

**Australia and New Zealand Banking Group Limited**

***CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***

**Half year ended  
31 March 2012**

<b>CONTENTS</b>	<b>PAGE</b>
<b>Directors' Report</b>	<b>97</b>
<b>Condensed Consolidated Income Statement</b>	<b>98</b>
<b>Condensed Consolidated Statement of Comprehensive Income</b>	<b>99</b>
<b>Condensed Consolidated Balance Sheet</b>	<b>100</b>
<b>Condensed Consolidated Cash Flow Statement</b>	<b>101</b>
<b>Condensed Consolidated Statement of Changes in Equity</b>	<b>102</b>
<b>Notes to Condensed Financial Statements</b>	<b>103</b>
<b>Directors' Declaration and Responsibility Statement</b>	<b>125</b>
<b>Auditors' Review Report and Independence Declaration</b>	<b>126</b>

**CONDENSED CONSOLIDATED INCOME STATEMENT**

**Australia and New Zealand Banking Group Limited**

	Note	Half Year			Movement	
		Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
Interest income		15,411	15,423	14,945	0%	3%
Interest expense		(9,427)	(9,586)	(9,299)	-2%	1%
Net interest income	3	5,984	5,837	5,646	3%	6%
Other operating income	3	2,090	1,634	1,974	28%	6%
Net funds management and insurance income	3	577	663	742	-13%	-22%
Share of associates' profit	19	166	193	243	-14%	-32%
Operating income		8,817	8,327	8,605	6%	2%
Operating expenses	4	(4,133)	(3,997)	(4,026)	3%	3%
Profit before credit impairment and income tax		4,684	4,330	4,579	8%	2%
Provision for credit impairment	9	(538)	(562)	(675)	-4%	-20%
Profit before income tax		4,146	3,768	3,904	10%	6%
Income tax expense	5	(1,223)	(1,074)	(1,235)	14%	-1%
<b>Profit for the period</b>		<b>2,923</b>	<b>2,694</b>	<b>2,669</b>	<b>9%</b>	<b>10%</b>
Comprising:						
Profit attributable to non-controlling interests		4	3	5	33%	-20%
<b>Profit attributable to shareholders of the Company</b>		<b>2,919</b>	<b>2,691</b>	<b>2,664</b>	<b>8%</b>	<b>10%</b>
<b>Earnings per ordinary share (cents)</b>						
Basic	7	110.8	104.0	104.2	7%	6%
Diluted	7	106.2	99.3	101.2	7%	5%
<b>Dividend per ordinary share (cents)</b>	6	<b>66</b>	<b>76</b>	<b>64</b>	<b>-13%</b>	<b>3%</b>

The notes appearing on pages 103 to 124 form an integral part of the Condensed Consolidated Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**Australia and New Zealand Banking Group Limited**

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Profit for the period</b>	2,923	2,694	2,669	9%	10%
<b>Other comprehensive income</b>					
Foreign currency translation adjustments					
Exchange differences taken to equity	(410)	880	(550)	large	-25%
Available-for-sale assets					
Valuation gain/(loss) taken to equity	142	133	(56)	7%	large
Cumulative (gain)/loss transferred to the income statement	25	(16)	35	large	-29%
Cash flow hedges					
Valuation gain/(loss) taken to equity	(53)	201	28	large	large
Transferred to income statement for the period	7	(2)	(7)	large	large
Share of associates' other comprehensive income	(2)	(8)	(7)	-75%	-71%
Actuarial gain/(loss) on defined benefit plans	(2)	(61)	46	-97%	large
Income tax on items transferred directly to/from equity					
Foreign currency translation reserve	(5)	1	(6)	large	-17%
Available-for-sale reserve	(49)	(40)	5	23%	large
Cash flow hedge reserve	14	(59)	(4)	large	large
Actuarial gain / (loss) on defined benefits plan	-	18	(13)	-100%	-100%
Other comprehensive income net of tax	(333)	1,047	(529)	large	-37%
<b>Total comprehensive income for the period</b>	<b>2,590</b>	<b>3,741</b>	<b>2,140</b>	<b>-31%</b>	<b>21%</b>
Comprising total comprehensive income attributable to:					
non-controlling interests	1	3	5	-67%	-80%
shareholders of the Company	2,589	3,738	2,135	-31%	21%

The notes appearing on pages 103 to 124 form an integral part of the Condensed Consolidated Financial Statements

**CONDENSED CONSOLIDATED BALANCE SHEET**

**Australia and New Zealand Banking Group Limited**

	Note	As at (\$M)			Movement	
		Mar 12	Sep 11	Mar 11	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Assets</b>						
Liquid assets		35,771	24,899	19,298	44%	85%
Due from other financial institutions		10,035	8,824	7,479	14%	34%
Trading securities		32,859	36,074	28,966	-9%	13%
Derivative financial instruments		36,873	54,118	29,646	-32%	24%
Available-for-sale assets		23,125	22,264	18,323	4%	26%
Net loans and advances	8	411,952	396,337	378,812	4%	9%
Customers' liability for acceptances		676	970	577	-30%	17%
Investment in associates		3,424	3,513	3,239	-3%	6%
Current tax assets		116	41	20	large	large
Deferred tax assets		484	599	653	-19%	-26%
Goodwill and other intangible assets <sup>1</sup>		7,070	6,964	6,632	2%	7%
Investments backing policy liabilities		30,204	29,859	32,958	1%	-8%
Other assets		8,552	7,901	8,685	8%	-2%
Premises and equipment		2,095	2,125	2,159	-1%	-3%
<b>Total assets</b>		<b>603,236</b>	<b>594,488</b>	<b>537,447</b>	<b>1%</b>	<b>12%</b>
<b>Liabilities</b>						
Due to other financial institutions		26,964	23,012	22,014	17%	22%
Deposits and other borrowings	11	383,141	368,729	331,789	4%	15%
Derivative financial instruments		35,119	50,088	29,796	-30%	18%
Liability for acceptances		676	970	577	-30%	17%
Current tax liabilities		648	1,128	750	-43%	-14%
Deferred tax liabilities		26	28	40	-7%	-35%
Policy liabilities		29,003	27,503	29,718	5%	-2%
External unit holder liabilities (life insurance funds)		4,528	5,033	5,501	-10%	-18%
Payables and other liabilities		8,742	10,251	10,688	-15%	-18%
Provisions		1,234	1,248	1,285	-1%	-4%
Bonds and notes		61,107	56,551	58,526	8%	4%
Loan capital	12	12,605	11,993	11,634	5%	8%
<b>Total liabilities</b>		<b>563,793</b>	<b>556,534</b>	<b>502,318</b>	<b>1%</b>	<b>12%</b>
<b>Net assets</b>		<b>39,443</b>	<b>37,954</b>	<b>35,129</b>	<b>4%</b>	<b>12%</b>
<b>Shareholders' equity</b>						
Ordinary share capital	13,14	22,195	21,343	20,594	4%	8%
Preference share capital	13,14	871	871	871	0%	0%
Reserves	14	(2,430)	(2,095)	(3,171)	16%	-23%
Retained earnings	14	18,758	17,787	16,766	5%	12%
<b>Share capital and reserves attributable to shareholders of the Company</b>		<b>39,394</b>	<b>37,906</b>	<b>35,060</b>	<b>4%</b>	<b>12%</b>
Non-controlling interests		49	48	69	2%	-29%
<b>Total shareholders' equity</b>		<b>39,443</b>	<b>37,954</b>	<b>35,129</b>	<b>4%</b>	<b>12%</b>

<sup>1</sup>: Excludes notional goodwill in equity accounted associates

The notes appearing on pages 103 to 124 form an integral part of the Condensed Consolidated Financial Statements

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**
**Australia and New Zealand Banking Group Limited**

	Note	Half Year		
		Mar 12 Inflows (Outflows) \$M	Sep 11 Inflows (Outflows) \$M	Mar 11 Inflows (Outflows) \$M
<b>Cash flows from operating activities</b>				
Interest received		15,241	15,386	14,874
Interest paid		(9,902)	(9,593)	(9,204)
Dividends received		19	52	32
Other operating income received		2,011	1,792	2,087
Personnel expenses paid		(2,381)	(2,298)	(2,249)
Other operating expenses paid		(1,842)	(1,110)	(1,520)
Net cash (paid)/received on derivatives		(427)	745	(2,783)
Income taxes (paid)/refunds received		(1,661)	(704)	(1,329)
Goods and services tax received/(paid)		50	29	21
<i>Net cash flows from funds management and insurance business</i>				
Premiums and other income received		2,867	3,035	2,823
Investment income and policyholder deposits received		(2,171)	(2,335)	(2,196)
Claims and policyholder withdrawals paid		2	(92)	71
Commission expense paid		(200)	(254)	(237)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>				
		1,606	4,653	390
<b>Changes in operating assets and liabilities arising from cash flow movements</b>				
<b>(Increase)/decrease in operating assets</b>				
Liquid assets - greater than three months		(199)	342	1,251
Due from other financial institutions - greater than three months		(1,527)	(833)	(643)
Trading securities		2,718	(5,859)	(1,755)
Loans and advances		(18,395)	(13,119)	(12,449)
<i>Net cash flows from investments backing policyholder liabilities</i>				
Purchase of insurance assets		(4,946)	(3,786)	(5,341)
Proceeds from sale/maturity of insurance assets		5,729	4,521	5,661
<b>Increase/(decrease) in operating liabilities</b>				
Deposits and other borrowings		18,412	29,864	13,970
Due to other financial institutions		4,728	1,456	(106)
Payables and other liabilities		(886)	(1,160)	1,744
<b>Change in operating assets and liabilities arising from cash flow movements</b>				
		5,634	11,426	2,332
<b>Net cash provided by/(used in) operating activities</b>	16(a)	7,240	16,079	2,722
<b>Cash flows from investing activities</b>				
Available-for-sale assets				
Purchases		(26,844)	(21,883)	(18,774)
Proceeds from sale or maturity		25,327	18,734	20,784
Controlled entities and associates				
Purchased (net of cash acquired)		(2)	(50)	(254)
Proceeds from sale (net of cash disposed)		13	32	42
Premises and equipment				
Purchases		(130)	(150)	(169)
Proceeds from sale		20	5	1
Other assets				
		(429)	(372)	(477)
<b>Net cash provided by/(used in) investing activities</b>		(2,045)	(3,684)	1,153
<b>Cash flows from financing activities</b>				
Bonds and notes				
Issue proceeds		15,364	1,223	10,990
Redemptions		(7,942)	(8,255)	(8,938)
Loan capital				
Issue proceeds		2,010	1,341	-
Redemptions		(1,153)	(1,250)	(329)
Dividends paid		(1,191)	(972)	(1,141)
Share capital issues		29	16	27
On market share purchases		(55)	-	(137)
<b>Net cash provided by/(used in) financing activities</b>		7,062	(7,897)	472
Net cash provided by/(used in) operating activities		7,240	16,079	2,722
Net cash provided by/(used in) investing activities		(2,045)	(3,684)	1,153
Net cash provided by/(used in) financing activities		7,062	(7,897)	472
Net increase/(decrease) in cash and cash equivalents		12,257	4,498	4,347
Cash and cash equivalents at beginning of period		30,021	24,648	20,610
Effects of exchange rate changes on cash and cash equivalents		(1,677)	875	(309)
<b>Cash and cash equivalents at end of period</b>	16(b)	40,601	30,021	24,648

The notes appearing on pages 103 to 124 form an integral part of the Condensed Consolidated Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**Australia and New Zealand Banking Group Limited**

	Ordinary share capital	Preference shares	Reserves <sup>1</sup>	Retained earnings	Shareholders' equity attributable to Equity holders of the Bank	Non- controlling interests	Total Shareholders' equity
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>As at 1 October 2010</b>	19,886	871	(2,587)	15,921	34,091	64	34,155
Profit or loss	-	-	-	2,664	2,664	5	2,669
Other comprehensive income for the period	-	-	(562)	33	(529)	-	(529)
<b>Total comprehensive income for the period</b>	-	-	(562)	2,697	2,135	5	2,140
<b>Transactions with equity holders in their capacity as equity holders:</b>							
Dividends paid	-	-	-	(1,866)	(1,866)	-	(1,866)
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	-	13	13	-	13
Dividend reinvestment plan	712	-	-	-	712	-	712
<b>Other equity movements:</b>							
Share based payments and exercises	-	-	(21)	-	(21)	-	(21)
Group share option scheme	27	-	-	-	27	-	27
Treasury shares OnePath Australia adjustment	1	-	-	-	1	-	1
Group employee share acquisition scheme	(32)	-	-	-	(32)	-	(32)
Other changes	-	-	(1)	1	-	-	-
<b>As at 31 March 2011</b>	20,594	871	(3,171)	16,766	35,060	69	35,129
Profit or loss	-	-	-	2,691	2,691	3	2,694
Other comprehensive income for the period	-	-	1,090	(43)	1,047	-	1,047
<b>Total comprehensive income for the period</b>	-	-	1,090	2,648	3,738	3	3,741
<b>Transactions with equity holders in their capacity as equity holders:</b>							
Dividends paid	-	-	-	(1,637)	(1,637)	-	(1,637)
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	-	10	10	-	10
Dividend reinvestment plan	655	-	-	-	655	-	655
Transactions with non-controlling interests	-	-	(22)	-	(22)	(22)	(44)
<b>Other equity movements:</b>							
Share based payments and exercises	-	-	7	-	7	-	7
Group share option scheme	16	-	-	-	16	-	16
Treasury shares OnePath Australia adjustment	1	-	-	-	1	-	1
Group employee share acquisition scheme	77	-	-	-	77	-	77
Other changes	-	-	1	-	1	(2)	(1)
<b>As at 30 September 2011</b>	21,343	871	(2,095)	17,787	37,906	48	37,954
Profit or loss	-	-	-	2,919	2,919	4	2,923
Other comprehensive income for the period	-	-	(328)	(2)	(330)	(3)	(333)
<b>Total comprehensive income for the period</b>	-	-	(328)	2,917	2,589	1	2,590
<b>Transactions with equity holders in their capacity as equity holders:</b>							
Dividends paid	-	-	-	(1,962)	(1,962)	-	(1,962)
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	-	14	14	-	14
Dividend reinvestment plan	757	-	-	-	757	-	757
Transactions with non-controlling interests	-	-	(1)	-	(1)	-	(1)
<b>Other equity movements:</b>							
Share based payments and exercises	-	-	(4)	-	(4)	-	(4)
Group share option scheme	29	-	-	-	29	-	29
Treasury shares OnePath Australia adjustment	21	-	-	-	21	-	21
Group employee share acquisition scheme	45	-	-	-	45	-	45
Other changes	-	-	(2)	2	-	-	-
<b>As at 31 March 2012</b>	22,195	871	(2,430)	18,758	39,394	49	39,443

<sup>1</sup> Further information on other comprehensive income is disclosed in Note 14

The notes appearing on pages 103 to 124 form an integral part of the Condensed Consolidated Financial Statements

## **1. Basis of preparation**

These Condensed Consolidated Financial Statements:

- should be read in conjunction with the ANZ Annual Report for the year ended 30 September 2011 and any public announcements made by the Parent Entity and its controlled entities (the Group) for the half year ended 31 March 2012 in accordance with the continuous disclosure obligations under the Corporations Act 2001 and the ASX Listing Rules;
- are condensed financial statements as defined in AASB 134 Interim Financial Reporting ("AASB 134"). 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
- were approved by the Board of Directors on 1 May 2012.

### **i) Statement of compliance**

These Condensed Consolidated Financial Statements have been prepared in accordance with the Corporations Act 2001 and AASB 134 which ensures compliance with IAS 34 Interim Financial Reporting.

### **ii) Use of estimates and assumptions**

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

### **iii) Basis of measurement**

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

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

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

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

### **iv) Accounting policies**

These Condensed Consolidated Financial Statements have been prepared on the basis of accounting policies consistent with those applied in the 30 September 2011 annual financial report. All new Accounting Standards and Interpretations applicable to annual reporting periods beginning on or after 1 October 2011 have been applied to the Group effective from the required date of application. The initial application of these Standards and Interpretations has not had a material impact on the financial position or the financial results of the Group.

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

### **v) Rounding**

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

### **vi) Comparatives**

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



**2. Critical estimates and judgements used in applying accounting policies**

The Group prepares its consolidated financial information in accordance with policies which are based on Australian Accounting Standards (AASs), other authoritative accounting pronouncements and Interpretations of the AASB and the Corporations Act 2001. This involves the Group making estimates and assumptions that affect the reported amounts within the financial statements. Details of these estimates and judgements are contained in the Group's financial report for the year ended 30 September 2011, as updated by the information below.

▪ **Significant associates**

The review of the recoverable amount of all significant associates indicated a potential impairment of the investment in Saigon Securities Incorporated ("SSI"). A value in use calculation was performed resulting in the recognition of an impairment loss of \$31 million.

3. Income

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
Interest income	15,411	15,423	14,945	0%	3%
Interest expense	(9,427)	(9,586)	(9,299)	-2%	1%
<b>Net interest income</b>	<b>5,984</b>	<b>5,837</b>	<b>5,646</b>	<b>3%</b>	<b>6%</b>
<b>i) Fee and commission income</b>					
Lending fees <sup>1</sup>	341	346	306	-1%	11%
Non-lending fees and commissions	1,048	1,027	1,026	2%	2%
Total fee and commission income	1,389	1,373	1,332	1%	4%
Fee and commission expense <sup>2</sup>	(171)	(159)	(155)	8%	10%
<b>Net fee and commission income</b>	<b>1,218</b>	<b>1,214</b>	<b>1,177</b>	<b>0%</b>	<b>3%</b>
<b>ii) Other income</b>					
Net foreign exchange earnings	570	386	431	48%	32%
Net gains from trading securities and derivatives	222	(37)	349	large	-36%
Credit risk on intermediation trades	52	(51)	55	large	-5%
Movement on financial instruments measured at fair value through profit & loss <sup>3</sup>	(33)	(12)	(155)	large	-79%
Brokerage income	23	30	31	-23%	-26%
NZ managed funds impacts	-	1	60	-100%	-100%
Write-down on assets in non continuing businesses	-	(11)	(2)	-100%	-100%
Gain on sale/(write-down) of investment in Sacombank	10	-	(35)	n/a	large
Write-down of investment in SSI	(31)	-	-	n/a	n/a
Private equity and infrastructure earnings	22	25	1	-12%	large
Profit on sale of property	1	22	2	-95%	-50%
Other	36	67	60	-46%	-40%
<b>Total other income</b>	<b>872</b>	<b>420</b>	<b>797</b>	<b>large</b>	<b>9%</b>
<b>Other operating income</b>	<b>2,090</b>	<b>1,634</b>	<b>1,974</b>	<b>28%</b>	<b>6%</b>
<b>iii) Net funds management and insurance income</b>					
Funds management income	417	426	442	-2%	-6%
Investment income	1,912	(1,816)	1,305	large	47%
Insurance premium income	590	652	532	-10%	11%
Commission income (expense)	(200)	(253)	(237)	-21%	-16%
Claims	(309)	(285)	(263)	8%	17%
Changes in policy liabilities <sup>4</sup>	(1,757)	1,875	(1,021)	large	72%
Elimination of treasury share (gain)/loss	(76)	64	(16)	large	large
<b>Total net funds management and insurance income</b>	<b>577</b>	<b>663</b>	<b>742</b>	<b>-13%</b>	<b>-22%</b>
<b>Total other operating income</b>	<b>2,667</b>	<b>2,297</b>	<b>2,716</b>	<b>16%</b>	<b>-2%</b>
<b>Share of associates' profit</b>	<b>166</b>	<b>193</b>	<b>243</b>	<b>-14%</b>	<b>-32%</b>
<b>Total income<sup>5</sup></b>	<b>18,244</b>	<b>17,913</b>	<b>17,904</b>	<b>2%</b>	<b>2%</b>
Profit before income tax as a % of total income	22.72%	21.04%	21.81%		

<sup>1.</sup> Lending fees exclude fees treated as part of the effective yield calculation and included in interest income

<sup>2.</sup> Includes interchange fees paid

<sup>3.</sup> Includes fair value movements (excluding realised and accrued interest) on derivatives entered into to manage interest rate and foreign exchange risk on funding instruments and not designated as accounting hedges, ineffective portions of cashflow hedges, and fair value movements in financial assets and liabilities designated fair value

<sup>4.</sup> Includes policyholder tax gross up, which represents contribution tax (recovered at 15% on the super contributions made by members) debited to the policyholder account once a year in July when the statement is issued to the members at the end of the 30 June financial year

<sup>5.</sup> Total income includes external dividend income of \$1 million (Sep 2011 half: \$3 million; Mar 2011 half: \$8 million)

4. Operating expenses

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Personnel</b>					
Employee entitlements and taxes	143	159	147	-10%	-3%
Salaries and wages	1,554	1,485	1,475	5%	5%
Superannuation costs - defined benefit plans	5	8	5	-38%	0%
Superannuation costs - defined contribution plans	152	140	147	9%	3%
Equity-settled share-based payments	101	88	78	15%	29%
Temporary staff	112	127	123	-12%	-9%
Other	360	354	389	2%	-7%
<b>Total personnel expenses</b>	<b>2,427</b>	<b>2,361</b>	<b>2,364</b>	<b>3%</b>	<b>3%</b>
<b>Premises</b>					
Depreciation and amortisation	44	45	44	-2%	0%
Rent	205	195	192	5%	7%
Utilities and other outgoings	82	81	84	1%	-2%
Other	22	20	24	10%	-8%
<b>Total premises expenses</b>	<b>353</b>	<b>341</b>	<b>344</b>	<b>4%</b>	<b>3%</b>
<b>Computer</b>					
Computer contractors	82	58	85	41%	-4%
Data communications	52	66	59	-21%	-12%
Depreciation and amortisation	202	174	174	16%	16%
Rentals and repairs	69	64	56	8%	23%
Software purchased	122	138	112	-12%	9%
Software written-off	1	15	5	-93%	-80%
Other	30	20	15	50%	100%
<b>Total computer expenses</b>	<b>558</b>	<b>535</b>	<b>506</b>	<b>4%</b>	<b>10%</b>
<b>Other</b>					
Advertising and public relations	105	119	116	-12%	-9%
Audit and other fees	8	9	9	-11%	-11%
Depreciation of furniture and equipment	50	49	48	2%	4%
Freight and cartage	33	33	32	0%	3%
Loss on sale and write-off of equipment	5	2	2	large	large
Non-lending losses	25	29	24	-14%	4%
Postage and stationery	67	66	64	2%	5%
Professional fees	109	133	136	-18%	-20%
Telephone	33	36	39	-8%	-15%
Travel	82	103	105	-20%	-22%
Amortisation and impairment of intangible assets	55	68	54	-19%	2%
Other	85	88	60	-3%	42%
<b>Total other expenses</b>	<b>657</b>	<b>735</b>	<b>689</b>	<b>-11%</b>	<b>-5%</b>
<b>Restructuring</b>					
New Zealand technology integration	64	17	108	large	-41%
Other	74	8	15	large	large
<b>Total restructuring expenses</b>	<b>138</b>	<b>25</b>	<b>123</b>	<b>large</b>	<b>12%</b>
<b>Operating expenses</b>	<b>4,133</b>	<b>3,997</b>	<b>4,026</b>	<b>3%</b>	<b>3%</b>

**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			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
Profit before income tax	4,146	3,768	3,904	10%	6%
Prima facie income tax expense at 30%	1,244	1,131	1,171	10%	6%
Tax effect of permanent differences:					
Overseas tax rate differential	(31)	(24)	(5)	29%	large
Rebateable and non-assessable dividends	(2)	(3)	(2)	-33%	0%
Profit from associates	(50)	(58)	(73)	-14%	-32%
(Gain on sale)/write-down of investment in Sacombank	(3)	-	11	n/a	large
Write-down of investment in SSI	9	-	-	n/a	n/a
Offshore Banking Unit	(9)	6	(6)	large	50%
OnePath Australia - Policyholder income and contributions tax	62	30	116	large	-47%
Tax provisions no longer required	(23)	(35)	(8)	-34%	large
Interest on Convertible Preference Shares	35	25	25	40%	40%
Other	(6)	(1)	6	large	large
	1,226	1,071	1,235	14%	-1%
Income tax under/(over) provided in previous years	(3)	3	-	large	n/a
<b>Total income tax expense charged in the income statement</b>	<b>1,223</b>	<b>1,074</b>	<b>1,235</b>	<b>14%</b>	<b>-1%</b>
<b>Australia</b>	<b>964</b>	<b>861</b>	<b>984</b>	<b>12%</b>	<b>-2%</b>
<b>Overseas</b>	<b>259</b>	<b>213</b>	<b>251</b>	<b>22%</b>	<b>3%</b>
	1,223	1,074	1,235	14%	-1%
<b>Effective Tax Rate - Group</b>	<b>29.5%</b>	<b>28.5%</b>	<b>31.6%</b>		

6. Dividends

	Half Year			Movement	
	Mar 12	Sep 11	Mar 11	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Dividend per ordinary share (cents)</b>					
Interim (fully franked)	66	n/a	64	n/a	3%
Final (fully franked)	n/a	76	n/a	n/a	n/a
<b>Total</b>	<b>66</b>	<b>76</b>	<b>64</b>	<b>-13%</b>	<b>3%</b>
<b>Ordinary share dividend</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>%</b>	<b>%</b>
Interim dividend	-	1,662	-	n/a	n/a
Final dividend	2,002	-	1,895	n/a	6%
Bonus option plan adjustment	(47)	(31)	(35)	52%	34%
<b>Total<sup>1</sup></b>	<b>1,955</b>	<b>1,631</b>	<b>1,860</b>	<b>20%</b>	<b>5%</b>
<b>Ordinary share dividend payout ratio (%)<sup>2</sup></b>	<b>60.8%</b>	<b>74.6%</b>	<b>62.5%</b>		

<sup>1</sup>: Dividends payable are not accrued and are recorded when paid

<sup>2</sup>: Dividend payout ratio calculated using proposed 2012 interim dividend of \$1,769 million (not shown in the above table). The proposed 2012 interim dividend of \$1,769 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the September 2011 half year and March 2011 half year calculated using actual dividend paid of \$2,002 million and \$1,662 million respectively. Dividend payout ratio calculated by adjusting profit attributable to shareholders of the company by the amount of preference shares dividends paid.

Ordinary Shares

The Directors propose that an interim dividend of 66 cents be paid on 2 July 2012 on each eligible fully paid ANZ ordinary share. The proposed 2012 interim dividend will be fully franked for Australian tax purposes.

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the 2012 interim dividend. For the 2012 interim dividend, ANZ intends to provide shares under the DRP and BOP through the issue of new shares. The "Acquisition Price" to be used in determining the number of shares to be provided under the DRP and BOP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of fully paid ANZ ordinary shares sold on the ASX during the seven trading days commencing on 18 May 2012 less a 1.5% discount, and then rounded to the nearest whole cent. Shares provided under the DRP and BOP will rank equally in all respects with existing fully paid ANZ ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2012 interim dividend must be received by ANZ's Share Registrar by 5.00 pm (Australian Eastern Standard Time) on 16 May 2012. Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in Great Britain (including the Channel Islands and the Isle of Man) or New Zealand will be converted to pounds sterling and New Zealand dollars respectively at an exchange rate calculated at 5.00 pm (Australian Eastern Standard Time) on 18 May 2012. There is no foreign conduit income attributed to the dividend.

Preference Shares

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Preference share dividend</b>					
Euro Trust Securities	7	6	6	17%	17%
<b>Dividend per preference share</b>					
Euro Trust Securities	€10.80	€10.13	€8.11	7%	33%

7. Earnings per share

	Half Year			Movement	
	Mar 12	Sep 11	Mar 11	Mar 12 v. Sep 11	Mar 12 v. Mar 11
Number of fully paid ordinary shares on issue (M) <sup>1</sup>	2,679.5	2,629.0	2,596.4	2%	3%
<b>Basic</b>					
Profit attributable to shareholders of the Company (\$M)	2,919	2,691	2,664	8%	10%
Less Preference share dividends (\$M)	(7)	(6)	(6)	17%	17%
Profit less preference share dividends (\$M)	2,912	2,685	2,658	8%	10%
Weighted average number of ordinary shares (M)	2,627.4	2,581.5	2,550.1	2%	3%
<b>Basic earnings per share (cents)</b>	<b>110.8</b>	<b>104.0</b>	<b>104.2</b>	<b>7%</b>	<b>6%</b>
<b>Diluted</b>					
Profit less preference share dividends (\$M)	2,912	2,685	2,658	8%	10%
Interest on US Stapled Trust Securities (\$M) <sup>2</sup>	14	14	14	0%	0%
Interest on UK Hybrid Securities (\$M) <sup>3</sup>	22	22	24	0%	-8%
Interest on Convertible Preference Shares (\$M) <sup>4</sup>	117	84	84	39%	39%
Profit attributable to shareholders of the Company excluding interest on US Trust Securities, UK Hybrid Securities and Convertible Preference Shares (\$M)	3,065	2,805	2,780	9%	10%
Weighted average number of shares on issue (M)	2,627.4	2,581.5	2,550.1	2%	3%
Weighted average number of convertible options (M)	4.6	4.1	5.0	12%	-8%
Weighted average number of convertible US Trust Securities (M) <sup>2</sup>	32.6	41.6	32.1	-22%	2%
Weighted average number of convertible UK Hybrid Securities (M) <sup>3</sup>	31.3	38.9	31.0	-20%	1%
Weighted average number of Convertible Preference Shares (M) <sup>4</sup>	191.4	158.7	130.1	21%	47%
Adjusted weighted average number of shares - diluted (M)	2,887.3	2,824.8	2,748.3	2%	5%
<b>Diluted earnings per share (cents)</b>	<b>106.2</b>	<b>99.3</b>	<b>101.2</b>	<b>7%</b>	<b>5%</b>

<sup>1.</sup> Number of fully paid ordinary shares on issue includes Treasury shares of 31.6 million at 31 March 2012 (Sep 2011: 30.3 million; Mar 2011: 31.3 million)

<sup>2.</sup> The US Stapled Trust securities issued on 27 November 2003 convert to ordinary shares in 2053 at the market price of ANZ ordinary shares less 5% unless redeemed or bought back prior to that date. The US 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

<sup>3.</sup> UK Hybrid (issued on 15 June 2007) is a GBP denominated stapled security that converts to ordinary shares on the fifth anniversary at the market price of ANZ ordinary shares less 5% (subject to certain conversion conditions). AASB 133 requires that potential ordinary shares for which conversion to ordinary share capital is mandatory must be considered in the calculation of diluted EPS

<sup>4.</sup> There are three "Tranches" of convertible preference shares. The first are convertible preference shares issued on 30 September 2008 and convert to ordinary shares on 16 June 2014 at the market price of ANZ ordinary shares less 2.5% (subject to certain conversion conditions). The second are convertible preference shares issued on 17 December 2009 and convert to ordinary shares on 15 December 2016 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). The third are convertible preference shares issued on 28 September 2011 that convert to ordinary shares on 1 September 2019 at the market price of ANZ ordinary shares less 1% (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

8. Net loans and advances

	As at (\$M)			Movement	
	Mar 12	Sep 11	Mar 11	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Australia</b>					
Overdrafts	5,732	6,326	6,169	-9%	-7%
Credit card outstandings	9,084	9,062	8,912	0%	2%
Commercial bills outstanding	18,476	17,326	17,371	7%	6%
Term loans - housing	178,486	169,970	165,205	5%	8%
Term loans - non-housing	78,528	74,206	72,777	6%	8%
Lease receivables	1,868	1,769	1,510	6%	24%
Hire purchase	9,498	9,549	9,603	-1%	-1%
Other	580	891	981	-35%	-41%
	302,252	289,099	282,528	5%	7%
<b>Asia Pacific, Europe &amp; America</b>					
Overdrafts	786	739	694	6%	13%
Credit card outstandings	964	1,053	1,036	-8%	-7%
Commercial bills outstanding	812	1,008	554	-19%	47%
Term loans - housing	3,374	2,850	2,368	18%	42%
Term loans - non-housing	34,768	33,011	26,285	5%	32%
Lease receivables	119	130	144	-8%	-17%
Other	168	213	250	-21%	-33%
	40,991	39,004	31,331	5%	31%
<b>New Zealand</b>					
Overdrafts	1,185	1,068	1,179	11%	1%
Credit card outstandings	1,110	1,074	1,020	3%	9%
Term loans - housing	42,681	42,562	40,202	0%	6%
Term loans - non-housing	29,179	29,170	28,247	0%	3%
Lease receivables	168	185	174	-9%	-3%
Hire purchase	462	419	378	10%	22%
Other	218	216	211	1%	3%
	75,003	74,694	71,411	0%	5%
<b>Total gross loans and advances</b>	<b>418,246</b>	<b>402,797</b>	<b>385,270</b>	<b>4%</b>	<b>9%</b>
Less: Provision for credit impairment (refer note 9)	(4,708)	(4,873)	(4,894)	-3%	-4%
Less: Unearned income <sup>1</sup>	(2,283)	(2,216)	(2,179)	3%	5%
Add: Capitalised brokerage/mortgage origination fees	697	629	615	11%	13%
	(6,294)	(6,460)	(6,458)	-3%	-3%
<b>Total net loans and advances<sup>2</sup></b>	<b>411,952</b>	<b>396,337</b>	<b>378,812</b>	<b>4%</b>	<b>9%</b>

<sup>1.</sup> Includes fees deferred and amortised using the effective interest method of \$425 million (Sep 2011: \$414 million; Mar 2011: \$398 million)

<sup>2.</sup> Differs to net loans and advances including acceptances shown on page 11, 12 and page 31 as bill acceptances of \$676 million (Sep 2011: \$970 million; Mar 2011: \$577 million) are excluded

9. Provision for credit impairment

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Collective provision</b>					
Balance at start of period	3,176	3,177	3,153	0%	1%
Charge/(credit) to income statement	(152)	(58)	65	large	large
Adjustment for exchange rate fluctuations	(30)	57	(41)	large	-27%
<b>Total collective provision<sup>1</sup></b>	<b>2,994</b>	<b>3,176</b>	<b>3,177</b>	<b>-6%</b>	<b>-6%</b>
<b>Individual provision</b>					
Balance at start of period	1,697	1,717	1,875	-1%	-9%
New and increased provisions	1,023	1,051	982	-3%	4%
Write-backs	(251)	(322)	(291)	-22%	-14%
Adjustment for exchange rate fluctuations	(29)	51	(43)	large	-33%
Discount unwind	(64)	(82)	(103)	-22%	-38%
Bad debts written-off	(662)	(718)	(703)	-8%	-6%
<b>Total individual provision</b>	<b>1,714</b>	<b>1,697</b>	<b>1,717</b>	<b>1%</b>	<b>0%</b>
<b>Total provision for credit impairment</b>	<b>4,708</b>	<b>4,873</b>	<b>4,894</b>	<b>-3%</b>	<b>-4%</b>

<sup>1</sup> The collective provision includes amounts for off-balance sheet credit exposures: \$545 million at 31 March 2012 (Sep 2011: \$572 million; Mar 2011: \$579 million). The impact on the income statement for the year ended 31 March 2012 was a \$22 million release (Sep 2011 half: \$17 million release; Mar 2011 half: \$10 million charge)

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Provision movement analysis</b>					
New and increased provisions					
Australia	772	694	668	11%	16%
Asia Pacific, Europe & America	61	120	92	-49%	-34%
New Zealand	190	237	222	-20%	-14%
	1,023	1,051	982	-3%	4%
Write-backs	(251)	(322)	(291)	-22%	-14%
	772	729	691	6%	12%
Recoveries of amounts previously written-off	(117)	(130)	(97)	-10%	21%
Individual provision charge for loans and advances	655	599	594	9%	10%
Impairment on available-for-sale assets	35	21	16	67%	large
Collective provision charge/(credit) to income statement	(152)	(58)	65	large	large
<b>Charge to income statement</b>	<b>538</b>	<b>562</b>	<b>675</b>	<b>-4%</b>	<b>-20%</b>

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Individual provision balance</b>					
Australia	985	908	938	8%	5%
Asia Pacific, Europe & America	326	387	373	-16%	-13%
New Zealand	403	402	406	0%	-1%
<b>Total individual provision</b>	<b>1,714</b>	<b>1,697</b>	<b>1,717</b>	<b>1%</b>	<b>0%</b>



10. 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.

<b>As at March 2012</b>			<b>Maximum exposure to credit risk</b>
<b>\$M</b>	<b>Reported</b>	<b>Excluded<sup>1</sup></b>	<b>credit risk</b>
Liquid assets	35,771	2,834	32,937
Due from other financial institutions	10,035	-	10,035
Trading securities	32,859	-	32,859
Derivative financial instruments <sup>2</sup>	36,873	-	36,873
Available-for-sale assets	23,125	497	22,628
Net loans, advances and acceptances	412,628	-	412,628
Other financial assets <sup>3</sup>	5,885	-	5,885
	<b>557,176</b>	<b>3,331</b>	<b>553,845</b>
Undrawn facilities	137,505	-	137,505
Contingent facilities	32,738	-	32,738
	<b>170,243</b>	<b>-</b>	<b>170,243</b>
<b>Total</b>	<b>727,419</b>	<b>3,331</b>	<b>724,088</b>

<b>As at September 2011</b>			
<b>\$M</b>	<b>Reported</b>	<b>Excluded<sup>1</sup></b>	<b>Maximum exposure to credit risk</b>
Liquid assets	24,899	2,805	22,094
Due from other financial institutions	8,824	-	8,824
Trading securities	36,074	-	36,074
Derivative financial instruments <sup>2</sup>	54,118	-	54,118
Available-for-sale assets	22,264	479	21,785
Net loans, advances and acceptances	397,307	-	397,307
Other financial assets <sup>3</sup>	5,973	-	5,973
	<b>549,459</b>	<b>3,284</b>	<b>546,175</b>
Undrawn facilities	137,889	-	137,889
Contingent facilities	31,210	-	31,210
	<b>169,099</b>	<b>-</b>	<b>169,099</b>
<b>Total</b>	<b>718,558</b>	<b>3,284</b>	<b>715,274</b>

<b>As at March 2011</b>			
<b>\$M</b>	<b>Reported</b>	<b>Excluded<sup>1</sup></b>	<b>Maximum exposure to credit risk</b>
Liquid assets	19,298	1,803	17,495
Due from other financial institutions	7,479	-	7,479
Trading securities	28,966	-	28,966
Derivative financial instruments <sup>2</sup>	29,646	-	29,646
Available-for-sale assets	18,323	407	17,916
Net loans, advances and acceptances	379,389	-	379,389
Other financial assets <sup>3</sup>	7,254	-	7,254
	<b>490,355</b>	<b>2,210</b>	<b>488,145</b>
Undrawn facilities	122,570	-	122,570
Contingent facilities	29,793	-	29,793
	<b>152,363</b>	<b>-</b>	<b>152,363</b>
<b>Total</b>	<b>642,718</b>	<b>2,210</b>	<b>640,508</b>

<sup>1.</sup> Includes bank notes and coins and cash at bank within liquid assets and equity instruments within available-for-sale financial assets

<sup>2.</sup> Derivative financial instruments are net of credit valuation adjustments

<sup>3.</sup> Mainly comprises trade dated assets and accrued interest

**10. Credit quality, cont'd**

**Distribution of financial assets by credit quality**

<b>As at March 2012 \$M</b>	<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>	<b>Restructured</b>	<b>Impaired</b>	<b>Total</b>
Liquid assets	32,937	-	-	-	32,937
Due from other financial institutions	10,035	-	-	-	10,035
Trading securities	32,859	-	-	-	32,859
Derivative financial instruments <sup>1</sup>	36,702	-	20	151	36,873
Available-for-sale assets	22,628	-	-	-	22,628
Net loans, advances and acceptances	395,160	12,484	320	4,664	412,628
Other financial assets <sup>2</sup>	5,885	-	-	-	5,885
Credit related commitments <sup>3</sup>	170,055	-	-	188	170,243
	<b>706,261</b>	<b>12,484</b>	<b>340</b>	<b>5,003</b>	<b>724,088</b>

<b>As at September 2011 \$M</b>					
Liquid assets	22,094	-	-	-	22,094
Due from other financial institutions	8,824	-	-	-	8,824
Trading securities	36,074	-	-	-	36,074
Derivative financial instruments <sup>1</sup>	54,079	-	1	38	54,118
Available-for-sale assets	21,785	-	-	-	21,785
Net loans, advances and acceptances	380,107	11,851	699	4,650	397,307
Other financial assets <sup>2</sup>	5,973	-	-	-	5,973
Credit related commitments <sup>3</sup>	168,906	-	-	193	169,099
	<b>697,842</b>	<b>11,851</b>	<b>700</b>	<b>4,881</b>	<b>715,274</b>

<b>As at March 2011 \$M</b>					
Liquid assets	17,495	-	-	-	17,495
Due from other financial institutions	7,479	-	-	-	7,479
Trading securities	28,966	-	-	-	28,966
Derivative financial instruments <sup>1</sup>	29,592	-	13	41	29,646
Available-for-sale assets	17,916	-	-	-	17,916
Net loans, advances and acceptances	358,917	14,578	691	5,203	379,389
Other financial assets <sup>2</sup>	7,254	-	-	-	7,254
Credit related commitments <sup>3</sup>	152,090	-	-	273	152,363
	<b>619,709</b>	<b>14,578</b>	<b>704</b>	<b>5,517</b>	<b>640,508</b>

<sup>1.</sup> Derivative assets, considered impaired, are net of credit valuation adjustments

<sup>2.</sup> Mainly comprises trade dated assets and accrued interest

<sup>3.</sup> Comprises undrawn facilities and customer contingent liabilities

10. Credit quality, cont'd

Credit quality of financial assets neither past due nor impaired

The credit quality of financial assets is managed by the Group using internal ratings based on their current probability of default. The Group's masterscales are mapped to external rating agency scales, to enable wider comparisons.

As at March 2012 \$M	Strong credit profile <sup>1</sup>	Satisfactory risk <sup>2</sup>	Sub-standard but not past due or impaired <sup>3</sup>	Total
Liquid assets	32,703	201	33	32,937
Due from other financial institutions	8,919	1,103	13	10,035
Trading securities	31,859	1,000	-	32,859
Derivative financial instruments	35,027	1,264	411	36,702
Available-for-sale assets	20,857	1,765	6	22,628
Net loans, advances and acceptances	285,430	91,566	18,164	395,160
Other financial assets <sup>4</sup>	4,948	851	86	5,885
Credit related commitments <sup>5</sup>	139,161	28,355	2,539	170,055
	558,904	126,105	21,252	706,261

As at September 2011 \$M	Strong credit profile <sup>1</sup>	Satisfactory risk <sup>2</sup>	Sub-standard but not past due or impaired <sup>3</sup>	Total
Liquid assets	21,484	552	58	22,094
Due from other financial institutions	7,617	980	227	8,824
Trading securities	35,528	546	-	36,074
Derivative financial instruments	51,928	1,461	690	54,079
Available-for-sale assets	20,081	1,664	40	21,785
Net loans, advances and acceptances	273,682	86,216	20,209	380,107
Other financial assets <sup>4</sup>	5,412	431	130	5,973
Credit related commitments <sup>5</sup>	136,248	29,759	2,899	168,906
	551,980	121,609	24,253	697,842

As at March 2011 \$M	Strong credit profile <sup>1</sup>	Satisfactory risk <sup>2</sup>	Sub-standard but not past due or impaired <sup>3</sup>	Total
Liquid assets	17,000	409	86	17,495
Due from other financial institutions	6,536	811	132	7,479
Trading securities	27,775	1,175	16	28,966
Derivative financial instruments	28,263	763	566	29,592
Available-for-sale assets	16,754	1,162	-	17,916
Net loans, advances and acceptances	249,991	88,902	20,024	358,917
Other financial assets <sup>4</sup>	6,850	330	74	7,254
Credit related commitments <sup>5</sup>	121,389	27,571	3,130	152,090
	474,558	121,123	24,028	619,709

<sup>1.</sup> 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's respectively

<sup>2.</sup> 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 "Ba2" to "Ba3" and "BB" to "BB-" of Moody's and Standard & Poor's respectively

<sup>3.</sup> 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's respectively

<sup>4.</sup> Mainly comprises trade dated assets and accrued interest

<sup>5.</sup> Comprises undrawn commitments and customer contingent liabilities

10. Credit quality, cont'd

Ageing analysis of financial assets that are past due but not impaired

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), that can be held on a productive basis until they are 180 days past due, as well as those which are managed on an individual basis.

A large portion of retail credit exposures, such as residential mortgages, are generally well secured. That is, the value of associated security is sufficient to cover amounts outstanding.

As at March 2012 \$M	1-5 days	6-29 days	30-59 days	60-89 days	> 90 days	Total
Liquid assets	-	-	-	-	-	-
Due from other financial institutions	-	-	-	-	-	-
Trading securities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Net loans, advances and acceptances	2,847	4,837	1,966	958	1,876	12,484
Other financial assets <sup>1</sup>	-	-	-	-	-	-
Credit related commitments <sup>2</sup>	-	-	-	-	-	-
	2,847	4,837	1,966	958	1,876	12,484

As at September 2011 \$M	1-5 days	6-29 days	30-59 days	60-89 days	> 90 days	Total
Liquid assets	-	-	-	-	-	-
Due from other financial institutions	-	-	-	-	-	-
Trading securities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Net loans, advances and acceptances	3,028	4,540	1,584	865	1,834	11,851
Other financial assets <sup>1</sup>	-	-	-	-	-	-
Credit related commitments <sup>2</sup>	-	-	-	-	-	-
	3,028	4,540	1,584	865	1,834	11,851

As at March 2011 \$M	1-5 days	6-29 days	30-59 days	60-89 days	> 90 days	Total
Liquid assets	-	-	-	-	-	-
Due from other financial institutions	-	-	-	-	-	-
Trading securities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Net loans, advances and acceptances	2,583	6,222	2,509	1,309	1,955	14,578
Other financial assets <sup>1</sup>	-	-	-	-	-	-
Credit related commitments <sup>2</sup>	-	-	-	-	-	-
	2,583	6,222	2,509	1,309	1,955	14,578

<sup>1</sup>. Mainly comprises trade dated assets and accrued interest

<sup>2</sup>. Comprises undrawn facilities and customer contingent liabilities

10. Credit quality, cont'd

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 2011 Annual Report, provisions are created 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 (\$M)			As at (\$M)		
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M
Liquid assets	-	-	-	-	-	-
Due from other financial institutions	-	-	-	-	-	-
Trading securities	-	-	-	-	-	-
Derivative financial instruments <sup>1</sup>	151	38	41	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Net loans, advances and acceptances	4,664	4,650	5,203	1,701	1,687	1,700
Other financial assets <sup>2</sup>	-	-	-	-	-	-
Credit related commitments <sup>3</sup>	188	193	273	13	10	17
<b>Total</b>	<b>5,003</b>	<b>4,881</b>	<b>5,517</b>	<b>1,714</b>	<b>1,697</b>	<b>1,717</b>

<sup>1.</sup> Derivative financial instruments are net of credit valuation adjustments

<sup>2.</sup> Mainly comprises trade dated assets and accrued interest

<sup>3.</sup> Comprises undrawn facilities and customer contingent liabilities

Impaired and Restructured Items by size of exposure	As at (\$M)			Movement	
	Mar 12	Sep 11	Mar 11	Mar 12 v. Sep 11	Mar 12 v. Mar 11
Less than \$10 million	2,468	2,490	2,407	-1%	3%
\$10 million to \$100 million	1,903	2,123	2,561	-10%	-26%
Greater than \$100 million	972	968	1,253	0%	-22%
Gross impaired assets <sup>1</sup>	5,343	5,581	6,221	-4%	-14%
Less: Individually assessed provisions for impairment	(1,714)	(1,697)	(1,717)	1%	0%
<b>Net impaired assets</b>	<b>3,629</b>	<b>3,884</b>	<b>4,504</b>	<b>-7%</b>	<b>-19%</b>

<sup>1.</sup> Includes \$340 million restructured items (Sep 2011: \$700 million; Mar 2011: \$704 million)

11. Deposits and other borrowings

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
Certificates of deposit	59,603	55,554	51,513	7%	16%
Term deposits	164,439	153,200	142,668	7%	15%
Other deposits bearing interest and other borrowings	131,183	132,812	114,539	-1%	15%
Deposits not bearing interest	11,452	11,334	10,631	1%	8%
Commercial paper	15,084	14,333	10,769	5%	40%
Borrowing corporations' debt	1,380	1,496	1,669	-8%	-17%
<b>Total deposits and other borrowings</b>	<b>383,141</b>	<b>368,729</b>	<b>331,789</b>	<b>4%</b>	<b>15%</b>

12. Loan capital

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
Hybrid loan capital					
US Trust Securities <sup>1</sup>	768	835	785	-8%	-2%
UK Stapled Securities <sup>2</sup>	691	720	699	-4%	-1%
ANZ Convertible Preference Shares (ANZ CPS)					
ANZ CPS1 <sup>3</sup>	1,077	1,075	1,074	0%	0%
ANZ CPS2 <sup>4</sup>	1,956	1,954	1,951	0%	0%
ANZ CPS3 <sup>5</sup>	1,324	1,322	-	0%	n/a
Perpetual subordinated notes	946	964	905	-2%	5%
Subordinated notes	5,843	5,123	6,220	14%	-6%
<b>Total Loan Capital</b>	<b>12,605</b>	<b>11,993</b>	<b>11,634</b>	<b>5%</b>	<b>8%</b>

<sup>1.</sup> On 27 November 2003, ANZ issued USD750 million Trust Securities via ANZ Capital Trust II, each comprising an interest paying unsecured note issued by Samson Funding Limited (a wholly owned New Zealand subsidiary) and a preference share issued by ANZ which are stapled together. Subject to certain conditions, the securities are redeemable by the issuer on 15 December 2013. The instrument converts into ordinary shares of ANZ at a 5% discount (i) at the holder's request, if ANZ fails to redeem the instrument on 15 December 2013, or (ii) on 15 December 2053 unless redeemed earlier. The securities constitute Tier 1 capital as defined by APRA for capital adequacy purposes.

<sup>2.</sup> On 15 June 2007, ANZ issued £450 million stapled securities, each comprising an interest paying subordinated note issued by ANZ New York branch and a preference share issued by ANZ which are stapled together. ANZ has elected for ANZ Capital No 1 Pty Ltd (a wholly owned subsidiary and guaranteed by ANZ) to purchase the securities on 15 June 2012, and following the purchase ANZ has agreed to buy-back and cancel the preference shares. Irrevocable notices to affect the purchase were issued on 27 April 2012. The securities constituted Tier 1 capital as defined by APRA for capital adequacy purposes until 27 April 2012.

<sup>3.</sup> On 30 September 2008, ANZ issued convertible preference shares which will convert into ordinary shares of ANZ on 16 June 2014 at a 2.5% discount (subject to certain conditions being satisfied), unless ANZ elects for a third party to purchase the convertible preference shares or they are exchanged earlier. The securities constitute Tier 1 capital as defined by APRA for capital adequacy purposes.

<sup>4.</sup> On 17 December 2009, ANZ issued convertible preference shares which will convert into ordinary shares of ANZ on 15 December 2016 at a 1% discount (subject to certain conditions being satisfied), unless ANZ elects for a third party to purchase the convertible preference shares or they are exchanged earlier. The securities constitute Tier 1 capital as defined by APRA for capital adequacy purpose.

<sup>5.</sup> On 28 September 2011, ANZ issued convertible preference shares which will convert into ordinary shares of ANZ on 1 September 2019 at a 1% discount (subject to certain conditions being satisfied), unless they are exchanged earlier. In addition, if ANZ's Common Equity Tier 1 capital ratio is equal to or less than 5.125% then the convertible preference shares will immediately convert into ANZ ordinary shares subject to a maximum conversion number. Subject to certain conditions, the convertible preference shares are redeemable by ANZ on and from 1 September 2017. The securities constitute 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
<b>Ordinary shares</b>			
As at 31 March 2012	2,679,518,264		
Issued during the half year	50,484,227		
<b>Preference shares</b>			
As at 31 March 2012			
Euro Trust Securities <sup>1</sup>	500,000	€1,000	€1,000

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

	Half Year		
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M
Profit as a % of shareholders' equity including preference shares at end of period (annualised) <sup>1</sup>	14.8%	14.2%	15.2%

<sup>1</sup> Profit attributable to shareholders

14. Shareholders' equity

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Share capital</b>					
Balance at start of period	22,214	21,465	20,757	3%	7%
Ordinary share capital					
Dividend reinvestment plan	757	655	712	16%	6%
Group employee share acquisition scheme <sup>1</sup>	45	77	(32)	-42%	large
Treasury shares in OnePath Australia <sup>2</sup>	21	1	1	large	large
Group share option scheme	29	16	27	81%	7%
Total share capital	23,066	22,214	21,465	4%	7%
<b>Foreign currency translation reserve</b>					
Balance at start of period	(2,418)	(3,299)	(2,742)	-27%	-12%
Currency translation adjustments net of hedges after tax	(412)	881	(557)	large	-26%
Total foreign currency translation reserve	(2,830)	(2,418)	(3,299)	17%	-14%
<b>Share option reserve<sup>3</sup></b>					
Balance at start of period	50	42	64	19%	-22%
Share based payments and exercises	(4)	8	(21)	large	-81%
Transfer of options and rights lapsed to retained earnings	(2)	-	(1)	n/a	100%
Total share option reserve	44	50	42	-12%	5%

<sup>1</sup> As at 31 March 2012, there were 15,962,923 Treasury shares outstanding (Sep 11: 13,795,601; Mar 11: 14,495,458). Shares in the Company which are purchased on-market by ANZEST Pty Ltd (trustee of ANZ employee share and option plans) or issued by the Company to ANZEST Pty Ltd are classified as Treasury shares (to the extent that they relate to unvested employee share-based awards).

<sup>2</sup> On acquisition of OnePath Australia, an adjustment was made for ANZ shares held by OnePath Australia. As at 31 March 2012, there were 15,587,499 OnePath Australia Treasury shares outstanding (Sep 11: 16,469,102; Mar 11: 16,776,922). OnePath Australia purchases and holds shares in the Company to back policy liabilities in the life insurance statutory funds. These shares are also classified as Treasury shares.

<sup>3</sup> The share option reserve arises on the grant of share options/deferred share rights/performance rights ("options and rights") to selected employees under the ANZ Share Option Plan. Amounts are transferred from the share option reserve to other equity accounts when the options and rights are exercised and to retained earnings when lapsed or forfeited after vesting. Forfeited options and rights due to termination prior to vesting are credited to the income statement.

14. Shareholders' equity, cont'd

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Available-for-sale revaluation reserve<sup>4</sup></b>					
Balance at start of period	126	57	80	large	58%
Gain/(loss) recognised after tax	108	83	(53)	30%	large
Transferred to income statement	12	(14)	30	large	-60%
<b>Total available-for-sale revaluation reserve</b>	<b>246</b>	<b>126</b>	<b>57</b>	<b>95%</b>	<b>large</b>
<b>Hedging reserve<sup>5</sup></b>					
Balance at start of period	169	29	11	large	large
Gain/(loss) recognised after tax	(41)	142	22	large	large
Transferred to income statement	5	(2)	(4)	large	large
<b>Total hedging reserve</b>	<b>133</b>	<b>169</b>	<b>29</b>	<b>-21%</b>	<b>large</b>
<b>Transactions with non-controlling interests reserve</b>					
Balance at the start of the period	(22)	-	-	n/a	n/a
Transactions with non-controlling interests	(1)	(22)	-	-95%	n/a
<b>Total transactions with non-controlling interests reserve</b>	<b>(23)</b>	<b>(22)</b>	<b>-</b>	<b>5%</b>	<b>n/a</b>
<b>Total reserves</b>	<b>(2,430)</b>	<b>(2,095)</b>	<b>(3,171)</b>	<b>16%</b>	<b>-23%</b>
<b>Retained earnings</b>					
Balance at start of period	17,787	16,766	15,921	6%	12%
Profit attributable to shareholders of the Company	2,919	2,691	2,664	8%	10%
Transfer of options lapsed from share option reserve	2	-	1	n/a	100%
<b>Total available for appropriation</b>	<b>20,708</b>	<b>19,457</b>	<b>18,586</b>	<b>6%</b>	<b>11%</b>
Actuarial gain/(loss) on defined benefit plans after tax <sup>6</sup>	(2)	(43)	33	-95%	large
Ordinary share dividends paid	(1,955)	(1,631)	(1,860)	20%	5%
Dividend income on Treasury shares held within the Group's life insurance statutory funds	14	10	13	40%	8%
Preference share dividends paid	(7)	(6)	(6)	17%	17%
<b>Retained earnings at end of period</b>	<b>18,758</b>	<b>17,787</b>	<b>16,766</b>	<b>5%</b>	<b>12%</b>
<b>Share capital and reserves attributable to shareholders of the Company</b>					
<b>Share capital and reserves attributable to shareholders of the Company</b>	<b>39,394</b>	<b>37,906</b>	<b>35,060</b>	<b>4%</b>	<b>12%</b>
Non-controlling interests	49	48	69	2%	-29%
<b>Total shareholders' equity</b>	<b>39,443</b>	<b>37,954</b>	<b>35,129</b>	<b>4%</b>	<b>12%</b>

<sup>4</sup> The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset is realised and recognised in the income statement. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in the income statement

<sup>5</sup> The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the income statement when the hedged transaction impacts profit or loss, consistent with the applicable accounting policy

<sup>6</sup> 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**

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

Refer to Note 44 of the 2011 ANZ Annual Report for a detailed listing of current contingent liabilities and contingent assets.

▪ **Exception fees class action**

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

▪ **Security recovery actions**

Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets over recent years. ANZ will defend these claims and any future claims and holds appropriate provisions for expected losses.

16. Note to the Cash Flow Statement

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

	Half Year		
	Mar 12	Sep 11	Mar 11
	Inflows (Outflows) \$M	Inflows (Outflows) \$M	Inflows (Outflows) \$M
Profit after income tax	2,919	2,691	2,664
Adjustments to reconcile to net cash provided by operating activities			
Provision for credit impairment	538	562	675
Credit risk on derivatives	(20)	49	(70)
Impairment on available for sale assets transferred to profit and loss	37	37	35
Depreciation and amortisation	351	325	320
(Profit)/Loss on sale of businesses	3	-	(6)
Provision for employee entitlements, restructuring and other provisions	315	325	323
Payments from provisions	(325)	(409)	(269)
(Profit)/loss on sale of premises and equipment	(1)	(19)	(1)
(Profit)/loss on sale of available-for-sale securities	(30)	(72)	4
Amortisation of discounts/premiums included in interest income	(2)	(4)	(9)
Share based payments expense	97	93	74
Changes in policyholder liabilities	1,757	(1,875)	1,021
Net foreign exchange earnings	(570)	(386)	(431)
Net (gains)/losses on trading derivatives	(212)	696	(350)
Net derivatives/foreign exchange adjustment	331	(285)	960
<i>(Increase)/decrease in operating assets:</i>			
Trading securities	2,718	(5,859)	(1,755)
Liquid assets - greater than three months	(199)	342	1,251
Due from other banks - greater than three months	(1,527)	(833)	(643)
Net decrease/(increase) in investments backing policyholder liabilities	(1,052)	2,300	(981)
Loans and advances	(18,395)	(13,119)	(12,449)
Net derivative financial instruments	(427)	745	(2,783)
Interest receivable	(118)	(5)	(40)
Accrued income	(24)	26	54
Net tax assets	(437)	371	(94)
<i>Increase/(decrease) in operating liabilities:</i>			
Deposits and other borrowings	18,412	29,864	13,970
Due to other financial institutions	4,728	1,456	(106)
Payables and other liabilities	(886)	(1,160)	1,744
Interest payable	(104)	113	11
Accrued expenses	(528)	234	(213)
Other	(109)	(124)	(184)
<b>Net cash provided by/(used in) operating activities</b>	<b>7,240</b>	<b>16,079</b>	<b>2,722</b>

(b) Reconciliation of cash and cash equivalents

Cash at the end of the period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows

Liquid assets - less than three months	34,146	23,400	18,414
Due from other financial institutions - less than three months	6,455	6,621	6,234
	40,601	30,021	24,648

(c) Non-cash financing activities

Dividends satisfied by share issue	757	655	712
Bonus option plan share issues	47	31	35
	804	686	747

17. Segment analysis

(i) Description of segments

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

In February 2012 the Group announced that it has put in place a new senior management structure and other organisational changes designed to support our super regional aspirations, give focus to areas of growth and opportunity, and to strengthen succession planning within the senior management team. As these changes are implemented it is anticipated that additional reportable segments will be created. The segment disclosures below are unchanged from that reported at 30 September 2011, in line with how the business was managed and reported internally during the reporting period.

(ii) Operating segments

Transactions between business units across segments within ANZ are conducted on an arms length basis.

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Segment Revenue</b>					
Australia	4,071	4,145	4,101	-2%	-1%
Asia Pacific, Europe & America	1,398	1,227	1,281	14%	9%
Institutional	2,769	2,373	2,619	17%	6%
New Zealand	1,137	1,109	1,080	3%	5%
Group Centre	125	130	5	-4%	large
Less: Institutional Asia Pacific, Europe & America	(796)	(602)	(656)	32%	21%
Subtotal	8,704	8,382	8,430	4%	3%
Other <sup>1</sup>	113	(55)	175	large	-35%
<b>Group total</b>	<b>8,817</b>	<b>8,327</b>	<b>8,605</b>	<b>6%</b>	<b>2%</b>

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Segment Profit</b>					
Australia	1,365	1,464	1,350	-7%	1%
Asia Pacific, Europe & America	419	338	390	24%	7%
Institutional	1,123	907	1,081	24%	4%
New Zealand	397	357	357	11%	11%
Group Centre	(24)	(64)	(109)	-63%	-78%
Less: Institutional Asia Pacific, Europe & America	(307)	(168)	(251)	83%	22%
Subtotal	2,973	2,834	2,818	5%	6%
Other <sup>1</sup>	(54)	(143)	(154)	-62%	-65%
<b>Group total</b>	<b>2,919</b>	<b>2,691</b>	<b>2,664</b>	<b>8%</b>	<b>10%</b>

	Half Year			Movement	
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 v. Sep 11	Mar 12 v. Mar 11
<b>Segment Assets</b>					
Australia	283,987	272,331	268,752	4%	6%
Asia Pacific, Europe & America	96,654	88,108	64,757	10%	49%
Institutional	233,770	237,868	188,236	-2%	24%
New Zealand	70,013	70,273	67,058	0%	4%
Group Centre	1,717	636	1,557	large	10%
Less: Institutional Asia Pacific, Europe & America	(82,850)	(74,753)	(52,984)	11%	56%
Subtotal	603,291	594,463	537,376	1%	12%
Other <sup>1</sup>	(55)	25	71	large	large
<b>Group total</b>	<b>603,236</b>	<b>594,488</b>	<b>537,447</b>	<b>1%</b>	<b>12%</b>

<sup>1</sup> In evaluating the performance of the operating segments, certain items are removed from the operating segment results, where they are not considered integral to the ongoing performance of the segment and are evaluated separately. These items and the profit after tax impact are set out in part (iii) of this note

17. Segment analysis, cont'd

(iii) Other items

The table below sets out the profit after tax impact of other items.

Item	Related segment	Half Year		
		Mar 12 \$M	Sep 11 \$M	Mar 11 \$M
New Zealand technology integration	New Zealand	(46)	(11)	(75)
Changes in New Zealand tax legislation	New Zealand and Institutional	-	(1)	3
Acquisition related adjustments	Australia, APEA, Institutional and New Zealand	(28)	(54)	(72)
Treasury shares adjustment	Australia	(70)	56	(15)
Economic hedging - fair value (gains)/losses	APEA, Group Centre and Institutional	(22)	(3)	(114)
Revenue and net investment hedges (gains)/losses	Group Centre	63	(81)	30
New Zealand managed funds impacts	New Zealand	(1)	(3)	42
Non continuing businesses	Institutional	50	(46)	47
<b>Total profit after tax</b>		<b>(54)</b>	<b>(143)</b>	<b>(154)</b>

18. Changes in composition of the Group

Material controlled entities

There were no material entities acquired or disposed during the half year ended 31 March 2012 or for the year ended 30 September 2011.

19. Associates and investments

	Half Year		
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M
Profit after income tax	166	193	243

Contributions to profit<sup>1</sup>

Associates	Contribution to Group post-tax profit			Ownership interest held by Group		
	Half Year			As at		
	Mar 12 \$M	Sep 11 \$M	Mar 11 \$M	Mar 12 %	Sep 11 %	Mar 11 %
P.T. Bank Pan Indonesia	30	29	40	39	39	39
Metrobank Card Corporation Inc	7	6	4	40	40	40
Bank of Tianjin	37	26	28	20	20	20
AMMB Holdings Berhad	53	61	53	24	24	24
Shanghai Rural Commercial Bank	46	71	102	20	20	20
Saigon Securities Inc.	(1)	(2)	2	18	18	18
Other associates	(6)	2	14	n/a	n/a	n/a
Profit after income tax	166	193	243			

<sup>1</sup> The results differ from the published results of these entities due to the application of IFRS, Group Accounting Policies and acquisition adjustments. This amounted to \$18 million reversal in the March 2012 half (Sep 2011 half \$20 million; Mar 2011 half \$61 million). Excludes gains or losses on disposal or valuation adjustments

20. Related party disclosure

There have been no significant changes to the arrangements with related parties. Refer to Notes 47 and 48 of the 2011 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 were as follows:

	Balance sheet			Profit & Loss Average		
	As at			Half Year		
	Mar 12	Sep 11	Mar 11	Mar 12	Sep 11	Mar 11
Chinese Yuan	6.5530	6.2149	6.7742	6.5376	6.8160	6.5906
Euro	0.7791	0.7194	0.7305	0.7758	0.7403	0.7303
Great British Pound	0.6510	0.6243	0.6415	0.6569	0.6513	0.6258
Indian Rupee	53.414	47.599	46.083	52.143	47.663	44.844
Indonesian Rupiah	9548.1	8573.0	8997.5	9332.8	9075.9	8895.0
Malaysian Ringgit	3.1890	3.1052	3.1266	3.2068	3.1858	3.0679
New Zealand Dollar	1.2697	1.2727	1.3588	1.2959	1.2945	1.3158
Papua New Guinea Kina	2.1579	2.1794	2.6596	2.2124	2.4682	2.6148
United States Dollar	1.0401	0.9731	1.0333	1.0320	1.0544	0.9956

**22. Significant events since balance date**

There are no significant events from 31 March 2012 to the date of signing of this report.

## **DIRECTORS' DECLARATION AND RESPONSIBILITY STATEMENT**

---

### **Directors' Declaration**

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

1. in the Directors' opinion the Condensed Consolidated Financial Statements and Notes to the Condensed Consolidated Financial Statements 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 2012 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.



**John Morschel**  
*Chairman*



**Michael R P Smith**  
*Director*

1 May 2012

### **Responsibility statement of the directors in accordance with the Disclosure and Transparency Rule 4.2.10(3)(b) of the United Kingdom Financial Services Authority**

The Directors of Australia and New Zealand Banking Group Limited confirm to the best of their knowledge that:

The Condensed Consolidated Financial Statements and Notes to the Condensed Consolidated Financial Statements for the half year ended 31 March 2012, Directors' Report (including matters included by reference) and Directors' Declaration as set out on pages 97 to 125 as well as the additional information on pages 133 to 140 includes a fair review of:

- (i) the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements; and
- (ii) a description of the principal risks and uncertainties for the remaining six months of the financial year.

Signed in accordance with a resolution of the Directors.



**John Morschel**  
*Chairman*



**Michael R P Smith**  
*Director*

1 May 2012

**Independent auditor's review report to the members of Australia and New Zealand Banking Group Limited**

**Report on the condensed consolidated financial statements**

We have reviewed the accompanying half year condensed consolidated financial statements of Australia and New Zealand Banking Group Limited (the "Company") which comprises the condensed consolidated balance sheet as at 31 March 2012, condensed consolidated income statement and condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half year ended on that date, notes 1 to 22 comprising a basis of preparation and other explanatory notes, and the directors' declaration 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 half year condensed consolidated financial statements*

The directors of the Company are responsible for the preparation of the half year condensed consolidated financial statements that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half year condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' responsibility*

Our responsibility is to express a conclusion on the half year condensed consolidated financial statements based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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 condensed consolidated financial statements are 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 2012 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 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 condensed consolidated financial statements of Australia and New Zealand Banking Group Limited are 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 2012 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**  
Melbourne

1 May 2012

**Peter Nash**  
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 2012, 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**  
Melbourne

1 May 2012

**Peter Nash**  
Partner