million. The additional two months contribution from NBNZ (\$12 million) and increased lending volumes were offset by a reduction in expected loss factors in NBNZ following further analysis of loss history, improved credit quality and an increased proportion of low risk residential and rural lending. Net specific provisions and non accrual loan increases relate to two isolated corporate accounts and exposures to the apple and pear export industry.

Comparison with March 2005 half

Profit after tax was flat, with growth in NBNZ Retail, Rural Banking, and Corporate Banking all at 3% being offset by reductions in ANZ Retail (-3%), and Treasury. The impact of movements in exchange rates was negligible.

Net interest income increased 1%. Lending volumes increased 6% with growth in all businesses, whilst deposits in NBNZ Retail and ANZ Retail grew 3% and 4% respectively. Interest margin has declined by 18 basis points reflecting the impact of competition, in particular the mortgage price war, product switching from floating to fixed rate loans, and a change in funding mix to more expensive deposit and wholesale products.

Other operating income increased 8%. Volume growth in all segments and higher commissions from INGA were offset by reduced pricing, including increased discounting of mortgage loan approval fees.

Operating costs increased 6% with a 2% increase in staff numbers reflecting an increased investment in frontline staff.

Provision for doubtful debts was flat with the impact of volume growth being offset by an increased proportion of lower risk housing loans. An increase in net specific provisions results largely from two corporate accounts and exposures to the apple and pear export industry.

Corporate Australia

Graham Hodges

Corporate Banking Australia
Business Banking Australia
Small Business Banking

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	353	344	3%	697	640	9%
Other external operating income	151	143	6%	294	275	7%
Net inter business unit fees	(48)	(46)	4%	(94)	(86)	9%
Operating income	456	441	3%	897	829	8%
External operating expenses	(117)	(115)	2%	(232)	(214)	8%
Net inter business unit expenses	(31)	(31)		(62)	(66)	-6%
Operating expenses	(148)	(146)	1%	(294)	(280)	5%
Profit before debt provision	308	295	4%	603	549	10%
Provision for doubtful debts	(34)	(32)	6%	(66)	(61)	8%
Profit before income tax	274	263	4%	537	488	10%
Income tax expense and outside equity interests	(82)	(79)	4%	(161)	(147)	10%
Net profit attributable to members of the Company	192	184	4%	376	341	10%
Consisting of:						
Business Banking Australia	95	91	4%	186	172	8%
Corporate Banking Australia	71	67	6%	138	120	15%
Small Business Banking	26	26	0%	52	49	6%
	192	184	4%	376	341	10%
Balance Sheet						
Net loans & advances including acceptances	21,158	19,877	6%	21,158	19,010	11%
Other external assets	105	108	-3%	105	88	19%
External assets	21,263	19,985	6%	21,263	19,098	11%
Deposits and other borrowings	18,000	17,023	6%	18,000	16,125	12%
Other external liabilities	6,110	5,790	6%	6,110	5,711	7%
External liabilities	24,110	22,813	6%	24,110	21,836	10%
Ratios						
Net interest average margin	3.85%	3.93%	-2%	3.89%	3.94%	-1%
Return on assets	1.64%	1.65%	-1%	1.64%	1.62%	1%
Return on risk weighted assets	1.89%	1.92%	-2%	1.90%	1.92%	-1%
Operating expenses to operating income	32.5%	33.1%	-2%	32.8%	33.8%	-3%
Operating expenses to average assets	1.26%	1.30%	-3%	1.28%	1.33%	-4%
Net specific provisions	(18)	(23)	-22%	(41)	(43)	-5%
Net specific provision as a % of average net advances	0.18%	0.24%	-25%	0.21%	0.24%	-13%
Net non-accrual loans	40	56	-29%	40	51	-22%
	0.19%	0.28%	-32%	0.19%	0.27%	-30%

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Net non-accrual loans as a % of net advances

Total employees	1,941	1,881	3%	1,941	1,761	10%
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Corporate Australia

Graham Hodges

2005 result

Profit after tax increased by 10%. Significant influences on the result were:

Net interest income increased 9% driven by growth in both average lending (13%) and average deposits (10%).

The growth in average lending (Corporate Banking 10% and Business Banking 16%) and average deposit volumes (Corporate Banking 12%, Business Banking 9% and Small Business Banking 12%) resulted from a continued focus on new customer acquisition as well as growth from existing customers. Key factors in achieving growth were ANZ's competitive customer service proposition, continued investment in people and process simplification, as well as the industry and local market specialisation approach to customers. Overall balance sheet growth has continued to slow in the Business Banking segment. This reflects the impact of a modest reduction in growth in new business due to the slowdown in the property market and increased competition combined with the impact of on-going loan amortisation flowing from the continued strong cash performance of businesses in this market segment.

The net interest margin declined by 5 basis points, with the fall weighted to the second half of the year. For the year, the fall was largely driven by portfolio mix changes. Competitive pressure had a modest impact on both deposit and lending margins.

Other external operating income increased 7%, with a strong contribution from the success of the Wall St to Main St proposition, which has included private equity exit profits and deal fees. Higher net inter business unit fees reflects continued investment in the branch network.

Operating expenses increased only 5% despite a significant investment in frontline staff in Small Business Banking and ongoing investment in Business Banking. Despite the significant set-up investment in Small Business staff, revenue per FTE has remained relatively stable over the period and the cost to income ratio reduced from 33.8% to 32.8%.

Provision for doubtful debts increased by 8%. This is below the growth in average lending assets and reflects the sound credit quality and strong focus on risk management and compliance in both the Business Banking and Corporate Banking segments.

Net specific provisions, at \$41 million, were down 5% and below economic loss provisioning levels. Consistent with the emphasis placed on credit quality, non-accrual loans decreased to a low level of 0.19% of net advances.

Comparison with March 2005 half

Profit after tax increased 4%, with growth in Corporate Banking of 6% and Business Banking of 4%. Net interest income increased 3% from growth in both average lending and average deposit volumes (both 4%). Net interest margins declined 8 basis points due to changes in product mix, reflecting a combination of higher growth rates in lower margin products and growing competition in business markets. Operating costs increased by 1% driven by continued investment in frontline staff, funded in part through effective cost management and an expense refunds relating to prior periods. The Small Business result for this period reflects the significant investment made in this establishing business. Provision for doubtful debts increased by 6% reflecting growth in lending volumes.

Esanda and UDC

Elizabeth Proust

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

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	186	183	2%	369	360	3%
Other external operating income	64	57	12%	121	104	16%
Net inter business unit fees	(5)	(4)	25%	(9)	(8)	13%
Operating income	245	236	4%	481	456	5%
External operating expenses	(81)	(81)	0%	(162)	(159)	2%
Net inter business unit expenses	(12)	(14)	-14%	(26)	(27)	-4%
Operating expenses	(93)	(95)	-2%	(188)	(186)	1%
Profit before debt provision	152	141	8%	293	270	9%
Provision for doubtful debts	(31)	(31)	0%	(62)	(67)	-7%
Profit before income tax	121	110	10%	231	203	14%
Income tax expense and outside equity interests	(39)	(33)	18%	(72)	(60)	20%
Net profit attributable to members of the Company	82	77	6%	159	143	11%
Operating expenses to operating income	38.0%	40.3%	-6%	39.1%	40.8%	-4%
Net specific provisions	(48)	(24)	100%	(72)	(47)	53%
Net non-accrual loans	39	43	-9%	39	37	5%
Total employees	1,351	1,349	0%	1,351	1,297	4%

2005 result

Profit after tax increased 11%. Profit growth in Australia (15%) was partly offset by a flat result in New Zealand, which was impacted by structural changes and competitive pressure. Significant influences on the result were:

Net interest income grew 3% with a 5% increase in lending volumes due to solid new business writings in Australia offset by reduced volumes in New Zealand. An 11 basis point decline in margins resulted from the run-off of higher yielding loans during the year which were increasingly replaced by new business from lower risk, lower margin segments.

Other operating income grew 16%, due to increased fees from value-added fleet management services, the full year impact of changes in the fee structure, higher new business writings, higher predetermination fees and the \$7 million

impact of aligning the revenue recognition on leases in the New Zealand Fleet business with Group accounting policies.

Operating expenses increased by 1% due to annual salary increases and an increased investment in growth with additional front-line staff. The continued control of expenses and growth in income has resulted in the cost to income ratio being reduced to 39.1% from 40.8% in 2004.

Provision for doubtful debts decreased by 7% despite a 5% increase in lending volumes reflecting the continued improvement in credit quality over recent years. Net specific provisions were higher compared to the 2004 historically low level, largely associated with the commercial loan portfolio and the exited aircraft lease business (\$9 million).

In May 2005, Esanda On-Line Saver was launched nationally. By the end of September \$163 million in deposits were held, with approximately 66% of On-Line customers new to the Group.

Comparison with March 2005 half

Profit after tax grew by 6%. Net interest income grew 2% driven by a 3% increase in lending volumes. Other operating income increased 12% due primarily to increased fees and the \$7 million impact of aligning the revenue recognition on leases in the New Zealand Fleet business with Group accounting policies. Operating expenses decreased by 2% with an increase in personnel costs due to annual salary increases offset by the finalisation of indirect taxation related issues. Provision for doubtful debts were flat. Net non-accrual loans were \$4 million lower reflecting the overall improvement in credit quality. Net specific provisions increased with the commercial loan portfolio recording several specific provisions and a write-off on the exited aircraft lease business (\$9 million).

Asia Pacific

Elmer Funke Kupper

Provision of retail and corporate banking services in the Pacific Region and Asia, including ANZ's share of PT Panin Bank in Indonesia; this business excludes Institutional businesses, which are a matrix responsibility and included in Institutional business unit results. Geographic results are included on page 51

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	85	78	9%	163	153	7%
Other external operating income	76	73	4%	149	147	1%
Operating income	161	151	7%	312	300	4%
External operating expenses	(91)	(81)	12%	(172)	(145)	19%
Net inter business unit expenses	1		n/a	1	2	-50%
Operating expenses	(90)	(81)	11%	(171)	(143)	20%
Profit before debt provision	71	70	1%	141	157	-10%
Provision for doubtful debts	(12)	(11)	9%	(23)	(23)	0%
Profit before income tax	59	59		118	134	-12%
Income tax expense and outside equity interests	(12)	(11)	9%	(23)	(23)	0%
Net profit attributable to members of the Company	47	48	-2%	95	111	-14%
Operating expenses to operating income	55.9%	53.6%	4%	54.8%	47.7%	15%
Net specific provisions	(7)	(17)	-59%	(24)	(14)	71%
Net non-accrual loans	22	15	47%	22	17	29%
Total employees	2,195	2,040	8%	2,195	1,979	11%

2005 result

Profit after tax decreased by 14%. Excluding the impact of exchange rate movements profit reduced 12%. Core business performance was offset by lower equity accounting earnings for PT Panin Bank with lower provision adjustments included in the equity accounted result (\$15 million) and a \$6 million tax credit in 2004.

Excluding exchange rate movements the main drivers of the results were:

Net interest income increased 11%. A 23% growth in lending volumes and 16% growth in deposits were largely offset by the structural change in the interest rate environment in PNG, with average Treasury Bill rates falling by approximately 600 basis points in the March 2005 half year.

Other external operating income increased 4%. Fee growth increased 12% largely in Fiji, PNG and the Cards business in Indonesia and was partly offset by lower equity accounting earnings for PT Panin Bank.

Operating expenses increased \$33 million as a result of costs associated with building partner relationships in China, Vietnam and Cambodia, and continued support for the centralisation of regional operations in Fiji. In addition, the management team in Asia has been strengthened to provide additional specialist product skills to support higher growth rates in Asia.

Provision for doubtful debts increased by 9% mainly due to growth in assets. The increase in net specific provisions is due to provisioning for one account.

Income tax expense increased \$1 million with the higher effective tax rate resulting from a \$6 million tax credit arising from the repayment of foreign currency loans upon the exercise of options in PT Panin in 2004 which reduced the rate for that year.

Comparison with March 2005 half

Profit after tax reduced 2%. Net interest increased 9% driven by 10% growth in lending volumes. Other operating income grew 4% with strong card and other fee growth being offset by reduced equity accounted income from PT Panin. Operating expenses increased largely as a result of advancing the partnership business agenda in Asia. The impact of exchange rate movements was immaterial.

Group Centre

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

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	144	125	15%	269	268	0%
Other external operating income	(4)	19	large	15	20	-25%
Net inter business unit fees	2		n/a	2	(7)	large
Operating income	142	144	-1%	286	281	2%
External operating expenses	(474)	(461)	3%	(935)	(847)	10%
Net inter business unit expenses	257	254	1%	511	522	-2%
Operating expenses	(217)	(207)	5%	(424)	(325)	30%
Profit before debt provision	(75)	(63)	19%	(138)	(44)	large
Provision for doubtful debts			n/a		(41)	-100%
Profit before income tax	(75)	(63)	19%	(138)	(85)	62%
Income tax expense and outside equity interests	12	2	large	14	(32)	large
Net profit attributable to members of the Company	(63)	(61)	3%	(124)	(117)	6%
Including:						
Treasury	10	9	11%	19	53	-64%
Total employees	4,190	3,951	6%	4,190	3,797	10%

2005 result

The result for the Group Centre was a loss of \$124 million compared with a loss of \$117 million in 2004. Significant influences on the result were:

The strengthening of the average NZD exchange rate resulted in a \$29 million after tax reduction in income on contracts put in place to hedge NZD denominated earnings. These losses were offset in New Zealand Businesses, and the New Zealand component of the Institutional and Esanda and UDC businesses. In addition the maturity of contracts put in place to hedge USD revenues resulted in a further decline of \$11 million after tax.

The investment of the Euro hybrid issue proceeds and retained profits increased profit after tax by approximately \$14 million.

Group Treasury earnings reduced \$34 million largely as a result of reduced domestic mismatch income attributed to a benign interest rate environment, combined with lower earnings resulting from a restructuring of Asian balance sheet management books.

Other operating income reduced \$5 million with lower capital investment earnings (net of hedge earnings) from INGA.

Operating expenses increased \$99 million with increased risk management and compliance costs including Basel II, GST, IFRS and the US Sarbanes Oxley legislation. Goodwill amortisation increased \$33 million, largely as a result of an additional 2 months related to the NBNZ acquisition. The non-lending losses charge increased \$15 million mainly related to cheque conversion fraud. Includes centrally funded growth projects.

Provision for doubtful debts reduced \$41 million with no additional charge in the Group Centre as a result of an end to the provision for unexpected offshore credit losses.

Comparison with March 2005 half

The half year loss of \$63 million was flat with the March 2005 half. Revenue was flat, with higher net interest offset by lower capital investment earnings (net of hedge earnings) in INGA following the payment of dividends. External operating expenses increased 3% with the impact of a 6% increase in staff offset by the inclusion of provisioning for cheque conversion fraud in the March half.

GEOGRAPHIC SEGMENT PERFORMANCE**Geographic performance**

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net profit attributable to shareholders of the company						
Australia	1,108	1,051	5%	2,159	1,984	9%
New Zealand	259	269	-4%	528	495	7%
Asia Pacific	100	84	19%	184	191	-4%
Other	76	71	7%	147	145	1%
	1,543	1,475	5%	3,018	2,815	7%

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net profit excluding significant items(1) and NBNZ incremental integration costs(2)						
Australia	1,108	1,051	5%	2,159	1,886	14%
New Zealand	280	286	-2%	566	509	11%
Asia Pacific	100	84	19%	184	191	-4%
Other	76	71	7%	147	145	1%
	1,564	1,492	5%	3,056	2,731	12%

(1) In 2005 ANZ has classified \$14 million after tax profit on the sale of NBNZ life businesses as a significant item. In 2004 ANZ has classified the \$14 million profit after tax on settlement of the INGA completion accounts and \$84 million net profit after tax arising from the TrUEPrS transaction as significant items. ANZ excludes significant items to eliminate the distorting effect of one-off transactions on the results of its core business (refer page 12)

(2) In 2005 ANZ has incurred \$52 million after tax NBNZ incremental integration costs (2004 full year: \$14 million; Sept 2005 half: \$35 million; Mar 2005 half: \$17 million). NBNZ incremental integration costs are excluded to enable analysis of the cost base following completion of the integration (refer page 12)

Net profit after income tax

	Australia	New Zealand	Asia Pacific	Other	Total
Full Year 2005					
Personal(1)	1,013	503	75		1,591
Institutional(2)	559	200	85	57	901

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Corporate	376	124	49		549
Esanda and UDC	122	37			159
Group Centre(3)	89	(336)	(25)	90	(182)
	2,159	528	184	147	3,018

	Australia	New Zealand	Asia Pacific	Other	Total
Full Year 2004					
Personal(1)	883	406	69		1,358
Institutional(2)	516	184	64	77	841
Corporate	341	92	59		492
Esanda and UDC	106	37			143
Group Centre(3)	138	(224)	(1)	68	(19)
	1,984	495	191	145	2,815

(1) New Zealand Personal includes small business banking and Rural

(2) Includes foreign exchange earnings in the Pacific

(3) Includes integration costs and shareholder functions in Australia and New Zealand

Australia

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	1,939	1,859	4%	3,798	3,450	10%
Fee income	957	877	9%	1,834	1,680	9%
Other operating income	265	266	0%	531	650	-18%
Operating income	3,161	3,002	5%	6,163	5,780	7%
Operating expenses	(1,410)	(1,362)	4%	(2,772)	(2,551)	9%
Profit before debt provision	1,751	1,640	7%	3,391	3,229	5%
Provision for doubtful debts	(216)	(200)	8%	(416)	(444)	-6%
Income tax expense	(427)	(389)	10%	(816)	(802)	2%
Outside equity interest			n/a		1	-100%
Net profit attributable to members of the Company	1,108	1,051	5%	2,159	1,984	9%
Net interest average margin	2.30%	2.38%	-3%	2.34%	2.48%	-6%
Return on risk weighted assets	1.54%	1.57%	-2%	1.55%	1.61%	-4%
Operating expenses(1) to operating income	44.5%	45.2%	-2%	44.8%	44.0%	2%
Operating expenses(1) to average assets	1.45%	1.52%	-5%	1.49%	1.56%	-4%
Net specific provision	(151)	(101)	50%	(252)	(361)	-30%
Net specific provision as a % of average net advances	0.18%	0.13%	38%	0.16%	0.26%	-38%
Net non-accrual loans	202	220	-8%	202	213	-5%
Net non-accrual loans as a % of net advances	0.12%	0.14%	-14%	0.12%	0.14%	-14%
Total employees	18,043	17,389	4%	18,043	16,815	7%
Lending growth	5.8%	8.4%		14.6%	13.8%	
External assets	195,500	185,434	5%	195,500	170,455	15%
Risk weighted assets	145,136	139,243	4%	145,136	129,764	12%

(1) This excludes goodwill amortisation of \$8 million (2004 full year: \$8 million; Sep 2005 half: \$4 million; Mar 2005 half: \$4 million)

2005 result

Profit after tax increased by 9%. Excluding the Australian component of significant items (refer page 12), profit increased by 14%. Significant influences on the result were:

Net interest income increased by 10%. Average net loans and advances increased 17%, driven by growth in Personal Banking Australia 15%, Institutional 27%, Corporate Australia 16% and Esanda 8%. Average deposit and other borrowing volumes increased 15%, comprising Personal Banking Australia 10%, Institutional 18%, Corporate Australia 10%, Group Treasury 33% and Esanda 12%. Margins decreased 14 basis points with a change in the asset

mix increased volumes of wholesale funding, lower earnings on contracts put in place to hedge offshore revenue, and competition in Institutional, Mortgages and retail deposits. This was partly offset in Markets, where a higher proportion of revenue was booked as net interest (\$29 million), partly offset by lower other operating income.

Fee income increased by 9% with a 11% increase in Personal Banking Australia underpinned by growth in transaction account Merchant and card numbers and higher income from financial planners. Institutional increased 5% with growth in Corporate & Structured Financing offsetting the impact of increased competition in Client Relationship Group. Esanda grew 18% reflecting increased new business volumes and higher predetermination fees.

Other operating income decreased \$119 million. The 2004 year included \$124 million profit from significant items, (refer page 12). Markets decreased \$13 million, offset by higher net interest income. Excluding these impacts, other operating income increased 3% with higher earnings from the sale of equity securities (including Private Equity).

Operating expenses increased by 9% reflecting an increased investment in frontline staff, annual salary increases, and increased compliance costs including the US Sarbanes Oxley legislation and IFRS.

Provision for doubtful debts decreased by 6% driven by a \$41 million reduction in the Group Centre. The impact of volume growth was partly offset by improved credit quality in most portfolios. Net specific provisions decreased \$109 million mainly in Institutional reflecting an improvement in overall credit quality and no new large credit provisions during the year.

Comparison with March 2005 half

Profit after tax increased 5%. Net interest income increased 4% with higher lending volumes partly offset by 8 basis point margin contraction. Fee income increased 9% with growth in Personal Banking Australia (8%), Institutional (15%), Corporate (7%) and Esanda (9%). Operating expenses increased 4% reflecting the 4% increase in staff numbers. Net specific provisions increased \$50 million due largely to seasonal credit card delinquencies and the final write-off of the exited aircraft lease business in Esanda.

New Zealand

	Half year Sep 05 \$M	Half year Mar 05 \$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 \$M	Full year Sep 04 \$M	Movt Sep 05 v. Sep 04 %
Net interest income	798	789	1%	1,587	1,371	16%
Fee income	288	277	4%	565	507	11%
Other operating income	104	75	39%	179	131	37%
Operating income	1,190	1,141	4%	2,331	2,009	16%
Operating expenses	(725)	(661)	10%	(1,386)	(1,128)	23%
Profit before debt provision	465	480	-3%	945	881	7%
Provision for doubtful debts	(56)	(57)	-2%	(113)	(118)	-4%
Income tax expense	(149)	(154)	-3%	(303)	(266)	14%
Outside equity interests	(1)		n/a	(1)	(2)	-50%
Net profit attributable to members of the Company	259	269	-4%	528	495	7%
Net interest average margin	2.29%	2.43%	-6%	2.36%	2.50%	-6%
Return on risk weighted assets	0.97%	1.04%	-7%	1.00%	1.15%	-13%
Operating expenses(1) to operating income	53.9%	50.6%	7%	52.3%	49.4%	6%
Operating expenses(1) to average assets	1.68%	1.60%	5%	1.64%	1.63%	1%
Net specific provision	(78)	(29)	large	(107)	(44)	large
Net specific provision as a % of average net advances	0.25%	0.10%	large	0.18%	0.09%	100%
Net non-accrual loans	111	42	large	111	47	large
Net non-accrual loans as a % of net advances	0.17%	0.07%	large	0.17%	0.08%	large
Total employees	9,515	9,256	3%	9,515	8,816	8%
Lending growth (including FX impact)	5.6%	5.0%		10.8%	180.3%	
Lending growth (excluding FX impact)	6.5%	6.9%		13.9%	162.4%	
External assets	78,474	73,566	7%	78,474	69,801	12%
Risk weighted assets	55,501	53,472	4%	55,501	49,863	11%

(1) This excludes goodwill amortisation of \$168 million (2004 full year: \$135 million; Sep 2005 half: \$84 million; Mar 2005 half: \$84 million)

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

	Half year Sep 05 NZ\$M	Half year Mar 05 NZ\$M	Movt Sep 05 v. Mar 05 %	Full year Sep 05 NZ\$M	Full year Sep 04 NZ\$M	Movt Sep 05 v. Sep 04 %
Net interest income	867	855	1%	1,722	1,543	12%
Fee income	313	300	4%	613	571	7%

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Other operating income	112	81	38%	193	147	31%
Operating income	1,292	1,236	5%	2,528	2,261	12%
Operating expenses	(787)	(716)	10%	(1,503)	(1,270)	18%
Profit before debt provision	505	520	-3%	1,025	991	3%
Provision for doubtful debts	(60)	(62)	-3%	(122)	(133)	-8%
Income tax expense	(162)	(167)	-3%	(329)	(299)	10%
Outside equity interests						