Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Half Year

31 March 2009

Consolidated Financial Report

Dividend Announcement and

Appendix 4D

This document contains the information required by Appendix 4D of the Australian Securities Exchange Listing Rules. It should be read in conjunction with ANZ's 2008 Annual Report, and is lodged with the Australian Securities Exchange under listing rule 4.2A.

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

Report for the half year ended 31 March 2009

				A$ million
Operating income	⇧	7%*	to	**6,567**
Underlying profit^	⇧	4%*	to	**1,908**
Net Statutory Profit for the period attributable to shareholders	⇩	28%*	to	**1,417**
Proposed interim dividend per ordinary share, fully franked at 30% tax rate				**46 cents**
Record date for determining entitlements to the proposed interim dividend				13 May 2009
Payment date for the proposed interim dividend				1 July 2009

* Compared to March 2008

^ Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 13 to 14 of the ANZ Condensed Consolidated Financial Report, Dividend Announcement and Appendix 4D for the half year 31 March 2009.

CONDENSED CONSOLIDATED FINANCIAL REPORT, DIVIDEND ANNOUNCEMENT and APPENDIX 4D
Half year ended 31 March 2009

CONTENTS	PAGE

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 Company has a formally constituted Audit Committee of the Board of Directors. The report was approved by resolution of a Committee of the Board of Directors on 28 April 2009.

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

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Media Release

For Release: 29 April 2009

ANZ 2009 Interim Results

- Solid underlying performance momentum in challenging environment -
- Result impacted by provisions and derivatives charges -

Key points*

- Solid underlying business performance in a challenging environment.
  - Underlying profit* $1,908 million up 20% on the preceding half (up 4% on the prior comparable period ('pcp')) with stronger revenue growth offsetting higher provisions.
  - One-off items and losses on non-continuing businesses including credit intermediation trades reduced headline earnings resulting in 4% growth in statutory profit to $1,417 million compared to the preceding half (down 28% pcp).
  - One-off items included charges related to the One ANZ restructuring program and ING NZ frozen funds settlement and non-core income arising from the use of derivatives in economic hedges.
- Strong growth in deposits and underlying income.
  - Total customer deposits up 11% or $22 billion on the preceding half (up 16% pcp).
  - Underlying income up 11% on the preceding half (up 18% pcp) with a robust contribution from Global Markets.
  - Income growth was assisted by higher levels of recovery of funding cost increases for deposits and wholesale funding, particularly in Institutional.
- Underlying profit after tax for the Australian region grew 1% on the preceding half (excluding Institutional and Group Centre down 6%) with strong net interest income and deposit growth and a strong Markets result impacted by an increased credit impairment charge. Good revenue growth trends in both the Retail and the Commercial businesses.
- Strong progress being made with the Asia Pacific strategy with underlying profit after tax from the region double the preceding half, up 115% (14% excluding Institutional).
- Underlying profit after tax from the New Zealand region was up 24% on the preceding half (1% excluding the Institutional contribution). Good revenue performances from the Markets and Rural businesses, impacted by increased credit impairment charge.
- Institutional Division underlying profit was three times that of the preceding half at $668 million. Profit growth received a significant boost from the Markets business with revenue up 66%. Profits were however, significantly down on a statutory basis driven by non-continuing businesses and credit risk charges on derivatives.
- Underlying expense growth of 7% compared to the preceding half (up 11% pcp) driven by growth investments in Asia Pacific, Europe & America and Institutional with Australian costs up 3% and New Zealand down 2%.
- As anticipated, the total credit impairment charge of $1,435 million was modestly above the second half 2008 ($1,364 million), although well up pcp ($726 million).
  - Some Collective Provision for Economic Scenario and Concentration Risk has been utilised, however the Collective Provision remains well positioned at over 1% of credit risk weighted assets.
  - Gross impaired loan levels are at 1.03% of net advances. The total Provision charge is 0.80% of average net advances.

* Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 13 to 14 of the ANZ Consolidated Financial Report, Dividend Announcement and Appendix 4D for the half year 31 March 2009.

Australia and New Zealand Banking Group Limited (ANZ) today announced an underlying profit for the first half of 2009 of $1,908 million up 20% on the preceding half (up 4% pcp).

Including net impacts from one-offs and non-continuing businesses, statutory profit grew 4% to $1,417 million compared to the preceding half (down 28% pcp).

As previously foreshadowed, the Interim Dividend of 46 cents per share fully franked is down 26% on the 2008 Interim Dividend.

ANZ Chief Executive Officer Mike Smith said: "In a deteriorating global banking environment this is a creditable result, particularly given the effect of the economic slowdown on provisions in Australia and New Zealand and the other remediation and change issues we are managing.

"In this environment, we have to step back and look through provisions and restructuring. What's clear is we have a diversified set of businesses that have continued to perform well, with strong revenue trends. On an underlying basis Australia delivered acceptable results, while Asia Pacific, Europe & America produced an outstanding performance doubling their profit. Our core Institutional businesses also performed well.

"At the same time, we have to take a realistic view of the impact of both the economic slowdown and financial system issues on the Bank. The action we took last year to significantly increase provision coverage was the right one and we have to deal pragmatically with the effect of continued volatility in global markets on the credit risk charge required for the credit intermediation trades.

"The expected slowdown in Australia and New Zealand is now playing out with the outlook for provisions in the second half likely to be somewhat more difficult than the first half and we expect that situation to continue through to early 2010.

"Given the environment, we are continuing to focus on four key drivers for the bank: maintaining a strong capital and liquidity position; anticipating the impacts of the economic environment by ensuring we have adequate provisions; systematically completing the remediation in parts of the business; and driving our strategic growth agenda to become a super regional bank in the Asia Pacific region.

"When I announced our strategic direction in December 2007 we set out a number of steps which together would deliver growth and out-performance and create a leading super regional bank. Despite the very difficult economic conditions we are making good progress in delivering against those aspirations while facing up to what have turned out to be significant legacy issues.

"Against the objectives we set for the first two years, we are on track with our scorecard.

"We are turning around Institutional, driving increased profit in Asia, and maintaining our high quality domestic franchises in Australia and New Zealand. Across the Group, we have introduced a more cohesive 'One ANZ' business model and established a strategic approach to cost management with revenue increasing faster than costs at an underlying level, while still selectively investing in growth.

"Globally, banks are operating in an extraordinarily difficult environment. However, these results demonstrate ANZ is making good progress with its strategy and is in a strong position to manage through the cycle, to continue to support our customers and has the capacity to take advantage of the opportunities now emerging," Mr Smith said.

DIVISIONAL PERFORMANCE*

Australia

Underlying profit for the Australian region grew 1% on the preceding half (down 9% pcp).

Looking at ANZ's largest business on a divisional basis, underlying profit before provisions grew 5% on the preceding half (up 12% pcp) reflecting strong income and deposit growth, expanded margins and good cost management. Underlying profit for this division reduced 6% on the preceding half (down 4% pcp) impacted by increased credit costs.

* ANZ manages its businesses on both a geographic (regional) and divisional basis. Australia and New Zealand divisions exclude Institutional and Corporate Centre functions. Institutional is managed on a global basis. Asia Pacific includes the Institutional business.

Australia, cont'd

Mortgages, Cards and Unsecured Lending, Rural and Agribusiness and Business Banking all saw solid increases in income. ING Australia's contribution was significantly affected by the weaker equities market.

In the Retail business profit grew 5% on the preceding half on a pre-provisions basis (up 14% pcp), while also growing both market share and customer satisfaction scores. The Commercial businesses continued to demonstrate resilience with underlying profitability up 15% on the preceding half on a pre-provisions basis although credit impairment has seen flat statutory earnings across the last three halves.

While broadly the retail portfolio remains in good shape, benefiting from strong underwriting standards, there has been an upward trend in delinquencies as expected in the current environment. Growth in the Australia Division's credit impairment charge to $445 million up 50% on the preceding period, has been driven both by volume growth and increased delinquencies in the Retail and Commercial businesses. We are working closely with our customers to support and assist them in dealing with changes in circumstances.

Asia Pacific, Europe & America

Underlying profit for the Asia Pacific, Europe & America region doubled compared to both the preceding half (up 115%) and pcp (up 115%).

On a divisional basis our investment in the Asia Pacific, Europe & America business delivered a 75% pre-provisions profit increase half on half (97% pcp), with income growth of 59% well ahead of cost growth at 41%. ANZ has repositioned its balance sheet in the region consistent with its super regional strategy, with deposits growing in line with lending and a deposit-to-loan ratio of 130%.

Strong organic growth based both on our ANZ-branded business and partnerships is a highlight of the result. We are benefiting from the investments made in the regional platform in particular in the Markets and Relationship Banking businesses. There are now 5,247 staff in the Asia Pacific, Europe & America Division up from 4,090 a year ago, with much of this increase being in front line staff.

We have grown our branch networks in Vietnam and Indonesia, increased our presence in China and expanded our regional hubs in Hong Kong and Singapore to provide the support services to drive our growth strategy.

Total credit impairment charges of $121 million reflected both increased volumes and changed global credit conditions. The total credit impairment charge was in line with the preceding half.

New Zealand Businesses (in NZD)

New Zealand regional profit performance, up 25% on a pre-provisions basis over the preceding half (up 16% pcp), was assisted by outperformance from the Institutional business which increased profit 67% over the preceding half (82% pcp).

On a divisional basis New Zealand delivered a mixed performance in tough economic conditions with underlying pre-provisions profit up 1% on the preceding half (down 6% pcp). The $116 million (post tax) charge for the ING NZ settlement adversely impacted the headline result.

The effect of the economic slowdown has been felt most significantly in the Retail business where profit fell 6% on the preceding half (down 17% pcp) on a pre-provision basis. Commercial achieved a reasonable result with profit up 5% on the preceding half (up 9% pcp) on a pre-provisions basis with the main contribution coming from the Rural business where ANZ has a very significant market share.

Provisioning and margin compression impacted both the retail and commercial portfolios with higher wholesale funding costs and deposit competition, as well as mortgage break costs seeing a decrease of 9 basis points in margins (24 basis points pcp). Costs are being well managed.

Credit provisions rose to $247 million compared to $209 million for the preceding half. Provisions for the full year 2009 are expected to be more than double those of 2008. Individual provision increases have been spread across the unsecured Retail portfolio and the Mortgage portfolio, although the number of mortgagee sales remains low. The Commercial sector has seen increased provisioning on a relatively small number of names.

Institutional

Underlying profit in Institutional grew substantially with income in Transaction Banking and Specialised Lending and Global Markets up strongly. Growth in Global Markets during the first four months of the year was exceptionally strong driven by market volatility however this has slowed to more normal levels since February.

The Institutional headline result was heavily impacted by both increased individual provision charges and a further increase in the credit risk charge required for the credit intermediation trades. The post tax impact of the credit risk charge on derivatives was $664 million compared to $213 million in the preceding period ($158 million pcp).

Volatility in global credit markets, downgrades to corporate ratings and declines in value of the Australian Dollar all impacted the charge during the half. This is a mark-to-market calculation and given the level of subordination in these trades, actual cash losses are expected to be substantially less. It is expected the charge will remain volatile.

Provisions for credit impairment decreased 18% to $626 million compared to the preceding period although up substantially on the prior corresponding period (up 72% from $365 million). Individual provisions occurred primarily in Australia including a large exposure to a securities firm along and a handful of exposures spread across the property, financial institutions and service industry sectors. Institutional recognised additional risks inherent in its portfolio which could not then be specifically identified in 2008, as these have now given rise to specific provisions we have released amounts from the collective provision of $265 million.

Net interest margins (excluding derivatives) grew 13 basis points in the half in response to widening credit spreads and repricing for risk. Revenue grew strongly up 34% (49% pcp) with cost growth of 16% (24% pcp), largely driven by investment in the key strategic growth areas of Asia, Global Markets and in frontline relationship staff. An 11% increase in staff numbers over the past 12 months has accounted for much of the division's cost growth.

The remediation program in this Division is continuing. There are encouraging early signs emerging across many facets of the business including improved cross sell levels. Our refocus on our global client segment propositions has been rewarded in the form of revenue growth in areas of core client demand such as transaction banking, markets sales and deposits.

As foreshadowed at the February trading update, a $114 million after tax charge has been taken in relation to some businesses which are being exited as part of the restructure, including Private Equity and Alternative Assets.

CREDIT ENVIRONMENT

The underlying credit provision charge for the half of $1,435 million or 0.80% of average net advances rose only slightly compared to that for the preceding half.

ANZ advised in its February trading update that it expected increased credit provision levels in 2009 with the pattern of provisions expected to be more evenly distributed than last year. There was however, an uptick in provision levels in March, driven largely by stress being experienced by middle market customers. Accordingly ANZ now expects that full year provision levels will be somewhat higher than originally anticipated at the time guidance was provided in February.

ANZ has released $306 million from its Collective Provision allowance made last year for economic scenario and concentration risk however the Collective Provision continues to be strongly positioned at over 1% of credit risk weighted assets.

As expected, gross impaired loans are significantly higher than in 2008 at $3,691 million or 1.03% of net advances. This trend is being experienced broadly across the business but predominantly in Institutional. The increase in gross impaired loans reflects tighter liquidity, higher leverage and earnings pressure in the current environment being reflected in changes to credit gradings.

CAPITAL AND FUNDING

ANZ's capital planning has reflected a view that the global economic slowdown would be significant and protracted in many parts of the world. From the end of 2007, the Group moved to boost provisioning, liquidity and Tier 1 capital to levels appropriate for the new economic and market circumstances.

The Group's Tier 1 capital ratio was 8.2% at the end of March 2009 compared to 6.9% a year ago. This is substantially above the regulatory minimum and in excess of ANZ's internal target range of 7.5% to 8.0% and compares favourably against both local and international peers.

ANZ has continued its prudent approach to capital planning, reducing the half year dividend by 26%. As discussed in the February 2009 trading update, if the final dividend were to be reduced by a similar percentage, this would generate additional capital of around $0.5 billion for the year.

Deposit growth during the half has been strong, now comprising 54% of total funding. This has reduced ANZ's reliance on short term wholesale funding. Year to date the Group has raised 87% of its 2009 term funding requirement. The prime liquidity portfolio has increased to $60 billion which represents cover for over 12 months of total offshore funding maturities.

OUTLOOK

Mr Smith added: "It is now very clear that the global slowdown will be significant and protracted in many parts of the world. In Australia and New Zealand this is playing out as we expected and we anticipate the situation to continue in the second half of this year and early 2010.

"Banks are also managing the added complexity of the volatility in financial markets which is continuing to impact the availability and cost of funding.

"The Australian and New Zealand banking system is strong which provides both countries with a financial foundation that is not the position for many OECD nations. In Australia, the actions taken by the Commonwealth Government and the Reserve Bank through fiscal and monetary stimulus are helping to mitigate the impact of the slowdown. Our starting position and this action give us reason for some optimism that Australia's economic slow-down will not be as deep or as long as many other OECD economies.

"At the same time it is now very obvious that Asia will remain an engine for global growth albeit at lower levels than the very high rates of the previous decades.

"ANZ remains well positioned. Our traditional core business in Australia continues to generate good results while our Asia Pacific growth strategy is now delivering materially to our bottom line.

"We remain focused on servicing our customers, engaging closely with the communities we serve and providing sustainable long term growth for our shareholders," Mr Smith said.

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Reconciliation of underlying business performance

	Half Year Mar 2009					Half Year Sep 2008					Growth Rate				
	Revenue	Expenses	PBP	Credit	NPAT	Revenue	Expenses	PBP	Credit	NPAT	Revenue	Expenses	PBP	Credit	NPAT
Underlying business performance	**7,040**	**2,944**	**4,096**	**1,435**	**1,908**	**6,315**	**2,751**	**3,564**	**1,364**	**1,589**	**11%**	**7%**	**15%**	**5%**	**20%**
One ANZ restructuring costs	-	113	(113)	-	(79)	-	-	-	-	-					
ANZ share of ING New Zealand investor settlement	(138)	-	(138)	-	(97)	-	-	-	-	-					
Credit risk on impaired derivatives	(92)	-	(92)	(92)	-	(111)	-	(111)	(111)	-					
Structured transaction	-	-	-	-	-	(117)	-	(117)	-	-					
Non-continuing businesses (including Credit intermediation trades)	(926)	9	(935)	30	(778)	(295)	26	(321)	14	(234)					
Gains on Visa shares	-		-	-	-	-	-	-	-	-					
Organisational transformation costs	-	24	(24)	-	(17)	-	218	(218)	-	(152)					
New Zealand tax rate change	-	-	-	-	-	-	-	-	-	(7)					
Economic hedging - fair value gains/losses	656	-	656	-	461	252	-	252	-	176					
Revenue and investment hedges - mark-to-market	27	-	27	-	19	(23)	-	(23)	-	(16)					
Profit attributable to shareholders of the Company	**6,567**	**3,090**	**3,477**	**1,373**	**1,417**	**6,021**	**2,995**	**3,026**	**1,267**	**1,356**	**9%**	**3%**	**15%**	**8%**	**4%**

	Half Year Mar 2008					Growth Rate				
	Revenue	Expenses	PBP	Credit	NPAT	Revenue	Expenses	PBP	Credit	NPAT
Underlying business performance	**5,980**	**2,655**	**3,325**	**726**	**1,837**	**18%**	**11%**	**23%**	**98%**	**4%**
One ANZ restructuring costs	-	-	-	-	-					
ANZ share of ING New Zealand investor settlement	-	-	-	-	-					
Credit risk on impaired derivatives	(45)	-	(45)	(45)	-					
Structured transaction	(10)	-	(10)	-	-					
Non-continuing businesses (including Credit intermediation trades)	(222)	12	(234)	-	(163)					
Gains on Visa shares	353	-	353	-	248					
Impairment of intangible - Origin Australia	-	34	(34)	-	(24)					
New Zealand tax rate change	-	-	-	-	8					
Economic hedging - fair value gains/losses	96	-	96	-	67					
Revenue and investment hedges - mark-to-market	(14)	-	(14)	-	(10)					
Profit attributable to shareholders of the Company	**6,138**	**2,701**	**3,437**	**681**	**1,963**	**7%**	**14%**	**1%**	**102%**	**-28%**

Profit

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	4,822	4,070	3,780	18%	28%
Other operating income[1]	1,745	1,951	2,358	-11%	-26%
Operating income	6,567	6,021	6,138	9%	7%
Operating expenses	(3,090)	(2,995)	(2,701)	3%	14%
Profit before credit impairment and income tax	3,477	3,026	3,437	15%	1%
Provision for credit impairment	(1,373)	(1,267)	(681)	8%	large
Profit before income tax	2,104	1,759	2,756	20%	-24%
Income tax expense	(683)	(398)	(790)	72%	-14%
Minority interest	(4)	(5)	(3)	-20%	33%
Profit attributable to shareholders of the Company	1,417	1,356	1,963	4%	-28%

1. *Includes share of joint venture and associates profit*

Underlying profit

Profit has been adjusted to exclude non-core items to arrive at Underlying profit, the result for the ongoing business activities of the Group. The principles set out in the Australian Institute of Company Directors' (AICD's) and the Financial Services Institute of Australasia's (Finsia's) joint recommendations "Principles for reporting of non-statutory profit information" have been adopted in determining underlying profit. Throughout this document figures and ratios that are calculated on an 'underlying' basis have been shaded to distinguish them from figures calculated on a statutory basis.

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Statutory profit attributable to shareholders of the Company	1,417	1,356	1,963	4%	-28%
Less: Adjustments to statutory profit (net of tax)					
Gain on Visa shares[1]	-	-	248	n/a	-100%
Organisational transformation costs[1]	(17)	(152)	-	-89%	n/a
Impairment of intangible - Origin Australia[1]	-	-	(24)	n/a	-100%
New Zealand tax rate change[1]	-	(7)	8	-100%	-100%
Economic hedging - fair value gains/losses[1]	461	176	67	large	large
Revenue and net investment hedges[1]	19	(16)	(10)	large	large
Cash profit[2]	954	1,355	1,674	-30%	-43%
One ANZ restructuring costs[1]	(79)	-	-	n/a	n/a
ANZ share of ING NZ investor settlement[1]	(97)	-	-	n/a	n/a
Non continuing businesses					
Credit intermediation trades[1]	(664)	(213)	(158)	large	large
Other[1]	(114)	(21)	(5)	large	large
Underlying profit	1,908	1,589	1,837	20%	4%

1. *For detailed explanation of adjustments to statutory profit refer pages 13 to 14*
2. *As per market convention and using the definition adopted in prior periods*

Underlying profit by key line item

Net interest income	4,822	4,074	3,781	18%	28%
Other operating income[1]	2,218	2,241	2,199	-1%	1%
Operating income	7,040	6,315	5,980	11%	18%
Operating expenses	(2,944)	(2,751)	(2,655)	7%	11%
Profit before credit impairment and income tax	4,096	3,564	3,325	15%	23%
Provision for credit impairment[1]	(1,435)	(1,364)	(726)	5%	98%
Profit before income tax	2,661	2,200	2,599	21%	2%
Income tax expense	(749)	(606)	(759)	24%	-1%
Minority interest	(4)	(5)	(3)	-20%	33%
Underlying profit	1,908	1,589	1,837	20%	4%

1. *Credit valuation adjustments on defaulted or impaired exposures of $92 million are reclassified as provision for credit impairment (Sep 2008 half: $111 million; Mar 2008 half: $45 million)*

Earnings per share

Earnings per ordinary share (cents)	Half year Mar 09	Half year Sep 08	Half year Mar 08	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Basic	66.3	68.3	102.4	-3%	-35%
Diluted	63.4	65.9	98.6	-4%	-36%
Underlying[1] (Basic adjusted for adjustments to statutory profit)	89.7	80.3	95.7	12%	-6%
Number of fully paid ordinary shares on issue (M)	2,158.1	2,040.7	1,921.4	6%	12%
Weighted average number of ordinary shares (M)	2,100.7	1,950.7	1,895.1	8%	11%
Adjusted weighted average number of shares - diluted (M)	2,315.4	2,142.6	2,050.5	8%	13%

1. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

Condensed balance sheet

	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Assets					
Liquid assets	26,743	25,030	17,803	7%	50%
Due from other financial institutions	5,354	9,862	11,850	-46%	-55%
Trading and available-for-sale assets	37,494	32,657	31,203	15%	20%
Derivative financial instruments	57,445	36,941	29,217	56%	97%
Net loans and advances including acceptances	356,800	349,851	333,170	2%	7%
Other	18,962	15,952	14,516	19%	31%
Total assets	502,798	470,293	437,759	7%	15%
Liabilities					
Due to other financial institutions	18,314	20,092	19,134	-9%	-4%
Deposits and other borrowings	293,598	283,966	264,996	3%	11%
Derivative financial instruments	49,439	31,927	27,831	55%	78%
Liability for acceptances	15,017	15,297	15,756	-2%	-5%
Bonds and notes	73,138	67,323	63,549	9%	15%
Other	24,925	25,136	22,529	-1%	11%
Total liabilities	474,431	443,741	413,795	7%	15%
Total equity	28,367	26,552	23,964	7%	18%

Financial ratios

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M
Profit attributable to shareholders of the Company	1,417	1,356	1,963
Underlying profit	1,908	1,589	1,837
Profitability ratios			
Return on:			
Average ordinary shareholders' equity[2]	10.4%	11.4%	17.7%
Average ordinary shareholders' equity[2] (underlying[1] profit basis)	14.1%	13.5%	16.7%
Average assets	0.54%	0.61%	0.92%
Average assets (underlying[1] profit basis)	0.73%	0.71%	0.85%
Total income	8.5%	7.0%	10.8%
Net interest margin	2.22%	2.02%	2.00%
Net interest margin (excluding cash flow on derivatives)	2.15%	2.10%	2.07%
Underlying profit per average FTE ($)	51,584	43,745	52,737
Efficiency ratios			
Operating expenses to operating income	47.0%	49.7%	44.0%
Operating expenses to average assets	1.18%	1.34%	1.27%
Operating expenses to operating income (underlying[1])	41.8%	43.6%	44.4%
Operating expenses to average assets (underlying[1])	1.12%	1.24%	1.25%
Credit impairment provisioning			
Collective provision charge	(96)	470	348
Individual provision charge	1,469	797	333
Total provision charge	1,373	1,267	681
Individual provision charge[4] as a % of average net advances	0.81%	0.41%	0.21%
Total provision charge[4] as a % of average net advances	0.76%	0.69%	0.43%
Underlying collective provision charge	(96)	470	348
Underlying individual provision charge[3]	1,531	894	378
Total underlying provision charge	1,435	1,364	726
Individual provision charge[4] as a % of average net advances	0.85%	0.47%	0.24%
Total provision charge[4] as a % of average net advances	0.79%	0.75%	0.45%
Credit risk on derivatives - credit intermediation trade related	812	305	226
Ordinary share dividends (cents)			
Interim - 100% franked (Mar 08: 100% franked)	46	n/a	62
Final - 100% franked	n/a	74	n/a
Ordinary share dividend payout ratio[5]	71.3%	113.6%	61.4%
Underlying[1] ordinary share dividend payout ratio[5]	52.7%	96.7%	65.7%
Preference share dividend ($M)			
Dividend paid[6]	24	23	23

1. *Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 13 to 14 for explanation of adjustments to statutory profit*
2. *Average ordinary shareholders' equity excludes minority interest and preference share dividend*
3. *Includes credit valuation adjustments on defaulted or impaired exposures of $92 million (Sep 2008 half: $111 million; Mar 2008 half: $45 million) impairment expense on available-for-sale assets of $20 million (Sep 2008 half: $98 million; March 2008 half: $nil) and excludes non continuing businesses of $30 million (Sep 2008: $14 million; Mar 2008: $nil)*
4. *For the purposes of this ratio the individual provision charge excludes impairment expense on available-for-sale assets of $20 million (Sep 2008 half: $98 million; March 2008 half: $nil)*
5. *Dividend payout ratio is calculated using the 30 September 2008 final and the 31 March 2008 interim dividends and the proposed 31 March 2009 interim dividend*
6. *Represents dividends paid on Euro Trust Securities issued on 13 December 2004*

Financial ratios, cont'd

	As at Mar 09	As at Sep 08	As at Mar 08	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net Assets					
Net tangible assets[1] per ordinary share ($)	10.94	10.72	10.06	2%	9%
Net tangible assets[1] attributable to ordinary shareholders ($M)	23,608	21,878	19,326	8%	22%
Total number of ordinary shares (M)	2,158.1	2,040.7	1,921.4	6%	12%
Capital adequacy ratio (%)					
Tier 1	8.2%	7.7%	6.9%		
Tier 2	2.8%	3.4%	3.2%		
Total capital ratio	11.0%	11.1%	10.1%		
Risk weighted assets ($M)	280,882	275,434	267,486	2%	5%
Impaired assets					
Collective provision ($M)	2,742	2,821	2,340	-3%	17%
Collective provision as a % of credit risk weighted assets	1.06%	1.13%	n/a	-6%	n/a
Gross impaired loans[2] ($M)	3,691	1,750	1,048	large	large
Individual provisions on impaired loans[2] ($M)	(1,332)	(646)	(295)	large	large
Net impaired loans ($M)	2,359	1,104	753	large	large
Net impaired commitments and contingencies ($M)	441	48	46	large	large
Restructured items[3]	17	846	-	-98%	n/a
Individual provision as a % of gross impaired loans[2]	36.1%	36.9%	28.1%	-2%	28%
Gross impaired loans as % of net advances[2]	1.03%	0.50%	0.31%	large	large
Net impaired loans as a % of net advances[2]	0.66%	0.32%	0.23%	large	large
Net impaired loans, commitments and contingencies as a % of shareholders' equity[4]	9.89%	4.35%	3.34%	large	large
Other information					
Full time equivalent staff (FTE)	37,046	36,925	35,482	0%	4%
Assets per FTE ($M)	13.6	12.7	12.3	7%	11%
Market capitalisation of ordinary shares ($M)	33,990	38,263	43,328	-11%	-22%

1. *Equals shareholders' equity less preference share capital, minority interest, unamortised goodwill and other intangibles*
2. *Excludes impaired commitments and contingencies*
3. *Represents customer facilities which for reason of financial difficulty have been re-negotiated on terms which the Bank considers as uncommercial but necessary in the circumstances, and are not considered impaired. Includes both on and off balance sheet exposures*
4. *Includes minority interest*

Segment analysis

Effective from 1 October 2008, ANZ implemented a new structure around its three geographies, Australia, New Zealand and Asia Pacific, and its global institutional client business. Within this structure, the Institutional Asia Pacific, Europe & America business is included in both Institutional and Asia Pacific business units, consistent with how this business is internally managed. Prior period numbers have been adjusted in line with this structure change to ensure comparability

Divisional view (refer pages 37 to 60)

Profit after tax by business unit	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	908	963	945	-6%	-4%
Asia Pacific, Europe & America	401	203	205	98%	96%
Institutional	668	207	419	large	59%
New Zealand Businesses	236	235	358	0%	-34%
Group Centre	(33)	49	27	large	large
less: Institutional Asia Pacific, Europe & America	(272)	(68)	(117)	large	large
Underlying profit	1,908	1,589	1,837	20%	4%
Adjustments to statutory profit[1]	(491)	(233)	126	large	large
Profit attributable to shareholders of the Company	1,417	1,356	1,963	4%	-28%
Profit before provisions by business unit					
Australia	1,735	1,646	1,545	5%	12%
Asia Pacific, Europe & America	628	359	319	75%	97%
Institutional	1,663	1,159	1,012	43%	64%
New Zealand Businesses	536	518	595	3%	-10%
Group Centre	(16)	69	51	large	large
less: Institutional Asia Pacific, Europe & America	(450)	(187)	(197)	large	large
Underlying profit before provisions	4,096	3,564	3,325	15%	23%
Adjustments to statutory profit[1]	(619)	(538)	112	15%	large
Profit before provisions	3,477	3,026	3,437	15%	1%

Geographic view (refer pages 60 to 68)

Profit after tax by geography	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	1,084	1,075	1,192	1%	-9%
New Zealand	410	321	452	28%	-9%
Asia	198	139	96	42%	large
Pacific	89	69	64	29%	39%
Europe, America & India	127	(15)	33	large	large
Underlying profit	1,908	1,589	1,837	20%	4%
Adjustments to statutory profit[1]	(491)	(233)	126	large	large
Profit attributable to shareholders of the Company	1,417	1,356	1,963	4%	-28%
Profit before provisions by geography					
Australia	2,635	2,579	2,270	2%	16%
New Zealand	823	643	742	28%	11%
Asia	271	155	140	75%	94%
Pacific	142	105	98	35%	45%
Europe, America & India	225	82	75	large	large
Underlying profit	4,096	3,564	3,325	15%	23%
Adjustments to statutory profit[1]	(619)	(538)	112	15%	large
Profit before provisions	3,477	3,026	3,437	15%	1%

1. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

Segment analysis, cont'd

Net loans and advances including acceptances by business unit	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	191,420	184,067	174,404	4%	10%
Asia Pacific, Europe & America	22,583	21,331	19,405	6%	16%
Institutional	86,010	86,744	81,457	-1%	6%
New Zealand Businesses	74,291	74,612	74,060	0%	0%
Group Centre	(7)	1	-	large	n/a
less: Institutional Asia Pacific, Europe & America	(17,497)	(16,904)	(16,156)	4%	8%
Net loans and advances including acceptances	356,800	349,851	333,170	2%	7%

Customer deposits by business unit	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	98,976	90,148	85,110	10%	16%
Asia Pacific, Europe & America	29,623	22,526	19,418	32%	53%
Institutional	76,610	64,847	61,434	18%	25%
New Zealand Businesses	40,797	40,604	40,712	0%	0%
Group Centre	154	320	374	-52%	-59%
less: Institutional Asia Pacific, Europe & America	(19,716)	(13,716)	(11,976)	44%	65%
Customer deposits	226,444	204,729	195,072	11%	16%

Review of Group Results

ANZ recorded a profit after tax of $1,417 million for the half year ended 31 March 2009, a decrease of $546 million (28%) compared to the half year ended 31 March 2008. Earnings per ordinary share decreased 35% to 66.3 cents reflecting the lower statutory profit and the dilution from an 11% increase in the weighted average number of ordinary shares from equity raisings. Compared to the September 2008 half, profit increased $61 million or 4% and earnings per share decreased 3%.

This result includes a number of significant and non-recurring items which sit outside the ongoing business activities of the Group. These items have been adjusted from statutory profit to enable users of this report to understand the underlying performance of the Group.

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Statutory profit attributable to shareholders of the Company	1,417	1,356	1,963	4%	-28%
Less: Adjustments to statutory profit (net of tax)					
Gain on Visa shares	-	-	248	n/a	-100%
Organisational transformation costs	(17)	(152)	-	-89%	n/a
Impairment of intangible - Origin Australia	-	-	(24)	n/a	-100%
New Zealand tax rate change	-	(7)	8	-100%	-100%
Economic hedging - fair value gains/losses	461	176	67	large	large
Revenue and net investment hedges	19	(16)	(10)	large	large
Cash profit[1]	954	1,355	1,674	-30%	-43%
One ANZ restructuring costs	(79)	-	-	n/a	n/a
ANZ share of ING NZ investor settlement	(97)	-	-	n/a	n/a
Non continuing businesses					
Credit intermediation trades	(664)	(213)	(158)	large	large
Other	(114)	(21)	(5)	large	large
Underlying profit	1,908	1,589	1,837	20%	4%

1. *As per market convention and using the definition adopted in prior periods*

Refer pages 106 to 109 within Supplementary Information for a detailed reconciliation of statutory profit to underlying profit.

Explanation of adjustments to statutory profit

- Gain on Visa shares:

  ANZ acquired shares in Visa Inc. preceding the initial public offering in March 2008, resulting in a gain of $353 million ($248 million after tax) being the fair value of the shares issued to ANZ. Visa shares not sold into the initial public offering are held as an available-for-sale asset on the balance sheet.

- Organisational transformation initiatives

  ANZ continued an organisational transformation program which commenced in the September 2008 half, including process re-engineering and Bangalore. In the March 2009 half, ANZ incurred costs of $24 million ($17 million after tax) relating to the projects, including project team costs and associated travel. In the September 2008 half, costs of $218 million ($152 million after tax) were incurred relating to process re-engineering within Operations, Technology and Shared Services, an ATM write-off relating to a network upgrade and organisational transformation within our New Zealand business. ANZ expects approximately $100 million of benefits from these transformations in 2009, with full annualised benefits of $130 million by 2010. Any further expenditure on these transformation projects would be expected to generate equivalent annualised benefits.

- Impairment of intangible - Origin Australia

  An expense of $34 million ($24 million after tax) has been recognised on an Origin Australia intangible asset reflecting the winding back of the mortgage origination business.

- Impact of NZ tax rate change

  In May 2007, the New Zealand Government announced a reduction in company tax rate from 33% to 30%. For ANZ, this took effect from 1 October 2008 and resulted in a negative impact of $7 million profit after tax in the September 2008 half and an $8 million positive adjustment in the March 2008 half in relation to restatement of net deferred tax asset balances.

- Economic hedging – fair value gains/losses and mark-to-market adjustments on revenue

  The Group enters into economic hedges to manage its interest rate and foreign exchange risk. Application of AASB 139: Financial Instruments – Recognition and Measurement results in volatility within the Income Statement in relation to economic hedges as follows:

  - approved classes of derivatives not designated in accounting hedge relationships but that are considered to be economic hedges, including hedges of NZD and USD revenue
  - income/(loss) arising from the use of the fair value option (principally the credit spread on liabilities designated at fair value), and
  - ineffectiveness of designated accounting cash flow and fair value hedges.

Explanation of adjustments to statutory profit, cont'd

- Economic hedging – fair value gains/losses and mark-to-market adjustments on revenue, cont'd

  ANZ separately reports the impact of volatility due to economic hedging as an adjustment to statutory profit, as the profit or loss resulting from the transactions outlined above does not relate to the current accounting period and will reverse over time to be matched with the profit or loss from the economically hedged item as part of underlying profit. During the half year ended 31 March 2009, there was significant volatility due to the widening in basis spread differences between Australian and foreign rates creating a large mark-to-market gain on ANZ's funding swaps. This will reverse to the Income Statement as the swap contracts approach maturity or funding markets stabilise. In the case of volatility arising from the use of the fair value option, the mark-to-market gain of $299 million (Sep 2008 half: $71 million; Mar 2008 half: $122 million) is a result of widening spreads on the fair value of ANZ's own-issued paper. The decrease in the ineffective portion of cash flow and fair value hedges ($21 million loss) arises from the continued impact of global financial market turmoil on short term interest rates in the March 2009 half affecting the valuation of floating legs of swaps. These items will continue to be highly volatile and reverse over time.

Impact on income statement	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M
Non-compliant hedges	377	91	(33)
Revenue and net investment hedges – mark-to-market	27	(23)	(14)
Use of the fair value option	299	71	122
Ineffective portion of effective cash flow and fair value hedges	(21)	90	7
Profit before tax	682	229	82
Profit after tax	480	160	57

- One ANZ restructuring costs

  On 9 September 2008, ANZ announced a new business model and organisation structure to accelerate progress with its strategy to become a super regional bank, lift customer focus and drive performance improvement. The new structure became effective on 1 October 2008, with the new business model being established progressively. As a result, restructuring costs of $113 million ($79 million after tax) were incurred. ANZ expects approximately $100 million of benefits from these transformations, predominantly in the second half of 2009, with full annualised benefits of $150 million.

- ANZ share of ING NZ investor settlement (refer Note 15)

  Following the suspension of trading in two of the funds due to the deterioration in the liquidity and credit markets, ING (NZ) Limited announced that investors in the Funds will be receiving a proposal which allows them either a guaranteed value in five years time or the ability to exit the investment immediately for a cash amount. The estimated cost to the Group of $138 million ($97 million after tax) has been recognised as a reduction to Other operating income in the Income Statement.

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

  Reclassification of a reduction of $92 million from other operating income to provision for credit impairment (Sep 2008: $111 million, Mar 2008 $45 million) in relation to credit valuation adjustments on defaulted and impaired derivative exposures.

- Structured transaction (nil profit after tax impact)

  The Group arranged a significant structured transaction during 2008 which caused a reduction of $127 million (Sep 2008 half: $117 million; Mar 2008 half: $10 million) in other operating income offset by a similar reduction in income tax expense.

- Non Continuing Business

  As part of the new business model for ANZ, Institutional reviewed its existing business portfolio in light of its new strategic and business goals to determine the optimal structure for the division. As a result, new business has ceased in several product areas, including the Alternative Assets and Private Equity businesses. The Group's structured credit intermediation trades are also included within non continuing businesses. A summary of the impact of non continuing businesses follows:

Non continuing businesses	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	(1)	(4)	(1)	-75%	0%
Other operating income	(925)	(291)	(221)	large	large
Operating income	(926)	(295)	(222)	large	large
Operating expenses	(9)	(26)	(12)	-65%	-25%
Profit before credit impairment and income tax	(935)	(321)	(234)	large	large
Provision for credit impairment	30	14	-	large	n/a
Profit before income tax	(965)	(335)	(234)	large	large
Income tax expense	187	101	71	85%	large
Profit / (Loss)	(778)	(234)	(163)	large	large

Underlying profit

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	4,822	4,074	3,781	18%	28%
Other operating income[1]	2,218	2,241	2,199	-1%	1%
Operating income	7,040	6,315	5,980	11%	18%
Operating expenses	(2,944)	(2,751)	(2,655)	7%	11%
Profit before credit impairment and income tax	4,096	3,564	3,325	15%	23%
Provision for credit impairment[1]	(1,435)	(1,364)	(726)	5%	98%
Profit before income tax	2,661	2,200	2,599	21%	2%
Income tax expense	(749)	(606)	(759)	24%	-1%
Minority interest	(4)	(5)	(3)	-20%	33%
Underlying profit	1,908	1,589	1,837	20%	4%

1. *Credit valuation adjustments on defaulted or impaired exposures of $92 million are reclassified as provision for credit impairment (Sep 2008 half: $111 million; Mar 2008 half: $45 million)*

- **March 2009 half year compared to March 2008 half year**

Underlying profit increased by $71 million (4%) to $1,908 million for the half year ended 31 March 2009.

Profit before credit impairment and income tax increased $771 million (23%) to $4,096 million at 31 March 2009. Operating income was up 18% with Institutional benefiting from volatility in global markets. Balance sheet growth was solid with an increase in net lending assets of 7% and an increase in customer deposits of 16%. Net interest margin (excluding cash flow on derivatives) increased 8 basis points reflecting widening credit spreads and a re-pricing for risk.

Operating expenses grew 11% with the increases concentrated in our strategic growth area of Asia and growth in frontline staff within Institutional.

Provision for credit impairment increased $709 million to $1,435 million at 31 March 2009. All divisions experienced large increases in provision for credit impairment reflecting the deteriorating economic outlook in key markets.

- **March 2009 half year compared to September 2008 half year**

Underlying profit increased by $319 million (20%) to $1,908 million for the half year ended 31 March 2009. Profit before credit impairment and income tax increased $532 million (15%) with operating income growth of 11% following volatility in global markets and an increase in net interest margin (excluding derivatives) of 5 basis points.

Operating expenses grew 7% with the increases concentrated in our strategic growth area of Asia and growth in frontline staff within Institutional.

Provision for credit impairment increased $71 million (5%) largely impacted by the softening in the Australian economy.

Cash profit

The table below shows cash profit as per previous market convention and using definitions adopted in prior period.

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	4,821	4,070	3,780	18%	28%
Other operating income	1,063	1,722	1,923	-38%	-45%
Operating income	5,884	5,792	5,703	2%	3%
Operating expenses	(3,066)	(2,777)	(2,667)	10%	15%
Profit before credit impairment and income tax	2,818	3,015	3,036	-7%	-7%
Provision for credit impairment	(1,373)	(1,267)	(681)	8%	large
Profit before income tax	1,445	1,748	2,355	-17%	-39%
Income tax expense	(487)	(388)	(678)	26%	-28%
Minority interest	(4)	(5)	(3)	-20%	33%
Cash profit	954	1,355	1,674	-30%	-43%

Income and expenses

Net Interest Income

Group	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	4,822	4,070	3,780	18%	28%
Average interest earning assets	435,103	402,736	378,814	8%	15%
Net interest margin (%)	2.22	2.02	2.00	10%	11%
Group (excluding cash flow on derivatives)					
Net interest income	4,657	4,228	3,915	10%	19%
Average interest earning assets	435,103	402,736	378,814	8%	15%
Net interest margin (%)	2.15	2.10	2.07	2%	4%

- **March 2009 half year compared to March 2008 half year**

Net interest income at $4,822 million was 28% ($1,042 million) higher than the March 2008 half.

Volume

Average interest earning assets increased $56.3 billion (15%):

- Net advances grew by $37.4 billion (12%). Australia grew by $18.5 billion (11%), primarily in Mortgages ($15.5 billion), in line with market growth and some gains from lower tier lenders. Institutional grew by $13.9 billion (18% or $10.0 billion, 12% excluding exchange rate movements), largely due to corporate re-intermediation following the tightening of global credit markets in early 2008 in our Relationship and Specialised Lending Businesses ($11.4 billion). New Zealand Businesses grew $2.8 billion or 4% (NZD6.9 billion or 8%). Growth, excluding the impact of exchange rate movements, was $5.7 billion, mainly across the Retail, Rural and Commercial Banking businesses. Asia Pacific (excluding Institutional Asia Pacific) grew $2.2 billion (75% or $1.5 billion, 40% excluding exchange rate movements), reflecting the ongoing business expansion in the Asia Pacific region.
- Other interest earning assets increased $18.9 billion (32% or $11.7 billion 18% excluding exchange rate movements). Growth was driven by increases in liquid assets ($5.3 billion), trading and investment securities ($3.8 billion) and amounts due from other financial institutions ($3.9 billion) following a decision to increase liquidity portfolio holdings.

Average deposits and other borrowings increased $45.1 billion (18%):

- Customer deposits grew $26.6 billion (14%). Australia grew $12.9 billion (16%) driven by branch expansion and uplift following the Federal Government deposit guarantee and the stimulus payments. Institutional grew $10.8 billion (19%, or $7.6 billion, 13% excluding exchange rate movements), driven by customer acquisitions and a flight to cash investments reflecting share market volatility. New Zealand Businesses grew $0.6 billion (2%, or $2.3 billion, 6% excluding the impact of exchange rate movements), largely in the Retail businesses. Asia Pacific (excluding Institutional Asia Pacific) grew by $2.3 billion (31%), all driven by exchange rate movements.
- Wholesale funding grew $18.5 billion (29%) mainly in Institutional ($11.3 billion or $9.0 billion excluding exchange rate movements).

Loan capital and Bonds and notes increased $3.3 billion (4%), to fund growth in asset book.

Margin

Net interest margin increased by 22 basis points to 2.22% when compared to the prior comparative period. The continuing turmoil in global credit markets has changed the dynamics of margin movement, as higher market funding costs and liquidity concerns are inter-linked with ANZ's pricing and liquidity decisions. The net impact on margin of this turmoil and other drivers is explained as follows:

- Credit market impacts (+3 basis points) includes competition for deposits (-18 basis points), higher wholesale funding costs and basis risk (-10 basis points), lower interest rates reducing margins on deposits and capital (-8 basis points), and higher levels of liquidity (-2 basis points) collectively offsetting higher rates on the asset book (+17 basis points) and the follow through of out of cycle rate changes (+24 basis points).
- Funding mix (+4 basis points) was impacted by a higher proportion of funding through low margin deposits (-1 basis point) and a lower proportion of wholesale funding (+3 basis points) and a benefit in increased capital (+2 basis points).
- Asset mix (-2 basis points) was impacted by lower growth in higher margin businesses.
- Other items (+17 basis points) principally due to higher funding benefits associated with unrealised trading losses (+14 basis points), however this is directly offset by an equivalent decrease in trading income. In New Zealand lower mortgage prepayment income (-2 basis point) due to downward movement in New Zealand market rates has decreased margin. Other items include increased earnings on non-traded interest rate risk and other markets balance sheet interest (+5 basis points).

Income and expenses, cont'd

Net Interest Income, cont'd

- **March 2009 half year compared to September 2008 half year**

Net interest income at $4,822 million for the March 2009 half was 18% ($752 million) higher than the September 2008 half.

Volume

Average interest earning assets increased $32.4 billion (8%):

- Net advances grew by $20.3 billion (6%). Australia division grew by $9.3 billion (5%), primarily in Mortgages ($9.0 billion) which was assisted by the curtailed lending ability of lower tier lenders. Institutional grew $6.1 billion (7% or $1.7 billion, 2% excluding exchange rate movements), mainly in Relationship & Specialised Lending ($4.7 billion) however growth has slowed compared to prior halves. This was partly offset by a decrease in Transaction Banking (-$2.3 billion). New Zealand Businesses increased $3.2 billion or 4% (NZD1.9 billion or 2%). Growth excluding the impact of exchange rate movements was $1.8 billion, with growth across the Rural and Retail businesses. Asia Pacific (excluding Institutional Asia Pacific) grew $1.7 billion (47% or $0.9 billion, 20% excluding exchange rate movements).
- Other interest earning assets increased $12.1 billion (18% or $3.2 billion, 4% excluding exchange rate movements), driven mainly by the decision to hold a higher liquidity portfolio, reflected in increases in amounts due from other financial institutions ($2.3 billion) and trading and investment securities ($2.2 billion).

Average deposits and other borrowings grew $26.9 billion (10%):

- Customer deposits grew by $21.4 billion (11%). Australia division grew by $8.6 billion (10%) as a result of customary seasonal patterns and uplift from the Federal Government deposit guarantee and the stimulus payments. Institutional grew by $9.1 billion (16% or $5.1 billion, 8% excluding exchange rate movements), due to customer acquisitions and a flight to cash investments in light of share market volatility. New Zealand Businesses increased $1.2 billion (3% or $0.4 billion, 1% excluding exchange rate movements), mainly in the Retail businesses. Asia Pacific (excluding Institutional Asia Pacific) increased $2.5 billion (34% or $0.5 billion, 6% excluding exchange rate movements).
- Wholesale funding increased $5.5 billion (7%) driven by exchange rate movements. Treasury increased $2.0 billion due to an increase of certificate of deposits.

Loan capital and Bonds and notes decreased $1.4 billion (-2%) driven mainly by a decrease of unsubordinated debt.

Margin

Net interest margin increased by 20 basis points to 2.22% from the September 2008 half. The impact of actions taken to recover higher funding costs incurred due to the global credit crisis, are evident in the improvement in margin in the March half. The net impact on margin of the market turmoil and other drivers is explained as follows:

- Credit market impacts (+1 basis point) includes competition for deposits (-14 basis points), higher wholesale funding costs and basis risk (-2 basis points), lower interest rates reducing margins on deposits and capital (-9 basis points) and higher levels of liquidity (-1 basis point) collectively offsetting higher rates on the asset book (+13 basis points) and the follow through of out of cycle rate changes (+14 basis points).
- Funding mix (+5 basis points) was impacted by a reduction in the proportion of low margin wholesale funding (+3 basis points) plus benefit from growth in shareholder equity (+2 basis points).
- Asset mix (-2 basis points) was impacted by lower growth in higher margin businesses.
- Other items (+16 basis points) principally due to higher funding benefits associated with unrealised trading losses (+15 basis points), however this is directly offset by an equivalent decrease in trading income. Lower earnings from non-traded interest rate risk (-3 basis points), other market balance sheet interest (+5 basis points) and lower New Zealand mortgage prepayment income (-1 basis point) due to downward movement in New Zealand market rates reduced margin.

Income and expenses, cont'd

Other Operating Income

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Fee income	1,324	1,330	1,292	0%	2%
Foreign exchange earnings	539	350	339	54%	59%
Profit on trading instruments	90	263	243	-66%	-63%
Other	265	298	325	-11%	-18%
Underlying other operating income	2,218	2,241	2,199	-1%	1%
Economic hedging - fair value gains/losses	655	252	96	large	large
Revenue and investment hedges - mark to market	27	(23)	(14)	large	large
Gain on Visa Shares	-	-	353	n/a	-100%
ANZ share of ING NZ investor settlement	(138)	-	-	n/a	n/a
Credit risk on impaired derivatives[1]	(92)	(111)	(45)	-17%	large
Structured transaction	-	(117)	(10)	-100%	-100%
Non continuing businesses					
Credit intermediation trades	(812)	(305)	(226)	large	large
Other	(113)	14	5	large	large
Other operating income	1,745	1,951	2,358	-11%	-26%

Composition of Global Markets Underlying income

Net interest income	447	45	(48)	large	large
Foreign exchange earnings	475	244	282	95%	68%
Profit on trading instruments	33	253	240	-87%	-86%
Fee and other income	64	71	85	-10%	-25%
Total Markets income	1,019	613	559	66%	82%

1. *Reclassified to credit provisions on page 14*

- **March 2009 half year compared to March 2008 half year**

Other operating income decreased $613 million (26%). Excluding the adjustments to statutory profit (refer pages 13 to 14) underlying other operating income increased $19 million (1%).

The following explanations are based on underlying other operating income:

- Fee income increased $32 million (2%):
  - Lending fee income increased $76 million (27%). Institutional increased $54 million: Global Markets increased $23 million with higher fees in the securitisation business, Relationship Lending increased $15 million due to increased volumes, and Transaction Banking increased $14 million as a result of growth in Asia. Australia increased $18 million with a $6 million increase in Deposits reflecting volume growth and a $5 million increase in Consumer Cards reflecting pricing initiatives and volume growth.
  - Non-lending fee income decreased $44 million (4%). Institutional decreased $22 million with Specialised Lending decreasing $19 million, Relationship Banking decreasing $14 million driven by lower volumes, and Global Markets increasing $5 million due to strong performance by the Capital Markets securitisation business. Australia decreased $19 million with Wealth decreasing $32 million due to a decline in earnings as a result of the downturn in investment markets offset by Deposits increasing $17 million as a result of pricing initiatives. New Zealand decreased $14 million, however excluding the impact of exchange rates, the decrease was $7 million with a $4 million reduction in Commercial and a $3 million reduction in Retail. Asia Pacific increased $12 million largely in Retail Asia due to growth in card fees driven by higher Indonesian volumes.
- Foreign exchange earnings increased $200 million. Institutional increased $211 million, with a $193 million increase in Global Markets as a result of volatility in global currency markets and higher sales volumes and a $16 million increase in Transaction Banking driven by exchange rate market volatility. Group Centre decreased $18 million with revenue hedge losses reflecting the weaker AUD.
- Profit on trading instruments decreased $153 million. Global Markets decreased $207 million, which included a $300 million decrease in unrealised trading gains directly offset by an equivalent increase in net interest income. Excluding this offset, the business has benefited from increased volatility in the interest rate market and higher sales volumes. Balance Sheet Management increased $56 million due to mark-to-market impacts of credit derivatives used to hedge existing customers as a result of widening credit spreads.

Income and expenses, cont'd

Other Operating Income, cont'd

- Other income decreased $60 million (18%).
  - Equity accounted income increased from our investments in Shanghai Rural Commercial Bank (SRCB), AMMB Holdings Berhad (AMMB), Bank of Tianjin (BoT), Saigon Securities Incorporation (SSI) as well as increased income from Panin Bank. The March 2009 half included adjustments to ANZ's share of earnings from prior periods for SRCB and BoT totalling $65 million. These increases were partially offset by a write-down of the investment in SSI ($25 million), a mark-to-market loss on Panin Warrants ($35 million) and a part reversal of the prior year mark-to-market gain on SSI options. The net impact of these movements was an increase of $64 million.
  - INGA earnings reduced $52 million and ETrade brokerage reduced $17 million as a result of the downturn in investment markets.
  - Property sale profits reduced $20 million with the sale 16 bank branches in New Zealand ($15 million) in the current half and $35 million profit, largely in Australia in the March 2008 half.
  - Stadium Australia was deconsolidated during 2008 resulting in a $19 million reduction in other income.
  - A number of other smaller variances included a reduction in mortgages income from LMI insurance premiums and securitised loans together with a reduction in other income in the Institutional Balance Sheet Management business.
- Movements in average exchange rates increased total other operating income by $19 million.

Total Global Markets income is affected by mix impacts between the categories within other operating income and net interest income. Total Global Markets income increased $460 million.

▪ March 2009 half year compared to September 2008 half year

Other operating income decreased $206 million (11%) from the September 2008 half. Excluding the adjustments to statutory profit (refer pages 13 to 14), underlying other operating income decreased $23 million (1%).

The following explanations are based on underlying other operating income:

- Fee income decreased $6 million
  - Lending fee income increased $50 million (16%):
    - Institutional increased $38 million. Global Markets increased $17 million mainly from the securitisation business. Transaction Banking increased $12 million as a result of the growth strategy in Asia. Relationship Lending increased $10 million reflecting pricing initiatives.
  - Non-lending fee income decreased $56 million (6%):
    - Institutional decreased $32 million (13%). Specialised Lending decreased $25 million due to lower volumes.
    - Australia decreased $42 million (7%). Wealth decreased $23 million reflecting the downturn in the investment market. Consumer Cards decreased $7 million due to increased loyalty costs. Commercial Cards decreased $5 million due to lower interchange revenue and seasonality of annual fees. Esanda decreased $5 million as a result of a reduction in predetermination of contracts.
    - Asia Pacific increased $10 million with Retail Asia up $7 million as a result of growth in card fees driven by higher Indonesian volumes.
- Foreign exchange earnings increased $189 million. Global Markets increased $231 million due to volatility in global currency markets and higher sales volumes, and Transaction Banking increased $12 million as a result of exchange rate market volatility. Group Centre decreased $63 million as a result of revenue hedge losses due to the weaker AUD.
- Profit on trading instruments decreased $173 million. Global Markets was $220 million lower, including a $323 million decrease from derivative positions offset in net interest income. Excluding this, the business has benefited from increased volatility in the interest rate market and higher sales volumes. Balance Sheet Management increased $49 million due to mark-to-market impacts of credit derivatives used to hedge existing customer exposures as a result of widening spreads.

Total Global Markets income is affected by mix impacts between the categories within other operating income and net interest income. Total Global Markets income increased $406 million.

- Other income decreased $33 million:
  - Equity accounted income increased from our investments in SRCB, AMMB, SSI, Bank of Tianjin as well as increased income from Panin Bank were partially offset by a write-down of the investment in SSI, movement in the mark-to-market of Panin warrants, and an increased mark-to-market loss on SSI options. The net impact of these movements was an increase of $25 million.
  - INGA earnings reduced $26 million as a result of the downturn in investment markets.
  - Property sale profits reduced $7 million with the sale 16 bank branches in New Zealand ($15 million) in the current half and $22 million profit in the September 2008 half.
  - A number of other smaller variances included a reduction in mortgages income from LMI insurance premiums and securitised loans, together with a reduction in income from structured leasing.
- Movements in average exchange rates increased total other operating income $23 million.

Income and expenses, cont'd

Expenses

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Personnel expenses	1,769	1,628	1,616	9%	9%
Premises expenses	281	259	251	8%	12%
Computer expenses	351	308	299	14%	17%
Other expenses	543	556	489	-2%	11%
Underlying operating expenses	2,944	2,751	2,655	7%	11%
Impairment of intangible - Origin Australia	-	-	34	n/a	-100%
One ANZ restructuring expenses	113	-	-	n/a	n/a
Non continuing businesses					
Other	9	26	12	-65%	-25%
Organisational transformation costs[1]	24	218	-	-89%	n/a
Total operating expenses	3,090	2,995	2,701	3%	14%
Total employees	37,046	36,925	35,482	0%	4%

1. *Mar 2009 comprises personnel costs of $6 million, computer costs of $3 million and other costs of $15 million (Sep 2008 comprises personnel costs of $172 million, computer costs of $2 million and other costs of $44 million) (refer page 13)*

- **March 2009 half year compared to March 2008 half year**

Operating expenses increased $389 million (14%). Excluding the adjustments to statutory profit (refer pages 13 to 14) underlying operating expenses increased $289 million (11%). Movements in exchange rates contributed 2% of the increase. Of the remaining increase, Asia Pacific contributed approximately half (4% or $117 million) with substantial investment in expanding branch networks across the region and increased resources to drive the growth agenda. Institutional (excluding Asia Pacific) contributed 2% of the increase driven by higher staff numbers with increases concentrated in the strategic growth area of Global Market and in frontline staff. Cost growth was only 4% in Australia and 5% in New Zealand.

The following explanations are based on underlying operating expenses:

- Personnel costs were up $153 million (9%) as a result of annual salary increases and a 4% increase in staff numbers. Increases in staff numbers were mainly in the following business units:
  - Asia Pacific (excluding Institutional Asia Pacific) staff numbers increased 29%. Retail Asia increased 45% and Operations increased 48% due to continued growth in the business.
  - Institutional staff numbers increased 11%. Global Markets grew 12% with growth in Asia and Australia focused on revenue generating initiatives. Relationship Banking increased 12% driven mainly by expansion in Asia.
- Premises costs increased $30 million (12%), driven mainly by a $28 million higher rental expense reflecting additional space requirements, the impact of the sale and leaseback program and market rental growth.
- Computer costs increased $52 million (17%), due to software purchases ($16 million) mainly as a result of higher licence costs in Global Shared Services and depreciation ($14 million). The remaining increase comprised a number of small increases, including data communication costs up $5 million and software written-off and rental and repairs both increasing $4 million.
- Other expenses increased $54 million (11%). Professional fees increased $11 million with Asia Pacific up $5 million due to expansion of the division and Transaction Banking increasing $4 million due to the now finalised Securities Lending Review in Institutional. Stamp and other duties grew $6 million due mainly to a $3 million increase in Esanda. Card processing expenses increased $5 million on higher volumes. Depreciation of furniture and equipment increased $4 million due to completed projects now being depreciated. Loss on sale of furniture and fittings increased $4 million, due to write-offs. New Zealand other expenses increased $13 million due mainly to the full half impact from the acquisition of a controlled entity during the second half of 2008.
- Movements in exchange rates increased costs $46 million.

Income and expenses, cont'd

Expenses, cont'd

- **March 2009 half year compared to September 2008 half year**

Operating expenses increased $95 million (3%) from the September 2008 half. Excluding the adjustments to statutory profit (refer pages 13 to 14) underlying operating expenses increased $193 million (7%). Movements in exchange rates contributed 4% of this increase. Of the remaining increase, Asia Pacific contributed approximately half (1%) due to continued investment in expanding distribution across the region and increased resources to support the growth agenda. Institutional (excluding Asia Pacific) contributed 1% of the increase driven by continued investment in technology. Growth in domestic businesses was only 2% in Australia and New Zealand decreased by 2%.

The following explanations are based on underlying operating expenses:

- Personnel expenses increased $141 million (9%) as a result of annual salary increases and the full impact of new staff employed during the September 2008 half year. Continued investment in Asia Pacific (including Institutional Asia Pacific) contributed $89 million of the increase.
- Premises costs increased $22 million (8%) with rental expenses growing $12 million reflecting market rental growth, utilities and other outgoings increasing $5 million and depreciation and amortisation charges increasing $4 million. Investment in Asia Pacific (including Institutional Asia Pacific) contributed $18 million of the increase.
- Computer costs increased $43 million (14%), due to software purchases ($17 million) mainly as a result of higher licence costs in Global Shared Services and increase in deprecation ($11 million). Data communication costs and software written-off both increased by $5 million.
- Other expenses decreased $13 million (2%). Non lending losses decreased $22 million with reductions of $7 million in Australia, $6 million in New Zealand and $5 million in Institutional. Professional fees decreased $14 million with Institutional $17 million lower due mainly to the Securities Lending Review conducted in the September 2008 half. Travel costs decreased $11 million due to increased focus on cost constraint. Partly offsetting these reductions were a $9 million increase in loss on sale of furniture and fittings due to the Melbourne CBD property strategy and an $8 million increase in New Zealand in other expenses due to the full impact from the acquisition of a controlled entity during the second half of 2008. There were a number of other small increases including $4 million in freight costs and $3 million in card processing and depreciation of furniture and equipment.
- Movements in exchange rates increased costs $93 million.

Credit risk (including credit risk on derivatives)

Provision for credit impairment charge

Total credit impairment charge relating to lending assets, commitments and debt securities classified as available-for-sale assets increased $106 million from the September 2008 half to $1,373 million. The underlying credit impairment charge increased $71 million to $1,435 million. Impairment charges increased over the half due to the ongoing deterioration in the global credit market and a softening in global economies. The individual provision charge increased across all divisions. Collective provision charge increases in Australia and Asia Pacific, Europe & America were offset by a release in Institutional. The increase in provisions reflects a combination of a cautious approach taken to recognising impairment in the current volatile conditions, as well as actual losses booked in difficult and tightening market conditions.

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	445	296	221	50%	large
Asia Pacific, Europe & America	121	121	49	0%	large
Institutional	718	872	410	-18%	75%
New Zealand Businesses	205	173	67	18%	large
Group Centre	16	-	7	n/a	large
less: Institutional Asia Pacific, Europe & America	(70)	(98)	(28)	-29%	large
Underlying provision for credit impairment charge	1,435	1,364	726	5%	98%
Non continuing businesses	30	14	-	large	n/a
Credit risk on impaired derivatives[1]	(92)	(111)	(45)	-17%	large
Provision for credit impairment charge	1,373	1,267	681	8%	large

1. *Credit valuation adjustments on defaulted or impaired exposures of $92 million are reclassified as provision for credit impairment (Sep 2008 half: $111 million; Mar 2008 half: $45 million). Refer page 14*

Individual provision charge

Total individual provision charge increased $672 million to $1,469 million from the September 2008 half.

The underlying individual provision charge increased $637 million to $1,531 million. The increase in Institutional charge for loans and advances of $539 million reflects the current downward global economic cycle and its overall adverse effect on credit quality and includes two large provisions totalling $330 million. The increase in New Zealand Businesses of $60 million was driven by higher retail consumer and business provisioning charges as weak economic conditions impacted household income, consumer spending and business sectors. The Australia Business increased $98 million and was driven by higher loss rates across all portfolios. Retail portfolios are experiencing rising levels of bankruptcies, liquidations/administrations and customers falling under hardship policies. This is coupled with lower recovery rates in a tightened debt sales market and lower resale values impacting Esanda recoveries.

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	338	240	182	41%	86%
Asia Pacific, Europe & America	42	9	15	large	large
Institutional	963	424	130	large	large
New Zealand Businesses	176	116	41	52%	large
Group Centre	-	-	7	n/a	-100%
less: Institutional Asia Pacific, Europe & America	(8)	7	3	large	large
Underlying individual provision charge for loans and advances	1,511	796	378	90%	large
Individual provision charge as a % of average net advances	0.85%	0.47%	0.24%		
Impairment on AFS assets[1]	20	98	-	-80%	n/a
Total underlying individual provision charge	1,531	894	378	71%	large
Non continuing businesses	30	14	-	large	n/a
Credit risk on impaired derivatives	(92)	(111)	(45)	-17%	large
Total individual provision charge	1,469	797	333	84%	large

1. *Impairment on AFS assets impacts on Institutional and Asia Pacific, Europe & America divisions*

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

Individual provision charge, cont'd

Underlying new and increased provisions	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	416	318	247	31%	68%
Asia Pacific, Europe & America	50	13	21	large	large
Institutional	987	438	143	large	large
New Zealand Businesses	188	131	54	44%	large
Group Centre	-	-	8	n/a	-100%
less: Institutional Asia Pacific, Europe & America	(11)	-	(4)	n/a	large
New and increased provisions for loans and advances	1,630	900	469	81%	large

Underlying recoveries and writebacks	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	(78)	(78)	(65)	0%	20%
Asia Pacific, Europe & America	(8)	(4)	(6)	100%	33%
Institutional	(24)	(14)	(13)	71%	85%
New Zealand Businesses	(12)	(15)	(13)	-20%	-8%
Group Centre	-	-	(1)	n/a	-100%
less: Institutional Asia Pacific, Europe & America	3	7	7	-57%	-57%
Recoveries and writebacks	(119)	(104)	(91)	14%	31%

Collective provision charge

The collective provision charge decreased $566 million during the half resulting in a release of $96 million. ANZ recognised as a collective provision in 2008 additional risks inherent in the portfolio which at the time could not be specifically identified. Circumstances crystallised during this half resulting in a release in the collective provision of $306 million including a concentration risk release of $228 million and an economic cycle adjustment release of $78 million within Institutional partially offset by risk charges in the division. The charge in the Australia Division was up $51 million largely driven by retail unsecured products reflecting higher delinquencies and bankruptcies, coupled with deterioration in the Esanda motor vehicle chattels. The New Zealand Businesses charge of $29 million reflects a charge for an increase in unsecured consumer delinquencies and weakening in the business risk profiles. The increase in Asia Pacific of $45 million was due mainly to weaknesses in Singapore and the Indonesian Cards portfolios coupled with increases in Europe and America.

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

Collective provision charge by source	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Lending growth	67	66	131	2%	-49%
Risk profile	141	56	144	large	-2%
Portfolio mix	2	(15)	(21)	large	large
Economic cycle adjustment	(78)	100	125	large	large
Concentration risk	(228)	300	-	large	n/a
Other[1]	-	(37)	(31)	-100%	-100%
Collective provision charge	(96)	470	348	large	large

Collective provision charge by business unit	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	107	56	39	91%	large
Asia Pacific, Europe & America	59	14	34	large	74%
Institutional	(265)	350	280	large	large
New Zealand Businesses	29	57	26	-49%	12%
Group Centre	16	-	-	n/a	n/a
less: Institutional Asia Pacific, Europe & America	(42)	(7)	(31)	large	35%
Collective provision charge	(96)	470	348	large	large

1. *Other comprises scenario impact including the modelled unwind of the oil price shock (raised in 2005) to offset the emergence of related Individual and Collective provisions from these scenario impacts and the refinement of estimates including emergence periods*

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

Credit risk on derivatives

ANZ recognised $904 million of credit risk on derivatives during the half year (Sep 2008 half: $416 million; Mar 2008 half: $271 million).

Credit risk on derivatives	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Credit intermediation trade related	812	305	226	large	large
Credit risk on impaired derivatives	92	111	45	-17%	large
Credit risk on derivatives	904	416	271	large	large

Structured credit intermediation trades

ANZ entered into a series of structured credit intermediation trades from 2004 to 2007. The underlying structures involve credit default swaps (CDS) over synthetic collateralised debt obligations (CDOs) (80%), portfolios of external collateralised loan obligations (CLOs) (12%) or specific bonds/floating rate notes (FRNs) (8%).

ANZ sold protection using credit default swaps over these structures and then to mitigate risk purchased protection via credit default swaps over the same trades from eight US financial guarantors.

Financial impacts on credit intermediation	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Mark-to-market value	3,268	1,693	1,161	93%	large
Risk weighted assets relating to financial guarantors	5,335	2,238	n/a	large	n/a
Credit risk adjustments (cumulative)	1,343	531	226	large	large

Mark-to-market impact

As derivatives, both the sold protection and purchased protection are marked-to-market. Prior to the commencement of the global credit crisis, gains and losses were not significant and largely offset each other in income.

The value of the obligation under the sold protection has grown to USD2.24 billion, for which the purchased protection has provided only a partial offset as:

- one of the purchased protection counterparties has defaulted, and
- ANZ has made a credit valuation adjustment on the remaining counterparties. Although many of the US financial guarantors are AAA or AA, their credit spreads have increased significantly.

As a result of the above, the aggregate of credit risk expense for credit intermediation trades is USD490 million ($812 million) for the half year ended 31 March 2009.

The credit risk expense on structured credit derivatives has moved significantly since 31 March 2009 (a reduction of approximately $200 million after tax as at 24 April 2009) reflecting the impact of market movements in credit spreads and USD/AUD rates.

It is likely there will continue to be substantial volatility in this market value. However, ANZ expects the actual cash losses to be substantially less than the mark-to-market of adjustment for credit risk on these structured credit derivatives.

Further information regarding the credit risk on derivatives is available on the ANZ website in the analysts' toolkit.

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

Gross impaired loans

Gross impaired loans at $3,691 million represent a $1,941 million increase over 30 September 2008. The increase is principally in Institutional and reflects the tight liquidity, high leverage and earnings pressure in the current market, resulting in a number of downgrades spread across the financial, health and community services and commercial property portfolios. Notably this included the downgrade of $846 million previously reported as restructured. The New Zealand Businesses increase of $230 million was driven primarily by customer downgrades in the small business, commercial and agribusiness segments and mortgages portfolios. The Australia Division increase of $208 million was due largely to rising Esanda retail chattel default rates coupled with higher default rates in the small business, commercial and agribusiness segments and mortgage portfolios. The rise in Asia Pacific, Europe & America was due to an increase in property related defaults within Cambodia and Pacific portfolios.

Net impaired loans

Net impaired loans at $2,359 million represent a $1,255 million increase over 30 September 2008. The Group has an individual provision coverage ratio of 36%.

	As at Mar 09	As at Sep 08	As at Mar 08	Movt Mar 09 v. Sep 08	Movt Mar 09 v. Mar 08
Gross impaired loans	**$M**	**$M**	**$M**	**%**	**%**
Australia	619	411	273	51%	large
Asia Pacific, Europe & America	218	170	58	28%	large
Institutional	2,502	1,037	613	large	large
New Zealand Businesses	497	267	133	86%	large
Group Centre	-	-	-	n/a	n/a
less: Institutional Asia Pacific, Europe & America	(145)	(135)	(29)	7%	large
Total gross impaired loans	3,691	1,750	1,048	large	large
Net impaired loans					
Australia	292	194	116	51%	large
Asia Pacific, Europe & America	172	122	39	41%	large
Institutional	1,755	733	534	large	large
New Zealand Businesses	277	160	89	73%	large
Group Centre	-	-	-	n/a	n/a
less: Institutional Asia Pacific, Europe & America	(137)	(105)	(25)	30%	large
Total net impaired loans	2,359	1,104	753	large	large
Individual provision coverage	36%	37%	28%		

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

Net impaired loans, cont'd

New and increased impaired loans	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	634	512	355	24%	79%
Asia Pacific, Europe & America	129	153	46	-16%	large
Institutional	2,200	931	565	large	large
New Zealand Businesses	422	274	104	54%	large
Group Centre	-	-	-	n/a	n/a
less: Institutional Asia Pacific, Europe & America	(72)	(124)	(27)	-42%	large
Total new and increased impaired loans	3,313	1,746	1,043	90%	large

Restructured items[1]	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Institutional	-	846	-	-100%	n/a
New Zealand Businesses	17	-	-	n/a	n/a
Total restructured items	17	846	-	-98%	n/a

1. *Represents customer facilities which for reason of financial difficulty have been re-negotiated on terms which the Bank considers as uncommercial but necessary in the circumstances, and are not considered impaired. Includes both on and off balance sheet exposures*

Net impaired commitments and contingencies	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	9	8	8	13%	13%
Institutional	422	35	22	large	large
New Zealand Businesses	10	5	16	100%	-38%
Net impaired commitments and contingencies	441	48	46	large	large

Income tax expense

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Income tax expense charged in the income statement	683	398	790	72%	-14%
Effective tax rate	32.5%	22.6%	28.7%		
Income tax expense on underlying profit[1]	749	606	759	24%	-1%
Effective tax rate (underlying profit[1])	28.1%	27.5%	29.2%		

1. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

- **March 2009 half year compared to March 2008 half year**

The Group's effective tax rate was 32.5%, up 3.8%. The increase was primarily due to the impact of unrealised losses associated with the Offshore Banking Unit (OBU), non-deductible mark-to-market losses on fair valued investments related to associate entities and the impairment of our investment in SSI, offset by a lower overseas tax rate differential, mainly as a result of the reduced New Zealand tax rate and higher equity accounted earnings, all in the March 2009 half. The March 2008 half included a favourable restatement of deferred tax balances due to the New Zealand tax rate change. The underlying effective tax rate decreased by 1.1%, due primarily to a lower overseas tax rate differential and higher equity accounted earnings, offset by non-deductible mark-to-market losses on fair valued investments related to associate entities and impairment of investment in SSI, all in the March 2009 half.

- **March 2009 half year compared to September 2008 half year**

The Group's effective tax rate increased by 9.9%, primarily due to the impact of unrealised losses associated with the OBU, non-deductible mark-to-market losses on fair valued investments related to associate entities and the impairment of our investment in SSI, offset by a lower overseas tax rate differential, mainly as a result of the reduced New Zealand tax rate and higher equity accounted earnings, all in the March 2009 half. The September 2008 half included the impact of non-assessable mark-to-market gains on fair valued investments related to associate entities offset by OBU income as a result of a structured transaction and a further restatement of deferred tax balances due to the New Zealand tax rate change. The underlying effective tax rate increased by 0.6%, due to non-deductible mark-to-market losses on fair valued investments related to associate entities and the impairment of our investment in SSI, offset by a lower overseas tax rate differential and higher equity accounted earnings, all in the March 2009 half. The September 2008 half included the impact of non-assessable mark-to-market gains on fair valued investments related to associate entities.

Earnings per share[1] (cents)

	Half year Mar 09	Half year Sep 08	Half year Mar 08	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Basic	66.3	68.3	102.4	-3%	-35%
Diluted	63.4	65.9	98.6	-4%	-36%
Underlying earnings per share					
Profit attributable to shareholders of the Company ($M)	1,417	1,356	1,963	4%	-28%
Less: Adjustments to statutory profit ($M)	(491)	(233)	126	large	large
Underlying profit ($M)	1,908	1,589	1,837	20%	4%
Preference share dividend[2] ($M)	(24)	(23)	(23)	4%	4%
Underlying earnings ($M)	1,884	1,566	1,814	20%	4%
Weighted average number of ordinary shares (M)	2,100.7	1,950.7	1,895.1	8%	11%
Underlying earnings per share (cents)	89.7	80.3	95.7	12%	-6%

1. *Refer page 88 for full calculation*
2. *The earnings per share calculation excludes the Euro Hybrid preference shares*

Earnings per share were down 35% (36.1 cents) to 66.3 cents on the March 2008 half. Underlying earnings per share for the Group decreased 6% or 6.0 cents on the March 2008 half. The main drivers were:

- an after tax increase in credit impairment charge (27%)
- dilution from an increase in the weighted average number of shares (10%)
- offset by an increase in profit before credit impairment (after tax) (31%).

March 2009 half year earnings per share decreased 3% (2.0 cents) on the September 2008 half. Underlying earnings per share for the Group increased by 12% (9.4 cents) on the September 2008 half. The main drivers were:

- an after tax increase in credit impairment charge (4%)
- dilution from an increase in the weighted average number of shares (8%)
- offset by an increase in profit before credit impairment (after tax) (24%).

Impact of exchange rate movements[1]

Presented below is an analysis of the impact of foreign exchange movements on the income statement, net of earnings from economic revenue hedges put in place to hedge NZD and USD revenue.

Movements in exchange rates have resulted in a $11 million decrease in underlying profit for the period, principally due to the translation of NZD earnings net of associated revenue hedges which are booked in Australia as foreign exchange earnings and translation of USD earnings net of associated revenue hedges. NZD earnings were translated at effective exchange rates of 1.181 (March 2009 half) and 1.126 (March 2008 half). USD earnings were translated at effective exchange rates of 0.8140 (March 2009 half) and 0.8976 (March 2008 half).

	Half Year Mar 2009 v. Half Year Sep 2008			Half Year Mar 2009 v. Half Year Mar 2008		
	FX unadjusted % growth	FX adjusted % growth	FX Impact $M	FX unadjusted % growth	FX adjusted % growth	FX Impact $M
Net interest income	18%	15%	125	28%	26%	51
Other operating income	-1%	-2%	23	1%	0%	19
Operating income	11%	9%	148	18%	16%	70
Operating expenses	7%	4%	(93)	11%	9%	(46)
Profit before credit impairment and income tax	15%	13%	55	23%	22%	24
Provision for credit impairment	5%	2%	(50)	98%	94%	(12)
Profit before income tax	21%	21%	5	2%	2%	12
Income tax expense	24%	25%	4	-1%	-1%	(1)
Minority interest	-20%	-36%	-	33%	5%	-
Underlying[2] profit	20%	19%	9	4%	3%	11

1. *ANZ has removed the impact of exchange rate movements to provide a better indication of the Group's performance in local currency terms. Retranslation is net of revenue hedges taken to income in cash profit, refer page 30*
2. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

Dividends

Dividend per ordinary share (cents)	Half year Mar 09	Half year Sep 08	Half year Mar 08	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Interim (fully franked)	46	n/a	62	n/a	-26%
Final (fully franked)	n/a	74	n/a	n/a	n/a
Ordinary share dividend payout ratio[1] (%)	71.3%	113.6%	61.4%		
Profit after tax ($M)	1,417	1,356	1,963	4%	-28%
Less: Adjustments to statutory profits[2] ($M)	(491)	(233)	126	large	large
Underlying profit ($M)	1,908	1,589	1,837	20%	4%
Ordinary share dividend payout ratio[1] (underlying basis)	52.7%	96.7%	65.7%		

1. *Dividend payout ratio calculated using proposed interim dividend of $993 million. The proposed interim dividend of $993 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the September 2008 half year and March 2008 half year calculated using actual dividend paid of $1,514 million and $1,192 million respectively*
2. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

The Directors propose that an interim dividend of 46 cents be paid on 1 July 2009 on each eligible ordinary share. The proposed interim dividend will be fully franked for Australian tax purposes.

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP). For the 2009 interim dividend, ANZ intends to provide shares under the DRP and BOP through the issue of new shares, and a discount of 1.5% will be applied when calculating the "Acquisition Price" used in determining the number of shares to be provided under the DRP and BOP terms and conditions. For the 2009 interim dividend, the "Pricing Period" under the DRP and BOP terms and conditions will be the seven trading days commencing on the second trading day immediately following 13 May 2009 as determined in accordance with those terms and conditions. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2009 interim dividend must be received by ANZ's Share Registrar by 5.00 pm (Melbourne time) on 13 May 2009. Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in Great Britain (including the Channel Islands and the Isle of Man) or New Zealand will be converted to pounds sterling and New Zealand dollars respectively at ANZ's exchange rate at 5.00 pm (Melbourne time) on 15 May 2009.

Market risk

Traded Market Risk

Below are aggregate Value at Risk (VaR) exposures at 97.5% and 99% confidence levels covering both physical and derivatives trading positions for the Bank's principal trading centres. Figures are converted from USD at closing exchange rates. The VaR exposures do not include foreign exchange translation exposure on the mark-to-market for credit risk on structured credit derivatives as this is not a traded position.

- **97.5% confidence level (1 day holding period)**

	As at Mar 09 $M	High for period Mar 09 $M	Low for period Mar 09 $M	Avg for period Mar 09 $M	As at Sep 08 $M	High for period Sep 08 $M	Low for period Sep 08 $M	Avg for period Sep 08 $M
Value at Risk at 97.5% confidence								
Foreign exchange	1.5	3.0	0.9	1.7	2.4	2.4	0.4	0.8
Interest rate	6.6	10.3	2.4	5.5	2.8	3.6	1.2	1.9
Credit Spread	2.2	3.2	1.2	1.9	1.2	2.6	0.6	1.0
Commodities	0.9	2.5	0.6	1.0	1.3	1.5	0.4	1.0
Diversification benefit	(4.8)	n/a	n/a	(3.6)	(3.6)	n/a	n/a	(2.2)
Total VaR	6.4	10.4	3.6	6.5	4.1	4.7	1.4	2.5

- **99% confidence level (1 day holding period)**

	As at Mar 09 $M	High for period Mar 09 $M	Low for period Mar 09 $M	Avg for period Mar 09 $M	As at Sep 08 $M	High for period Sep 08 $M	Low for period Sep 08 $M	Avg for period Sep 08 $M
Value at Risk at 99% confidence								
Foreign exchange	2.7	5.0	1.3	2.7	3.2	3.2	0.5	1.2
Interest rate	8.6	18.2	3.7	9.3	5.0	5.4	1.3	2.7
Credit Spread	2.8	5.3	1.7	2.6	1.8	3.9	0.9	1.6
Commodities	1.6	3.9	0.8	1.6	2.0	2.3	0.6	1.4
Diversification benefit	(7.0)	n/a	n/a	(6.7)	(6.1)	n/a	n/a	(3.4)
Total VaR	8.7	16.5	4.5	9.5	5.9	8.2	1.7	3.5

Non-Traded Interest Rate Risk

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

- **97.5% confidence level (1 day holding period)**

	As at Mar 09 $M	High for period Mar 09 $M	Low for period Mar 09 $M	Avg for period Mar 09 $M	As at Sep 08 $M	High for period Sep 08 $M	Low for period Sep 08 $M	Avg for period Sep 08 $M
Value at Risk at 97.5% confidence								
Australia	14.9	17.1	12.5	15.4	11.7	11.7	5.6	8.3
New Zealand	5.3	5.3	2.5	3.4	3.4	3.4	1.8	2.7
Overseas Markets	4.0	4.9	3.3	4.2	3.1	3.6	1.7	2.7
Diversification benefit	(2.5)	n/a	n/a	(4.8)	(2.8)	n/a	n/a	(2.9)
Total VaR	21.7	21.7	13.8	18.2	15.4	15.4	7.9	10.8

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

	As at Mar 09	As at Sep 08
As at period end	0.43%	0.94%
Maximum exposure	1.05%	0.94%
Minimum exposure	0.42%	(0.55%)
Average exposure (in absolute terms)	0.68%	0.47%

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

Market risk, cont'd

Revenue related hedges

The Group has used derivative instruments to economically hedge against the adverse impact on future offshore revenue streams from exchange rate movements. Movements in average exchange rates, net of associated revenue hedges, resulted in an increase of $11 million in the Group's profit after tax for March 2009 when compared to March 2008 (Sep 2008 half: increase $9 million). This included the impact on earnings (underlying basis) from associated revenue hedges, which decreased by $17 million (before tax) from March 2008 half (Sep 2008 half: $58 million). Hedge revenue is booked in the Group Centre.

The Group has taken out economic hedges against New Zealand Dollar and United States Dollar revenue streams. New Zealand Dollar exposure is the most significant, covering the New Zealand geography (refer page 64) and the debt component of New Zealand Dollar intra-group funding of this business, which amounted to NZD1.77 billion at 31 March 2009. Details of revenue hedges are set out below.

NZD Economic hedges	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M
Net open NZD position (notional principal)	1,265	1,474	1,241
Amount taken to income (pre tax)	21	32	(17)
Amount taken to income (pre tax underlying basis)	10	39	3
USD Economic hedges			
Net open USD position (notional principal)	175	69	172
Amount taken to income (pre tax)	(14)	(7)	3
Amount taken to income (pre tax underlying basis)	(24)	5	-

In the March 2009 half year:

- NZD0.7 billion of economic hedges matured and a realised gain of $10 million (pre-tax) was booked to the income statement.
- NZD1.5 billion of economic hedges are in place at a forward rate of approximately NZD1.20/AUD fully hedging anticipated 2009 and hedging approximately 65% of 2010 earnings.
- USD0.1 billion of economic hedges matured and a realised loss of $24 million (pre-tax) was booked to the income statement.
- USD0.1 billion of economic hedges are in place at a forward rate of approximately USD0.67/AUD hedging approximately 89% of remaining 2009 earnings.
- An unrealised gain of $9 million (pre-tax) on the outstanding NZD1.5 billion and USD0.1 billion of economic hedges was booked to the income statement and has been treated as an adjustment to statutory profit as these are hedges of future years' NZD and USD revenues.

Balance sheet

Total assets increased by $32.5 billion (7%) from 30 September 2008 to $502.8 billion. Exchange rate movements accounted for an increase of $4.5 billion with an increase of $2.5 billion in the United Kingdom and America and $3.1 billion in Asia Pacific partially offset by a decrease of $1.1 billion in New Zealand.

Excluding the impact of exchange rate movements, Australia increased $22.3 billion (7%), New Zealand increased $7.6 billion (7%), Europe and America increased $0.5 billion (2%) partially offset by a reduction in Asia Pacific of $2.4 billion (7%).

The explanations in the table below describe the major movements in asset categories

Liquid assets ⇧7% *(Excl Exchange Rates* flat)

Liquid assets increased $1.7 billion to $26.7 billion at 31 March 2009 however this increase was largely due to exchange rates movements. An increase in repurchase agreements in Group Treasury of $1.1 billion was offset by a reduction in trade finance receivables in Transaction Banking, primarily Asia, of $1.1 billion.

Due from other financial institutions ⇩46% *(Excl Exchange Rates* ⇩50%)

Due from other financial institutions decreased $4.5 billion to $5.4 billion at 31 March 2009. This reduction was due primarily to a reduction in interbank lending volumes in Institutional (Transaction Banking and Global Markets) and Group Treasury.

Trading securities ⇧40% *(Excl Exchange Rates* ⇧40%)

Trading securities increased $6.1 billion to $21.3 billion at 31 March 2009. This increase was primarily in Global Markets where widening credit spreads in semi-government bonds and bank non-callable deposits created opportunities, coupled with additional liquidity requirements by Group Treasury.

Derivative Financial Instruments ⇧56% *(Excl Exchange Rates* ⇧58%)

Derivative assets increased $20.5 billion to $57.4 billion at 31 March 2009 driven by significant volatility in the foreign exchange, interest rate and credit derivative markets.

Net loans and advances ⇧2% *(Excl Exchange Rates* ⇧2%)

Net loans and advances increased $7.2 billion to $341.8 billion at 31 March 2009.

- Growth in Australia was $6.3 billion or 4% largely driven by growth in housing loans in Mortgages of $7.8 billion (6%), partly offset by a decrease in Commercial, primarily Business Banking, of $1.1 billion (3%). New business writings have remained at similar levels to the prior comparative period.
- Institutional increased by $0.5 billion (1%) however after excluding the impact of exchange rates, loans and advances decreased by $1.6 billion (2%) due mainly to a reduction in Transaction Banking of $2.4 billion (29%) primarily in trade finance receivables, partially offset by an increase in Global Markets of $0.8 billion (9%).
- New Zealand reduced by $0.3 billion however after excluding the impact of exchange rates, loans and advances increased by $0.5 billion (1%) net of amortisation and repayments due primarily to growth in Rural Banking. Gross new lending volumes in the New Zealand Businesses was NZD7.6 billion, largely in Retail (NZD4.6 billion), Corporate and Commercial (NZD1.4 billion) and Rural (NZD1.2 billion).
- Asia Pacific increased $0.7 billion (15%) however after excluding the impact of exchange rates, the increase was $0.2 billion (4%) largely due to growth in corporate lending in Fiji and Papua New Guinea.

Balance sheet, cont'd

Total liabilities increased by $30.7 billion (7%) from 30 September 2008 to $474.4 billion. Exchange rate movements accounted for an increase of $6.1 billion, consisting of increases of $4.0 billion in Asia Pacific and $3.1 billion in the United Kingdom and America partially offset by a reduction of $1.0 billion in New Zealand.

Excluding the impact of exchange rate movements, Australia increased $26.9 billion (9%), New Zealand increased $2.2 billion (2%) partially offset by a reduction in Europe and America of 2.7 billion (11%) and Asia Pacific of $1.8 billion (5%).

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

Due to other financial institutions ⇩9% *(Excl Exchange Rates ⇩15%)*

Due to other financial institutions decreased $1.8 billion to $18.3 billion at 31 March 2009 however excluding the impact of exchange rates, the decrease was $3.2 billion. An increase in holdings of interbank borrowings of $2.2 billion in Australia and New Zealand Treasury businesses was partially offset by reductions in Transaction Banking following a decrease in custody deposits and Global Markets from reduced repurchase activities.

Deposits and other borrowings ⇧3% *(Excl Exchange Rates ⇧2%)*

Deposits and other borrowings increased $9.6 billion to $293.6 billion at 31 March 2009. Excluding the impact of exchange rate movements, deposits and other borrowing increased $4.8 billion (2%), driven by an increase in customer deposits $19.2 billion (9%), partly offset by a decrease in wholesale funding $14.4 billion (-18%).

Australia increased $7.6 billion (8%) predominantly driven by the robust growth in retail deposits due to the enhanced safety of bank deposits following the Federal Government deposit guarantee and the stimulus payments in December 2008. Growth was mainly in Deposits ($9.3 billion), partly offset by a decrease in Commercial ($2.2 billion) mainly driven by a decrease in Esanda.

Asia Pacific increased $1.1 billion (13%) mainly driven by exchange rate movements in Asia.

Institutional increased $11.1 billion (13%). After excluding the impact of exchange rates, the increase was $6.9 billion (8%), driven by increased deposits in Transaction Banking ($4.4 billion) and Global Markets ($2.5 billion).

New Zealand Businesses decreased $5.3 billion (10%). After excluding the impact of exchange rates, the decrease was $4.8 billion (9%) driven by a reduction in commercial paper issued by Treasury.

Group Centre decreased $4.9 billion (11%) within Group Treasury due mainly to decreases in certificates of deposit driven by the increased liquidity of long term funding markets.

Derivative Financial Instruments ⇧55% *(Excl Exchange Rates ⇧56%)*

Derivative liabilities increased $17.5 billion to $49.4 billion at 31 March 2009. The increase was driven principally by volatility in foreign exchange, interest rate and credit derivative markets.

Bonds and notes ⇧9% *(Excl Exchange Rates ⇧4%)*

Bonds and notes increased $5.8 billion to $73.1 billion at 31 March 2009. $2.9 billion of the growth was in response to increased term funding requirements and $2.9 billion was the result of exchange rate movements.

Loan capital ⇧3% *(Excl Exchange Rates ⇧1%)*

Loan capital increased $0.4 billion to $14.7 billion at 31 March 2009 driven mainly by foreign exchange movements. There has been no new issuance this half year.

Liquidity risk

Liquidity risk is the risk that the Group has insufficient capacity to fund increases in assets or is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Group.

The management of the Group's liquidity and funding risk incorporates the following key components.

- Scenario Modelling

  Scenario modelling includes a 'going-concern' scenario, i.e. the normal behaviour of cash flows in the ordinary course of business, and 'name crisis' scenario whereby a potential name-specific liquidity crisis results in significant difficulty rolling over or replacing liabilities as well as deposit withdrawals by customers. The Group also models a number of other stress tests and liquidity scenarios including the dislocation of offshore funding markets over a variety of time horizons.

- Funding metrics

  ANZ actively uses balance sheet disciplines to prudently manage funding requirements. Also, the Group employs funding metrics to ensure that an appropriate proportion of the Group's assets are funded by stable funding sources including customer liabilities, longer-dated wholesale debt (with a remaining term exceeding one year) and equity.

  ANZ's funding profile strengthened further during the March 2009 half as a result of solid growth in customer deposits and the high volume of term funding completed during the half.

  Customer deposits and other funding liabilities increased by 10% to $236.8 billion (54% of total funding) from $215.6 billion (50% of total funding) at 30 September 2008. As a result, the Group's proportional reliance on short term wholesale funding decreased to 18% from 22%.

- Wholesale funding

  ANZ maintained access to all major wholesale funding markets. Benchmark term debt issues were executed in AUD, USD, JPY and CHF and short-term wholesale funding markets continue to function effectively, both locally and offshore.

  In aggregate, the Group raised $16.0 billion of new term funding (greater than one year) during the March 2009 half, representing 76% of the full year requirement. Since 31 March 2009, an additional $2.2 billion of new term funding has been raised. This brings the total raised since 30 September 2008 to $18.2 billion, representing 87% of the full year requirement.

  - The majority of new term debt issued was issued with a guarantee from the Australian Commonwealth Government.
  - The weighted average tenor of new term debt issued was four years.
  - The cost of term wholesale funding remains high: the weighted average cost of new term debt issued increased by 83 basis points including the cost of the Government Guarantee.

  ANZ continues to maintain strong, long-term relationships with wholesale debt investors. The Group's wholesale debt issuance program was supported by debt investor meetings held in Australia, New Zealand, America, Canada, United Kingdom, France, Germany, the Netherlands, Hong Kong, China, Japan and the Middle East. The availability of a AAA government guarantee has also enabled ANZ to expand its debt investor base to investors that focus on AAA investments, notably central banks, monetary authorities, sovereign wealth fund managers and insurance companies.

  ANZ established a licensed banking branch in New Zealand in January 2009. The branch structure expands the range of funding options available to our New Zealand Businesses.

- Liquidity portfolio

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

  At 31 March 2009 the volume of eligible securities held, post any repurchase (i.e. "repo") discounts applied by the applicable central bank, was $60.1 billion.

  The Group continues to maintain strong coverage ratios of Liquidity Portfolio to maturing wholesale offshore debt maturities. As at 31 March 2009, the liquidity portfolio provided cover against over one year of offshore wholesale debt maturities.

  The Liquidity portfolio is well diversified by counterparty, currency, and tenor. Under the liquidity policy framework securities purchased must be of a similar or better credit quality to ANZ's external long-term or short-term credit ratings and continue to be repo eligible. Currently securities issued by approximately 70 separate counterparties - comprising bank, government and agency issuers - are held in the portfolio.

  Supplementing the liquidity position, the Group holds additional cash and liquid asset balances. In addition, our Markets business holds secondary sources of liquidity in the form of highly liquid instruments in its trading portfolios. These assets are not included in the eligible securities held in the prime liquidity portfolio outlined on the following page.

Liquidity risk, cont'd

Eligible securities (Market Values[1])	As at Mar 09 AUD $M	As at Sep 08 AUD $M	As at Mar 08 AUD $M
Australia	21,750	12,899	9,867
New Zealand	7,376	6,620	5,603
United States	1,186	2,739	3,305
United Kingdom	3,469	4,157	2,749
Internal RMBS (Australia)	22,876	8,305	-
Internal RMBS (New Zealand)	3,444	-	-
Total	**60,101**	**34,720**	**21,524**

Counterparty credit ratings

Long term counterparty Credit Rating[2]	Market Value AUD $M	No. of counterparties
AAA	39,063	35
AA+	4,992	4
AA	12,165	11
AA-	2,104	10
A+	1,683	9
A	94	3
Total	60,101	72

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

The following table shows the Group's funding composition.

	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Customer deposits and other liabilities[1]					
Australia	98,976	90,148	85,110	10%	16%
Institutional	76,610	64,847	61,434	18%	25%
New Zealand Businesses	40,797	40,604	40,712	0%	0%
Asia Pacific, Europe & America	29,623	22,526	19,418	32%	53%
Group Centre	154	320	374	-52%	-59%
less: Institutional Asia Pacific, Europe & America	(19,716)	(13,716)	(11,976)	44%	65%
Total customer deposits	226,444	204,729	195,072	11%	16%
Other[2]	10,359	10,870	9,598	-5%	8%
Total customer deposits and other liabilities (funding)	236,803	215,599	204,670	10%	16%
Wholesale funding					
Bonds and notes	73,138	67,323	63,549	9%	15%
Loan Capital	14,660	14,266	12,931	3%	13%
Certificates of deposit (wholesale)	46,405	52,346	46,923	-11%	-1%
Commercial paper	16,156	22,422	19,230	-28%	-16%
Liability for acceptances	15,017	15,297	15,756	-2%	-5%
Due to other financial institutions	18,314	20,092	19,134	-9%	-4%
Other wholesale borrowings[3]	(7,544)	(3,532)	(634)	large	large
Total wholesale funding	176,146	188,214	176,889	-6%	0%
Shareholders' equity[5]	27,496	25,681	23,093	7%	19%
Total funding maturity					
Short term wholesale funding	15%	18%	17%		
Liability for acceptances	3%	4%	4%		
Long term wholesale funding[4]					
- Less than 1 year residual maturity	6%	7%	9%		
- Greater than 1 year residual maturity	15%	14%	13%		
Total customer deposits and other liabilities (funding)	54%	50%	50%		
Shareholders' equity and hybrid debt[5]	7%	7%	7%		
Total funding and shareholders' equity[5]	100%	100%	100%		

1. *Includes term deposits, other deposits excluding Collateralised Loan Obligation and securitisation deposits*
2. *Includes interest accruals, payables and other liabilities, provisions and net tax provisions*
3. *Includes net derivative balances, special purpose vehicles, other borrowings and preference share capital Euro hybrids*
4. *Long term wholesale funding amounts are stated at original hedged exchange rates. Movements due to currency fluctuations in actual amounts borrowed are classified as short term wholesale funding*
5. *Shareholders' equity excludes preference share capital*

Capital management

	As at Mar 09	As at Sep 08	As at Mar 08
Tier 1	8.2%	7.7%	6.9%
Tier 2	2.8%	3.4%	3.2%
Total	11.0%	11.1%	10.1%
Target Tier 1	in excess of 7.5%	minimum 7.0%	n/a
Risk Weighted Assets $M	280,882	275,434	267,486

Further details of the components of capital and the capital adequacy calculation are set out on pages 110 to 112

The Basel II Accord principles took effect in Australia and New Zealand from 1 January 2008. For calculation of minimum capital requirements under Pillar 1 (Capital Requirements) of the Basel II Accord, ANZ has been accredited by Australian Prudential Regulation Authority (APRA) to use Advanced Internal Ratings Based (AIRB) methodology for credit risk weighted assets and Advanced Measurement Approach (AMA) for the operational risk weighted asset equivalent. Changes to the calculation of market risk weighted assets are minimal other than the inclusion of capital requirements for Interest Rate Risk in the Banking Book (IRRBB) from 1 July 2008.

Tier 1 Ratio (Basel II)

With the adoption of Basel II from January 2008, ANZ has adopted the Tier 1 capital ratio (Tier 1 ratio) as its principal capital management target. Since September 2008 ANZ has set an operating target in excess of 7.5%, given the current economic and financial markets conditions.

The Tier 1 ratio at March 2009 of 8.17% represents an increase from September 2008 of 46 basis points. The key contributors to the increase were:

- Underlying profit after preference share dividends of $1.9 billion (+68 basis points) less non-core and one-off items of $0.5 billion (-18 basis points).
- ordinary share dividend commitments net of expected reinvestment through the Dividend Reinvestment Plan (DRP) and Bonus Option Plan (BOP) of $0.7 billion (-25 basis points)
- increase in Risk Weighted Assets from portfolio growth (-7 basis points)
- credit deterioration incorporating growth in RWA and Expected Loss versus Eligible Provision shortfall (-28 basis points)
- underwrite of the non-participation in the DRP and BOP for the final 2008 dividend, which raised $1.1 billion (+39 basis points)
- changes in the prudential treatment of a number of items (+29 basis points), principally notional goodwill in associates and other equity investments changing from a Tier 1 capital deduction to a 50/50 deduction from Tier 1 and Tier 2 capital
- increase in investment/profit retention in funds management businesses, associates and commercial operations (-8 basis points)
- other items (net -4 basis points) including the impact of exchange rate movements (+4 basis points), reduction in RWA due to portfolio and risk management optimisation processes (+17 basis points), lower non-credit risk RWA (+5 basis points), movement in capitalised software expense (-4 basis points), Deferred Tax Assets (-16 basis points), pension deficit (-3 basis points) and other deductions (-7 basis points).

Hybrid Capital and Tier 1 Capital

ANZ raises hybrid Tier 1 capital to further strengthen the Group's capital base, ensure compliance with APRA's prudential capital requirements and meet Group operating targets for Tier 1. The total amount of qualifying hybrid capital is known as Residual Tier 1 capital which is limited to 25% of net Tier 1 capital. Innovative Tier 1 capital, a sub category of Residual Tier 1 capital, is limited to 15% of net Tier 1 capital. As at 31 March 2009, ANZ's hybrid usage and instrument details were as follows:

Instrument	$M	% of Net Tier 1 capital	Limit	Amount in issue currency	Accounting classification	Interest rate
UK Hybrid	938			£450 million	Debt	Coupon 6.54%
ANZ Convertible Preference Shares	1,081			$1,081 million	Debt	90 day BBSW + 2.5% (gross pay equivalent)
Non-innovative instruments	**2,019**					
Euro Trust Securities	871			€500 million	Equity	Euribor (3 month) + 0.66%
US Stapled Trust Security	1,605			USD1,100 million	Debt	Tranche 1 (USD350 million) Coupon: 4.48% Tranche 2 (USD750 million) Coupon: 5.36%
Convertible Notes	600			$600 million	Debt	30 day BBSW + 2.0%
Innovative instruments	**3,076**	**13.4%**	**15%**			
Residual Tier 1 capital	**5,095**	**22.2%**	**25%**			

Deferred acquisition costs and deferred income

The Group recognises deferred acquisition costs relating to the acquisition of interest earning assets as assets. The Group also recognised deferred income that is integral to the yield of an originated financial instrument, net of any direct incremental costs. This income is deferred and recognised as net interest income over the expected life of the financial instrument under AASB 139: 'Financial Instruments: Recognition and Measurement'.

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

	Deferred Acquisition Costs[1]			Deferred Income		
	Mar 09 $M	Sep 08 $M	Mar 08 $M	Mar 09 $M	Sep 08 $M	Mar 08 $M
Australia[2]	520	506	485	123	123	126
Institutional	-	-	4	216	163	147
New Zealand Businesses	78	91	104	39	41	47
Asia Pacific, Europe & America	3	3	2	25	24	20
Group Centre	42	42	24	-	-	-
Total	643	642	619	403	351	340

1. *Deferred acquisition costs largely include the amounts of brokerage capitalised and amortised in the Business segments: Australia and New Zealand Businesses. Deferred acquisition costs also include capitalised debt raising expenses*
2. *Includes deferred acquisition costs of $311 million for Esanda (Sep 2008: $312 million; Mar 2008: $308 million) and deferred income of $51 million for Esanda (Sep 2008: $51 million; Mar 2008: $49 million)*

Deferred acquisition costs analysis:

	Half Year Mar 2009		Half Year Sep 2008	
	Amortisation Charge $M	Capitalised Costs[1] $M	Amortisation Charge $M	Capitalised Costs[1] $M
Australia[2]	141	155	134	155
Institutional	-	-	4	-
New Zealand Businesses	23	10	23	10
Asia Pacific, Europe & America	1	1	-	1
Group Centre	7	7	4	22
Total	172	173	165	188

1. *Costs capitalised during the year exclude brokerage trailer commissions paid*
2. *Comprises amortisation charge of $99 million for Esanda (Sep 2008: $98 million; Mar 2008: $96 million) and capitalised costs of $98 million for Esanda (Sep 2008: $102 million; Mar 2008: $105 million)*

Software capitalisation

At 31 March 2009, the Group's intangibles included $723 million in relation to costs incurred in acquiring and developing software. Details are set out in the table below:

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Balance at start of period	625	509	462	23%	35%
Software capitalised during the period	188	175	111	7%	69%
Amortisation during the period	(83)	(59)	(62)	41%	34%
Software written-off	(7)	-	(2)	n/a	large
Total software capitalisation	723	625	509	16%	42%

Organisational structure

In September 2008, ANZ announced a new business model and organisation structure to accelerate progress with its strategy to become a super regional bank, lift customer focus and drive performance improvement. The new structure became effective on 1 October 2008, with the new business model being progressively established.

ANZ is now organised around its three geographies, Australia, New Zealand and Asia Pacific, Europe & America, and its global institutional client business. Each geography focuses on two customer segments, Retail and Commercial, which are managed globally. This structure will provide a singular approach to strategy development, technology and operations infrastructure, and to sharing best practice across geographies.

The most significant changes under the new structure include the consolidation of the Personal Division and the Australian Small to Medium Business Enterprise customers, previously included in the Institutional business, to the Australia division, the inclusion of Wealth Management businesses (including the INGA and INGNZ Joint Ventures and Private Bank), into the respective geographic divisions, and creating operating Retail and Commercial segments.

ANZ will progressively consolidate support functions including technology and operations within divisions and within ANZ's shared services function to increase scale and efficiency.

Income Statement (including impact of movements in foreign currencies)

Profit after tax by business unit	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	908	963	945	-6%	-4%
Asia Pacific, Europe & America	401	203	205	98%	96%
Institutional	668	207	419	large	59%
New Zealand Businesses	236	235	358	0%	-34%
Group Centre	(33)	49	27	large	large
less: Institutional Asia Pacific, Europe & America	(272)	(68)	(117)	large	large
Underlying profit	1,908	1,589	1,837	20%	4%
Adjustments to statutory profit[1]	(491)	(233)	126	large	large
Profit attributable to shareholders of the Company	1,417	1,356	1,963	4%	-28%

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

Profit after income tax	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	908	963	945	-6%	-4%
Asia Pacific, Europe & America	401	231	241	74%	66%
Institutional	668	229	442	large	51%
New Zealand Businesses	236	243	344	-3%	-31%
Group Centre	(33)	18	20	large	large
less: Institutional Asia Pacific, Europe & America	(272)	(86)	(144)	large	89%
Underlying profit[2]	1,908	1,598	1,848	19%	3%
Adjustments to statutory profit[1]	(491)	(233)	126	large	large
Profit	1,417	1,365	1,974	4%	-28%
FX impact on reported profit[2]	-	(9)	(11)	-100%	-100%
Reported profit	1,417	1,356	1,963	4%	-28%

1. *Refer pages 13 to 14 for explanation of adjustments to statutory profit. A reconciliation of statutory profit to underlying profit by geographical region is included within Supplementary Information at page 109*
2. *ANZ has removed the impact of exchange rate movements to provide readers with a better indication of the business unit performance in local currency terms. Retranslation is net of revenue hedge earnings*

Australia
Brian Hartzer

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	2,316	2,137	1,999	8%	16%
Other external operating income	781	850	851	-8%	-8%
Operating income	3,097	2,987	2,850	4%	9%
External operating expenses	(1,163)	(1,137)	(1,118)	2%	4%
Net inter business unit expenses	(199)	(204)	(187)	-2%	6%
Operating expenses	(1,362)	(1,341)	(1,305)	2%	4%
Profit before credit impairment and income tax	1,735	1,646	1,545	5%	12%
Provision for credit impairment	(445)	(296)	(221)	50%	large
Profit before income tax	1,290	1,350	1,324	-4%	-3%
Income tax expense and minority interest	(382)	(387)	(379)	-1%	1%
Profit	908	963	945	-6%	-4%
Consisting of:					
Retail	693	698	655	-1%	6%
Commercial	320	322	323	-1%	-1%
Wealth	38	79	114	-52%	-67%
Operations and Support	(143)	(136)	(147)	-5%	3%
	908	963	945	-6%	-4%
Balance Sheet					
Net loans & advances including acceptances	191,420	184,067	174,404	4%	10%
Other external assets	4,842	5,043	5,007	-4%	-3%
External assets	196,262	189,110	179,411	4%	9%
Customer deposits	98,976	90,148	85,110	10%	16%
Other deposits and borrowings	1,951	3,218	3,650	-39%	-47%
Deposits and other borrowings	100,927	93,366	88,760	8%	14%
Other external liabilities	9,572	9,141	8,745	5%	9%
External liabilities	110,499	102,507	97,505	8%	13%
Risk weighted assets	77,195	75,360	n/a	2%	n/a
Average net loans & advances including acceptances	188,259	178,825	169,774	5%	11%
Average deposits and other borrowings	98,018	90,687	86,612	8%	13%
Ratios					
Net interest margin	2.45%	2.37%	2.34%		
Return on average assets	0.94%	1.05%	1.08%		
Operating expenses to operating income	44.0%	44.9%	45.8%		
Operating expenses to average assets	1.41%	1.46%	1.50%		
Individual provision charge	338	240	182	41%	86%
Individual provision charge as a % of average net advances	0.36%	0.27%	0.21%		
Collective provision charge	107	56	39	91%	large
Collective provision charge as a % of average net advances	0.11%	0.06%	0.05%		
Net non-performing loans	292	194	116	51%	large
Net non-performing loans as a % of net advances	0.15%	0.11%	0.07%		
Total employees	14,408	14,615	14,486	-1%	-1%

Australia
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March 2009 half year compared to March 2008 half year

Profit after tax decreased 4% compared to the first half of the prior year, impacted by an increase in credit costs of $224 million.

Profit before credit impairment and income tax increased 12%. Operating income is higher by 9% from lending asset growth of 10% and customer deposit growth of 16%, expanded margins (11 basis points) primarily in the Commercial business but offset by lower income in Wealth. Operating expenses increased 4%.

Key factors affecting the result included:

- Net interest income increased 16% driven by strong overall balance sheet growth and increase in margins of 11 basis points primarily in the Commercial business. Growth in Retail was driven by strong volume particularly in Mortgages (up 13%) and Deposits (up 28%) reflecting increased market share across these products. Higher margins in Retail lending businesses reflect repricing decisions to offset the cost of increasing deposit volumes. Commercial growth was driven by strong performance in all businesses. This was due to strong lending volume growth except for Esanda which was impacted by the decline of debenture and commercial paper volumes resulting from the government deposit guarantee. Favourable margins in Commercial were due to pricing for risk to partially offset higher provisions for credit impairment. This was partly offset by a reduction in balance sheet growth in Wealth reflecting market conditions affecting margin lending. Across the Australian business, new business writings have remained at similar levels despite the current economic environment.
- Other external operating income decreased 8% due mainly to the decline in income in Wealth driven by lower investment, advisory and insurance income and a lower contribution from the INGA business (refer pages 42 to 43). This has been partially offset by favourable growth in Retail driven by strong fee revenue in Deposits and Cards and Unsecured Lending due to higher account volumes and revenue initiatives.
- Operating expenses increased 4% or $57 million. The main drivers are increased volume growth, premises costs and investment in systems. This has been offset by savings in personnel costs due to productivity, restructuring and offshoring activities. There were 198 new ATMs during this period. Non-lending losses were stable.
- Provision for credit impairment increased $224 million with the individual provision charge up $156 million and the collective provision charge up $68 million due mainly to volume growth across both Retail and Commercial, combined with a decline in market conditions leading to risk deterioration across all portfolios, and an increase in delinquency levels and bankruptcies.

March 2009 half year compared to September 2008 half year

Profit after tax decreased 6% over the previous half, impacted by an increase in credit costs of $149 million.

Profit before credit impairment and income tax increased 5% driven by operating income growth of 4% due to an increase in lending assets of 4%, customer deposit growth of 10% and margin improvement of 8 basis points; and cost growth of 2%.

Net interest income increased 8% due to strong overall balance sheet growth, particularly in total customer deposits (up 10%), and increase in margins of 8 basis points. Commercial growth was strong driven by widening margins due to pricing for risk to counter higher provisions for credit impairment partially offset by reduction in deposit volumes in Esanda whilst overall lending volume growth was flat. Retail strong growth in volume, particularly in Mortgages (up 6%) and Deposits (up 18%) and margins was offset by a decline in deposit income due primarily to lower margins following the reduction in wholesale rates, increased competition for retail deposits in the current environment and competitive pressures affecting product mix. Wealth net interest income decreased due to lower volumes reflecting market conditions whilst margins remained steady.

Other external operating income decreased 8%. This is due mainly to the performance in Wealth driven by lower investment, advisory and insurance transaction volume and contribution from INGA business (refer pages 42 to 43).

Operating expenses increased 2% or $21 million due to volume growth, premises costs and investment in systems offset by savings in personnel costs due to productivity, restructuring and offshoring activities.

Provision for credit impairment increased 50% or $149 million with the individual provision charge up $98 million and the collective provision charge up $51 million. Deteriorating economic conditions have contributed to increased delinquencies across both Retail and Commercial, with the Commercial segment also impacted by lower security return and lower propensity for refinance within the market. Recovery rates were impacted by worsening debt sale returns. Retail portfolios experienced higher rates of bankruptcies and increased number of customers are being actively managed through hardship policies.

Australia
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Australia division by business unit

Comparison to Half Year Mar 2008

	Half Year Mar 2009					Growth Rate				
	Revenue	**Expenses**	**PBP[1]**	**Credit[2]**	**NPAT**	**Revenue**	**Expenses**	**PBP[1]**	**Credit[2]**	**NPAT**
Retail	1,908	689	1,219	227	693	11%	6%	14%	72%	6%
Commercial	1,013	347	666	206	320	17%	10%	20%	large	-1%
Wealth	171	116	55	12	38	-34%	-9%	-58%	large	-67%
Operations & Support	5	210	(205)	-	(143)	0%	-2%	-2%	n/a	-3%
Australia Division	**3,097**	**1,362**	**1,735**	**445**	**908**	**9%**	**4%**	**12%**	**large**	**-4%**

Comparison to Half Year Sep 2008

	Half Year Mar 2009					Growth Rate				
	Revenue	**Expenses**	**PBP[1]**	**Credit[2]**	**NPAT**	**Revenue**	**Expenses**	**PBP[1]**	**Credit[2]**	**NPAT**
Retail	1,908	689	1,219	227	693	4%	2%	5%	31%	-1%
Commercial	1,013	347	666	206	320	10%	2%	15%	72%	-1%
Wealth	171	116	55	12	38	-23%	-8%	-42%	large	-52%
Operations & Support	5	210	(205)	-	(143)	-44%	4%	6%	n/a	5%
Australia Division	**3,097**	**1,362**	**1,735**	**445**	**908**	**4%**	**2%**	**5%**	**50%**	**-6%**

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*

Revenue	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Retail					
Mortgages	632	584	525	8%	20%
Cards and Unsecured Lending	605	535	496	13%	22%
Deposits	617	663	637	-7%	-3%
Other	54	55	60	-2%	-10%
Commercial					
Esanda	213	207	201	3%	6%
Rural Commercial & Agribusiness Products	221	189	176	17%	26%
Business Banking	336	300	285	12%	18%
Small Business Banking	242	224	206	8%	17%
Other	1	-	-	n/a	n/a
Wealth	171	221	259	-23%	-34%
Operations & Support	5	9	5	-44%	0%
	3,097	2,987	2,850	4%	9%

Australia
Brian Hartzer

Australia division by business unit

Net loans & advances including acceptances	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Retail					
Mortgages	136,536	128,691	121,065	6%	13%
Cards & Unsecured Lending	9,330	9,043	8,614	3%	8%
Other	36	39	45	-8%	-20%
Commercial					
Esanda	14,820	15,112	14,940	-2%	-1%
Rural Commercial & Agribusiness Products	9,215	9,125	8,299	1%	11%
Business Banking	15,821	15,985	15,254	-1%	4%
Small Business Banking	3,061	2,763	2,503	11%	22%
Wealth	2,601	3,309	3,684	-21%	-29%
	191,420	184,067	174,404	4%	10%

Customer deposits	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Retail					
Mortgages	8,520	7,996	7,647	7%	11%
Cards and Unsecured Lending	354	356	283	-1%	25%
Deposits	60,322	51,052	47,047	18%	28%
Commercial					
Esanda	6,051	8,306	8,316	-27%	-27%
Rural Commercial & Agribusiness Products	3,249	3,002	3,163	8%	3%
Business Banking	11,496	11,360	10,825	1%	6%
Small Business Banking	7,810	6,896	6,517	13%	20%
Wealth	1,174	1,180	1,312	-1%	-11%
	98,976	90,148	85,110	10%	16%

INGA
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	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Wealth management income	191	242	255	-21%	-25%
Insurance income					
- planned margin	161	154	149	5%	8%
- experience variation[1]	14	6	11	large	27%
- assumption changes[1]	19	-	8	n/a	large
Operating income	385	402	423	-4%	-9%
Wealth management expenses	(144)	(152)	(151)	-5%	-5%
Insurance expenses	(75)	(79)	(78)	-5%	-4%
Remediation expenses[2]	(2)	(1)	(7)	100%	-71%
Capitalised software write-offs	(25)	-	-	n/a	n/a
Gross tax on operating profit	(43)	(41)	(45)	5%	-4%
Profit after tax, before capital investment earnings	96	129	142	-26%	-32%
Capital investment earnings after tax[3]	(50)	(30)	12	67%	large
Profit after tax before minority interest	46	99	154	-54%	-70%
Minority interest	1	-	-	n/a	n/a
Profit	47	99	154	-53%	-69%
ANZ share					
ANZ share @ 49%	23	49	75	-53%	-69%
Net funding	1	1	1	0%	0%
Net return to ANZ	24	50	76	-52%	-68%
Carrying value of investment[4]	1,619	1,589	1,540	2%	5%
Annualised return on ANZ investment	2.9%	6.2%	9.8%		
Performance measures at 100%					
Value of new business[5]	52	53	54	-2%	-4%
Cost to income[6]	56.9%	57.5%	54.1%		
Wealth Management (Funds Management)					
Retail & mezzanine funds under management	34,025	41,892	43,943	-19%	-23%
Net retail & mezzanine flows	248	(151)	1,037	large	-76%
Insurance (Life Risk)					
Total in-force	969	875	800	11%	21%
New premiums	123	124	106	-1%	16%

Funds management growth (Retail & mezzanine)	Mar 09 $M	In-flows	Out-flows	Other flows[7]	Sep 08 $M
OneAnswer	14,217	1,077	(1,083)	(3,732)	17,955
Other Personal Investment	5,699	127	(410)	(753)	6,735
Mezzanine	1,210	113	(486)	(453)	2,036
Employer Super	9,325	1,348	(428)	(2,085)	10,490
Oasis	3,574	284	(294)	(1,092)	4,676
Total	34,025	2,949	(2,701)	(8,115)	41,892

1. *Experience variations are gains or losses arising from actual experience differing from plan, primarily death and sickness. Assumption changes are gains or losses arising from a change in valuation methods and best estimate assumptions*
2. *Remediation expenses represent costs incurred to improve an investment property for future sale*
3. *Capital investment earnings after tax includes mark-to-market gains and losses on shareholder investment assets, annuity and capital-guaranteed products, and interest on shareholder loans*
4. *The carrying value of investment in INGA has been tested for impairment against the recoverable amount of INGA. INGA performed an actuarial assessment of the Economic Value (EV) of INGA as at 31 December 2008. The economic valuation was based on a discounted cash flow approach. The Group engaged Ernst & Young ABC Pty Limited to provide an independent review of the reasonableness of INGA's valuation (including reasonableness of methodologies, assumptions, calculations and the valuation results). The EV was substantially in excess of the Group's carrying value*
5. *Value of new business represents the present value of future profits arising from the new business written over the periods less the present value of the cost of capital applying to that new business. It does not include the value of any associated imputation credits. Note prior period comparatives are reported using a consistent discount rate to that applicable in the March 2009 half year*
6. *Cost to Income ratio is management expenses (excluding Remediation Expenses & Capitalised Software Write-offs) / Total Income*
7. *Other Flows includes investment income net of taxes, fees and charges, distributions and timing*

INGA
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March 2009 half year compared to March 2008 half year

Highlights of the half included continued in-force insurance business growth, reductions in core expenses and further expansion of the aligned financial adviser network. However, profit for the half was adversely impacted by mark-to-market losses on investment assets due to declines in equity and property markets, and interest-bearing security valuations.

Equity market declines and the dislocation of credit markets reduced the value of client fund balances and consequently fee income for the wealth management business. Illiquidity in mortgage-related funds was a further concern for affected clients.

Wealth management income was well down due to the fall in average client funds under management balances in-force during the March 2009 half. Notwithstanding adverse market movement, net flows remained positive. Superannuation inflows were enhanced by some significant corporate super new business wins, including the $505 million Legg Mason mastertrust. INGA's Corporate Super product retained its number 1 ranking amongst employer super providers, as rated by Heron Partnership, for the fourth consecutive year. INGA increased its FUM market share in a contracting market to 8.2%[1].

Insurance operations continued to perform strongly, enjoying 15% income growth on the prior comparative period. In-force premiums grew 21% over the March 2008 half. In addition to the ongoing success of retail product OneCare and online offering OneCare Express, there was substantial growth in group life business, with the upgrading of insurance cover for members by some large group schemes. INGA was named Risk Company of the Year in the 2008 Money Management / Dexx&r Adviser Choice Risk Awards, and also won the Life Company of the Year award at the 2008 AFR Smart Investor Blue Ribbon Awards. INGA ranked number 2 in share of new premiums among the major institutions in the industry, and retained its number 2 ranking for total in-force premiums with a 12.7% market share[2].

INGA continued to strengthen its aligned adviser force with a further 4% increase in planner numbers during the March half, and maintained its number 2 ranking in the industry for aligned adviser numbers.

Profit was down 69% on the March 2008 half, with the majority of the adverse movement attributable to lower capital investment earnings. Profit after tax before capital investment earnings was down 32%, and 15% excluding the effect of a non-recurring platform write-off. The result was characterised by:

- Wealth management income declining 25% due to the fall in average client FUM balances in force during the half.
- Insurance income was 15% above prior comparative period, driven by growth in the in-force books of term life, group life and consumer credit, together with continued favourable mortality and morbidity experience. Expenses were well contained, following the implementation of various initiatives including an external recruitment freeze, restructure of teams and general restraint on discretionary expenditure. There was a one-off capitalised software write-down of $25 million in the March 2009 half pertaining to a new platform development, which was discontinued due to market conditions.

Capital investment earnings after tax were significantly lower than the March 2008 half due to:

- Mark-to-market losses in the reserves backing capital-guaranteed and annuity products as noted above.
- Realised losses on sale of equity and listed property trust components of shareholder capital, incurred in the course of de-risking the portfolio and lower yields on interest-bearing securities in the de-risked portfolio as interest rates fell substantially in the half.

[1 & 2] *Source of market statistics: Plan For Life – December 2008*

March 2009 half year compared to September 2008 half year

Profit was 53% lower than the September 2008 half year, due primarily to negative capital investment earnings. Operating profit after tax was also lower, again attributable to the impact on wealth management income caused by the global financial crisis. Notable influences on the March half result were:

- Reduced wealth management income due to the continued decline in average value of funds under management during the half, as investor sentiment towards platform investments remained negative given the Federal Government's guarantee on bank deposits. Higher risk income from in-force premium growth, normal seasonality through the insurance operations which are traditionally stronger in the first half, further assisted by a release of reserves of $19 million from the annual review of risk assumptions conducted in the fourth quarter of 2008.
- Expenses were well contained, following the implementation of various initiatives including an external recruitment freeze, restructure of teams and general restraint on discretionary expenditure.
- Capital investment earnings were significantly reduced due to mark-to-market losses incurred in meeting legacy closed-book capital-guaranteed obligations and IFRS annuity book losses, partially offset by gains from lower risk discount rates used in the valuation of retail life risk policy liabilities. Realised losses on sale of equity and listed property trust components of shareholder capital, incurred in the course of de-risking the portfolio, and lower yields on interest-bearing securities in the de-risked portfolio as interest rates fell substantially in the half also contributed.

Asia Pacific, Europe & America

Alex Thursby

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	455	297	236	53%	93%
Other external operating income[1]	626	383	353	63%	77%
Operating income	1,081	680	589	59%	84%
External operating expenses	(432)	(299)	(248)	44%	74%
Net inter business unit expenses	(21)	(22)	(22)	-5%	-5%
Operating expenses	(453)	(321)	(270)	41%	68%
Profit before credit impairment and income tax	628	359	319	75%	97%
Provision for credit impairment[1]	(121)	(121)	(49)	0%	large
Profit before income tax	507	238	270	large	88%
Income tax expense and minority interest	(106)	(35)	(65)	large	63%
Profit	401	203	205	98%	96%
Consisting of:					
Retail	15	26	30	-42%	-50%
Wealth	(5)	(1)	3	large	large
Institutional Asia Pacific, Europe & America	272	68	117	large	large
Asia Partnerships	151	117	65	29%	large
Exec & Support	(32)	(7)	(10)	large	large
	401	203	205	98%	96%
Balance Sheet					
Net loans & advances including acceptances	22,583	21,331	19,405	6%	16%
Other external assets	29,827	29,427	24,602	1%	21%
External assets	52,410	50,758	44,007	3%	19%
Customer deposits	29,623	22,526	19,418	32%	53%
Other deposits and borrowings	11,321	13,026	12,244	-13%	-8%
Deposits and other borrowings	40,944	35,552	31,662	15%	29%
Other external liabilities	8,213	13,125	11,291	-37%	-27%
External liabilities	49,157	48,677	42,953	1%	14%
Risk weighted assets	39,375	39,148	n/a	1%	n/a
Average net loans & advances including acceptances	24,310	18,446	16,682	32%	46%
Average deposits and other borrowings	41,400	31,266	25,464	32%	63%
Ratios					
Net interest margin	1.78%	1.47%	1.38%		
Return on average assets	1.39%	0.90%	1.02%		
Operating expenses to operating income	41.9%	47.2%	45.8%		
Operating expenses to average assets	1.57%	1.43%	1.35%		
Individual provision charge[2]	62	107	15	-42%	large
Individual provision charge[3] as a % of average net advances	0.35%	0.10%	0.18%		
Collective provision charge	59	14	34	large	74%
Collective provision charge as a % of average net advances	0.49%	0.15%	0.41%		
Net non-performing loans	172	122	39	41%	large
Net non-performing loans as a % of net advances	0.76%	0.57%	0.20%		
Total employees	5,247	4,718	4,090	11%	28%

1. *Credit valuation adjustments on defaulted or impaired exposures of $29 million impacting the September 2008 half only have been reclassified as provision for credit impairment*
2. *Includes impairment expense on available-for-sale assets $20 million (Sep 2008 half: $98 million; Mar 2008 half: $nil)*
3. *For the purposes of this ratio the individual provision charge excludes impairment expense on available-for-sale assets of $20 million (Sep 2008 half: $98 million; Mar 2008 half: $nil)*

Asia Pacific, Europe & America
Alex Thursby

March 2009 half year compared to March 2008 half year

Profit for the first half was up 96% compared to the same period last year. The high volatility in global markets has helped fuel growth in earnings from the Institutional Markets businesses in Asia, Europe & America with the overall Institutional business growing by 132%. Earnings from our partnerships in Asia grew by 132% driven by increased equity accounted earnings, particularly from Shanghai Rural Commercial Bank (SRCB) and Bank of Tianjin (BoT) in China (including adjustments to ANZ's share of earnings from prior periods) and AMMB Holdings Berhad (AMMB) in Malaysia. However, the contribution by Asia Partnerships was negatively impacted by an impairment charge relating to the carrying value of our investment in Saigon Securities Incorporation (SSI) in Vietnam due to the ongoing deterioration in the economic conditions and a mark-to-market loss on warrants in P.T. Bank Pan Indonesia (Panin). Overall Asian Partnerships have experienced high growth in their underlying earnings and core capabilities.

The gains by Institutional and Asian Partnerships were partly offset by our increased investment in Wealth and Retail businesses in Indonesia and Vietnam as we continue to invest in expansion opportunities in these key strategic markets, as well as building our regional support capability in Asia.

Income growth of 84% exceeded operating expense growth of 68% notwithstanding the significant investment made into the respective businesses.

Significant influences on the result were as follows:

- Net interest income increased 93% driven by both volume growth and margin improvement. The volume growth was driven by a 46% increase in average lending assets, and a 63% increase in average deposits. While the business benefited from favorable exchange rate movements, organic growth within the business helped drive the volume increase. The organic growth in the loan book was largely funded through increased customer deposits as we leveraged the corporate and retail network throughout the region. Net interest margin improved to 1.78% from 1.38%. Repricing of existing facilities and higher margins on new facilities contributed to the improvement in net interest margin.
- Other external operating income grew by 77%, which was due mainly to increased equity accounted earnings from our various partnerships in Asia as well as favourable exchange rate movements. Other factors contributing to the increase include higher income in Institutional Asia Pacific, Europe & America on the back of volatility in the global markets.
- Operating expenses increased 68% as we extended the branch networks in Vietnam and Indonesia. Our regional hubs in Hong Kong and Singapore were also expanded to house the increased leadership and support resources required to drive the growth agenda.
- Provision for credit impairment increased by 147% due to the additional collective and individual provisioning booked in the March 2009 half reflecting global credit market turmoil. A significant proportion of this results from significant credit downgrades in America following the economic uncertainty.

March 2009 half year compared to September 2008 half year

Profit increased by 98%. Profits from our partnerships in Asia grew by 29% with increased contributions from investments in AMMB in Malaysia as well as SRCB and BoT in China while the Institutional businesses grew by 300%.

Total operating income grew by 59% with net interest income up 53% on the previous half driven by 32% growth in both average net loans and average deposits. Other external operating income increased by 63% boosted by higher contributions from equity accounted earnings from Asia Partnerships and higher income in the Institutional Asia Pacific, Europe & America business on the back of volatility in global markets.

Operating expenses increased by 41% as we invested in additional distribution in Asia including 7 new branches and 14 ATMs and new branch software in the Pacific. Employees in the Asia Pacific region grew by 529, mainly in the Retail network branches and customer-facing Institutional roles. As a result of growth in scale and complexity of the business, support areas have also been boosted to enable this business growth.

Provision for credit impairment remained flat compared to the September 2008 half. Large credit loss provisions recorded in the September 2008 half in Europe and America relating to credit loss on assets held in the liquidity portfolio and a specific loss on the loan portfolio were matched with high provisioning in Asia following an increased number of client downgrades in the current half.

Asia Pacific, Europe & America
Alex Thursby

Asia Pacific, Europe & America division by business unit

Comparison to Half Year Mar 2008

	Half Year Mar 2009					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Retail	256	184	72	47	15	37%	52%	9%	large	-50%
Wealth	18	20	(2)	4	(5)	64%	large	large	large	large
Institutional	657	207	450	70	272	large	70%	large	large	large
Asia Partnerships	159	4	155	-	151	large	0%	large	n/a	large
Exec & Support	(9)	38	(47)	-	(32)	n/a	large	large	n/a	large
Asia Pac, Eur & Am	**1,081**	**453**	**628**	**121**	**401**	**84%**	**68%**	**97%**	**large**	**96%**

Comparison to Half Year Mar 2008

	Half Year Mar 2009					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Asia	602	259	342	52	249	98%	large	91%	100%	large
Pacific	232	93	139	14	87	33%	24%	39%	75%	34%
Europe & America	247	73	175	55	85	large	26%	large	large	large
Exec & Support	-	28	(28)	-	(20)	n/a	large	large	n/a	100%
Asia Pac, Eur & Am	**1,081**	**453**	**628**	**121**	**401**	**84%**	**68%**	**97%**	**large**	**96%**

Comparison to Half Year Sep 2008

	Half Year Mar 2009					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Retail	256	184	72	47	15	24%	28%	14%	large	-42%
Wealth	18	20	(2)	4	(5)	50%	67%	n/a	large	large
Institutional	657	207	450	70	272	97%	41%	large	-29%	large
Asia Partnerships	159	4	155	-	151	28%	-20%	30%	n/a	29%
Exec & Support	(9)	38	(47)	-	(32)	large	large	large	n/a	large
Asia Pac, Eur & Am	**1,081**	**453**	**628**	**121**	**401**	**59%**	**41%**	**75%**	**0%**	**98%**

Comparison to Half Year Sep 2008

	Half Year Mar 2009					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Asia	602	259	343	52	249	59%	47%	70%	large	47%
Pacific	232	93	139	14	87	27%	19%	34%	75%	28%
Europe & America	247	73	174	55	85	large	33%	large	-40%	large
Exec & Support	-	28	(28)	-	(20)	n/a	large	large	n/a	large
Asia Pac, Eur & Am	**1,081**	**453**	**628**	**121**	**401**	**59%**	**41%**	**75%**	**0%**	**98%**

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*

Asia Pacific, Europe & America
Alex Thursby

Asia Pacific, Europe & America division by business unit

Net loans & advances including acceptances	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Retail	3,724	3,212	2,563	16%	45%
Wealth	1,355	1,209	682	12%	99%
Institutional					
Asia	8,632	8,827	6,821	-2%	27%
Europe & America	8,872	8,083	9,339	10%	-5%
	22,583	21,331	19,405	6%	16%

Net loans & advances including acceptances	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Asia	10,943	10,859	8,099	1%	35%
Pacific	2,774	2,394	1,971	16%	41%
Europe & America	8,866	8,078	9,335	10%	-5%
	22,583	21,331	19,405	6%	16%

Customer deposits	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Retail	7,158	6,131	5,133	17%	39%
Wealth	2,748	2,679	2,308	3%	19%
Institutional					
Asia	9,996	6,916	6,002	45%	67%
Europe & America	9,721	6,800	5,975	43%	63%
	29,623	22,526	19,418	32%	53%

Customer deposits	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Asia	15,898	12,129	10,484	31%	52%
Pacific	4,004	3,597	2,959	11%	35%
Europe & America	9,721	6,800	5,975	43%	63%
	29,623	22,526	19,418	32%	53%

Institutional
Alex Thursby

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	1,453	901	689	61%	large
Other external operating income	953	901	922	6%	3%
Operating income	2,406	1,802	1,611	34%	49%
External operating expenses	(596)	(522)	(484)	14%	23%
Net inter business unit expenses	(147)	(121)	(115)	21%	28%
Operating expenses	(743)	(643)	(599)	16%	24%
Profit before credit impairment and income tax	1,663	1,159	1,012	43%	64%
Credit risk on impaired derivatives	(92)	(111)	(45)	-17%	large
Provision for credit impairment	(626)	(761)	(365)	-18%	72%
Profit before income tax	945	287	602	large	57%
Income tax expense and minority interest	(277)	(80)	(183)	large	51%
Underlying Profit	668	207	419	large	59%
Non Continuing Business[1] (after tax)	(778)	(234)	(163)	large	large
Profit / (loss)	(110)	(27)	256	large	large
Consisting of:					
Transaction Banking	266	100	136	large	96%
Specialised Lending (including Relationship Lending)	53	110	157	-52%	-66%
Global Markets	458	155	206	large	large
Balance Sheet Management (excluding Non Continuing Business)	44	(17)	15	large	large
Relationship & Infrastructure	(153)	(141)	(95)	9%	61%
Underlying Profit	668	207	419	large	59%
Non Continuing Business[1]					
Credit Intermediation Trades	(664)	(213)	(158)	large	large
Other	(114)	(21)	(5)	large	large
Profit	(110)	(27)	256	large	large
Balance Sheet (excluding Non Continuing Business)					
Net loans & advances including acceptances	85,854	86,501	81,325	-1%	6%
Other external assets	123,842	101,693	86,139	22%	44%
External assets	209,696	188,194	167,464	11%	25%
Customer deposits	76,610	64,847	61,434	18%	25%
Other deposits and borrowings	21,086	21,713	19,966	-3%	6%
Deposits and other borrowings	97,696	86,560	81,400	13%	20%
Other external liabilities	80,468	69,088	63,218	16%	27%
External liabilities	178,164	155,648	144,618	14%	23%
Risk weighted assets	150,856	147,077	n/a	3%	n/a
Average net loans & advances including acceptances	89,924	83,859	76,027	7%	18%
Average deposits and other borrowings	94,993	81,580	72,995	16%	30%
Ratios (excluding Non Continuing Business)					
Net interest margin	1.84%	1.28%	1.08%		
Net interest margin (excluding cash flow on derivatives and Non Continuing Business)	1.63%	1.50%	1.29%		
Return on average assets	0.59%	0.25%	0.52%		
Operating expenses to operating income	30.9%	35.7%	37.2%		
Operating expenses to average assets	0.65%	0.75%	0.75%		
Individual provision charge[2]	983	522	130	88%	large
Individual provision charge[3] as a % of average net advances	2.15%	1.01%	0.34%		
Collective provision charge	(265)	350	280	large	large
Collective provision charge as a % of average net advances	(0.59%)	0.83%	0.74%		
Net non-performing loans	1,736	733	534	large	large
Net non-performing loans as a % of net advances	2.02%	0.85%	0.66%		
Total employees	4,891	4,798	4,414	2%	11%

1. *Non Continuing Business includes certain businesses and transactions that ANZ is exiting including private equity and credit intermediation trades*
2. *Includes impairment expense on available-for-sale assets $20 million (Sep 2008 half: $98 million; Mar 2008 half: $nil)*
3. *For the purposes of this ratio the individual provision charge excludes impairment expense on available-for-sale assets of $20 million (Sep 2008 half: $98 million; Mar 2008 half: $nil)*

Institutional
Alex Thursby

March 2009 half year compared to March 2008 half year

Institutional's underlying profit (excluding non continuing businesses) was very strong, driven by revenue growth across all businesses, with profit up 59%. However, statutory profit has been adversely impacted by the global credit crisis, including a $778 million charge after tax for credit risk on derivatives, relating to structured credit intermediation trades, and impairment losses in the non continuing private equity and alternative asset portfolios. These trades have been reported in non continuing business.

Provision for credit impairment was up 72%. Individual provisions of $983 million were predominantly in Australia, largely related to a securities lending client, property exposures and a limited number of corporate names. This was offset in part by a net release of collective provision of $265 million, reflecting the release of some of the $300 million concentration risk and economic cycle collective provision booked last financial year for exposures to financial services and property sectors.

The refocus on our global client segment propositions drove revenue in areas of core client demand: transaction banking, markets and deposits while volatility delivered strong markets trading revenue growth. Net lending assets grew by 6%, offset by an increase in customer deposits of 25%. Net interest margin increased by 76 basis points in response to widening credit spreads and a re-pricing for risk. Growth in Asia continued strongly with revenue more than doubling over the period while New Zealand grew 74%. Costs grew by 24% reflecting the investment in frontline staff and remediation costs.

Significant factors affecting the underlying result were as follows:

- Net interest income increased 111%. Excluding Global Markets the increase was 36%. Average net lending assets increased 18% and average deposit volumes grew by 30%. Net interest margin (excluding cash flow on derivatives and non continuing businesses) increased by 34 basis points over the period; the main impacts were the re-pricing of the lending book partially offset by higher funding costs.
- Global Markets sales revenue increased 61% with higher volumes driven by market volatility.
- Other external operating income increased 3% with growth in Global Markets income of $460 million reflected largely in net interest income. Excluding the mark-to-market on derivatives, other external income increased 27%.
- Operating costs grew 24% driven by growth in staff numbers of 11% with increases concentrated in our strategic growth areas of Asia and Global Markets, and in our frontline relationship staff. The Division incurred further remediation costs of $31 million as part of its "Rebuild and Refocus" program.
- Provision for credit impairment increased 72%. Individual provisions are mainly within Australia, and were dominated by one large securities firm exposure, two property group exposures, one financial institution and one service industry business. The collective provision was a release of $265 million reflecting the release of part of the concentration risk to financial institutions and the property sector booked last year.

March 2009 half year compared to September 2008 half year

Underlying profit (excluding non continuing businesses) for the half increased $461 million with underlying revenue growth up by 34% with core client demand driving revenue growth in transaction banking, markets and deposits. Again volatility delivered strong markets trading revenue growth. Higher individual provision charges were offset by a release of collective provision for property and financial institution concentration risk.

Net interest income increased 61% off the back of repricing where margins, excluding cash flow on derivatives and non continuing businesses, improved to 1.63% from 1.50% in the previous half. Net lending assets decreased 1%, offset by strong growth in customer deposits of 18%.

Expenses were up 16%. The Division is continuing to increase its investment in technology, with costs associated with the "Rebuild and Refocus" program, $31 million.

Institutional
Alex Thursby

Institutional division by business unit

	Comparison to Half Year Mar 2008									
	Half Year Mar 2009					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Transaction Banking	555	189	366	(8)	266	29%	17%	37%	large	96%
Specialised Lending (including Relationship Lending)	756	74	682	611	53	32%	9%	35%	large	-66%
Global Markets	1,019	252	767	114	458	82%	18%	large	large	large
Balance Sheet Mgmt (excluding Non Continuing Business)	72	10	62	1	44	large	25%	large	-86%	large
Relationship & Infrastructure	4	218	(214)	-	(153)	-79%	46%	-65%	n/a	-61%
Institutional (excl Non Continuing Business)	**2,406**	**743**	**1,663**	**718**	**668**	**49%**	**24%**	**64%**	**75%**	**59%**
Credit risk on impaired derivatives	(92)	-	(92)	(92)	-					
Structured Transaction	-	-	-	-	-					
Non Continuing Business										
Credit Intermediation Trades	(812)	-	(812)	-	(664)					
Other	(114)	9	(122)	30	(114)					
Institutional	**1,388**	**752**	**637**	**656**	**(110)**	**4%**	**23%**	**-12%**	**80%**	**large**

	Comparison to Half Year Sep 2008									
	Half Year Mar 2009					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Transaction Banking	555	189	366	(8)	266	16%	-5%	32%	large	large
Specialised Lending (including Relationship Lending)	756	74	682	611	53	11%	9%	12%	33%	-52%
Global Markets	1,019	252	767	114	458	66%	15%	95%	-37%	large
Balance Sheet Mgmt (excluding Non Continuing Business)	72	10	62	1	44	large	0%	large	-97%	large
Relationship & Infrastructure	4	218	(214)	-	(153)	-50%	49%	-55%	-100%	-9%
Institutional (excl Non Continuing Business)	**2,406**	**743**	**1,663**	**718**	**668**	**34%**	**16%**	**43%**	**-18%**	**large**
Credit risk on impaired derivatives	(92)	-	(92)	(92)	-					
Structured Transaction	-	-	-	-	-					
Non Continuing Business										
Credit Intermediation Trades	(812)	-	(812)	-	(664)					
Other	(114)	9	(122)	30	(114)					
Institutional	**1,388**	**752**	**637**	**656**	**(110)**	**9%**	**12%**	**4%**	**-15%**	**large**

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense includes credit risk on impaired derivatives*

Institutional
Alex Thursby

Institutional division by business unit

Net profit after tax by geography	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Australia	205	28	192	large	7%
New Zealand	191	112	110	71%	74%
Asia	137	53	51	large	large
Europe & America	85	(25)	26	large	large
Pacific	50	39	40	28%	25%
Non Continuing Businesses	(778)	(234)	(163)	large	large
Institutional	(110)	(27)	256	large	large

Net loans & advances including acceptances	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Transaction Banking	6,044	8,280	8,550	-27%	-29%
Specialised Lending (including Relationship Lending)	73,188	71,605	66,156	2%	11%
Global Markets	5,689	5,378	4,340	6%	31%
Relationship & Infrastructure	933	1,238	2,279	-25%	-59%
	85,854	86,501	81,325	-1%	6%

Customer deposits	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Transaction Banking	44,880	40,019	38,904	12%	15%
Specialised Lending (including Relationship Lending)	1,135	1,423	1,527	-20%	-26%
Global Markets	30,527	23,317	20,900	31%	46%
Relationship & Infrastructure	68	88	103	-23%	-34%
	76,610	64,847	61,434	18%	25%

Institutional Asia Pacific, Europe & America
Alex Thursby

The contribution from Institutional Asia Pacific is included in both the Institutional results (pages 48 to 51) and the Asia Pacific, Europe & America results (pages 44 to 47). This is consistent with how this business is internally managed. The following information is presented purely for reconciliation purposes.

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	263	136	86	93%	large
Other external operating income[1]	394	198	232	99%	70%
Operating income	657	334	318	97%	large
External operating expenses	(159)	(113)	(94)	41%	69%
Net inter business unit expenses	(48)	(34)	(27)	41%	78%
Operating expenses	(207)	(147)	(121)	41%	71%
Profit before credit impairment and income tax	450	187	197	large	large
Provision for credit impairment[1]	(70)	(98)	(28)	-29%	large
Profit before income tax	380	89	169	large	large
Income tax expense and minority interest	(108)	(21)	(52)	large	large
Profit	272	68	117	large	large
Consisting of:					
Institutional Asia	137	53	51	large	large
Institutional Pacific	50	39	40	28%	25%
Institutional Europe & America	85	(24)	26	large	large
	272	68	117	large	large
Balance Sheet					
Net loans & advances including acceptances	17,497	16,904	16,156	4%	8%
Other external assets	25,238	25,182	21,267	0%	19%
External assets	42,735	42,086	37,423	2%	14%
Customer deposits	19,716	13,716	11,976	44%	65%
Other deposits and borrowings	11,215	12,963	12,132	-13%	-8%
Deposits and other borrowings	30,931	26,679	24,108	16%	28%
Other external liabilities	7,831	12,537	10,935	-38%	-28%
External liabilities	38,762	39,216	35,043	-1%	11%
Risk weighted assets	32,748	32,738	n/a	0%	n/a
Total employees	864	815	695	6%	24%

1. *Credit valuation adjustments on defaulted or impaired exposures of $29 million impacting the September 2008 half only have been reclassified as provision for credit impairment*

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New Zealand Businesses[1]
Graham Hodges

Table reflects NZD results for New Zealand Businesses AUD results shown on page 58	Half year Mar 09 NZD M	Half year Sep 08 NZD M	Half year Mar 08 NZD M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	946	969	977	-2%	-3%
Other external operating income	319	305	299	5%	7%
Operating income	1,265	1,274	1,276	-1%	-1%
External operating expenses	(620)	(631)	(586)	-2%	6%
Net inter business unit expenses	1	(5)	(4)	large	large
Operating expenses	(619)	(636)	(590)	-3%	5%
Profit before credit impairment and income tax	646	638	686	1%	-6%
Provision for credit impairment	(247)	(209)	(77)	18%	large
Profit before income tax	399	429	609	-7%	-34%
Income tax expense and minority interest	(115)	(137)	(196)	-16%	-41%
Underlying profit (NZD)	284	292	413	-3%	-31%
ANZ share of ING NZ frozen funds investor settlement (after tax)	(116)	-	-	n/a	n/a
Profit (NZD)	168	292	413	-42%	-59%
Consisting of:					
Retail	144	153	231	-6%	-38%
Commercial	111	124	157	-10%	-29%
Wealth	8	14	16	-43%	-50%
Operations and Support	21	1	9	large	large
Underlying profit (NZD)	284	292	413	-3%	-31%
ANZ share of ING NZ frozen funds investor settlement (after tax)	(116)	-	-	n/a	n/a
New Zealand Businesses	168	292	413	-42%	-59%
Balance Sheet					
Net loans & advances including acceptances	89,647	89,042	85,539	1%	5%
Other external assets	4,664	2,501	2,253	86%	large
External assets	94,311	91,543	87,792	3%	7%
Customer deposits	49,229	48,455	47,023	2%	5%
Other deposits and borrowings	6,144	12,653	10,938	-51%	-44%
Deposits and other borrowings	55,373	61,108	57,961	-9%	-4%
Other external liabilities	23,878	19,894	17,599	20%	36%
External liabilities	79,251	81,002	75,560	-2%	5%
Risk weighted assets	51,330	51,075	n/a	0%	n/a
Average net loans & advances including acceptances	89,448	87,528	82,591	2%	8%
Average deposits and other borrowings	59,690	58,999	57,012	1%	5%
Ratios					
Net interest margin	2.10%	2.19%	2.34%		
Return on average assets	0.62%	0.65%	0.97%		
Operating expenses to operating income	48.9%	49.9%	46.2%		
Operating expenses to average assets	1.34%	1.42%	1.39%		
Individual provision charge	212	140	47	51%	large
Individual provision charge as a % of average net advances	0.47%	0.32%	0.11%		
Collective provision charge	35	69	30	-49%	17%
Collective provision charge as a % of average net advances	0.08%	0.16%	0.07%		
Net non-performing loans	334	191	103	75%	large
Net non-performing loans as a % of net advances	0.37%	0.21%	0.12%		
Total employees	8,595	8,996	9,035	-4%	-5%

1. *For a reconciliation of New Zealand Businesses results to the New Zealand Geographic results refer page 65*

New Zealand Businesses
Graham Hodges

New Zealand commentary reflects NZD

March 2009 half year compared to March 2008 half year

The New Zealand economy entered recession in the beginning of 2008, reflecting domestic conditions flowing from the global credit crisis. This impacted the business during the second half of 2008 and has continued to impact financial performance in 2009, both in revenue growth and in provisions.

In February our joint venture partner, ING New Zealand (ING NZ), announced an offer to settle with investors in two funds frozen by ING NZ. The bank's cost for this matter has been estimated to be NZD116 million post tax. This charge has been separately classified in our first half results and included as an adjustment to statutory profit.

Underlying Profit for New Zealand Businesses reduced 31% compared to the March 2008 half year, largely driven by a NZD121 million after tax increase in credit impairment expense. Profit before credit impairment and income tax reduced 6%.

Whilst the domestic recession has impacted provisioning across all businesses, the effect of the credit crisis on revenue continues to be felt most significantly in Retail. Commercial businesses achieved reasonable growth in profit before provisions (9%) with the main contribution coming from the Rural business with balance sheet growth remaining strong.

Key factors driving the result were:

- Net interest income reduced 3% reflecting more modest balance sheet growth and margin contraction. Overall lending increased 5% with growth still strong in Rural (18%), but slower in Corporate & Commercial (3%) and substantially flat in the Retail businesses predominantly due to weaker housing market activity. Customer deposit growth was 5%, with stronger growth in retail than in the business market. Net interest margins contracted 24 basis points, largely from intensified competition for deposits driven by the increased wholesale funding spreads, and the delay in passing these costs on due to the predominance of fixed rate mortgages in the lending book, as well as higher break costs on mortgages with customers taking advantage of lower interest rates.
- Other external operating income increased 7%, assisted by the sale and lease back of some bank branches (NZD17 million). Retail fees were generally weak with a fall off in transactional fee volumes driven by lower consumer spend in a slowing economy.
- Operating expenses increased 5%. Cost growth was largely in personnel expenses due to the annual increase in salaries, partly offset by lower staff numbers, particularly in Retail. The acquisition of a subsidiary as part of a debt restructure contributed NZD10 million, or 2%. Strong control of discretionary expenditure has moderated overall cost growth. The increase in the cost to income ratio from 46.2% to 48.9% was driven primarily by the revenue position.
- Provision for credit impairment charge increased NZD170 million. The individual provision charge increased NZD165 million from the low levels in the March 2008 half, with the impact of the domestic recession not significantly impacting until the September 2008 half. The provisions have been broad-based, with the Retail increase of NZD70 million weighted to the second half of 2008 due to on-going weakness in the consumer sector, whereas the Commercial businesses increase of NZD92 million has been in both halves as the consumer led recession impacts the business market. This is reflected in higher non-accrual loans across the businesses, with net impaired loans as a percentage of net advances of 0.37%, up from the low level of 0.12% in the March 2008 half.

March 2009 half year compared to September 2008 half year

Underlying profit for New Zealand Businesses reduced 3%, largely driven by a NZD27 million after tax increase in credit impairment expense. Profit before credit impairment and income tax increased 1%.

Net interest income reduced 2% with balance sheet growth substantially flat. This was largely market-driven in a slowing domestic economy with growth in new lending matched by loan amortisation. Net interest margins contracted 9 basis points driven by the increased cost of wholesale funding, pressure on deposit margins from intensified competition and the delay in passing on these costs due to the predominance of fixed rate mortgages in the lending book, as well as increased mortgage loan break costs resulting from the fall in the yield curve.

Other external operating income was largely flat after excluding the benefit from the sale and lease back of bank branches (NZD17 million). Fee income was weak across the businesses particularly in Retail, reflecting the consumer-led economic slow down.

Operating expenses reduced 3% largely due to tight management of costs and implementation of a number of transformation and productivity initiatives and some phasing of costs towards the September half in 2008.

Provision for credit impairment charge increased NZD38 million. The individual provision charge increased NZD72 million, most significantly in the Commercial businesses as the weakness in consumer spending has spread into the business market. The collective provision charge reduced NZD34 million, reflecting the economic cycle adjustment of NZD40 million in the September 2008 half.

New Zealand Businesses
Graham Hodges

New Zealand Businesses by business unit

Comparison to Half Year Mar 2008

	Half Year Mar 2009 (NZD M)					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Retail	786	455	331	125	144	-8%	1%	-17%	large	-38%
Commercial	417	139	278	120	111	8%	6%	9%	large	-29%
Wealth	31	21	10	2	8	-21%	5%	-47%	n/a	-50%
Operations & Support	31	4	27	-	21	n/a	large	large	n/a	large
New Zealand (excluding ING NZ investor settlement)	**1,265**	**619**	**646**	**247**	**284**	**-1%**	**5%**	**-6%**	**large**	**-31%**
ANZ share of ING NZ investor settlements	(166)	-	(166)	-	(116)	n/a	n/a	n/a	n/a	n/a
New Zealand	**1,099**	**619**	**480**	**247**	**168**	**-14%**	**5%**	**-30%**	**large**	**-59%**

Comparison to Half Year Sep 2008

	Half Year Mar 2009 (NZD M)					Growth Rate				
	Revenue	Expenses	PBP[1]	Credit[2]	NPAT	Revenue	Expenses	PBP[1]	Credit[2]	NPAT
Retail	786	455	331	125	144	-5%	-3%	-6%	-1%	-6%
Commercial	417	139	278	120	111	2%	-2%	5%	45%	-10%
Wealth	31	21	10	2	8	-21%	-9%	-38%	n/a	-43%
Operations & Support	31	4	27	-	21	large	n/a	large	n/a	large
New Zealand (excluding ING NZ investor settlement)	**1,265**	**619**	**646**	**247**	**284**	**-1%**	**-3%**	**1%**	**18%**	**-3%**
ANZ share of ING NZ investor settlements	(166)	-	(166)	-	(116)	n/a	n/a	n/a	n/a	n/a
New Zealand	**1,099**	**619**	**480**	**247**	**168**	**-14%**	**-3%**	**-25%**	**18%**	**-42%**

1. *PBP (profit before provisions) is profit before credit impairment and income tax*
2. *Credit impairment expense*

Operating Income	**Half year Mar 09 NZD M**	**Half year Sep 08 NZD M**	**Half year Mar 08 NZD M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Retail					
The National Bank Retail	416	444	453	-6%	-8%
ANZ Retail	354	364	380	-3%	-7%
Other	16	17	17	-6%	-6%
Commercial					
Corporate & Commercial Banking	239	234	220	2%	9%
Rural Banking	145	136	129	7%	12%
Other	33	38	38	-13%	-13%
Wealth	31	39	39	-21%	-21%
Operations & Support	31	2	-	large	n/a
	1,265	1,274	1,276	-1%	-1%

New Zealand Businesses
Graham Hodges

Net loans & advances including acceptances	**Half year Mar 09 NZD M**	**Half year Sep 08 NZD M**	**Half year Mar 08 NZD M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Retail					
The National Bank Retail	32,104	32,034	31,645	0%	1%
ANZ Retail	20,593	20,668	20,435	0%	1%
Commerical					
Corporate & Commercial Banking	15,404	15,506	14,914	-1%	3%
Rural	18,681	17,950	15,785	4%	18%
Other	1,924	2,002	1,966	-4%	-2%
Wealth	941	882	794	7%	19%
	89,647	89,042	85,539	1%	5%

Customer deposits	**Half year Mar 09 NZD M**	**Half year Sep 08 NZD M**	**Half year Mar 08 NZD M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Retail					
The National Bank Retail	18,789	18,153	17,781	4%	6%
ANZ Retail	15,049	14,521	13,914	4%	8%
Commercial					
Corporate & Commercial Banking	6,993	7,065	6,961	-1%	0%
Rural Banking	2,450	2,718	2,302	-10%	6%
Other	1,702	1,683	1,763	1%	-3%
Wealth	4,246	4,315	4,302	-2%	-1%
	49,229	48,455	47,023	2%	5%

New Zealand Businesses[1]
Graham Hodges

Table reflects AUD results for New Zealand Businesses NZD results shown on page 54	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Net interest income	786	785	848	0%	-7%
Other external operating income	265	249	258	6%	3%
Operating income	1,051	1,034	1,106	2%	-5%
External operating expenses	(516)	(512)	(508)	1%	2%
Net inter business unit expenses	1	(4)	(3)	large	large
Operating expenses	(515)	(516)	(511)	0%	1%
Profit before credit impairment and income tax	536	518	595	3%	-10%
Provision for credit impairment	(205)	(173)	(67)	18%	large
Profit before income tax	331	345	528	-4%	-37%
Income tax expense and minority interest	(95)	(110)	(170)	-14%	-44%
Underlying profit	236	235	358	0%	-34%
ANZ share of ING NZ frozen funds investor settlement (after tax)	(97)	-	-	n/a	n/a
Profit	139	235	358	-41%	-61%
Consisting of:					
Retail	120	122	200	-2%	-40%
Commercial	92	99	136	-7%	-32%
Wealth	7	13	15	-46%	-53%
Operations Hub and Central Functions	17	1	7	large	large
Underlying profit	236	235	358	0%	-34%
ANZ share of ING NZ frozen funds investor settlement (after tax)	(97)	-	-	n/a	n/a
New Zealand Businesses	139	235	358	-41%	-61%
Balance Sheet					
Net loans & advances including acceptances	74,291	74,612	74,060	0%	0%
Other external assets	3,865	2,096	1,950	84%	98%
External assets	78,156	76,708	76,010	2%	3%
Customer deposits	40,797	40,604	40,712	0%	0%
Other deposits and borrowings	5,091	10,602	9,470	-52%	-46%
Deposits and other borrowings	45,888	51,206	50,182	-10%	-9%
Other external liabilities	19,788	16,669	15,238	19%	30%
External liabilities	65,676	67,875	65,420	-3%	0%
Risk weighted assets	42,538	42,798	n/a	-1%	n/a
Average net loans & advances including acceptances	74,342	71,404	71,557	4%	4%
Average deposits and other borrowings	49,610	47,945	49,395	3%	0%
Ratios					
Net interest margin	2.10%	2.19%	2.34%		
Return on average assets	0.62%	0.65%	0.97%		
Operating expenses to operating income	48.9%	49.9%	46.2%		
Operating expenses to average assets	1.34%	1.42%	1.39%		
Individual provision charge	176	116	41	52%	large
Individual provision charge as a % of average net advances	0.47%	0.32%	0.11%		
Collective provision charge	29	57	26	-49%	12%
Collective provision charge as a % of average net advances	0.08%	0.16%	0.07%		
Net non-performing loans	277	160	89	73%	large
Net non-performing loans as a % of net advances	0.37%	0.21%	0.12%		
Total employees	8,595	8,996	9,035	-4%	-5%

1. *For a reconciliation of New Zealand Businesses results to the New Zealand Geographic results refer page 65*

Group Centre[1]

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	75	90	95	-17%	-21%
Other external operating income	(13)	56	47	large	large
Operating income	62	146	142	-58%	-56%
External operating expenses	(399)	(393)	(391)	2%	2%
Net inter business unit expenses	321	316	300	2%	7%
Operating expenses	(78)	(77)	(91)	1%	-14%
Profit before credit impairment and income tax	(16)	69	51	large	large
Provision for credit impairment	(16)	-	(7)	n/a	large
Profit before income tax	(32)	69	44	large	large
Income tax expense and minority interest	(1)	(20)	(17)	-95%	-94%
Underlying profit / (loss)	(33)	49	27	large	large
Adjustments to statutory profit	384	1	289	large	33%
Profit	351	50	316	large	11%
Total employees	4,265	4,300	4,154	-1%	3%

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

March 2009 half year compared to March 2008 half year

An underlying loss of $33 million compared unfavourably with a profit of $27 million in the March 2008 half year. Key factors driving the underlying results were:

- Operating income reduced $80 million due primarily to profits on the sale of properties of $35 million in the March 2008 half, losses of $14 million on matured revenue hedges compared with gains of $3 million in the March 2008 half and higher Treasury funding cost in the current half.
- Operating expenses reduced $13 million in the March 2009 half year compared to March 2008 half year, due mainly to lower long service leave and legal costs.

The Group Centre was impacted in the March 2009 half year by the following adjustments to statutory profit (after-tax):

- One ANZ restructuring costs ($79 million), Organisational transformation costs ($17 million), fair value gains on economic hedging ($461 million) and NZD and USD revenue hedge mark-to-market gains ($19 million). Refer to pages 13 to 14 for an explanation of these adjustments.

The Group Centre adjustments to statutory profit in the March 2008 half year comprised:

- Gain on Visa shares ($248 million), Impairment of Origin Australia intangible ($24 million), the impact of a New Zealand tax rate change ($8 million favourable), fair value gains on economic hedging ($67 million) and NZD and USD revenue hedge mark-to-market losses ($10 million). Refer to pages 13 to 14 for an explanation of these adjustments.

March 2009 half year compared to September 2008 half year

An underlying loss of $33 million compared to a profit of $49 million in the September 2008 half year.

Operating income reduced $84 million due primarily to profits on the sale of properties of $18 million in the September 2008 half and losses of $14 million on matured revenue hedges compared with profits of $44 million in the September 2008 half.

Operating expenses increased 1% in the March 2009 half year.

The Group Centre adjustments to statutory profit in the September 2008 half year comprised:

- Organisational transformation costs ($152 million), the impact of a New Zealand tax rate change ($7 million unfavourable), fair value gains on economic hedging ($176 million) and NZD and USD revenue hedge mark-to-market losses ($16 million). Refer to pages 13 to 14 for an explanation of these adjustments.

Geographic performance

Profit	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	668	863	1,244	-23%	-46%
New Zealand	350	302	529	16%	-34%
Asia	192	134	91	43%	large
Pacific	89	69	64	29%	39%
Europe, America & India	118	(12)	35	large	large
	1,417	1,356	1,963	4%	-28%

Underlying[1] profit	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	1,084	1,075	1,192	1%	-9%
New Zealand	410	321	452	28%	-9%
Asia	198	139	96	42%	large
Pacific	89	69	64	29%	39%
Europe, America & India	127	(15)	33	large	large
	1,908	1,589	1,837	20%	4%

	Comparison to Half Year Sep 2008									
	Half Year Mar 2009					Growth Rate				
	Revenue	Expenses	PBP[2]	Credit[3]	NPAT	Revenue	Expenses	PBP[2]	Credit[3]	NPAT
Australia	4,553	1,918	2,635	1,072	1,084	3%	3%	2%	0%	1%
New Zealand	1,416	593	823	241	410	15%	0%	28%	42%	28%
Asia	539	268	271	51	198	67%	60%	75%	large	42%
Pacific	235	93	142	15	89	28%	19%	35%	88%	29%
Europe, America & India	297	72	225	56	127	large	31%	large	-38%	large
	7,040	**2,944**	**4,096**	**1,435**	**1,908**	**11%**	**7%**	**15%**	**5%**	**20%**
New Zealand (NZD)	1,704	714	990	291	494	12%	-2%	25%	41%	24%

	Comparison to Half Year Mar 2008									
	Half Year Mar 2009					Growth Rate				
	Revenue	Expenses	PBP[2]	Credit[3]	NPAT	Revenue	Expenses	PBP[2]	Credit[3]	NPAT
Australia	4,553	1,918	2,635	1,072	1,084	11%	5%	16%	82%	-9%
New Zealand	1,416	593	823	241	410	7%	2%	11%	large	-9%
Asia	539	268	271	51	198	large	large	94%	large	large
Pacific	235	93	142	15	89	34%	21%	45%	88%	39%
Europe, America & India	297	72	225	56	127	large	31%	large	large	large
	7,040	**2,944**	**4,096**	**1,435**	**1,908**	**18%**	**11%**	**23%**	**98%**	**4%**
New Zealand (NZD)	1,704	714	990	291	494	12%	6%	16%	large	-5%

1. *Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 13 to 14 for explanation of adjustments to statutory profit. A reconciliation of statutory profit to underlying profit by geographical region is included within Supplementary Information at page 109*
2. *PBP (profit before provisions) is profit before credit impairment and income tax*
3. *Credit impairment expense*

Australia
Brian Hartzer

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	3,388	2,984	2,693	14%	26%
Other external operating income	1,165	1,452	1,397	-20%	-17%
Operating income	4,553	4,436	4,090	3%	11%
Operating expenses	(1,918)	(1,857)	(1,820)	3%	5%
Profit before credit impairment and income tax	2,635	2,579	2,270	2%	16%
Provision for credit impairment	(1,072)	(1,074)	(589)	0%	82%
Profit before income tax	1,563	1,505	1,681	4%	-7%
Income tax expense	(476)	(428)	(489)	11%	-3%
Minority interest	(3)	(2)	-	50%	n/a
Underlying profit	1,084	1,075	1,192	1%	-9%
Adjustments to statutory profit	(416)	(212)	52	96%	large
Profit	668	863	1,244	-23%	-46%
Consisting of:					
Retail	693	698	655	-1%	6%
Commercial	320	322	323	-1%	-1%
Wealth	38	79	114	-52%	-67%
Transaction banking	189	44	80	large	large
Specialised lending	(10)	55	115	large	large
Markets	91	58	66	57%	38%
Balance sheet management	40	(15)	(4)	large	large
Other	(277)	(166)	(157)	67%	76%
Underlying profit	1,084	1,075	1,192	1%	-9%
Adjustments to statutory profit	(416)	(212)	52	96%	large
Profit	668	863	1,244	-23%	-46%
Net interest average margin	2.28%	2.12%	2.05%		
Operating expenses[1] to operating income	49.0%	50.4%	44.5%		
Operating expenses[1] to average assets	1.13%	1.32%	1.27%		
Operating expenses to operating income (underlying[1])	42.1%	41.9%	44.5%		
Operating expenses to average assets (underlying[1])	1.06%	1.19%	1.24%		
Individual provision charge	1,290	672	315	92%	large
Individual provision charge as a % of average net advances	1.03%	0.56%	0.28%		
Collective provision charge	(218)	402	274	large	large
Collective provision charge as a % of average net advances	(0.17%)	0.33%	0.24%		
Net non-performing loans	1,906	819	620	large	large
Net non-performing loans as a % of net advances	0.75%	0.33%	0.28%		
Total employees	19,922	20,364	20,204	-2%	-1%
Lending growth	2.5%	5.5%	8.2%		
External assets	343,411	321,071	300,529	7%	14%

1. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

Australia
Brian Hartzer

March 2009 half year compared to March 2008 half year

Profit after tax decreased 46%. After excluding adjustments to statutory profit, underlying profit decreased 9%. Significant influences on underlying profit were:

- Net interest income increased 26% driven by a 23 basis points increase in net interest margin, whilst average net advances grew by 12%. Lower funding cost on derivative revaluations ($149 million movement offset in other income) had a 10 basis point impact. Excluding this, margins improved by 13 basis points driven by pricing decisions and the timing of passing on rate movements across both the retail and corporate lending book and a change in mix away from lower margin business. This was partly offset by a decline in retail deposit margins with strong competitive pressures impacting both pricing and product mix. Growth in average net advances was driven by Mortgages (13%) and lending in the Institutional businesses following re-intermediation of corporate customers during 2008.
- Other external operating income decreased 17%. Major impacts include the offset to the derivative funding benefit in Net Interest (-$149 million), impact of previous consolidation of Stadium Australia (-$19 million) and property sales in March 2008 not repeated this half (-$35 million). Excluding these, Other external income declined by 2% with share market turmoil leading to lower investment, advisory and insurance income in our Wealth business (-26%) together with lower earnings from INGA (-69%). Institutional other external income increased by 14% with improved fee and other income in Markets and gains on corporate credit risk derivatives partly offset by a decline in merger and acquisition advisory fees and lower fee income in Specialised Lending (-46%) due to lower market activity.
- Operating expenses increased 5%. Excluding the impact of the consolidation of Stadium Australia, operating expenses increased 7%. Institutional Division increased 18% driven by higher technology costs associated with platform development in Transaction Banking and Markets. Australia Division operating costs increased 4% due to higher personnel, premises and computer costs associated with investment in the branch network, ATM expansion and additional servicing costs related to customer acquisition and collections.
- Provision for credit impairment increased $483 million. Individual provisions were up $975 million, due to several large individual provisions in the Institutional Relationship Lending business. Provisions in Consumer Cards and Unsecured Lending and Esanda also increased as did Mortgages from a low base. The collective provision decreased by $492 million; mainly through the wind back of concentration risk provision and economic cycle provision taken up last half in Institutional, as losses begin to flow through the individual provision charge. Collective provision in the Australia Division increased due to volume growth and observed decline in credit ratings primarily in Esanda and Consumer Cards and Unsecured Lending.

March 2009 half year compared to September 2008 half year

Profit after tax decreased 23%. After excluding adjustments to statutory profit, underlying profit increased by 1%.

Net interest income increased 14% driven by a 16 basis points increase in net interest margin, whilst growth in average net advances slowed to 4% reflecting the overall slowdown in system growth this half. Lower funding cost on derivative revaluations ($192 million movements offset in other income) had a 13 basis point impact. Excluding this, margins increased by 3 basis points driven by pricing decisions and the timing of passing on rate movements across both the retail and corporate lending book. This was partly offset by continued strong competition for deposits which saw margins on retail deposits decline. Growth in average net advances was driven by Mortgages (6%) and lending in the Institutional businesses.

Other external operating income decreased 20%. The decline was impacted by the offset to the derivative funding benefit in Net Interest (-$192 million) and property sales in the September half not repeated this half (-$18 million). Excluding these, Other external operating income declined by 6% driven by the Australia Division (-8%) with lower investment, advisory and insurance income in our Wealth business (-16%), lower earnings from INGA (-53%) and the higher use of loyalty points in Consumer Cards and Unsecured Lending as consumers redeem products and vouchers as a form of savings. Institutional Other external income increased 11% driven by an improved trading outcome in Markets and gains on corporate credit risk derivatives partly offset by lower fee income in Specialised Lending (-$28 million). The Group Centre was impacted by lower revenue on the close out of revenue hedges due to movement in exchange rates (-$58 million).

Operating expenses increased 3%. Institutional costs increased by 9% driven by higher frontline staff in Relationship Banking, higher technology costs associated with platform development and expansion in Transaction Banking and Markets. Australia Division increased by 2%, driven by higher personnel and computer costs in the retail business in line with strategic expansion of branch and frontline staff and higher costs related to customer focused initiatives.

Provisions for credit impairment were in line with the previous half. The individual provision charge increased by $618 million primarily in the Institutional lending book through several large exposures reflecting the downturn in the global economy. The Australian Division also saw an increase in individual provisions mainly through Consumer Cards and Unsecured Lending and Esanda. The collective provision charge decreased by $620 million, driven by the wind back of provisions taken up for economic cycle and concentration risk last half, as losses begin to flow through the individual provision charge.

New Zealand
Graham Hodges

	Half year Mar 09 NZD M	Half year Sep 08 NZD M	Half year Mar 08 NZD M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	1,188	1,021	1,010	16%	18%
Other external operating income	516	500	518	3%	0%
Operating income	1,704	1,521	1,528	12%	12%
Operating expenses	(714)	(726)	(672)	-2%	6%
Profit before credit impairment and income tax	990	795	856	25%	16%
Provision for credit impairment	(291)	(207)	(93)	41%	large
Profit before income tax	699	588	763	19%	-8%
Income tax expense	(205)	(188)	(242)	9%	-15%
Minority interest	-	-	-	n/a	n/a
Underlying profit	494	400	521	24%	-5%
Adjustments to statutory profit	(73)	(20)	89	large	large
Profit (NZD)	421	380	610	11%	-31%
Profit (AUD)	350	302	529	16%	-34%
Consisting of:					
Retail	144	153	231	-6%	-38%
Commercial	111	124	157	-10%	-29%
Wealth	7	13	15	-46%	-53%
Transaction banking	42	39	38	8%	11%
Specialised lending	23	32	23	-28%	0%
Markets	166	66	51	large	large
Balance sheet management	2	5	18	-60%	-89%
Other	(1)	(32)	(12)	-97%	-92%
Underlying profit	494	400	521	24%	-5%
Adjustments to statutory profit	(73)	(20)	89	large	large
Profit (NZD)	421	380	610	11%	-31%
Net interest average margin	2.14%	1.92%	2.00%		
Operating expenses[1] to operating income	45.4%	49.5%	42.0%		
Operating expenses[1] to average assets	1.13%	1.34%	1.21%		
Operating expenses to operating income (underlying[1])	41.9%	47.7%	44.0%		
Operating expenses to average assets (underlying[1])	1.09%	1.27%	1.20%		
Individual provision charge	214	141	47	52%	large
Individual provision charge as a % of average net advances	0.43%	0.30%	0.10%		
Collective provision charge	77	66	46	17%	67%
Collective provision charge as a % of average net advances	0.16%	0.14%	0.10%		
Net non-performing loans	338	195	108	73%	large
Net non-performing loans as a % of net advances	0.34%	0.20%	0.12%		
Total employees	9,066	9,548	9,552	-5%	-5%
Lending growth	0.7%	5.7%	5.5%		
External assets	128,617	119,780	110,834	7%	16%

1. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

New Zealand
Graham Hodges

Reconciliation of Geographic profit

	Half year Mar 09 NZD M	Half year Sep 08 NZD M	Half year Mar 08 NZD M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
New Zealand Businesses (underlying profit)	284	292	413	-3%	-31%
NZ Institutional	229	137	126	67%	82%
New Zealand Banking	513	429	539	20%	-5%
NZ shareholder functions	(19)	(29)	(18)	-34%	6%
New Zealand geography adjusted for adjustments to profit[1]	494	400	521	24%	-5%
Adjustments to statutory profit	(73)	(20)	89	large	large
Total New Zealand geography	421	380	610	11%	-31%

1. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

March 2009 half year compared to March 2008 half year

The New Zealand economy entered recession in the beginning of 2008, reflecting domestic conditions flowing from the global credit crisis. This impacted the financial performance of the Retail and Commercial businesses in 2009, both in revenue growth and in provisions. The global markets opportunities have, however, enabled a very strong result in the Markets business.

In February our joint venture partner, ING New Zealand (ING NZ), announced an offer to settle with investors in two funds frozen by ING NZ. The bank's cost for this matter has been estimated to be NZD116 million post tax. This charge has been separately classified in our first half results and included as an adjustment to statutory profit.

Underlying profit reduced 5% compared to the March 2008 half year, largely driven by a NZD141 million after tax increase in credit impairment expense. The New Zealand Businesses underlying profit declined 31%, reflecting the effects of the domestic recession and credit crisis. The Institutional business however, delivered a very strong result, up 82% on the March 2008 half, with Markets taking advantage of trading opportunities presented.

- Net interest income increased 18%, or by 4%, adjusting for a NZD133 million increase in net interest from derivative positions, offset by a decrease in trading income. This was driven by a strong contribution from positioning the balance sheet (mismatch earnings) and earnings on higher levels of retained capital, moderated by margin contraction of 24 basis points in the New Zealand Businesses.
- Excluding the change in composition of the derivatives result referred to above, other external operating income increased 25%, largely reflecting a strong Markets trading result.
- Operating expenses increased 6%. Cost growth was largely in personnel expenses due to the annual increase in salaries and to reflect the strong Markets performance, partly offset by lower staff numbers. The acquisition of a subsidiary as part of a debt restructure contributed NZD10 million or 1%. Strong control of discretionary expenditure has moderated overall cost growth.
- Provision for credit impairment charge increased NZD198 million. The individual provision charge increased NZD167 million from the low levels in the March 2008 half, with the impact of the domestic recession not significantly impacting until the September 2008 half. The provisions have been broad-based, with Retail seeing the increase in the second half of 2008 and the Commercial businesses in both halves as the consumer led recession impacts the business market. The collective provision charge increased NZD31 million with increases in risk mainly in Institutional and the Commercial businesses, again from low levels.

March 2009 half year compared to September 2008 half year

Underlying profit increased 24%. The result reflects a very strong contribution from Institutional, particularly from Markets trading, which was moderated by a reduced result from the NZ Businesses, including an increase in credit impairment expense.

Net interest income increased 16%, or by 5%, adjusting for a NZD111 million increase in net interest from derivative positions, offset by a decrease in trading income. This was driven by a strong result from positioning the balance sheet (mismatch earnings). The result was moderated by net interest margin contraction of 9 basis points in the New Zealand Businesses largely from intensified competition for deposits, higher wholesale funding costs and the delay in passing these costs on due to the predominance of fixed rate mortgages in the lending book and higher break costs on mortgages.

Excluding the impact of the change in composition of the derivatives result, other external operating income increased 25%, largely reflecting a strong Markets trading result.

Operating expenses reduced 2%, reflecting tight management of costs and implementation of a number of transformation and productivity initiatives, and some phasing of 2008 costs towards the September half in 2008.

Provision for credit impairment charge increased NZD84 million. The individual provision charge increased NZD73 million, most significantly in the Commercial businesses as the weakness in consumer spending has spread into the business market. The collective provision charge increased NZD11 million, reflecting the economic cycle adjustment of NZD40 million in the September 2008 half.

Asia
Alex Thursby

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	147	105	96	40%	53%
Other external operating income	392	218	165	80%	large
Operating income	539	323	261	67%	large
Operating expenses	(268)	(168)	(121)	60%	large
Profit before credit impairment and income tax	271	155	140	75%	94%
Provision for credit impairment	(51)	(22)	(25)	large	large
Profit before income tax	220	133	115	65%	91%
Income tax expense	(21)	8	(17)	large	24%
Minority interest	(1)	(2)	(2)	-50%	-50%
Underlying profit	198	139	96	42%	large
Adjustments to statutory profit	(6)	(5)	(5)	20%	20%
Profit	192	134	91	43%	large
Operating expenses to operating income	50.6%	52.7%	48.4%		
Operating expenses to operating income (underlying[1])	49.7%	52.0%	46.4%		
Individual provision charge	25	10	9	large	large
Collective provision charge	26	12	16	large	63%
Net non-performing loans	108	92	-	17%	n/a
Total employees	2,753	2,195	1,693	25%	63%

1. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

March 2009 half year compared to March 2008 half year

Profit grew 111% following strong growth in the Institutional business driven by the high volatility in the region generating a significant increase in trade sales. The Asian Partnerships business also contributed significantly to the result driven by increased equity accounted earnings, particularly from SRCB and BoT in China (including adjustments to ANZ's share of earnings from prior periods), offsetting an impairment charge relating to the carrying value of our investment in SSI in Vietnam and the mark-to-market loss on warrants in Panin. Operating expenses increased as a result of investment in our organic businesses in Indonesia and Vietnam as we continue to invest in expansion opportunities in these key strategic markets as well as building our regional support capability in Asia.

Key factors affecting the result were:

- Net interest income increased by 53% due to significant increases in our Markets business, as well as growth in net lending assets and customer deposits coupled with improved margins.
- Other external operating income grew by 138%, of which more than half was contributed by equity accounted income from Asian Partnerships. Fee income and other income were significantly higher in the Markets businesses leveraging off volatility in the currency markets.
- Operating expenses increased 121% through a combination of new investments, and growth across the region in employee numbers. Employees increased by 1,057, as we continue to build core capability in the region.
- Provision for credit impairment increased by $26 million due to primarily to asset growth and risk grade decreases.

March 2009 half year compared to September 2008 half year

Profit increased 43%. The result was boosted by increased equity accounted earnings from Asia Partnerships together with significant revenue growth from the Institutional business driven by the high volatility in the early part of the year. Operating expenses increased 60% driven by the increase in staff to support our growth agenda in the Asian region.

Pacific
Alex Thursby

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	125	95	88	32%	42%
Other external operating income	110	88	87	25%	26%
Operating income	235	183	175	28%	34%
Operating expenses	(93)	(78)	(77)	19%	21%
Profit before credit impairment and income tax	142	105	98	35%	45%
Provision for credit impairment	(15)	(8)	(8)	88%	88%
Profit before income tax	127	97	90	31%	41%
Income tax expense	(38)	(27)	(26)	41%	46%
Minority interest	-	(1)	-	-100%	n/a
Profit	89	69	64	29%	39%
Operating expenses to operating income	39.6%	42.6%	44.0%		
Individual provision charge	9	6	6	50%	50%
Collective provision charge	6	2	2	large	large
Net non-performing loans	22	17	15	29%	47%
Total employees	2,023	2,048	1,991	-1%	2%

March 2009 half year compared to March 2008 half year

Profit increased by 39%. Double-digit profit growth in Fiji, Papua New Guinea, Samoa, Solomon Islands, Kiribati and Timor Leste were partly offset by amortisation of network infrastructure investments.

Key factors affecting the result were:

- Net interest income increased 42% due to improved margins and volume growth, notably in Papua New Guinea, Solomon Islands and Cook Islands.
- Other external operating income increased 26% due to strong foreign exchange earnings and fee growth in Papua New Guinea, Fiji and the Solomon Islands.
- Operating expenses increased 21% due to continued investment in high growth countries including Papua New Guinea and Solomon Islands and the amortisation of new branch software.
- As a result of the higher net non-performing loans, for credit impairment increased by $7 million driven by higher provisioning in Tonga and Papua New Guinea.

March 2009 half year compared to September 2008 half year

Profit increased 29% with continued growth in Papua New Guinea, Fiji and the Solomon Islands.

Operating income increased 28% as a result of improved interest margins in Fiji and growth in Papua New Guinea, while operating expenses increased by 19% due to the amortisation of new branch software.

Europe, America and India
Alex Thursby

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Net interest income	175	60	29	large	large
Other external operating income	122	77	101	58%	21%
Operating income	297	137	130	large	large
Operating expenses	(72)	(55)	(55)	31%	31%
Profit before credit impairment and income tax	225	82	75	large	large
Provision for credit impairment	(56)	(90)	(23)	-38%	large
Profit before income tax	169	(8)	52	large	large
Income tax expense	(42)	(7)	(19)	large	large
Underlying profit	127	(15)	33	large	large
Adjustments to statutory profit	(9)	3	2	large	large
Profit	118	(12)	35	large	large
Operating expenses to operating income	26.3%	32.7%	40.9%		
Operating expenses to operating income (underlying[1])	24.2%	40.1%	42.3%		
Individual provision charge	29	91	6	-68%	large
Collective provision charge	27	(1)	17	large	59%
Net non-performing loans	43	13	26	large	65%
Total employees	3,282	2,772	2,042	18%	61%

1. *Refer pages 13 to 14 for explanation of adjustments to statutory profit*

March 2009 half year compared to March 2008 half year

Profit increased by $83 million. Excluding adjustments to statutory profit, underlying profit increased by $94 million with the depreciation of the AUD against other currencies providing a $6 million benefit to the March 2008 half result.

Significant influences on profit:

- Net interest income increased 211% on a currency adjusted basis with new lending facilities written at higher margins due to the credit and liquidity environment together with repricing of existing facilities and charging of credit related event fees. The movement in exchange rates also shifted the collateral held in the region on behalf of the Group to an asset position (March 2008 half was a liability position) with positive interest impacts of $66 million (offset in other income).
- Other external operating income increased 65% on a currency adjusted basis, and excluding the reduction from the movement in derivative positions offset in net interest income. This increase was driven by the markets business capitalising on strong customer flows and both interest rate and currency volatility.
- Operating expenses decreased 6% on a currency adjusted basis with the Europe and America region continuing to rationalise support functions and reduced product offering in the Corporate Finance business. Personnel numbers increased by 1,240 with the expansion of operations and technology support activities in India although these costs were charged to sponsoring business units.
- Provision for credit impairment increased $33 million with downgrades recorded on some large corporate exposures together with an individual provision recorded against a collateral mortgage obligation asset.

March 2009 half year compared to September 2008 half year

Profit increased by $130 million. Excluding adjustments to statutory profit, underlying profit increased by $142 million with the depreciation of the AUD against other currencies providing an $8 million benefit to the September 2008 half result.

Net interest income increased 95% on a currency adjusted basis including 49 million from movement in the derivatives position (offset in other income). Other factors include strong balance sheet re-pricing and favourable funding conditions with increased level of corporate deposits.

Other income increased 73% on a currency adjusted basis after excluding the movement in derivatives position offset in net interest income. Other income has been bolstered by foreign exchange earnings resulting from volatility in markets. Non-Markets commitment and guarantee activities also benefited from higher margins with limited credit available.

Operating expenses decreased 2% on a currency adjusted basis with the Europe and America region continuing to rationalise support functions and reduced product offering in the Corporate Finance business.

Provision for credit impairment decreased with credit losses on assets held in the liquidity portfolio and a specific loss on the loan portfolio all incurred in the September 2008 half not repeated in the current half.

Underlying operating income	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Retail	**2,977**	**2,837**	**2,714**	**5%**	**10%**
Australia	1,908	1,837	1,718	4%	11%
New Zealand	654	669	736	-2%	-11%
Asia Pacific	415	331	260	25%	60%
Commercial	**1,359**	**1,252**	**1,202**	**9%**	**13%**
Australia	1,013	920	868	10%	17%
New Zealand	346	332	334	4%	4%
Institutional	**2,406**	**1,802**	**1,611**	**34%**	**49%**
Australia	1,388	1,238	1,065	12%	30%
New Zealand	361	230	228	57%	58%
Asia Pacific, Europe & America	657	334	318	97%	large
Group Centre, Wealth, Support and Operations	**298**	**424**	**453**	**-30%**	**-34%**
	7,040	**6,315**	**5,980**	**11%**	**18%**

Underlying profit	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Retail	**978**	**963**	**950**	**2%**	**3%**
Australia	693	698	655	-1%	6%
New Zealand	119	122	200	-2%	-41%
Asia Pacific	166	143	95	16%	75%
Commercial	**412**	**421**	**459**	**-2%**	**-10%**
Australia	320	322	323	-1%	-1%
New Zealand	92	99	136	-7%	-32%
Institutional	**668**	**207**	**419**	**large**	**59%**
Australia	206	27	192	large	7%
New Zealand	190	112	110	70%	73%
Asia Pacific, Europe & America	272	68	117	large	large
Group Centre, Wealth, Support and Operations	**(150)**	**(2)**	**9**	**large**	**large**
	1,908	**1,589**	**1,837**	**20%**	**4%**

Net loans and advances and acceptances	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Retail	**193,297**	**185,145**	**177,379**	**4%**	**9%**
Australia	145,902	137,773	129,724	6%	12%
New Zealand	43,671	44,160	45,092	-1%	-3%
Asia Pacific	3,724	3,212	2,563	16%	45%
Commercial	**72,757**	**72,697**	**69,277**	**0%**	**5%**
Australia	42,917	42,985	40,996	0%	5%
New Zealand	29,840	29,712	28,281	0%	6%
Institutional	**86,013**	**86,746**	**81,459**	**-1%**	**6%**
Australia	61,182	62,471	59,203	-2%	3%
New Zealand	7,334	7,371	6,100	-1%	20%
Asia Pacific, Europe & America	17,497	16,904	16,156	4%	8%
Group Centre, Wealth, Support and Operations	**4,733**	**5,263**	**5,055**	-10%	-6%
	356,800	349,851	333,170	2%	7%

	Mar 09 $M	Sep 08 $M	Mar 08 $M	Sep 07 $M	Mar 07 $M	Sep 06 $M	Mar 06 $M	Sep 05 $M
Income Statement								
Net interest income	4,822	4,074	3,781	3,691	3,611	3,575	3,368	3,231
Other operating income	2,218	2,241	2,199	1,995	1,770	1,583	1,563	1,528
Operating expense	(2,944)	(2,751)	(2,655)	(2,567)	(2,386)	(2,346)	(2,259)	(2,213)
Provision for credit impairment	(1,435)	(1,364)	(726)	(327)	(240)	(183)	(224)	(325)
Profit before income tax	2,661	2,200	2,599	2,792	2,755	2,629	2,448	2,221
Income tax expense	(749)	(606)	(759)	(799)	(817)	(770)	(716)	(636)
Minority interest	(4)	(5)	(3)	(5)	(2)	(3)	(1)	(2)
Underlying profit[1]	1,908	1,589	1,837	1,988	1,936	1,856	1,731	1,583
Adjustments to statutory profit[1]	(491)	(233)	126	90	166	21	80	37
Profit attributable to shareholders of the Company	1,417	1,356	1,963	2,078	2,102	1,877	1,811	1,620
Balance Sheet								
Assets	502,798	470,293	437,759	392,773	351,849	334,640	322,181	300,885
Net assets	28,367	26,552	23,964	22,048	20,910	19,906	18,796	19,538
Ratios								
Return on average ordinary equity[2]	10.4%	11.4%	17.7%	20.5%	21.3%	20.4%	20.9%	18.3%
Return on average assets	0.54%	0.61%	0.92%	1.10%	1.21%	1.13%	1.15%	1.10%
Tier 1 capital ratio[3]	8.2%	7.7%	6.9%	6.7%	6.7%	6.8%	6.8%	6.9%
Total capital ratio[3]	11.0%	11.1%	10.1%	10.1%	10.3%	10.6%	10.4%	10.5%
Operating expenses to operating income	47.0%	49.7%	44.0%	44.5%	42.5%	45.2%	44.0%	47.1%
Operating expenses to operating income[1]	41.8%	43.6%	44.4%	45.1%	44.3%	45.5%	45.8%	46.5%
Shareholder value - ordinary shares								
Total return to shareholders								
(share price movement plus dividends)	(12.0%)	(14.6%)	(22.1%)	2.1%	13.2%	3.4%	13.2%	19.2%
Market capitalisation	33,990	38,263	43,328	55,382	54,788	49,331	48,461	43,834
Dividend	46 cents	74 cents	62 cents	74 cents	62 cents	69 cents	56 cents	59 cents
Franked portion	100%	100%	100%	100%	100%	100%	100%	100%
Share price								
- high	$19.63	$24.28	$31.74	$31.50	$30.24	$28.66	$26.70	$24.45
- low	$11.83	$15.07	$19.38	$25.75	$26.75	$24.45	$22.70	$20.53
- closing	$15.75	$18.75	$22.55	$29.70	$29.70	$26.86	$26.50	$24.00
Share information (per fully paid)								
Earnings per share - basic	66.3c	68.3c	102.4c	110.9c	113.2c	101.6c	98.4c	86.3c
Dividend payout ratio	71.3%	113.6%	61.4%	67.1%	54.9%	68.0%	56.9%	68.4%
Net tangible assets	$10.94	$10.72	$10.06	$9.37	$9.01	$8.53	$7.99	$7.77
Number of fully paid ordinary shares (M)	2,158.1	2,040.7	1,921.4	1,864.7	1,844.7	1,836.6	1,828.7	1,826.4
Other information								
Permanent employees (FTE)	35,415	35,423	34,190	33,004	31,818	30,644	29,617	29,471
Temporary employees (FTE)	1,631	1,502	1,292	1,349	1,365	1,612	1,446	1,505
Total employees (FTE)	37,046	36,925	35,482	34,353	33,183	32,256	31,063	30,976
Number of shareholders[4]	391,052	376,813	355,809	327,703	300,987	291,262	273,503	263,467

1. *Adjusted to reflect result for the ongoing business activities of the Group. Refer pages 13 to 14 for explanation of adjustments to statutory profit*
2. *Average ordinary shareholders' equity excludes minority interest and preference share dividend*
3. *Prior to March 2008, values were calculated using Basel I methodology*
4. *Excludes employees whose only ANZ shares are held in trust under ANZ employee share schemes*

Australia and New Zealand Banking Group Limited

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND OTHER DISCLOSURES

Half year ended
31 March 2009

CONTENTS		*PAGE*
Directors' Report		**75**
Condensed Consolidated Income Statement		**76**
Condensed Consolidated Balance Sheet		**77**
Condensed Consolidated Statement of Recognised Income and Expense		**78**
Condensed Consolidated Cash Flow Statement		**79**
Notes to Condensed Financial statements		**80**
1.	Basis of preparation	80
2.	Critical estimates and judgements used in applying Accounting Policies	81
3.	Income	84
4.	Operating expenses	85
5.	Income tax expense	86
6.	Dividends	87
7.	Earnings per share	88
8.	Net loans and advances	89
9.	Credit quality	90
10.	Provision for credit impairment	94
11.	Deposits and other borrowings	95
12.	Loan capital	95
13.	Share capital	96
14.	Shareholders' equity	96
15.	Contingent liabilities and contingent assets	98
16.	Note to the Cash Flow Statement	101
17.	Segment analysis	102
18.	Changes in composition of the Group	102
19.	Associates, joint venture entities and investments	103
20.	Related party disclosure	103
21.	Exchange rates	103
22.	Significant events since balance date	103
Directors' Declaration		**104**
Auditors' Review Report and Independence Declaration		**105**

The directors present their report on the condensed consolidated financial statements for the half year ended 31 March 2009.

Directors

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

Mr CB Goode, AC - Chairman	Director since 24 July 1991, Chairman since 24 August 1995
Mr MRP Smith, OBE – Chief Executive Officer	CEO and director since 1 October 2007
Dr GJ Clark	Director since 1 February 2004
Mr JK Ellis	Director since 1 October 1995
Mr PAF Hay	Director since 12 November 2008
Ms MA Jackson, AC	Director since 22 March 1994, Retired 21 March 2009
Mr Lee Hsien Yang	Director since 1 February 2009
Mr IJ Macfarlane, AC	Director since 16 February 2007
Mr DE Meiklejohn	Director since 1 October 2004
Mr JP Morschel	Director since 1 October 2004
Ms AM Watkins	Director since 12 November 2008

Result

The consolidated profit attributable to shareholders of the Company was $1,417 million. Further details are contained in the Chief Financial Officer's Review and Business Performance Review on pages 13 to 59 and in the financial report.

Review of operations

A review of the operations of the Group during the half year and the results of those operations are contained in the Chief Financial Officer's Review and Business Performance Review on pages 13 to 59.

Lead auditor's independence declaration

The lead auditor's independence declaration given under section 307C of the Corporations Act 2001 (as amended) is set out on page 105 and forms part of the Directors' Report for the half year ended 31 March 2009.

Rounding of amounts

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

Signed in accordance with a resolution of the directors.

Charles Goode	**Michael R P Smith**
Chairman	*Director*

28 April 2009

Australia and New Zealand Banking Group Limited

	Note	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Total income	3	16,445	18,943	17,970	-13%	-8%
Interest income		14,700	16,992	15,612	-13%	-6%
Interest expense		(9,878)	(12,922)	(11,832)	-24%	-17%
Net interest income	3	4,822	4,070	3,780	18%	28%
Other operating income	3	1,507	1,809	2,139	-17%	-30%
Share of joint venture profit from ING Australia and ING New Zealand		29	58	85	-50%	-66%
Share of associates' profit		209	84	134	large	56%
Operating income		6,567	6,021	6,138	9%	7%
Operating expenses	4	(3,090)	(2,995)	(2,701)	3%	14%
Profit before credit impairment and income tax		3,477	3,026	3,437	15%	1%
Provision for credit impairment	10	(1,373)	(1,267)	(681)	8%	large
Profit before income tax		2,104	1,759	2,756	20%	-24%
Income tax expense	5	(683)	(398)	(790)	72%	-14%
Profit for the period		1,421	1,361	1,966	4%	-28%
Comprising:						
Profit attributable to minority interest		4	5	3	-20%	33%
Profit attributable to shareholders of the Company		1,417	1,356	1,963	4%	-28%
Earnings per ordinary share (cents)						
Basic	7	66.3	68.3	102.4	-3%	-35%
Diluted	7	63.4	65.9	98.6	-4%	-36%
Dividend per ordinary share (cents)	6	46	74	62	-38%	-26%

The notes appearing on pages 80 to 103 form an integral part of these financial statements

Australia and New Zealand Banking Group Limited

Assets	Note	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Liquid assets		26,743	25,030	17,803	7%	50%
Due from other financial institutions		5,354	9,862	11,850	-46%	-55%
Trading securities		21,312	15,177	14,870	40%	43%
Derivative financial instruments		57,445	36,941	29,217	56%	97%
Current tax assets		327	809	290	-60%	13%
Available-for-sale assets		16,182	17,480	16,333	-7%	-1%
Net loans and advances	8	341,783	334,554	317,414	2%	8%
Customers' liability for acceptances		15,017	15,297	15,756	-2%	-5%
Shares in associates and joint venture entities		4,712	4,375	3,869	8%	22%
Deferred tax assets		1,495	357	203	large	large
Goodwill and other intangible assets[1]		3,816	3,741	3,716	2%	3%
Other assets		6,757	5,078	5,011	33%	35%
Premises and equipment		1,855	1,592	1,427	17%	30%
Total assets		502,798	470,293	437,759	7%	15%
Liabilities						
Due to other financial institutions		18,314	20,092	19,134	-9%	-4%
Deposits and other borrowings	11	293,598	283,966	264,996	3%	11%
Derivative financial instruments		49,439	31,927	27,831	55%	78%
Liability for acceptances		15,017	15,297	15,756	-2%	-5%
Current tax liabilities		1,123	61	61	large	large
Deferred tax liabilities		173	149	259	16%	-33%
Payables and other liabilities		7,710	9,443	8,321	-18%	-7%
Provisions		1,259	1,217	957	3%	32%
Bonds and notes		73,138	67,323	63,549	9%	15%
Loan capital	12	14,660	14,266	12,931	3%	13%
Total liabilities		474,431	443,741	413,795	7%	15%
Net assets		28,367	26,552	23,964	7%	18%
Shareholders' equity						
Ordinary share capital	13,14	14,138	12,589	10,381	12%	36%
Preference share capital	13,14	871	871	871	0%	0%
Reserves	14	(334)	(742)	(1,012)	-55%	-67%
Retained earnings	14	13,620	13,772	13,673	-1%	0%
Share capital and reserves attributable to shareholders of the Company		28,295	26,490	23,913	7%	18%
Minority interest		72	62	51	16%	41%
Total equity		28,367	26,552	23,964	7%	18%

1. *Excludes notional goodwill in equity accounted entities*

The notes appearing on pages 80 to 103 form an integral part of these financial statements

Australia and New Zealand Banking Group Limited

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Items recognised directly in equity[1]					
Currency translation adjustments					
Exchange differences taken to equity	443	319	74	39%	large
Available-for-sale assets					
Valuation (loss) taken to equity	(55)	(116)	(189)	-53%	-71%
Cumulative (gain) loss transferred to the income statement	13	65	(5)	-80%	large
Transfer on step acquisition of associate	-	60	-	-100%	n/a
Cash flow hedges					
Valuation gain (loss) taken to equity	35	(25)	(14)	large	large
Transferred to income statement for the period	(15)	(41)	6	-63%	large
Actuarial gain (loss) on defined benefit plans	(87)	(74)	(5)	18%	large
Adjustment on step acquisition of associate	-	1	-	-100%	n/a
Income/(expense) recognised directly in equity	334	189	(133)	77%	large
Profit for the period	1,421	1,361	1,966	4%	-28%
Total recognised income and expense for the period	1,755	1,550	1,833	13%	-4%
Comprising:					
Total recognised income and expense attributable to minority interest	4	5	3	-20%	33%
Total recognised income and expense attributable to shareholders of the company	1,751	1,545	1,830	13%	-4%

1. *These items are disclosed net of tax*

The notes appearing on pages 80 to 103 form an integral part of these financial statements

Australia and New Zealand Banking Group Limited

	Note	Half year Mar 09 Inflows (Outflows) $M	Half year Sep 08 Inflows (Outflows) $M	Half year Mar 08 Inflows (Outflows) $M
Cash flows from operating activities				
Interest received		15,041	16,785	15,404
Dividends received		22	19	65
Fee income received		1,348	1,345	1,351
Other income received		403	497	195
Interest paid		(10,665)	(12,367)	(11,819)
Personnel expenses paid		(1,862)	(1,584)	(1,572)
Premises expenses paid		(257)	(239)	(226)
Other operating expenses paid		(539)	(575)	(709)
Net cash (paid)/received on derivatives		(2,113)	1,377	(3,005)
Income taxes (paid)/refunds received				
Australia		232	(971)	(1,035)
Overseas		(293)	(149)	(315)
Goods and Services Tax paid		(7)	(7)	(3)
(Increase)/decrease in operating assets:				
Liquid assets - greater than three months		435	(2,773)	(1,919)
Due from other financial institutions - greater than three months		1,398	74	(813)
Trading securities		(7,589)	(242)	273
Regulatory deposits		(304)	(144)	(88)
Loans and advances		(5,750)	(17,328)	(29,527)
Increase/(decrease) in operating liabilities				
Deposits and other borrowings		8,363	19,588	30,208
Due to other financial institutions		(1,778)	(221)	1,197
Payables and other liabilities		(1,754)	435	(1,624)
Net cash provided by/(used in) operating activities	16(a)	(5,669)	3,520	(3,962)
Cash flows from investing activities				
Net decrease/(increase)				
Available-for-sale assets				
Purchases		(16,652)	(13,270)	(16,958)
Proceeds from sale or maturity		17,671	12,470	14,444
Controlled entities and associates				
Purchased (net of cash acquired)		(58)	(277)	(173)
Proceeds from sale (net of cash disposed)		12	30	98
Premises and equipment				
Purchases		(379)	(299)	(260)
Proceeds from sale		27	20	78
Other assets		(32)	(852)	(249)
Net cash provided by/(used in) investing activities		589	(2,178)	(3,020)
Cash flows from financing activities				
Net (decrease)/increase				
Bonds and notes				
Issue proceeds		13,809	13,375	15,825
Redemptions		(9,992)	(14,538)	(6,553)
Loan capital				
Issue proceeds		-	2,858	965
Redemptions		(14)	(979)	(996)
Net dividends paid		(24)	(23)	(23)
Share capital issues		25	8	59
Net cash provided by financing activities		3,804	701	9,277
Net cash provided by/(used in) operating activities		(5,669)	3,520	(3,962)
Net cash provided by/(used in) investing activities		589	(2,178)	(3,020)
Net cash provided by financing activities		3,804	701	9,277
Net increase/(decrease) in cash and cash equivalents		(1,276)	2,043	2,295
Cash and cash equivalents at beginning of period		23,487	21,158	19,074
Foreign currency translation		169	286	(211)
Cash and cash equivalents at end of period	16(b)	22,380	23,487	21,158

1. *Comparative information has been restated to conform with current year's presentation*

The notes appearing on pages 80 to 103 form an integral part of these financial statements

1. Basis of preparation

These Condensed Consolidated Financial Statements comprise a general purpose financial report and:

- should be read in conjunction with the ANZ Annual Report for the year ended 30 September 2008 and any public announcements made by the Parent Entity and its controlled entities (the Group) for the half year ended 31 March 2009 in accordance with the continuous disclosure obligations under the Corporations Act 2001 (as amended) and the ASX Listing Rules;
- are condensed financial statements as defined in AASB 134 Interim Financial Reporting. This report does not include all notes of the type normally included in the annual financial report;
- are presented in Australian dollars unless otherwise stated; and
- was approved by the Board of Directors on 28 April, 2009.

i) Statement of compliance

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

ii) Use of estimates and assumptions

The preparation of the financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates. Discussion of these critical accounting treatments, which include complex or subjective decisions or assessments, are covered in Note 2. Such estimates may require review in future periods.

iii) Basis of measurement

The financial information has been prepared in accordance with the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, including in the case of fair value hedging the fair value of any applicable underlying exposure; assets treated as available-for-sale; financial instruments held for trading; assets and liabilities designated at fair value through profit and loss, and defined benefit plan assets and liabilities.

iv) Changes in Accounting Policy and early adoptions

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with those adopted and disclosed in the ANZ Annual Report for the year ended 30 September 2008 with the following exceptions:

- The Group elected to early adopt AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 from 1 October 2008. Early adoption of these standards has resulted in changes to the presentation of the Group's segment reporting.
- All new accounting standards and interpretations applicable to annual reporting periods beginning on or after 1 October 2008 have been applied to the Group effective from their required date of application. The initial application of these standards and interpretations has not had a material impact on the financial results of the Group with the exception of AASB 2008-10: Amendments to Australian Accounting Standards - Reclassification of Financial Assets. This standard, applicable from 1 July 2008, permits reclassification of Financial Assets in certain limited circumstances. The Group has applied this standard from 1 October 2008 resulting in a reclassification of $415 million of available-for-sale financial assets to loans and advances as at 1 November 2008. Refer to Note 8 for additional information.

v) Rounding

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

vi) Comparatives

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

2. Critical estimates and judgements used in applying Accounting Policies

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

A brief explanation of critical estimates and judgements, and their impact on the Group, follows.

Critical accounting estimates and assumptions

- **Provisions for credit impairment**

  The Group's accounting policy relating to measuring the impairment of loans and advances requires the Group to assess impairment at least at each reporting date. The credit provisions raised (individual and collective) represent management's best estimate of the losses incurred in the loan portfolio at balance date based on their experienced judgement.

  The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data and events and an assessment of the impact of model risk. The provision also takes into account the impact of large concentrated losses within the portfolio.

  The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and does not impact on reliability.

  Individual provisioning is applied when the full collectibility of a loan is identified as being doubtful.

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

Critical judgements in applying the entity's accounting policies

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

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

  Where the Group has established SPEs which are controlled by the Group to facilitate transactions undertaken for Group purposes, these are consolidated in the Group's financial statements.

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

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

Type of SPE	Reason for establishment	Control factors
Securitisation vehicles	Securitisation is a financing technique whereby assets are transferred to an SPE which funds the purchase by issuing securities. This enables ANZ (in the case where transferred assets originate within ANZ) or customers to increase diversity of funding sources.	ANZ may manage these securitisation vehicles, service assets in the vehicle or provide liquidity or other support. ANZ retains the risks associated with the provision of these services. For any SPE which is not consolidated, credit and market risks associated with the underlying assets are not retained or assumed by ANZ except to the limited extent that ANZ provides arm's length services and facilities.

2. Critical estimates and judgements used in applying Accounting Policies, cont'd

Type of SPE	Reason for establishment	Control factors
Structured finance entities	These entities are set up to assist the structuring of client financing. The resulting lending arrangements are at arms length and ANZ typically has limited ongoing involvement with the entity.	ANZ may manage these vehicles, hold minor amounts of capital, provide financing or provide derivatives.
Credit protection	There is one SPE in this category which was created to allow ANZ to purchase credit protection. The entity is not consolidated but has issued credit linked notes to the external market.	ANZ manages this vehicle and holds a small proportion of the most senior notes.

- **Valuation of investment in ING Australia Limited (INGA)**

  The Group adopts the equity accounting method for its 49% interest in INGA. As at 31 March 2009, the Group's carrying value was $1,619 million (Sep 2008: $1,589 million; Mar 2008: $1,540 million).

  The carrying value of this investment is subject to an annual impairment test to ensure that the carrying value does not exceed its recoverable amount at the balance sheet date. Any excess of carrying value over recoverable amount is taken to the income statement as an impairment write-down.

  A management valuation of the value-in-use of the investment was performed during the period reflecting the current economic environment. This review concluded that the estimated recoverable amount of the investment exceeded its carrying amount, thus no impairment write-down is considered necessary.

  Changes in the assumptions used in this review could materially impact the assessment of the estimated recoverable amount.

- **Valuation of investment in ING (NZ) Holdings Limited (ING NZ)**

  The Group adopts the equity accounting method of accounting for its 49% interest in ING NZ. As at 31 March 2009, the Group's carrying value was $201 million (Sep 2008: $178 million; Mar 2008: $174 million).

  The carrying value of this investment is subject to an annual impairment test to ensure that the carrying value does not exceed its recoverable amount at the balance sheet date. Any excess of carrying value over recoverable amount is taken to the income statement as an impairment write-down.

  The Group obtained an independent valuation of ING NZ during the period. The valuation was based on a value-in-use methodology using a discounted cash flow approach. Changes in the assumptions upon which the valuation is based, together with changes in future cash flows, could materially impact the valuation obtained.

  Based on this independent valuation, the carrying value of the Group's investment is considered recoverable and no impairment write-down is required.

- **Significant Associates**

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

  Furthermore, at each reporting period, all investments are assessed against potential impairment indicators.

  As at 31 March 2009, the Group reviewed all investments in associates against the following impairment indicators:
  - actual financial performance against budgeted financial performance;
  - any material unfavourable operational factors and regulatory factors;
  - any material unfavourable economic outlook and market competitive factors;
  - carrying value against market value (supported by third-party broker valuation where possible); and
  - carrying value against market capitalisation (for listed investments).

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

  The review of impairment indicators listed above revealed indicators of potential impairment primarily based on unfavourable economic and market conditions. A recoverable amount test was therefore performed for all significant investments as at 31 March 2009. This exercise resulted in the recognition of an impairment charge of $25 million in relation to the Group's investment in Saigon Securities Incorporation (SSI)

2. Critical estimates and judgements used in applying Accounting Policies, cont'd

- **Available-for-sale assets**

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

- **Financial Instruments at Fair Value**

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

  The best evidence of fair value is a quoted price in an active market. Accordingly, wherever possible fair value is based on quoted market prices for the financial instrument. In the event that there is no active market for the instrument, fair values are based on present value estimates or other market accepted valuation techniques.

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

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

  The valuation models incorporate the impact of factors that would influence the fair value determined by a market participant. Principal inputs used in the determination of fair value of financial instruments based on valuation techniques include data inputs such as statistical data on delinquency rates, foreclosure rates, actual losses, counterparty credit spreads, recovery rates, implied default probabilities, credit index tranche prices and correlation curves.

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

- **Goodwill**

  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.

  Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management reporting purposes.

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

  As at 31 March 2009, the balance of goodwill recorded as an asset in ANZ National Bank Limited was $2,683 million (Sep 2008: $2,713 million; Mar 2008: $2,804 million). This represents the most significant component of the Group's goodwill balance.

  In determining the recoverable amount of the CGU for testing of the goodwill in ANZ National Bank Limited, an independent valuation was obtained during the period based on a discounted cash flow approach. Changes in assumptions upon which the valuation is based together with changes in future cash flows, could materially impact the valuation obtained.

  The results of the independent valuation showed a value-in-use in excess of the current carrying value for the CGU and hence the carrying value of the goodwill is not considered impaired.

3. Income

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Interest income	14,700	16,992	15,612	-13%	-6%
Interest expense	(9,878)	(12,922)	(11,832)	-24%	-17%
Net interest income	4,822	4,070	3,780	18%	28%
i) Fee and commission income					
Lending fees	361	310	285	16%	27%
Non-lending fees and commissions	1,103	1,161	1,156	-5%	-5%
Total fee and commission income	1,464	1,471	1,441	0%	2%
Fee and commission expense[1]	(136)	(124)	(132)	10%	3%
Net fee and commission income	1,328	1,347	1,309	-1%	1%
ii) Other income					
Foreign exchange earnings[2]	566	383	325	48%	74%
Net gains/(losses) from trading securities and derivatives	83	89	221	-7%	-62%
Credit risk on derivatives[3]	(904)	(416)	(271)	large	large
Movement on financial instruments measured at fair value through profit & loss[4]	655	252	96	large	large
Brokerage income	30	31	47	-3%	-36%
Gain on Visa shares[5]	-	-	281	n/a	-100%
Profit on sale of premises	15	22	35	-32%	-57%
Stadium Australia income[6]	-	-	19	n/a	-100%
ANZ share of ING NZ frozen funds investor settlement	(138)	-	-	n/a	n/a
Writedown on assets in non continuing businesses	(105)	(21)	(11)	large	large
Mark to market gain/(loss) on Panin warrants	(35)	26	-	large	n/a
Mark to market gain/(loss) on Saigon Securities Incorporation options	(7)	(1)	18	large	large
Writedown of investment in Saigon Securities Incorporation	(25)	-	-	n/a	n/a
Private equity and infrastructure earnings	(2)	35	14	large	large
Other	46	62	56	large	large
Total other income	179	462	830	-61%	-78%
Total other operating income	1,507	1,809	2,139	-17%	-30%
Share of joint venture and associates' profit[7,8]	238	142	219	68%	9%
Total income	16,445	18,943	17,970	-13%	-8%
Profit before income tax as a % of total income	12.79%	9.29%	15.34%		

1. *Includes interchange fees paid*
2. *March 2009 half comprises underlying foreign exchange earnings $539 million and $27 million non-underlying revenue and net investment hedges volatility profit (Sep 2008 half: $406 million underlying and $23 million non- underlying loss; Mar 2008 half: $339 million underlying and $14 million non-underlying loss)*
3. *Credit intermediation trades $812 million (Sep 2008 half: $305 million; Mar 2008 half: $226 million) and credit risk on impaired derivatives $92 million (Sep 2008 half: $111 million; Mar 2008 half: $45 million)*
4. *Includes any fair value movements on derivatives entered into to manage interest rate and foreign exchange risk on funding instruments not designated as accounting hedges, ineffective portions of cash flow hedges and fair value movement in bonds and notes designated at fair value*
5. *Comprises gain arising from the allocation of shares in Visa Inc. measured at fair value. In addition, the Group has recognised a $72 million gain through its associate, Cards NZ Limited, on that associate's allocation of Visa Inc. shares (see footnote 7 below), bringing the total benefit to the Group on the Visa Inc. share allocation in the half year to $353 million*
6. *Deconsolidated after March 2008*
7. *March 2008 half includes a $72 million equity accounted gain arising from the allocation of shares in Visa Inc. through the Group's associate, Cards NZ Limited, on Visa shares in New Zealand*
8. *Refer note 19*

4. Operating expenses

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Personnel					
Employee entitlements and taxes	124	134	122	-7%	2%
Salaries and wages	1,129	1,035	1,032	9%	9%
Superannuation costs - defined benefit plans	2	3	2	-33%	0%
Superannuation costs - defined contribution plans	123	108	100	14%	23%
Equity-settled share-based payments	52	40	44	30%	18%
Temporary staff	77	84	64	-8%	20%
Other	262	243	250	8%	5%
Total personnel expenses	1,769	1,647	1,614	7%	10%
Premises					
Depreciation and amortisation	27	23	26	17%	4%
Rent	173	160	145	8%	19%
Utilities and other outgoings	69	65	71	6%	-3%
Other	15	14	10	7%	50%
Total premises expenses	284	262	252	8%	13%
Computer					
Computer contractors	42	40	36	5%	17%
Data communications	40	35	34	14%	18%
Depreciation and amortisation	116	105	103	10%	13%
Rentals and repairs	44	41	40	7%	10%
Software purchased	83	65	66	28%	26%
Software written-off	6	-	2	n/a	large
Other	24	24	18	0%	33%
Total computer expenses	355	310	299	15%	19%
Other					
Advertising and public relations	91	93	89	-2%	2%
Audit fees	4	5	4	-20%	0%
Depreciation of furniture and equipment	36	34	32	6%	13%
Impairment of intangible - Origin Australia	-	-	34	n/a	-100%
Freight and cartage	30	26	28	15%	7%
Non-lending losses, frauds and forgeries	25	48	24	-48%	4%
Postage and stationery	61	62	60	-2%	2%
Professional fees	89	118	67	-25%	33%
Telephone	31	30	28	3%	11%
Travel	78	89	80	-12%	-3%
Other	116	101	79	15%	47%
Total other expenses	561	606	525	-7%	7%
Restructuring					
Organisational transformation costs	-	131	-	-100%	n/a
One ANZ	113	-	-	n/a	n/a
Other	8	39	11	-79%	-27%
Total restructuring expenses	121	170	11	-29%	large
Operating expenses	3,090	2,995	2,701	3%	14%

5. Income tax expense

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense charged in the Income Statement	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Profit before income tax	2,104	1,759	2,756	20%	-24%
Prima facie income tax expense at 30%	631	528	827	20%	-24%
Tax effect of permanent differences:					
Overseas tax rate differential	(3)	5	18	large	large
Rebateable and non-assessable dividends	(5)	(5)	(4)	0%	25%
Profit from associates and joint venture entities	(71)	(48)	(64)	48%	11%
Restatement of deferred tax balances for announced New Zealand tax rate change	-	7	(8)	-100%	-100%
Mark-to-market (gains)/losses on fair valued investments related to associated entities	13	(12)	-	large	n/a
Impairment of investment in associate company	7	-	-	n/a	n/a
Offshore Banking Unit	95	(82)	(8)	large	large
Other[1]	16	4	29	large	-45%
	683	397	790	72%	-14%
Income tax (over) provided in previous years	-	1	-	-100%	n/a
Total income tax expense charged in the income statement	683	398	790	72%	-14%
Australia	446	220	531	large	-16%
Overseas	237	178	259	33%	-8%
	683	398	790	72%	-14%
Effective Tax Rate - Group	32.5%	22.6%	28.7%		

1. *The March 2008 half includes $21 million of Australian tax on the equity accounted profits of Cards NZ Limited relating to the gain on the allocation of shares in Visa Inc. which was not taxable in New Zealand*

6. Dividends

Ordinary Shares

Dividend per ordinary share (cents)	Half year Mar 09	Half year Sep 08	Half year Mar 08	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Interim (fully franked)	46	n/a	62	n/a	-26%
Final (fully franked)	n/a	74	n/a	n/a	n/a
Ordinary share dividend	**$M**	**$M**	**$M**	**%**	**%**
Interim dividend	-	1,192	-	n/a	n/a
Final dividend	1,514	-	1,381	n/a	10%
Bonus option plan adjustment	(38)	(30)	(37)	27%	3%
Total[1]	1,476	1,162	1,344	27%	10%
Ordinary share dividend payout ratio[2] (%)	71.3%	113.6%	61.4%		

1. *Dividends recorded when paid*
2. *Dividend payout ratio calculated using proposed interim dividend of $993 million not included in the above table. The proposed interim dividend of $993 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the September 2008 half year and March 2008 half year calculated using actual dividend paid of $1,514 million and $1,192 million respectively*

For the 2009 interim dividend, a discount of 1.5% will be applied when calculating the "Acquisition Price" used in determining the number of shares to be provided under ANZ's Dividend Reinvestment Plan (DRP) and Bonus Option Plan (BOP) terms and conditions, and the "Pricing Period" under the DRP and BOP terms and conditions will be the seven trading days commencing on the second trading day immediately following 13 May 2009 as determined in accordance with those terms and conditions.

Preference Shares

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Preference dividend					
Euro Trust Securities	24	23	23	4%	4%
Dividend per preference share					
Euro Trust Securities	€ 24.28	€ 27.51	€ 27.80	-12%	-13%

7. Earnings per share

	Half year Mar 09	Half year Sep 08	Half year Mar 08	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Number of fully paid ordinary shares on issue (M)	2,158.1	2,040.7	1,921.4	6%	12%
Basic					
Profit attributable to shareholders of the Company ($M)	1,417	1,356	1,963	4%	-28%
Less Preference share dividends ($M)	(24)	(23)	(23)	4%	4%
Profit excluding preference share dividends ($M)	1,393	1,333	1,940	5%	-28%
Weighted average number of ordinary shares (M)	2,100.7	1,950.7	1,895.1	8%	11%
Basic earnings per share (cents)	66.3	68.3	102.4	-3%	-35%
Diluted					
Profit excluding preference share dividends ($M)	1,393	1,333	1,940	5%	-28%
Interest on US Trust securities[1] ($M)	30	21	20	43%	50%
Interest on ANZ StEPS[2] ($M)	-	27	28	-100%	-100%
Interest on UK Hybrid securities[3] ($M)	-	30	33	-100%	-100%
Interest on Convertible Preference Shares[4] ($M)	30	-	-	n/a	n/a
Interest on Convertible Notes[5] ($M)	14	1	-	large	n/a
Profit attributable to shareholders of the Company excluding interest on US Trust securities, ANZ StEPS, UK Hybrid, Convertible Preference Shares and Convertible Perpetual Notes ($M)	1,467	1,412	2,021	4%	-27%
Weighted average number of shares on issue (M)	2,100.7	1,950.7	1,895.1	8%	11%
Weighted average number of convertible options (M)	3.9	5.2	10.8	-25%	-64%
Weighted average number of convertible US Trust securities at current market price[1] (M)	101.9	73.4	53.3	39%	91%
Weighted average number of convertible ANZ StEPS[2] securities (M)	-	55.4	45.5	-100%	-100%
Weighted average number of convertible UK Hybrid[3] securities (M)	-	56.9	45.8	-100%	-100%
Weighted average number of convertible preference shares[4] (M)	70.4	0.3	-	large	n/a
Weighted average number of convertible notes[5] (M)	38.5	0.7	-	large	n/a
Adjusted weighted average number of shares - diluted (M)	2,315.4	2,142.6	2,050.5	8%	13%
Diluted earnings per share (cents)	63.4	65.9	98.6	-4%	-36%

1. *The US Stapled Trust securities issued on 27 November 2003 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 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be included in the calculation of diluted EPS. The inclusion of this issue in EPS increased the diluted number of shares by 101.9 million for the half year ended 31 March 2009*
2. *ANZ StEPS (issued on 23 September 2003) were converted to ordinary shares on 15 September 2008*
3. *UK Hybrid (issued on 15 June 2007) is a GBP denominated stapled security that converts to ordinary shares on the fifth anniversary of the issue date at the market price of ANZ ordinary shares less 5% (subject to certain conversion conditions). AASB 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be included in the calculation of diluted EPS. Based on conditions existing at 31 March 2009 the conversion conditions would result in zero shares being issued and the stapled securities would remain outstanding*
4. *Convertible preference shares (issued on 30 September 2008) convert to ordinary shares on the fifth anniversary of the issue date at the market price of ANZ ordinary shares less 2.5% (subject to certain conversion conditions). AASB 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be included in the calculation of diluted EPS. The inclusion of this issue in EPS increased the diluted number of shares by 70.4 million for the half year ended 31 March 2009*
5. *Convertible notes (issued on 26 September 2008) may be converted to a number of ordinary shares calculated at the market price of ANZ ordinary shares, plus 1% conversion premium shares if the instruments are not redeemed by ANZ. The inclusion of this issue in EPS increased the diluted number of shares by 38.5 million for the half year ended 31 March 2009*

8. Net loans and advances

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia					
Overdrafts	6,288	6,157	6,430	2%	-2%
Credit card outstandings	7,614	7,412	7,061	3%	8%
Term loans - housing	137,239	128,809	120,807	7%	14%
Term loans - non-housing	76,766	79,149	74,465	-3%	3%
Lease finance	2,018	1,772	1,756	14%	15%
Hire purchase	10,520	10,731	10,361	-2%	2%
Other	2,179	2,234	1,059	-2%	large
	242,624	236,264	221,939	3%	9%
New Zealand					
Overdrafts	1,463	1,636	1,938	-11%	-25%
Credit card outstandings	1,184	1,201	1,222	-1%	-3%
Term loans - housing	45,573	45,307	45,401	1%	0%
Term loans - non-housing	33,368	33,628	31,224	-1%	7%
Lease finance	201	208	215	-3%	-7%
Hire purchase	412	443	466	-7%	-12%
Other	357	363	379	-2%	-6%
	82,558	82,786	80,845	0%	2%
Overseas Markets					
Overdrafts	549	489	593	12%	-7%
Credit card outstandings	306	279	212	10%	44%
Term loans - housing	2,067	1,710	1,242	21%	66%
Term loans - non-housing	18,959	17,978	16,454	5%	15%
Lease finance	291	254	193	15%	51%
Other	441	290	495	52%	-11%
	22,613	21,000	19,189	8%	18%
Total gross loans and advances	347,795	340,050	321,973	2%	8%
Less provisions for credit impairment (refer note 10)	(4,083)	(3,496)	(2,656)	17%	54%
Less income yet to mature[1]	(2,530)	(2,600)	(2,494)	-3%	1%
Add capitalised brokerage/mortgage origination fees	601	600	591	0%	2%
	(6,012)	(5,496)	(4,559)	9%	32%
Total net loans and advances	341,783	334,554	317,414	2%	8%

1. *Includes fees and expenses capitalised and amortised using the effective interest method of $403 million (Sep 2008: $351 million; Mar 2008: $340 million)*

The following table shows gross loans and advances for New Zealand in NZD terms.

New Zealand	Half year Mar 09 NZD M	Half year Sep 08 NZD M	Half year Mar 08 NZD M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Overdrafts	1,765	1,953	2,238	-10%	-21%
Credit card outstandings	1,429	1,434	1,412	0%	1%
Term loans - housing	54,992	54,070	52,438	2%	5%
Term loans - non-housing	40,265	40,131	36,063	0%	12%
Lease finance	243	248	248	-2%	-2%
Hire purchase	498	529	538	-6%	-7%
Other	431	431	439	0%	-2%
	99,623	98,796	93,376	1%	7%

8. Net loans and advances, cont'd

As a consequence of the turmoil in global financial markets, significant difficultly arises in determining appropriate fair value estimates by reference to quoted market prices for certain financial instruments reported at fair value on the balance sheet, increasing the subjectivity inherent in valuations. This has affected some mortgage backed securities held by the Group which were originally classified for financial reporting purposes as Available-For-Sale.

In November 2008, the Group reclassified these mortgage backed securities, issued in America, into loans and advances measured at amortised cost. The reclassification was applied only to securities that were no longer traded in an active market. It is the Group's intention to hold these assets for the foreseeable future in order to recover the initial investment through a stream of contractual repayments.

Below is an analysis of the impact on the financial position of ANZ:

	Fair value $M	Carrying amount $M	AFS revaluation reserve in equity $M
Values on reclassification date	415	415	233
Exchange rate fluctuations	-	(9)	(5)
Impairment loss recognised in the period	-	-	(20)
Principal repayments	(24)	(24)	-
Amortisation to face value[1]	n/a	4	(3)
Other changes in fair value	(155)	n/a	n/a
Closing balance at end of period	236	386	205
Impairment loss recognised in the period	-	20	-

1. *The weighted average effective interest rate for the reclassified assets approximates 2.8%*

9. Credit quality

Maximum exposure to credit risk

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount. In certain circumstances, there may be differences between the carrying amounts reported on the balance sheet and the amounts reported in the table below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as equity investments which are primarily subject to market risk, or bank notes and coins. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For undrawn facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The following table presents the maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments before taking account of any collateral held or other credit enhancements.

	Reported		Excluded[1]		Maximum exposure to credit risk	
	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08
Maximum exposure to credit risk	$M	$M	$M	$M	$M	$M
Liquid assets	26,743	25,030	3,578	4,849	23,165	20,181
Due from other financial institutions	5,354	9,862	-	-	5,354	9,862
Trading securities	21,312	15,177	-	20	21,312	15,157
Derivative financial instruments	57,445	36,941	-	-	57,445	36,941
Available-for-sale assets	16,182	17,480	440	446	15,742	17,034
Net loans, advances and acceptances	356,800	349,851	-	-	356,800	349,851
Other financial assets	5,499	4,273	-	-	5,499	4,273
	489,335	458,614	4,018	5,315	485,317	453,299
Undrawn facilities	114,047	111,265	-	-	114,047	111,265
Contingent facilities	27,586	30,006	-	-	27,586	30,006
	141,633	141,271	-	-	141,633	141,271
Total	630,968	599,885	4,018	5,315	626,950	594,570

1. *Includes bank notes and coins and cash at bank for liquid assets and equity instruments within trading securities and available-for-sale financial assets*

9. Credit quality, cont'd

Distribution of financial instruments by credit quality

	Neither past due nor impaired		Past due but not impaired		Restructured		Impaired		Total	
	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Liquid assets	23,165	20,181	-	-	-	-	-	-	23,165	20,181
Due from financial institutions	5,354	9,862	-	-	-	-	-	-	5,354	9,862
Trading securities	21,312	15,157	-	-	-	-	-	-	21,312	15,157
Derivative financial instruments[1]	57,445	36,886	-	-	-	55	-	-	57,445	36,941
Available-for-sale assets[2]	15,742	17,019	-	-	-	-	-	15	15,742	17,034
Net loans, advances and acceptances	340,903	334,484	12,189	12,884	17	733	3,691	1,750	356,800	349,851
Other financial assets	5,499	4,273	-	-	-	-	-	-	5,499	4,273
Credit related commitments[3]	141,183	141,159	-	-	-	35	450	77	141,633	141,271
	610,603	579,021	12,189	12,884	17	823	4,141	1,842	626,950	594,570

1. *Derivative assets, considered impaired, net of credit valuation adjustments*
2. *Impaired available-for-sale debt security where the cumulative mark-to-market loss has been transferred from equity to the Income Statement*
3. *Comprises undrawn facilities and customer contingent liabilities*

Credit quality financial assets neither past due nor impaired

The credit quality of financial assets is managed by ANZ using internal ratings which aim to reflect the relative ability of counterparties to fulfil, on time, their credit-related obligations, and is based on their current probability of default.

	Strong credit[1] profile		Satisfactory risk[2]		Sub-standard[3] but not past due or impaired		Total	
	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08
	$M	$M	$M	$M	$M	$M	$M	$M
Liquid assets	22,520	18,526	470	1,496	175	159	23,165	20,181
Due from financial institutions	5,059	9,146	284	578	11	138	5,354	9,862
Trading securities	20,872	14,304	440	840	-	13	21,312	15,157
Derivative financial instruments	54,221	34,511	1,693	1,870	1,531	505	57,445	36,886
Available-for-sale assets	14,795	15,842	837	1,077	110	100	15,742	17,019
Net loans, advances and acceptances	235,300	235,911	88,342	85,250	17,261	13,323	340,903	334,484
Other financial assets	5,487	4,246	-	27	12	-	5,499	4,273
Credit related commitments	113,232	110,390	25,131	27,397	2,820	3,372	141,183	141,159
	471,486	442,876	117,197	118,535	21,920	17,610	610,603	579,021

1. *Customers that have demonstrated superior stability in their operating and financial performance over the long-term, and whose debt servicing capacity is not significantly vulnerable to foreseeable events. This rating broadly corresponds to ratings "Aaa" to "Baa3" and "AAA" to "BBB-" of Moody's and Standard & Poor respectively*
2. *Customers that have consistently demonstrated sound operational and financial stability over the medium to long term, even though some may be susceptible to cyclical trends or variability in earnings. This rating broadly corresponds to ratings "Ba1" to "Ba3" and "BB+" to "BB-" of Moody's and Standard & Poor respectively*
3. *Customers that have demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term. This rating broadly corresponds to ratings "B1" to "Caa" and "B+" to "CCC" of Moody's and Standard & Poor respectively*

9. Credit quality, cont'd

Credit quality financial assets that are past due but not impaired

Ageing analysis of past due financial instruments that are not impaired	As at 31 March 2009 1-5 days $M	6-29 days $M	30-59 days $M	60-89 days $M	> 90 days $M	Total $M
Liquid assets	-	-	-	-	-	-
Due from financial institutions	-	-	-	-	-	-
Trading securities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Net loans, advances and acceptances	2,653	5,095	1,968	887	1,586	12,189
Other financial assets	-	-	-	-	-	-
Credit related commitments	-	-	-	-	-	-
	2,653	5,095	1,968	887	1,586	12,189

Ageing analysis of past due financial instruments that are not impaired	As at 30 September 2008 1-5 days $M	6-29 days $M	30-59 days $M	60-89 days $M	> 90 days $M	Total $M
Liquid assets	-	-	-	-	-	-
Due from financial institutions	-	-	-	-	-	-
Trading securities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Net loans, advances and acceptances	3,096	6,120	1,504	1,104	1,060	12,884
Other financial assets	-	-	-	-	-	-
Credit related commitments	-	-	-	-	-	-
	3,096	6,120	1,504	1,104	1,060	12,884

Ageing analysis of past due loans is used by the Group to measure and manage emerging credit risks. Financial assets that are past due but not impaired include those which are assessed, approved and managed on a portfolio basis within a centralised environment (for example credit cards and personal loans), those which can be held on a productive basis until they are 180 days past due and those which are managed on an individual basis.

A large portion of credit exposures is generally well secured, such as residential mortgages and other secured lending facilities. That is, the fair value of associated security is sufficient to ensure that ANZ will recover the entire amount owing over the life of the facility and there is reasonable assurance that collection efforts will result in payment of the amounts due in a timely manner.

9. Credit Quality, cont'd

Credit quality financial assets that are individually impaired

ANZ regularly reviews its portfolio and monitors adherence to contractual terms. When doubt arises as to the collectability of a credit facility, the financial instrument (or 'the facility') is classified and reported as individually impaired and an individual provision is allocated against it.

As described in the summary of significant accounting policies in the ANZ 2008 Annual Report, provisions are recorded using allowance accounts for financial instruments that are reported on the balance sheet at amortised cost. For instruments reported at fair value, impairment provisions are treated as part of overall change in fair value and directly reduce the reported carrying amounts.

	Impaired instruments		Individual provision balances	
	As at Mar 09	As at Sep 08	As at Mar 09	As at Sep 08
	$M	$M	$M	$M
Liquid assets	-	-	-	-
Due from other financial institutions	-	-	-	-
Trading securities	-	-	-	-
Derivative financial instruments	-	-	-	-
Available-for-sale assets	-	15	-	-
Net loans, advances and acceptances	3,691	1,750	1,332	646
Other financial assets	-	-	-	-
Credit related commitments	450	77	9	29
Total	4,141	1,842	1,341	675

	As at Mar 09	As at Sep 08
Impaired Assets and restructured items by size of loan	$M	$M
Less than $1 million	574	395
$1 million to $10 million	537	241
$10 million to $100 million	953	527
Greater than $100 million	2,094	1,510
Gross impaired assets[1]	4,158	2,673
Less individually assessed provisions for impairment	(1,341)	(675)
Net impaired assets	2,817	1,998

1. *Includes $17 million restructured items (Sep 2008: $846 million)*

10. Provision for credit impairment

Collective provision	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Balance at start of period	2,821	2,340	1,992	21%	42%
Charge/(Credit) to income statement	(96)	470	348	large	large
Adjustment for exchange rate fluctuations	17	11	-	55%	n/a
Total collective provision[1]	2,742	2,821	2,340	-3%	17%
Individual provision					
Balance at start of period	675	316	270	large	large
Charge to income statement for loans and advances	1,449	699	333	large	large
Adjustment for exchange rate fluctuations	(6)	-	-	n/a	n/a
Discount unwind	(36)	(18)	(10)	100%	large
Bad debts written-off	(783)	(376)	(323)	large	large
Recoveries of amounts previously written-off	42	54	46	-22%	-9%
Total individual provision	1,341	675	316	99%	large
Total provision for credit impairment	4,083	3,496	2,656	17%	54%

1. *The Collective Provision includes amounts for off-balance sheet credit exposures: $322 million at 31 March 2009 (Sep 2008: $353 million; Mar 2008: $343 million). The impact on the income statement for the period ended 31 March 2009 was a $34 million release (Sep 2008 half year: $5 million charge; Mar 2008 half year: $81 million charge)*

Provision movement analysis	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
New and increased provisions					
Australia	1,332	535	345	large	large
New Zealand	188	134	53	40%	large
Overseas Markets	50	140	30	-64%	67%
	1,570	809	428	94%	large
Provision releases	(79)	(56)	(49)	41%	61%
	1,491	753	379	98%	large
Recoveries of amounts previously written-off	(42)	(54)	(46)	-22%	-9%
Individual provision charge for loans and advances	1,449	699	333	large	large
Impairment on available-for-sale assets	20	98	-	-80%	n/a
Increase/(Decrease) in collective provision	(96)	470	348	large	large
Charge to Income Statement	1,373	1,267	681	8%	large

Individual provision balance	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Australia	1,072	516	253	large	large
New Zealand	224	111	44	large	large
Domestic Markets	1,296	627	297	large	large
Overseas Markets	45	48	19	-6%	large
Total individual provision	1,341	675	316	99%	large

11. Deposits and other borrowings

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Certificates of deposit	46,405	52,346	46,923	-11%	-1%
Term Deposits	99,252	89,225	81,780	11%	21%
Other deposits bearing interest	111,570	98,566	95,938	13%	16%
Deposits not bearing interest	10,122	9,367	9,656	8%	5%
Commercial paper	16,156	22,422	19,230	-28%	-16%
Borrowing corporations' debt	7,972	10,031	10,245	-21%	-22%
Other borrowings	2,121	2,009	1,224	6%	73%
Total deposits and other borrowings	293,598	283,966	264,996	3%	11%

12. Loan capital

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Innovative hybrid loan capital					
US stapled trust security issue[1]	1,734	1,376	1,201	26%	44%
ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS)[2]	-	-	1,000	n/a	-100%
Convertible Notes (ANZ CN)[3]	600	600	-	0%	n/a
Non-innovative hybrid loan capital					
ANZ Convertible Preference Shares[4]	1,081	1,081	-	0%	n/a
UK Hybrid[5]	938	1,014	981	-7%	-4%
Perpetual subordinated notes	1,130	1,075	678	5%	67%
Subordinated notes	9,177	9,120	9,071	1%	1%
Total Loan Capital	14,660	14,266	12,931	3%	13%

1. *Loan capital of USD1.1 billion is subordinated in right of payment to the claims of depositors and all other creditors of the parent entity and its controlled entities which have issued the notes. This instrument constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*
2. *ANZ StEPS (issued on 23 September 2003) were converted to ordinary shares on 15 September 2008*
3. *Convertible perpetual notes (issued on 26 September 2008) may be converted to a number of ordinary shares calculated at the market price of ANZ ordinary shares, plus 1% conversion premium shares if the instruments are not redeemed by ANZ. This instrument constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*
4. *Convertible preference shares (issued on 30 September 2008) convert to ordinary shares on the fifth anniversary of the issue date at the market price of ANZ ordinary shares less 2.5% (subject to certain conversion conditions). This instrument constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*
5. *Loan capital of GBP450 million is subordinated in right of payment to the claims of depositors and all other creditors of the parent entity and its controlled entities which have issued the notes. This instrument constitutes Tier 1 capital as defined by APRA for capital adequacy purposes*

13. Share capital

Issued and quoted securities

	Number quoted	Issue price per share	Amount paid up per share
Ordinary shares			
As at 31 March 2009	2,158,101,988		
Issued during the half year	117,445,504		
Preference shares			
As at 31 March 2009			
Euro Trust Securities[1]	500,000	€ 1,000	€ 1,000

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

	Half year Mar 09	Half year Sep 08	Half year Mar 08
Profit[1] as a % of shareholders' equity including preference shares at end of period (annualised)	10.0%	10.2%	16.4%

1. *Profit attributable to shareholders*

14. Shareholders' equity

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Share capital					
Balance at start of period	13,460	11,252	9,817	20%	37%
Ordinary share capital					
Dividend reinvestment plan[1]	1,495	1,162	1,344	29%	11%
Group employee share acquisition scheme	47	38	42	24%	12%
Treasury shares[2,3]	-	-	(10)	n/a	-100%
Group share option scheme	7	8	59	-13%	-88%
Conversion of StEPS	-	1,000	-	-100%	n/a
Total share capital	15,009	13,460	11,252	12%	33%
Foreign currency translation reserve					
Balance at start of period	(816)	(1,135)	(1,209)	-28%	-33%
Currency translation adjustments net of hedges after tax	443	319	74	39%	large
Total foreign currency translation reserve	(373)	(816)	(1,135)	-54%	-67%
Share option reserve[4]					
Balance at start of period	83	75	70	11%	19%
Share-based payments	5	9	5	-44%	0%
Transfer of options lapsed to retained earnings	(18)	(1)	-	large	n/a
Total share option reserve	70	83	75	-16%	-7%

1. *Includes 75,000,000 ordinary shares issued at $13.95 to UBS AG, Australia Branch in accordance with the dividend reinvestment plan underwriting agreement*
2. *On-market purchase of shares for settlement of amounts due under share-based compensation plans. In addition, 5,948,457 shares were issued during the March 2009 half year to the Group's Employee Share Trust for settlement of amounts due under share-based compensation plans*
3. *As at 31 March 2009, there were 7,869,128 treasury shares outstanding (Sep 2008: 4,374,248; Mar 2008: 4,496,912)*
4. *The share option reserve arises on the grant of share options to selected employees under the ANZ share option plan. Amounts are transferred out of the reserve and into share capital when the options are exercised*

14. Shareholders' equity, cont'd

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Available-for-sale revaluation reserve[5]					
Balance at start of period	(88)	(97)	97	-9%	large
Valuation gain (loss) recognised after tax	(55)	(116)	(189)	-53%	-71%
Cumulative (gain) loss transferred to the income statement	13	65	(5)	-80%	large
Transfer on step acquisition of associate	-	60	-	-100%	n/a
Total available-for-sale revaluation reserve	(130)	(88)	(97)	48%	34%
Hedging reserve[6]					
Balance at start of period	79	145	153	-46%	-48%
Gain (loss) recognised after tax	35	(25)	(14)	large	large
Transferred to income statement	(15)	(41)	6	-63%	large
Total hedging reserve	99	79	145	25%	-32%
Total reserves	(334)	(742)	(1,012)	-55%	-67%
Retained earnings					
Balance at start of period	13,772	13,673	13,082	1%	5%
Profit attributable to shareholders of the Company	1,417	1,356	1,963	4%	-28%
Adjustment on step acquisition of associate	-	1	-	-100%	n/a
Transfer of options lapsed from share option reserve	18	1	-	large	n/a
Total available for appropriation	15,207	15,031	15,045	1%	1%
Actuarial gain (loss) on defined benefit plans after tax[7]	(87)	(74)	(5)	18%	large
Ordinary share dividends paid	(1,476)	(1,162)	(1,344)	27%	10%
Preference share dividends paid	(24)	(23)	(23)	4%	4%
Retained earnings at end of period	13,620	13,772	13,673	-1%	0%
Share capital and reserves attributable to shareholders of the Company	28,295	26,490	23,913	7%	18%
Minority interest	72	62	51	16%	41%
Total equity	28,367	26,552	23,964	7%	18%

5. *The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset is realised and recognised in the profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in the profit or loss*

6. *The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the profit or loss when the hedged transaction impacts profit or loss, consistent with the applicable accounting policy*

7. *ANZ has taken the option available under AASB 119 to recognise actuarial gains/losses on defined benefit superannuation plans directly in retained earnings*

15. Contingent liabilities and contingent assets

Contingent liabilities

- **General**

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

- **Opes Prime Stockbroking Limited**

  ANZ entered into Australian Master Securities Lending Agreements (AMSLAs) with Opes Prime and a related company on 26 July 2006. Under the AMSLAs, ANZ acquired shares in various companies listed on the ASX. On 20 March 2008, there was a reorganisation of security arrangements between Opes Prime and ANZ. On 27 March 2008, ANZ appointed a receiver and manager to Opes Prime and related companies.

  In relation to Opes Prime:

  - There are outstanding court proceedings and claims against ANZ including a class action on behalf of some clients of Opes Prime.
  - ASIC is conducting an investigation into Opes Prime generally. As part of that investigation, ASIC and ANZ have had extensive correspondence concerning Opes Prime. ASIC has raised concerns about disclosure requirements in respect of interests in entities (arising under transactions entered into pursuant to the AMSLAs) and various other potential breaches of the Corporations Act. From investigations to date, ANZ believes it has in all material respects acted in accordance with the applicable laws.
  - It has been suggested that the reorganisation of security arrangements between Opes Prime and ANZ might be challenged under the Corporations Act by the liquidators of Opes Prime. In a Notice to Creditors of Opes Prime issued on 6 October 2008, the liquidators valued these potential claims in the region of $205 million to $270 million and also flagged potential claims against another financier, Merrill Lynch. They also pointed out to the creditors that there would be complexities, risks and considerable time periods involved, if these potential claims were to be pursued by litigation.

  ANZ and Merrill Lynch have engaged in a mediation process with the liquidators and ASIC.

  On 6 March 2009, ANZ entered into a settlement proposal agreement with the Liquidators of Opes Prime and with Merrill Lynch. Under that agreement, the Liquidators will propose a scheme of arrangement involving the creditors of Opes Prime. Under that scheme a fund comprising cash and other assets is to be established for the purpose of making distributions to creditors of Opes Prime, in return for which releases would be granted by those creditors in favour of ANZ and Merrill Lynch.

  Also on 6 March 2009, ANZ entered into an Enforceable Undertaking with ASIC concerning remediation of issues within its Custody operations.

  A US class action was commenced against ANZ and certain directors and executives in December 2008 on behalf of holders of ANZ's American Depositary Receipts (ADRs). The claim alleges that ANZ and the named individuals failed to disclose information regarding Opes Prime and that this affected the value of the ADRs. The proceedings are at an early stage and are being defended.

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

  Provision was made for the uncertainties associated with securities lending in ANZ’s 2008 accounts.

- **Contingent tax liability**

  The Australian Taxation Office (ATO) is reviewing the taxation treatment of certain transactions, including structured finance transactions, undertaken by the Group in the course of normal business activities. Some assessments have been received which are being challenged in the normal manner.

  The Inland Revenue Department (IRD) in New Zealand is reviewing a number of conduit-relieved structured finance transactions as part of normal revenue authority audit procedures. This is part of an industry-wide review by the IRD of these transactions undertaken in New Zealand. The IRD has issued Notices of Proposed Adjustment (the ‘Notices’) in respect of some of those structured finance transactions. The Notices are not tax assessments and do not establish a tax liability, but are the first step in a formal dispute process. In addition, the IRD has issued some tax assessments as a follow up to the Notices in some cases. Should the same position be adopted by the IRD on the remaining transactions of that kind as reflected in the Notices and in the tax assessments received, the maximum potential tax liability would be approximately NZD562 million (including interest tax effected) for the period to 31 March 2009. Of that maximum potential liability, approximately NZD157 million is subject to tax indemnities provided by Lloyds TSB Bank PLC under the agreement by which ANZ acquired the National Bank of New Zealand and which relate to transactions undertaken by the National Bank of New Zealand before December 2003. All of these conduit-relieved transactions have now either matured or been terminated.

15. Contingent liabilities and contingent assets, cont'd

- **Contingent tax liability, cont'd**

  Other audits and risk reviews are being undertaken by the ATO, the IRD and by revenue authorities in other jurisdictions, as part of normal revenue authority activity in those countries.

  The Company has assessed these and other taxation claims arising in Australia, New Zealand and elsewhere, including seeking independent advice where appropriate, and considers that it holds appropriate provisions.

- **Interbank Deposit Agreement**

  ANZ has entered into an Interbank Deposit Agreement with the major banks in the payments system. This agreement is a payment system support facility certified by the Australian Prudential Regulation Authority, where the terms are such that if any bank is experiencing liquidity problems, the other participants are required to deposit equal amounts of up to $2 billion for a period of 30 days. At the end of 30 days the deposit holder has the option to repay the deposit in cash or by way of assignment of mortgages to the value of the deposit.

- **Nominee activities**

  The Group will indemnify each customer of controlled entities engaged in nominee activities against loss suffered by reason of such entities failing to perform any obligation undertaken by them to a customer.

- **Clearing and Settlement Obligations**

  In accordance with the clearing and settlement arrangements set out:

  - in the Australian Payments Clearing Association Limited Regulations for the Australian Paper Clearing System, the Bulk Electronic Clearing System, the Consumer Electronic Clearing System and the High Value Clearing System (HVCS), the Company has a commitment to comply with rules which could result in a bilateral exposure and loss in the event of a failure to settle by a member institution; and
  - in the Austraclear System Regulations and the CLS Bank International Rules, the Company has a commitment to participate in loss-sharing arrangements in the event of a failure to settle by a member institution.

  For HVCS and Austraclear, the obligation arises only in limited circumstances.

- **New Zealand Commerce Commission**

  In November 2006, the New Zealand Commerce Commission brought proceedings under the Commerce Act 1986 against Visa, MasterCard and all New Zealand issuers of Visa and MasterCard credit cards, including ANZ National Bank Limited. The Commission alleges price fixing and substantially lessening of competition in relation to the setting of credit card interchange fees and is seeking penalties and orders under the Commerce Act.

  Subsequently, several major New Zealand retailers have issued proceedings against ANZ National Bank and the other abovementioned defendants seeking unquantified damages, based on allegations similar to those contained in the Commerce Commission proceedings.

  ANZ National Bank is defending the proceedings. The Bank has received independent legal advice. The Bank considers it has a strongly arguable case, but the matter is complex and difficult. At this stage any potential liabilities can not be assessed with any certainty. A trial has been scheduled for October 2009.

  In addition, ANZ National Bank is aware that the Commerce Commission is looking closely at credit contract fees under the Credit Contracts and Consumer Finance Act 2003 (CCCFA). In its 2008 – 2011 Statement of Intent the Commission stated that: "The Commission is turning more litigation under the Credit Contracts and Consumer Finance Act to ensure credit contract fees are reasonable and disclosed. Currently the credit industry is not fully compliant with the legislation and taking more action through the courts will encourage better compliance and clarify any areas of the law that may be uncertain".

  In particular the Bank is aware that the Commerce Commission is investigating the level of default fees charged on credit cards and the level of currency conversion charges on overseas transactions using credit cards under the CCCFA. The Commission is also investigating early repayment charges on fixed rate mortgages. At this stage the possible outcome of these investigations and any liability or impact on fees cannot be determined with any certainty.

- **Trade Sanctions**

  On 1 February 2007, following a review of its compliance with United States (US) economic sanctions and discussions with US regulators, the Group announced that it had curtailed financial transactions with US sanctioned countries and had taken further action to ensure compliance with US sanction regulations. A small number of transactions, 42 in total, involved parties from US sanctioned countries. The Group has made voluntary disclosures to US financial regulators and remains in discussion with US regulators regarding the transactions. The Group has also briefed Australian and New Zealand regulators. The US sanctions regime includes the potential for fines. The Group considers that it holds appropriate provisions for these issues.

15. Contingent liabilities and contingent assets, cont'd

- **ING New Zealand Funds**

  There has been recent publicity in New Zealand regarding the suspension of trading in the ING Diversified Yield Fund and the ING Regular Income Fund ("the Funds") on 13 March 2008 due to deterioration in the liquidity and credit markets. These funds are managed by the joint venture ING (NZ) Limited. Some of these funds were sold to ANZ National customers.

  On 25 February 2009, ING (NZ) Limited announced that investors in the Funds will be receiving a proposal which allows them either a guaranteed value in five years time or the ability to exit the investment immediately for a cash amount.

  The estimated cost of this proposal to the Bank is approximately NZD167 million and this amount has been recognised in "other income" in the Income Statement.

  The ultimate cost to the Bank will depend upon the final value of units, recoveries under insurance cover and approval of the offer by unitholders. In addition the Commerce Commission has sought information regarding the two Funds and may be investigating this matter, although at this stage, it is not possible to determine the outcome of any investigation

- **Sale of Grindlays businesses**

  On 31 July 2000, ANZ completed the sale to Standard Chartered Bank (SCB) of ANZ Grindlays Bank Limited and the private banking business of ANZ in the United Kingdom and Jersey, together with ANZ Grindlays (Jersey) Holdings Limited and its subsidiaries, for USD1.3 billion in cash. ANZ provided warranties and certain indemnities relating to those businesses and, where it was anticipated that payments would be likely under the warranties or indemnities, made provisions to cover the anticipated liability. The issues below have not impacted adversely the reported results. All settlements, penalties and costs have been covered within the provisions established at the time.

  - **FERA**

    In 1991 certain amounts were transferred from non-convertible Indian Rupee accounts maintained with Grindlays in India. These transactions may not have complied with the provisions of the Foreign Exchange Regulation Act, 1973. Grindlays, on its own initiative, brought these transactions to the attention of the Reserve Bank of India. The Indian authorities served notices on Grindlays and certain of its officers in India and civil penalties have been imposed which are the subject of appeals. Criminal prosecutions are pending and will be defended. The amounts in issue are not material.

  - **Tax Indemnity**

    ANZ provided an indemnity relating to tax liabilities of Grindlays (and its subsidiaries) and the Jersey Sub-Group to the extent to which such liabilities were not provided for in the Grindlays accounts as at 31 July 2000. Claims have been made under this indemnity, also with no material impact on the Group expected.

Contingent assets

- **National Housing Bank**

  In 1992, Grindlays received a claim aggregating to approximately Indian Rupees 5.06 billion from the National Housing Bank (NHB) in India. The claim arose out of cheques drawn by NHB in favour of Grindlays, the proceeds of which were credited to the account of a Grindlays customer. Grindlays won an arbitration award in March 1997, under which NHB paid Grindlays an award of Indian Rupees 9.12 billion. NHB subsequently won an appeal to the Special Court of Mumbai, after which Grindlays filed an appeal with the Supreme Court of India. Grindlays paid the disputed money including interest into court. Ultimately, the parties settled the matter and agreed to share the monies paid into court which by then totalled Indian Rupees 16.45 billion (AUD 661 million at 19 January 2002 exchange rates), with Grindlays receiving Indian Rupees 6.20 billion (AUD 248 million at 19 January 2002 exchange rates) of the disputed monies. ANZ in turn received a payment of USD124 million (USD equivalent of the Indian Rupees received by Grindlays) from Standard Chartered Bank under the terms of an indemnity given in connection with the sale of Grindlays to Standard Chartered Bank.

  ANZ recovered $114 million in 2006 from its insurers in respect of the above.

  In addition, ANZ is entitled to share with NHB in the proceeds of any recovery from the estate of the customer whose account was credited with the cheques drawn from NHB. However, the Indian Taxation Department is claiming a statutory priority to all of the funds available for distribution to creditors of that customer. The Special Court passed an order in late 2007 scaling down the Income Taxation Department's priority, however, the order has been partially set aside on appeal by the Supreme Court of India. The matter has been remanded to the Special Court for redeliberation on certain issues and the further hearing commenced in April 2009.

16. Note to the Cash Flow Statement

(a) Reconciliation of profit after income tax to net cash provided by operating activities

	Half year Mar 09 Inflows (Outflows) $M	Half year Sep 08 Inflows (Outflows) $M	Half year Mar 08 Inflows (Outflows) $M
Reconciliation of profit after income tax to net cash provided by operating activities			
Profit after income tax	1,417	1,356	1,963
Adjustments to reconcile to net cash provided by operating activities			
Provision for credit impairment	1,373	1,267	681
Credit risk on derivatives	904	416	271
Depreciation and amortisation	184	164	166
Profit on sale of businesses	3	-	(2)
Provision for employee entitlements, restructuring and other provisions	408	360	224
Payments from provisions	(369)	(145)	(257)
(Profit) loss on sale of premises and equipment	(10)	(2)	(30)
(Profit) loss on sale of available-for-sale securities[1]	4	(3)	(358)
Amortisation of discounts/premiums included in interest income	(110)	(88)	(88)
Share based payments reserve	5	9	5
Net foreign exchange earnings	(566)	(383)	(325)
Net gains/losses on trading derivatives	123	(80)	(230)
(Increase)/decrease in operating assets:			
Trading securities	(7,589)	(242)	273
Liquid assets - greater than three months	435	(2,773)	(1,919)
Due from other banks - greater than three months	1,398	74	(813)
Loans and advances	(5,750)	(17,328)	(29,527)
Net derivative financial instruments	(2,113)	1,377	(3,005)
Regulatory deposits	(304)	(144)	(88)
Interest receivable	444	(117)	(131)
Accrued income	20	32	8
Net tax assets	622	(722)	(560)
Increase/(decrease) in operating liabilities:			
Deposits and other borrowings	8,363	19,588	30,208
Due to other financial institutions	(1,778)	(221)	1,197
Payables and other liabilities	(1,754)	435	(1,624)
Interest payable	(855)	741	13
Accrued expenses	47	90	25
Other	(221)	(141)	(39)
Net cash provided by/(used in) operating activities	(5,669)	3,520	(3,962)

(b) Reconciliation of cash and cash equivalents

Reconciliation of cash and cash equivalents			
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows			
Liquid assets - less than three months	17,673	15,645	11,359
Due from other financial institutions - less than three months	4,707	7,842	9,799
	22,380	23,487	21,158
Non-cash financing activities			
Share capital issues			
Dividend reinvestment plan[2]	1,476	1,162	1,344

1. *Includes $353 million gain arising from the allocation of shares in Visa Inc.*
2. *The dividend reinvestment plan is fully underwritten*

17. Segment analysis

The following analysis shows revenue and the result for each business segment.

Segment Revenue[1]	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**Movt Mar 09 v. Sep 08 %**	**Movt Mar 09 v. Mar 08 %**
Australia	3,097	2,987	2,850	4%	9%
Asia Pacific, Europe & America	1,081	709	589	52%	84%
Institutional	1,388	1,279	1,335	9%	4%
New Zealand Businesses	913	1,034	1,106	-12%	-17%
Group Centre[2]	745	375	576	99%	29%
less: Institutional Asia Pacific, Europe & America[3]	(657)	(363)	(318)	81%	large
	6,567	6,021	6,138	9%	7%

Segment result[4]					
Australia	908	963	945	-6%	-4%
Asia Pacific, Europe & America	401	203	205	98%	96%
Institutional	(110)	(27)	256	large	large
New Zealand Businesses	139	235	358	-41%	-61%
Group Centre[2]	351	50	316	large	11%
less: Institutional Asia Pacific, Europe & America[3]	(272)	(68)	(117)	large	large
	1,417	1,356	1,963	4%	-28%

1. *Segment revenue includes equity standardised net interest income and other income*
2. *Group Centre includes Treasury, Operations, Technology and Shared Services, Corporate Centre, Risk Management and Group Financial Management. Other also includes certain adjustments to statutory profit as detailed on pages 13 to 14*
3. *Institutional Asia Pacific, Europe & America is included in both Institutional and Asia Pacific business units consistent with how this business is internally managed (refer page 52)*
4. *Segment result represents equity standardised profit after income tax expense*

18. Changes in composition of the Group

Acquisition of material controlled entities

There were no material controlled entities acquired during the half year to 31 March 2009 or in the half years ended 30 September 2008 and 31 March 2008.

Disposal of material controlled entities

There were no material controlled entities disposed of during the half year to 31 March 2009.

On 1 March 2008 the Group disposed of 46% of its investment in Diversified Infrastructure Trust (Stadium Australia). Due to the distribution of voting power to non-ANZ unit holders, ANZ no longer holds a controlling interest.

19. Associates, joint venture entities and investments

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M
Profit after income tax	238	142	219

Key contributions to profit[1]

	Contribution to Group pre-tax profit			Ownership interest held by Group		
Associates	**Half year Mar 09 $M**	**Half year Sep 08 $M**	**Half year Mar 08 $M**	**As at Mar 09 %**	**As at Sep 08 %**	**As at Mar 08 %**
P.T. Bank Pan Indonesia	24	23	13	39	30	30
Metrobank Card Corporation Inc	4	5	4	40	40	40
Bank of Tianjin[2]	45	12	8	20	20	20
AMMB Holdings Berhad	41	32	21	19	19	19
Shanghai Rural Commercial Bank[2]	88	18	11	20	20	20
Cards NZ Limited[3]	1	2	72	14	14	14
Saigon Securities Inc.[4]	4	-	-	18	18	-
Joint ventures						
ING Australia Limited	23	49	75	49	49	49
ING (NZ) Holdings Limited	6	9	10	49	49	49

1. *The results may differ from the published results of these entities due to the application of IFRS, Group Policies and acquisition adjustments*
2. *Equity accounted income includes adjustments (totalling $65 million) to ANZ's share of earnings from prior periods, based on recently completed financial statements of associates*
3. *Equity accounted gain arising from the allocation of shares in Visa Inc. through the Group's associate, Cards NZ Limited, on Visa shares in New Zealand*
4. *An associate from July 2008*

20. Related party disclosure

There have been no signficant changes to the arrangements with related parties, refer Notes 47 and 48 of the 2008 Annual Report.

21. Exchange rates

Major exchange rates used in translation of results of offshore controlled entities and branches and investments in Associates and joint venture entities for each reporting period were as follows:

	Balance sheet			Profit and loss average		
	As at Mar 09	**As at Sep 08**	**As at Mar 08**	**Half year Mar 09**	**Half year Sep 08**	**Half year Mar 08**
Euro	0.5178	0.5568	0.5795	0.5086	0.5969	0.6091
Great British pound	0.4795	0.4440	0.4589	0.4448	0.4739	0.4463
New Zealand dollar	1.2067	1.1934	1.1550	1.2032	1.2294	1.1542
United States dollar	0.6855	0.7995	0.9158	0.6677	0.9162	0.8976
Chinese Yuan	4.6865	5.4723	6.4239	4.5661	6.3232	6.548
Indonesian Rupiah	7934.7	7538.8	8438.2	7527.0	8467.0	8298.0
Malayasian Ringget	2.5028	2.7641	2.9193	2.3948	2.9979	2.9531
Papau New Guinea Kinar	2.0162	2.0765	2.5581	1.7984	2.4552	2.4956

22. Significant events since balance date

Since balance date, global financial and equity markets have exhibited significant volatility. The impact of this volatility on future earnings is not capable of reliable measurement.

The directors of Australia and New Zealand Banking Group Limited declare that:

1. in the directors' opinion the condensed financial statements and notes of the Group set out on pages 76 to 103 are in accordance with the Corporations Act 2001 (as amended), including:
   (a) that they comply with the Australian Accounting Standard AASB 134: 'Interim Financial Reporting', and the Corporations Regulations 2001; and
   (b) that they give a true and fair view of the financial position of the Group as at 31 March 2009 and of its performance for the half year ended on that date; and

2. in the directors' opinion at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Charles Goode
Chairman

Michael R P Smith
Director

28 April 2009

Independent auditors' review report to the members of Australia and New Zealand Banking Group Limited

Report on the Financial Report

We have reviewed the accompanying half year financial report of Australia and New Zealand Banking Group Limited ("the Company"), which comprises the condensed consolidated balance sheet as at 31 March 2009, condensed consolidated income statement, condensed consolidated statement of recognised income and expense and condensed consolidated cash flow statement for the half year ended on that date and other explanatory Notes 1 to 22 and the directors' declaration set out on pages 76 to 104 of the Group comprising the Company and the entities it controlled at the half year's end or from time to time during the half year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 March 2009 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Australia and New Zealand Banking Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Australia and New Zealand Banking Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 March 2009 and of its performance for the half year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG
Melbourne

28 April 2009

MV Hinchliffe

Michelle Hinchliffe
Partner

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001

To the directors of Australia and New Zealand Banking Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 March 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG
Melbourne

28 April 2009

MV Hinchliffe

Michelle Hinchliffe
Partner

Reconciliation of statutory profit to underlying profit

March 2009

	Statutory profit	Less: Adjustments to statutory profit					
		Gain on Visa shares	Organisat'l transform'n costs	Impairment of intangible - Origin Aust.	New Zealand restated tax balance	Economic hedging - fair value gains/losses	Revenue and investment hedges - MtM
	$M	$M	$M	$M	$M	$M	$M
Net interest income	4,822	-	-	-	-	1	-
Other operating income	1,745	-	-	-	-	655	27
Operating income	6,567	-	-	-	-	656	27
Operating expenses	(3,090)	-	(24)	-	-	-	-
Profit before credit impair't and tax	3,477	-	(24)	-	-	656	27
Provision for credit impairment	(1,373)	-	-	-	-	-	-
Profit before income tax	2,104	-	(24)	-	-	656	27
Income tax expense	(683)	-	7	-	-	(195)	(8)
Minority interest	(4)	-	-	-	-	-	-
Profit	1,417	-	(17)	-	-	461	19

September 2008

	Statutory profit	Less: Adjustments to statutory profit					
		Gain on Visa shares	Organisat'l transform'n costs	Impairment of intangible - Origin Aust.	New Zealand restated tax balance	Economic hedging - fair value gains/losses	Revenue and investment hedges - MtM
	$M	$M	$M	$M	$M	$M	$M
Net interest income	4,070	-	-	-	-	-	-
Other operating income	1,951	-	-	-	-	252	(23)
Operating income	6,021	-	-	-	-	252	(23)
Operating expenses	(2,995)	-	(218)	-	-	-	-
Profit before credit impair't and tax	3,026	-	(218)	-	-	252	(23)
Provision for credit impairment	(1,267)	-	-	-	-	-	-
Profit before income tax	1,759	-	(218)	-	-	252	(23)
Income tax expense	(398)	-	66	-	(7)	(76)	7
Minority interest	(5)	-	-	-	-	-	-
Profit	1,356	-	(152)	-	(7)	176	(16)

March 2008

	Statutory profit	Less: Adjustments to statutory profit					
		Gain on Visa shares	Organisat'l transform'n costs	Impairment of intangible - Origin Aust.	New Zealand restated tax balance	Economic hedging - fair value gains/losses	Revenue and investment hedges - MtM
	$M	$M	$M	$M	$M	$M	$M
Net interest income	3,780	-	-	-	-	-	-
Other operating income	2,358	353	-	-	-	96	(14)
Operating income	6,138	353	-	-	-	96	(14)
Operating expenses	(2,701)	-	-	(34)	-	-	-
Profit before credit impair't and tax	3,437	353	-	(34)	-	96	(14)
Provision for credit impairment	(681)	-	-	-	-	-	-
Profit before income tax	2,756	353	-	(34)	-	96	(14)
Income tax expense	(790)	(105)	-	10	8	(29)	4
Minority interest	(3)	-	-	-	-	-	-
Profit	1,963	248	-	(24)	8	67	(10)

March 2009

Cash profit	Less: Adjustments to statutory profit							Underlying profit
	One ANZ restructuring costs	ANZ share of ING NZ investor settlement	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Structured transaction	Credit risk on impaired derivatives	Adjustments to statutory profits	
$M	$M	$M	$M	$M	$M	$M	$M	$M
4,821	-	-	-	(1)	-	-	-	4,822
1,063	-	(138)	(812)	(113)	-	(92)	(473)	2,218
5,884	-	(138)	(812)	(114)	-	(92)	(473)	7,040
(3,066)	(113)	-	-	(9)	-	-	(146)	(2,944)
2,818	(113)	(138)	(812)	(123)	-	(92)	(619)	4,096
(1,373)	-	-	-	(30)	-	92	62	(1,435)
1,445	(113)	(138)	(812)	(153)	-	-	(557)	2,661
(487)	34	41	148	39	-	-	66	(749)
(4)	-	-	-	-	-	-	-	(4)
954	(79)	(97)	(664)	(114)	-	-	(491)	1,908

September 2008

Cash profit	Less: Adjustments to statutory profit							Underlying profit
	One ANZ restructuring costs	ANZ share of ING NZ investor settlement	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Structured transaction	Credit risk on impaired derivatives	Adjustments to statutory profits	
$M	$M	$M	$M	$M	$M	$M	$M	$M
4,070	-	-	-	(4)	-	-	(4)	4,074
1,722	-	-	(305)	14	(117)	(111)	(290)	2,241
5,792	-	-	(305)	10	(117)	(111)	(294)	6,315
(2,777)	-	-	-	(26)	-	-	(244)	(2,751)
3,015	-	-	(305)	(16)	(117)	(111)	(538)	3,564
(1,267)	-	-	-	(14)	-	111	97	(1,364)
1,748	-	-	(305)	(30)	(117)	-	(441)	2,200
(388)	-	-	92	9	117	-	208	(606)
(5)	-	-	-	-	-	-	-	(5)
1,355	-	-	(213)	(21)	-	-	(233)	1,589

March 2008

Cash profit	Less: Adjustments to statutory profit							Underlying profit
	One ANZ restructuring costs	ANZ share of ING NZ investor settlement	Non cont. business - Credit Intermed'n Trades	Non cont. business - Other	Structured transaction	Credit risk on impaired derivatives	Adjustments to statutory profits	
$M	$M	$M	$M	$M	$M	$M	$M	$M
3,780	-	-	-	(1)	-	-	(1)	3,781
1,923	-	-	(226)	5	(10)	(45)	159	2,199
5,703	-	-	(226)	4	(10)	(45)	158	5,980
(2,667)	-	-	-	(12)	-	-	(46)	(2,655)
3,036	-	-	(226)	(8)	(10)	(45)	112	3,325
(681)	-	-	-	-	-	45	45	(726)
2,355	-	-	(226)	(8)	(10)	-	157	2,599
(678)	-	-	68	3	10	-	(31)	(759)
(3)	-	-	-	-	-	-	-	(3)
1,674	-	-	(158)	(5)	-	-	126	1,837

Reconciliation of statutory profit to underlying profit by business unit, cont'd

March 2009 Half Year

	Group	Australia	Asia Pacific, Europe & America	Institutional	New Zealand	Group Centre	Less: Institutional Asia Pacific, Europe & America
Statutory profit	1,417	908	401	(110)	139	351	(272)
Adjustments to statutory profit							
Organisational transformation costs	(17)	-	-	-	-	(17)	-
Economic hedging - fair value gains/losses	461	-	-	-	-	461	-
Revenue and investment hedges - MtM	19	-	-	-	-	19	-
Cash profit	954	908	401	(110)	139	(112)	(272)
One ANZ restructuring costs	(79)	-	-	-	-	(79)	-
ANZ share of ING NZ investor settlement	(97)	-	-	-	(97)	-	-
Non continuing businesses							
Credit intermediation trades	(664)	-	-	(664)	-	-	-
Other	(114)	-	-	(114)	-	-	-
Underlying profit	1,908	908	401	668	236	(33)	(272)

September 2008 Half Year

	Group	Australia	Asia Pacific, Europe & America	Institutional	New Zealand	Group	Less: Institutional Asia Pacific, Europe & America
Statutory profit	1,356	963	203	(27)	235	50	(68)
Adjustments to statutory profit							
Organisational transformation costs	(152)	-	-	-	-	(152)	-
New Zealand tax rate change	(7)	-	-	-	-	(7)	-
Economic hedging - fair value gains/losses	176	-	-	-	-	176	-
Revenue and investment hedges - MtM	(16)	-	-	-	-	(16)	-
Cash profit	1,355	963	203	(27)	235	49	(68)
Non continuing businesses							
Credit intermediation trades	(213)	-	-	(213)	-	-	-
Other	(21)	-	-	(21)	-	-	-
Underlying profit	1,589	963	203	207	235	49	(68)

March 2008 Half Year

	Group	Australia	Asia Pacific, Europe & America	Institutional	New Zealand	Group	Less: Institutional Asia Pacific, Europe & America
Statutory profit	1,963	945	205	256	358	316	(117)
Adjustments to statutory profit							
Gain on Visa shares	248	-	-	-	-	248	-
Impairment of intangible - Origin Australia	(24)	-	-	-	-	(24)	-
New Zealand tax rate change	8	-	-	-	-	8	-
Economic hedging - fair value gains/losses	67	-	-	-	-	67	-
Revenue and investment hedges - MtM	(10)	-	-	-	-	(10)	-
Cash profit	1,674	945	205	256	358	27	(117)
Non continuing businesses							
Credit intermediation trades	(158)	-	-	(158)	-	-	-
Other	(5)	-	-	(5)	-	-	-
Underlying profit	1,837	945	205	419	358	27	(117)

Reconciliation of statutory profit to underlying profit by geography, cont'd

March 2009 Half Year

	Group	Australia	New Zealand	Asia	Pacific	Other
Statutory profit	1,417	668	350	192	89	118
Adjustments to statutory profit						
Organisational transformation costs	(17)	(14)	(4)	-	-	1
Economic hedging - fair value gains/losses	461	425	52	(6)	-	(10)
Revenue and investment hedges - mark-to-market	19	19	-	-	-	-
Cash profit	954	238	302	198	89	127
One ANZ restructuring costs	(79)	(69)	(10)	-	-	-
ANZ share of ING NZ investor settlement	(97)	-	(97)	-	-	-
Non continuing businesses						
Credit intermediation trades	(664)	(664)	-	-	-	-
Other	(114)	(113)	(1)	-	-	-
Underlying profit	1,908	1,084	410	198	89	127

September 2008 Half Year

	Group	Australia	New Zealand	Asia	Pacific	Other
Statutory profit	1,356	863	302	134	69	(12)
Adjustments to statutory profit						
Organisational transformation costs	(152)	(129)	(23)	-	-	-
New Zealand tax rate change	(7)	-	(7)	-	-	-
Economic hedging - fair value gains/losses	176	164	14	(5)	-	3
Revenue and investment hedges - mark-to-market	(16)	(16)	-	-	-	-
Cash profit	1,355	844	318	139	69	(15)
Non continuing businesses						
Credit intermediation trades	(213)	(213)	-	-	-	-
Other	(21)	(18)	(3)	-	-	-
Underlying profit	1,589	1,075	321	139	69	(15)

March 2008 Half Year

	Group	Australia	New Zealand	Asia	Pacific	Other
Statutory profit	1,963	1,244	529	91	64	35
Adjustments to statutory profit						
Gain on Visa shares	248	174	74	-	-	-
Impairment of intangible - Origin Australia	(24)	(24)	-	-	-	-
New Zealand tax rate change	8	-	8	-	-	-
Economic hedging - fair value gains/losses	67	74	(4)	(5)	-	2
Revenue and investment hedges - mark-to-market	(10)	(10)	-	-	-	-
Cash profit	1,674	1,030	451	96	64	33
Non continuing businesses						
Credit intermediation trades	(158)	(158)	-	-	-	-
Other	(5)	(4)	(1)	-	-	-
Underlying profit	1,837	1,192	452	96	64	33

Capital management

Qualifying Capital		As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08 %	Movt Mar 09 v. Mar 08 %
Tier 1						
Shareholders' equity and outside equity interests		28,367	26,552	23,964	7%	18%
Prudential adjustments to shareholders' equity	Table 1	(2,468)	(2,409)	(1,827)	2%	35%
Fundamental Tier 1 capital		25,899	24,143	22,137	7%	17%
Non-innovative Tier 1 capital instruments		2,019	2,095	981	-4%	large
Innovative Tier 1 capital instruments		3,076	2,847	3,072	8%	0%
Gross Tier 1 capital		30,994	29,085	26,190	7%	18%
Deductions	Table 2	(8,051)	(7,856)	(7,882)	2%	2%
Tier 1 capital		22,943	21,229	18,308	8%	25%
Tier 2						
Upper Tier 2 capital	Table 3	1,462	1,374	938	6%	56%
Subordinated notes	Table 4	9,191	9,170	9,093	0%	1%
Deductions	Table 2	(2,604)	(1,206)	(1,354)	large	92%
Tier 2 capital		8,049	9,338	8,677	-14%	-7%
Total qualifying capital		30,992	30,567	26,985	1%	15%
Capital adequacy ratios						
Tier 1		8.2%	7.7%	6.9%		
Tier 2		2.8%	3.4%	3.2%		
Total		11.0%	11.1%	10.1%		
Risk weighted assets	Table 5	280,882	275,434	267,486	2%	5%

Capital management, cont'd

		As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08	Movt Mar 09 v. Mar 08
Table 1: Prudential adjustments to shareholders' equity						
Reclassification of preference share capital		(871)	(871)	(871)	0%	0%
Accumulated retained profits and reserves of insurance, funds management and securitisation entities and associates		(1,336)	(841)	(533)	59%	large
Deferred fee revenue including fees deferred as part of loan yields		403	351	340	15%	19%
Hedging reserve		(99)	(78)	(145)	27%	-32%
Available-for-sale reserve		130	88	97	48%	34%
Dividend not provided for		(993)	(1,511)	(1,192)	-34%	-17%
Accrual for Dividend Reinvestment Plans		298	453	477	-34%	-38%
Total		(2,468)	(2,409)	(1,827)	2%	35%
Table 2: Deductions from Tier 1 capital						
Unamortised goodwill & other intangibles		(3,093)	(4,889)	(4,972)	-37%	-38%
Capitalised software		(723)	(625)	(509)	16%	42%
Capitalised expenses including loan and lease origination fees, capitalised securitisation establishment costs and costs associated with debt raisings		(643)	(642)	(619)	0%	4%
Applicable deferred tax assets (excluding the component relating to the general reserve for impairment of financial assets)		(524)	(92)	(103)	large	large
Earnings not recognised for prudential purposes		-	(117)	(113)		
Other deductions		(464)	(285)	(212)	63%	large
Sub-total		(5,447)	(6,650)	(6,528)	-18%	-17%
Deductions taken 50% from Tier 1 and 50% from Tier 2	**Gross**	**50%**				
Investment in ANZ insurance subsidiaries	(281)	(141)	(65)	(53)	large	large
Investment in funds management entities	(66)	(33)	(34)	(34)	-3%	-3%
Investment in joint ventures with ING in Australia and New Zealand	(1,456)	(728)	(262)	(263)	large	large
Investment in other Authorised Deposit Taking Institutions and overseas equivalents	(1,851)	(925)	(610)	(568)	52%	63%
Expected losses in excess of eligible provisions[1]	(1,017)	(508)	(167)	(358)	large	42%
Investment in other commercial operations	(72)	(36)	(36)	(27)	0%	33%
Other deductions	(465)	(233)	(32)	(51)	large	large
Sub-total	(5,208)	(2,604)	(1,206)	(1,354)	large	92%
Total		(8,051)	(7,856)	(7,882)	2%	2%
Table 3: Upper Tier 2 capital						
Eligible component of post acquisition earnings and reserves in associates and joint ventures		271	248	254	9%	7%
Perpetual subordinated notes		1,127	1,072	678	5%	66%
General reserve for impairment of financial assets net of attributable deferred tax asset[2]		64	54	6	19%	large
Total		1,462	1,374	938	6%	56%

Table 4: Subordinated notes

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

The fair value adjustment is also excluded for prudential purposes as the prudential standard only permits inclusion of cash received and makes no allowance for hedging.

1. *The gross deduction includes a collective provision component net of tax of $1,849 million, other eligible provisions of $1,314 million less an estimate for regulatory expected loss of $4,180 million*
2. *Under Basel II, this consists of the surplus of the general reserve for impairment of financial assets net of tax and/or the provisions attributable to the standardised portfolio*

Capital management, cont'd

	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08	Movt Mar 09 v. Mar 08
Table 5: Risk weighted assets					
On balance sheet	181,562	177,570	174,117	2%	4%
Commitments	45,914	47,398	50,013	-3%	-8%
Contingents	13,526	14,519	14,958	-7%	-10%
Derivatives	16,768	11,263	10,098	49%	66%
Total credit risk	257,770	250,750	249,186	3%	3%
Market risk - Traded	5,632	2,609	1,912	large	large
Market risk - IRRBB	-	4,058	-	-100%	n/a
Operational risk	17,480	18,017	16,388	-3%	7%
Total risk weighted assets	280,882	275,434	267,486	2%	5%

	As at Mar 09 $M	As at Sep 08 $M	As at Mar 08 $M	Movt Mar 09 v. Sep 08	Movt Mar 09 v. Mar 08
Table 6: Credit risk weighted assets by Basel asset class					
Subject to Advanced IRB approach					
Corporate	136,559	127,365	n/a	7%	n/a
Sovereign	1,402	2,079	n/a	-33%	n/a
Bank	10,374	12,624	n/a	-18%	n/a
Residential Mortgage	35,932	33,727	n/a	7%	n/a
Qualifying revolving retail (credit cards)	8,900	8,703	n/a	2%	n/a
Other retail	14,905	14,218	n/a	5%	n/a
Credit risk weighted assets subject to Advanced IRB approach	208,072	198,716	n/a	5%	n/a
Credit risk specialised lending exposures subject to slotting criteria	25,362	30,250	n/a	-16%	n/a
Subject to Standardised approach					
Corporate	15,875	13,348	n/a	19%	n/a
Sovereign	-	-	n/a	n/a	n/a
Bank	21	21	n/a	0%	n/a
Residential Mortgage	467	344	n/a	36%	n/a
Credit risk weighted assets subject to Standardised approach	16,363	13,713	n/a	19%	n/a
Credit risk weighted assets relating to securitisation exposures	3,364	4,271	n/a	-21%	n/a
Credit risk weighted assets relating to equity exposures	1,707	1,146	n/a	49%	n/a
Other assets	2,902	2,654	n/a	9%	n/a
	7,973	8,071	n/a	-1%	n/a
Total credit risk weighted assets	257,770	250,750	249,186	3%	n/a

Table 7: Expected loss by Division	As at Mar 09 $M	As at Sep 08 $M	Movt Mar 09 v. Sep 08
Australia	1,470	1,319	11%
Asia Pacific, Europe & America	134	119	13%
Institutional	1,996	1,170	71%
New Zealand	697	556	25%
Group Centre	3	-	n/a
less: Institutional Asia Pacific, Europe & America	(120)	(112)	7%
Total	4,180	3,052	37%

Average balance sheet and related interest

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

	Half year Mar 09			Half year Sep 08			Half year Mar 08		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets									
Due from other financial institutions									
Australia	4,691	97	4.1%	3,124	103	6.6%	2,880	90	6.3%
New Zealand	2,020	36	3.6%	1,477	44	6.0%	1,304	48	7.4%
Overseas Markets	8,729	88	2.0%	6,604	121	3.7%	5,738	128	4.5%
Trading and available-for-sale assets									
Australia	26,432	758	5.8%	23,122	873	7.6%	22,345	760	6.8%
New Zealand	2,405	81	6.8%	2,387	95	8.0%	2,246	91	8.1%
Overseas Markets	6,553	149	4.6%	6,533	159	4.9%	5,913	153	5.2%
Loans and advances									
Australia	240,205	8,657	7.2%	228,278	10,071	8.8%	212,453	8,814	8.3%
New Zealand	82,047	3,223	7.9%	77,738	3,737	9.6%	78,468	3,754	9.6%
Overseas Markets	24,106	649	5.4%	18,109	510	5.6%	16,489	530	6.4%
Customers' liability for acceptances									
Australia	14,640	488	6.7%	15,767	706	9.0%	15,027	642	8.5%
Overseas Markets	528	9	3.4%	539	12	4.5%	387	11	5.7%
Other assets									
Australia	4,972	145	5.8%	5,051	205	8.1%	3,973	161	8.1%
New Zealand	5,967	179	6.0%	4,887	176	7.2%	5,417	225	8.3%
Overseas Markets	11,808	141	2.4%	9,120	180	3.9%	6,174	205	6.6%
Intragroup assets									
Australia	7,375	173	4.7%	5,451	189	6.9%	5,878	214	7.3%
Overseas Markets	1,240	26	4.2%	492	13	5.3%	633	20	6.3%
	443,718	14,899		408,679	17,194		385,325	15,846	
Intragroup elimination	(8,615)	(199)		(5,943)	(202)		(6,511)	(234)	
	435,103	14,700	6.8%	402,736	16,992	8.4%	378,814	15,612	8.2%
Non-interest earning assets									
Derivatives									
Australia	59,143			24,603			24,709		
New Zealand	13,085			2,679			6,037		
Overseas Markets	612			2,172			1,605		
Premises and equipment	1,746			1,467			1,559		
Other assets	19,238			14,657			15,617		
Provisions for credit impairment									
Australia	(2,809)			(2,295)			(1,785)		
New Zealand	(602)			(457)			(427)		
Overseas Markets	(325)			(201)			(184)		
	90,088			42,624			47,131		
Total average assets	525,191			445,361			425,945		

Average balance sheet and related interest, cont'd

	Half year Mar 09			Half year Sep 08			Half year Mar 08		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities									
Time deposits									
Australia	87,520	2,577	5.9%	76,562	2,914	7.6%	66,833	2,310	6.9%
New Zealand	30,797	1,034	6.7%	29,515	1,230	8.3%	29,791	1,214	8.2%
Overseas Markets	37,338	428	2.3%	28,213	492	3.5%	22,336	524	4.7%
Savings deposits									
Australia	19,007	320	3.4%	18,150	412	4.5%	17,975	366	4.1%
New Zealand	2,286	38	3.3%	1,681	28	3.3%	1,958	31	3.2%
Overseas Markets	691	3	0.9%	579	4	1.4%	590	4	1.4%
Other demand deposits									
Australia	60,235	1,103	3.7%	55,348	1,662	6.0%	54,452	1,532	5.6%
New Zealand	16,606	374	4.5%	15,446	516	6.7%	15,995	546	6.8%
Overseas Markets	1,764	7	0.8%	1,231	8	1.3%	1,315	11	1.7%
Due to other financial institutions									
Australia	4,951	107	4.3%	5,647	193	6.8%	6,822	219	6.4%
New Zealand	2,587	62	4.8%	1,618	49	6.0%	1,875	58	6.2%
Overseas Markets	10,580	125	2.4%	10,508	187	3.6%	11,100	260	4.7%
Commercial paper									
Australia	10,205	310	6.1%	13,015	496	7.6%	9,572	338	7.1%
New Zealand	9,301	254	5.5%	8,838	392	8.9%	9,726	427	8.8%
Overseas Markets	-	-	0.0%	-	-	-	-	-	-
Borrowing corporations' debt									
Australia	7,536	264	7.0%	8,638	325	7.5%	8,636	293	6.8%
New Zealand	1,441	53	7.4%	1,437	61	8.5%	1,532	63	8.2%
Liability for acceptances									
Australia	14,640	366	5.0%	15,767	604	7.7%	15,027	555	7.4%
Overseas Markets	528	9	3.4%	539	12	4.5%	387	11	5.7%
Loan capital, bonds and notes									
Australia	64,593	1,880	5.8%	63,958	2,465	7.7%	60,958	2,188	7.2%
New Zealand	13,404	448	6.7%	15,774	707	9.0%	13,922	615	8.8%
Overseas Markets	621	21	6.8%	290	12	8.3%	429	13	6.1%
Other liabilities[1]									
Australia	4,422	1	n/a	4,565	92	n/a	4,427	187	n/a
New Zealand	112	71	n/a	97	41	n/a	77	54	n/a
Overseas Markets	17	23	n/a	25	20	n/a	52	13	n/a
Intragroup liabilities									
New Zealand	8,615	199	4.6%	5,943	202	6.8%	6,511	234	7.2%
	409,797	10,077		383,384	13,124		362,298	12,066	
Intragroup elimination	(8,615)	(199)		(5,943)	(202)		(6,511)	(234)	
	401,182	9,878	4.9%	377,441	12,922	6.8%	355,787	11,832	6.7%
Non-interest bearing liabilities									
Deposits									
Australia	4,936			4,669			4,904		
New Zealand	3,201			3,091			3,772		
Overseas Markets	1,597			1,214			1,187		
Derivatives									
Australia	62,496			22,365			23,317		
New Zealand	13,095			2,609			4,476		
Overseas Markets	(648)			(765)			(1,002)		
Other liabilities	11,510			10,502			10,704		
	96,187			43,685			47,358		
Total average liabilities	497,369			421,126			403,145		

1. *Includes foreign exchange swap costs*

Average balance sheet and related interest, cont'd

	Half year Mar 09 $M	Half year Sep 08 $M	Half year Mar 08 $M
Total average assets			
Australia	365,178	312,572	294,484
New Zealand	109,121	92,766	96,768
Overseas Markets	59,507	45,966	41,204
less intragroup elimination	(8,615)	(5,943)	(6,511)
	525,191	445,361	425,945
% of total average assets attributable to overseas activities	31.9%	31.0%	32.2%
Average interest earning assets			
Australia	298,315	280,793	262,556
New Zealand	92,439	86,489	87,435
Overseas Markets	52,964	41,397	35,334
less intragroup elimination	(8,615)	(5,943)	(6,511)
	435,103	402,736	378,814
Total average liabilities			
Australia	349,214	296,980	280,334
New Zealand	102,945	87,042	91,001
Overseas Markets	53,825	43,047	38,321
less intragroup elimination	(8,615)	(5,943)	(6,511)
	497,369	421,126	403,145
% of total average liabilities attributable to overseas activities	29.8%	29.5%	30.5%
Total average shareholders' equity			
Ordinary share capital, reserves and retained earnings	26,951	23,364	21,929
Preference share capital	871	871	871
	27,822	24,235	22,800
Total average liabilities and shareholders' equity	525,191	445,361	425,945

Average balance sheet and related interest, cont'd

	Half year Mar 09 %	Half year Sep 08 %	Half year Mar 08 %
Gross earnings rate[1]			
Australia	6.94	8.65	8.14
New Zealand	7.63	9.37	9.42
Overseas Markets	4.02	4.81	5.93
Total Group	6.78	8.44	8.24

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

	Half year Mar 09 %	Half year Sep 08 %	Half year Mar 08 %
Australia			
Net interest spread	1.85	1.65	1.61
Interest attributable to net non-interest bearing items	0.43	0.48	0.44
Net interest margin - Australia	2.28	2.13	2.05
New Zealand			
Net interest spread	1.67	1.34	1.45
Interest attributable to net non-interest bearing items	0.47	0.57	0.55
Net interest margin - New Zealand	2.14	1.91	2.00
Overseas Markets			
Net interest spread	1.63	1.26	1.31
Interest attributable to net non-interest bearing items	0.06	0.00	(0.11)
Net interest margin - Overseas Markets	1.69	1.26	1.20
Group			
Net interest spread	1.84	1.59	1.59
Interest attributable to net non-interest bearing items	0.38	0.43	0.41
Net interest margin	2.22	2.02	2.00

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

Derivative financial instruments

Derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate contracts, futures, options and combinations of these instruments. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading activities. Derivatives are also used to manage the Group's own exposure to fluctuations in exchange and interest rates as part of its asset and liability management activities. Derivatives are subject to the same types of credit and market risk as other financial instruments, and the Group manages these risks in a consistent manner.

The following table provides an overview of the Group's exchange rate, interest rate, commodity and credit derivatives. It includes all contracts, both trading and hedging.

Notional principal amount is the face value of the contract and represents the volume of outstanding transactions. Fair value is the net position of contracts with positive market values and negative market values.

	As at 31 March 2009			As at 30 September 2008		
	Notional Principal amount	Total fair value		Notional Principal amount	Total fair value	
		Assets	Liabilities		Assets	Liabilities
	$M	$M	$M	$M	$M	$M
Foreign exchange contracts						
Spot and forward contracts	233,646	8,165	(8,007)	222,003	7,740	(7,956)
Swap agreements	183,074	10,412	(12,556)	205,894	16,667	(8,635)
Futures contracts	392	13	(28)	134	72	(17)
Options purchased	8,497	1,028	-	8,929	899	-
Options sold	18,061	-	(1,005)	17,761	-	(942)
	443,670	19,618	(21,596)	454,721	25,378	(17,550)
Commodity Contracts						
Derivative contracts	22,651	1,277	(1,648)	27,349	1,609	(1,692)
Interest rate contracts						
Forward rate agreements	91,111	43	(19)	150,302	33	(32)
Swap agreements	1,051,727	32,510	(31,726)	1,087,769	10,837	(11,408)
Futures contracts	94,331	2,102	(1,805)	92,841	1,798	(1,705)
Options purchased	17,935	377	-	23,156	225	-
Options sold	21,144	-	(219)	22,743	-	(115)
	1,276,248	35,032	(33,769)	1,376,811	12,893	(13,260)
Credit default swaps						
Structured credit derivatives purchased[1]	14,204	2,093	-	12,455	1,212	-
Other credit derivatives purchased[2]	16,376	1,500	(15)	14,414	201	(32)
Total credit derivatives purchased	30,580	3,593	(15)	26,869	1,413	(32)
Structured credit derivatives sold[1]	16,075	-	(3,288)	14,060	-	(1,704)
Other credit derivatives sold[2]	12,276	9	(1,326)	11,256	48	(296)
Total credit derivatives sold	28,351	9	(4,614)	25,316	48	(2,000)
	58,931	3,602	(4,629)	52,185	1,461	(2,032)
Collateral	-	(2,084)	12,203	-	(4,400)	2,607
Total	1,801,500	57,445	(49,439)	1,911,066	36,941	(31,927)

1. *Refer pages 24*
2. *The notional amounts comprise vanilla credit default swap transactions including credit indices such as Itraxx (Europe and Australia) and CDX. In the case of back-to-back deals, where a risk position from one counterparty is "closed out" with another counterparty, the notional amounts are not netted down in the above table. For example, ANZ may sell credit protection over a particular corporate bond (or reference asset) to a counterparty and simultaneously offset that credit exposure by buying credit protection over the same corporate bond (or reference asset) from another counterparty. Netting may only occur where there is an offsetting deal with the same counterparty. These credit default swap trades are transacted in conjunction with other financial instruments by reference to the traded market risk limit framework which includes VaR, name and rating specific concentration limits, sensitivity limits and stress testing limits. VaR disclosures are set out on page 29*

Special purpose entities (non-consolidated)

Below is an analysis of the assets of non-consolidated SPEs which ANZ has established or managed. This excludes vehicles that are used in connection with stock-based compensation programs.

Total assets of SPEs	Non-consolidated SPEs Mar 09 $M	Non-consolidated SPEs Sep 08 $M
Securitisation vehicles	7,592	8,021
Structured finance entities[1]	n/a	n/a
Credit Protection	2,145	2,145
Total	9,737	10,166

1. *ANZ's net investment in non-consolidated Structured Finance entities is $164 million at 31 March 2009 (Sep 2008: $166 million; Mar 2008: $172 million)*

- **Total assets of SPEs**

	Australia		New Zealand		Total	
	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M
Non-consolidated SPEs which ANZ established or manage						
Corporate Loans[1]	2,365	2,145	4	557	2,369	2,702
Rural loans	2,017	2,064	-	-	2,017	2,064
Trade receivables	2,215	2,096	-	-	2,215	2,096
Residential mortgages	1,313	1,442	-	-	1,313	1,442
Credit cards and other personal loans	7	13	-	-	7	13
Car loans and equipment finance	544	577	-	-	544	577
Other[2]	1,028	1,018	244	254	1,272	1,272
Total	9,489	9,355	248	811	9,737	10,166

1. *$2,145 million of exposures to corporate loans created through derivatives and a deposit with ANZ*
2. *Includes investment loans and insurance premium receivables*

- **Maximum exposure to SPEs**

Maximum exposures to Non-consolidated SPEs[1]	Non-consolidated SPEs Mar 09 $M	Non-consolidated SPEs Sep 08 $M
Liquidity support facilities (drawn)	1,742	1,237
Liquidity support facilities (undrawn)	2,160	3,290
Credit default swaps (net fair value)	46	33
Other facilities (drawn)	1,703	1,768
Other facilities (undrawn)	768	958
Notes held in credit protection entities	394	393
Other derivatives (net fair value)	93	21
Total	6,906	7,700

1. *Excluding structured finance entities*

Leveraged finance

The Group has a dedicated Leveraged & Acquisition Finance team, which provides secured financing for the acquisition of companies through the use of debt.

Leveraged & Acquisition Finance provides acquisition finance for private equity firms and other corporations with operations in Australia and New Zealand and concentrates on company cash flows. Target businesses are those with stable and established earnings and the ability to reduce borrowing levels.

The tables below provide an analysis of the credit exposures arising from the provision of leverage finance. This excludes all public company acquisition finance which may be undertaken by the Leveraged & Acquisition Finance team because it has a different risk profile.

	Unfunded commitments		Funded exposure		Total gross exposure		Individual provision		Net Exposure	
Exposure by industry	**Mar 09 $M**	**Sep 08 $M**	**Mar 09 $M**	**Sep 08 $M**	**Mar 09 $M**	**Sep 08 $M**	**Mar 09 $M**	**Sep 08 $M**	**Mar 09 $M**	**Sep 08 $M**
Manufacturing	189	141	861	892	1,050	1,033	(63)	(9)	987	1,024
Business Service	171	147	611	659	782	806	(10)	(13)	772	793
Healthcare	15	54	145	254	160	308	-	-	160	308
Retail	89	105	624	566	713	671	(3)	-	710	671
Media	55	34	230	146	285	180	-	-	285	180
Other	67	32	354	330	421	362	(6)	-	415	362
Total	586	513	2,825	2,847	3,411	3,360	(82)	(22)	3,329	3,338
Exposure by geography										
Australia	282	271	1,418	1,507	1,700	1,778	(82)	(22)	1,618	1,756
New Zealand	296	175	1,147	1,156	1,443	1,331	-	-	1,443	1,331
Other	8	67	260	184	268	251	-	-	268	251
Total	586	513	2,825	2,847	3,411	3,360	(82)	(22)	3,329	3,338

Movements in individual provision	**Mar 09 $M**	**Sep 08 $M**
Balance at start of year	22	10
Charge to income statement	82	30
Discount unwind	(1)	-
Bad debts written-off	(21)	(18)
Total individual provision	82	22

Asset-backed securities

The Group may acquire asset-backed securities primarily as part of the trading activities (classified as trading securities), liquidity management (classified as available-for-sale assets) or through investments in special purpose vehicles. Asset-backed securities are debt instruments that are based on pools of assets or are collateralised by the cash flows from a specified pool of underlying assets. All asset-backed securities held by the Group are carried at fair value on the balance sheet with an exception of a portfolio of US issued securities reclassified as loans and advances in November 2008 (refer Note 8).

Summary of asset-backed securities

	Face Value		Carrying amount	
	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M
Collateralised debt obligations[1]	395	395	394	393
Commercial mortgage backed securities	143	140	136	138
Residential mortgage backed securities	964	892	627	655
Other asset-backed securities	36	461	34	453
Total	1,538	1,888	1,191	1,639

Asset-backed securities by underlying asset

	Trading portfolio		Liquidity portfolio		Other		Total	
	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M
Sub-prime	-	-	-	-	-	-	-	-
Alt-A	-	-	-	423	386	-	386	423
A rated (mortgage) paper and other assets	144	161	131	106	530	949	805	1,216
Total	144	161	131	529	916	949	1,191	1,639

Asset-backed securities by credit rating and geography

	AAA & AA		A		BBB		BB and below inc not rated		Total	
	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M	Mar 09 $M	Sep 08 $M
Australia and New Zealand	536	552	137	557	1	1	-	-	674	1,110
USA[2]	282	412	42	117	18	-	175	-	517	529
Total	818	964	179	674	19	1	175	-	1,191	1,639

1. *Comprises notes held in a credit protection SPE, refer page 118*
2. *Includes the reclassified securities (refer Note 8)*

AAS - Australian Accounting Standards

AASB - Australian Accounting Standards Board.

Alt-A – Alternative A-paper, US mortgages underwritten with lower or alternative documentation than a full documentation mortgage loan or with higher loan to valuation ratios than mortgages guaranteed by US Government sponsored enterprises. Alt-A mortgages have a stronger risk profile than sub-prime mortgages.

Business Unit description:

Australia

Australia division comprises two customer segments, Retail and Commercial, a Wealth segment and an operations and support area.

- **Retail**
  - **Distribution** operates the Australian Branch network, Australian Call Centre, Specialist Businesses (including specialist mortgage sales staff, mortgage broking and franchisees), Direct channels (Mortgage Direct and One Direct) and distribution services.
  - **Mortgages** provides housing finance to consumers in Australia for both owner occupied and investment purposes.
  - **Cards and Unsecured Lending** provides consumer credit cards, ePayment products, personal loans and ATM facilities in Australia.
  - **Deposits** provides transaction banking and savings products, such as term deposits and cash management accounts.
- **Commercial**
  - **Esanda** provides motor vehicle and equipment finance and investment products.
  - **Rural Commercial & Agribusiness Products** provides a full range of banking services to personal customers and to small business and agribusiness customers in rural and regional Australia.
  - **Business Banking** provides a full range of banking services, including risk management, to metropolitan based small to medium sized business clients with a turnover of up to $50 million.
  - **Small Business Banking Products** provides a full range of banking services for metropolitan-based small businesses in Australia with unsecured loans up to $100,000.
- **Wealth**
  - **Private Bank** specialises in assisting high net worth individuals and families to manage, grow and preserve their family assets.
  - **Investments and Insurance Products** comprises ANZ Australia’s Financial Planning, Margin Lending, Insurance Distribution and Trustees businesses in addition to ETrade, an online broking business.
  - **INGA** is a joint venture between ANZ and ING. ANZ owns 49% of the ING Australia Ltd and receives proportional equity accounted earnings.
- **Operations and Support** includes the back-office processing of all Retail, Commercial and Wealth products and services and central support areas.

Asia Pacific, Europe & America

Asia Pacific, Europe & America includes the following:

- **Retail** provides retail and small business banking services to customers in the Asia Pacific region.
- **Institutional** provides financial services to institutional customers in the Asia, Pacific, Europe and America regions.
- **Asia Partnerships** is a portfolio of strategic retail partnerships in Asia. This includes ANZ’s investment in Indonesia with P.T. Panin Bank, in the Philippines with Metrobank, in Cambodia with the Royal Group, in China with Bank of Tianjin and Shanghai Rural Commercial Bank, in Malaysia with AMMB Holdings Berhad and in Vietnam with investments in Sacombank and Saigon Securities Incorporation.
- **Wealth** includes investment and insurance products and services across Asia Pacific and under the Private Bank banner assisting customers in the Asia Pacific region to manage, grow and preserve their assets.
- **Executive & Support** includes the central support functions for the division.

New Zealand Businesses

New Zealand Businesses comprises two customer segments, Retail and Commercial, a Wealth segment and an operations and support area which includes Treasury funding:

- **Retail**
  - **Distribution** operates the ANZ and National Bank New Zealand branch networks in New Zealand, as well as ATM Services, Customer Management, Mobile Mortgage Managers and Mobile Investment Managers.
  - **National Bank Retail**, operating under the National Bank brand in New Zealand, provides a full range of banking services to personal and business banking customers.
  - **ANZ Retail**, operating under the ANZ brand in New Zealand, provides a full range of banking services to personal and business banking customers.
  - **Rural Banking** provides a full range of banking services to rural and agribusiness customers.

Business Unit description, continued:

New Zealand Businesses, cont'd

- **Commercial**
  - **Corporate & Commercial Banking** incorporates the ANZ and National Bank brands and provides financial solutions through a relationship management model for medium-sized businesses with a turnover of up to NZ$100 million.
  - **UDC** provides motor vehicle and equipment finance and investment products.
- **Wealth**
  - **Private Banking** includes the private banking operations under the ANZ and National Bank brands and Bonus Bonds.
  - **INGNZ** is a joint venture between ANZ and ING. ANZ owns 49% of the ING New Zealand Ltd and receives proportional equity accounted earnings.
- **Operations and Support** includes back-office processing, customer account maintenance, and central support areas including Treasury funding.

Institutional

Institutional division provides a full range of financial services to institutional customers in all geographies. Multinationals, institutions and corporates with sophisticated needs and multiple relationships, are served globally. Institutional has a major presence in Australia and New Zealand and also has operations in Asia, Europe and America.

- **Transaction Banking** provides working capital solutions including lending and deposit products, cash transaction banking management, trade finance, international payments, securities lending, clearing and custodian services, principally to institutional and corporate customers.
- **Global Markets** provides risk management services to corporate and institutional clients globally in relation to foreign exchange, interest rates, credit and commodities. This includes origination, underwriting, structuring and risk management services, advice and sale of credit and derivative products globally. Markets also manages the Group's balance sheet interest rate risk position.
- **Specialised Lending** provides complex financing and advisory services, structured financial products, leasing, project finance, leveraged finance and infrastructure investment products to ANZ's global client set.
- **Balance Sheet Management** manages the Institutional and Corporate balance sheets with a particular focus on credit quality, diversification and maximising risk adjusted returns.
- **Non continuing business** includes certain businesses and transactions that ANZ is exiting including private equity and credit intermediation trades.
- **Relationship and infrastructure** includes client relationship teams for global Institutional customers and Corporate customers in Australia, and central support functions.

Group Centre

- **Group Centre** includes Operations, Technology & Shared Services, Treasury (funding component), Group Human Resources, Group Strategy and Marketing, Group Financial Management, Group Risk Management, Capital Funding and Group Items.

Cash profit represents profit adjusted for one-off significant items and non-core income arising from the use of derivatives in economic hedges and fair value through profit and loss. This measure of performance has been superseded by Underlying profit.

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

Customer deposits represent term deposits, other deposits bearing interest, deposits not bearing interest and borrowing corporations debt excluding collateralised loan obligation and securitisation vehicle funding.

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

Equity standardisation Economic Value Added (EVA^{TM}) principles are in use throughout the Group, whereby risk adjusted capital is allocated and charged against business units. Equity standardised profit is determined by eliminating the impact of earnings on each business unit's book capital and attributing earnings on the business unit's risk adjusted capital. This enhances comparability of business unit performance. Geographic results are not equity standardised.

IFRS – International Financial Reporting Standards

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

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

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

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

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

Net advances includes **gross** loans and advances and acceptances and capitalised brokerage/mortgage origination fees, less income yet to mature and allowances for credit on impairment.

Net inter business unit expenses (also known as Service Transfer Pricing) consists of the charges made between business units for the provision of support services. Both payments and receipts by business units are shown as net inter business unit expenses.

Net interest average margin is net interest income as a percentage of average interest earning assets. Non-assessable interest income is grossed up to the equivalent before tax amount for the purpose of these calculations.

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

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

Operating income in business segments includes equity standardised net interest and other operating income.

Overseas includes the results of all operations outside Australia, except if New Zealand is separately identified.

Overseas Markets includes all operations outside of Australia and New Zealand. The Group's geographic segments are Australia, New Zealand, Asia Pacific and Europe, America and India.

Return on asset ratios include net intra group assets.

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

Restructured items represents customer facilities which for reason of financial difficulty have been re-negotiated on terms which the Bank considers as uncommercial but necessary in the circumstances, and are not considered non-performing. Includes both on and off balance sheet exposures.

Revenue includes net interest income and other operating income.

Segment result represents equity standardised profit after income tax expense.

Segment revenue includes equity standardised net interest income and other operating income.

Significant items are items that typically have a substantial impact on profit after tax, or the earnings used in the earnings per share calculation. Significant items also do not arise in the normal course of business and are infrequent in nature. Divestments are typically defined as significant items.

Sub-prime represents mortgages granted to borrowers with a poor or limited credit history. Sub-prime loans carry higher interest rates to compensate for potential losses from default.

Underlying profit represents profit attributable to shareholders of the Company as adjusted to present the directors' assessment of the result for the ongoing business activities of the Group. When assessing adjustments to statutory results, guidance is provided by recommendations from the joint publication of the Australian Institute of Company Directors and the Financial Services Institute of Australasia titled 'Underlying Profit: Principles for reporting of non-statutory profit information.

PAGE