AUSTRALIA & NEW ZEALAND BANKING GROUP LTD
Form 6-K
November 21, 2005

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13A-16 OR 15D-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the Month of November 2005

Australia and New Zealand Banking Group Limited

ACN 005 357 522

(Translation of registrant s name into English)

Level 6, 100 Queen Street Melbourne Victoria 3000 Australia

(Address of principal executive offices)

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

Form 20-F Form 40-F o
: ý

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

Yes o No : ý

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

This Form 6-K may contain certain forward-looking statements, including statements regarding (i) economic and financial forecasts, (ii) anticipated implementation of certain control systems and programs, (iii) the expected outcomes of legal proceedings and (iv) strategic priorities. Such forward- looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control and which may cause actual results to differ materially from those expressed in the forward-looking statement contained in these forward- looking statements. For example, these forward-looking statements may be affected by movements in exchange rates and interest rates, general economic conditions, our ability to acquire or develop necessary technology, our ability to attract and retain qualified personnel, government regulation, the competitive environment and political and regulatory policies.

If undeliverable please return to
ANZ Share Registry
GPO BOX 2848
Melbourne, Victoria 3001

POSTAGE
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2005 Proxy Form

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

Charles Goode
Chairman
16 November 2005

On behalf of the Board of Directors, I have pleasure in enclosing notice of the thirty seventh Annual General Meeting of Australia and New Zealand Banking Group Limited.

The Meeting will be held at the Adelaide Convention Centre, North Terrace, Adelaide, South Australia on Friday, 16 December 2005 at 10:00am (Adelaide time).

Our choice of Adelaide for this year s Meeting reflects a policy of rotating shareholder meetings among the major cities where our shareholders are located. This gives as many shareholders as possible the opportunity to directly participate in meetings of the Company. In recent years we have held shareholder meetings in Melbourne, Sydney, Perth, and Brisbane.

If you are able to attend, would you please bring this letter with you to facilitate your admission into the Meeting.

ANZ staff will be available outside the meeting room should you wish to discuss banking services, investment products or shareholder matters.

If you are unable to attend the Meeting, I encourage you to vote using the attached Proxy Form. Alternatively, you can submit your proxy instructions electronically by visiting www.anz.com and clicking on the following links *shareholders (top of page)*

> *Annual General Meeting (left hand link)* > *Electronic Proxy Form (body of text).*

Also attached is a form to enable you to nominate questions in advance of the Annual General Meeting. We will attempt to ensure that as many of the more frequently asked questions as possible are addressed at the Meeting.

Yours faithfully

Chairman

HOW TO COMPLETE THE PROXY FORM

1 YOUR ADDRESS

This is your address as it appears on ANZ s share register. If this information is incorrect, please mark the box and make the correction on the form. Members sponsored by a broker or other Controlling Participant (in which case your reference number overleaf will commence with an X) should advise their broker or other Controlling Participant of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of ANZ. **Do not** write the name of ANZ or the registered securityholder in the space.

3 VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote all your shares, or abstain from voting all your shares, on an item of business by placing a mark in the appropriate box opposite the item. Alternatively, you may direct your proxy to vote a number or percentage of your shares in a particular way, and the remaining number or percentage in another way. This can be done by inserting thenumber or percentage in the appropriatebox or boxes next to the item. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item, or thenumber or percentage of shares specified in the FOR, AGAINST and ABSTAIN boxes for an item exceeds your total shareholding, your vote on that item will be invalid.

4 APPOINTMENT OF A SECOND PROXY

A member who is entitled to cast two or more votes may appoint up to two persons (including bodies corporate) as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning ANZ s Share Registry or you may copy this form.

To appoint a second proxy you must:

a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

b) return both forms together in the same envelope.

5 SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the member must sign.

Joint Holding: where the holding is in more than one name, all of the members should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power with the Share Registry for notation. If you have not previously done so, please attach a certified copy of the Power ofAttorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, that person must sign this form. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can alsosign alone. Otherwise this form must besigned by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate securityholder or a corporate proxy is to attend the meeting the appropriate Corporate Representative Form should be produced prior to admission. This form may be obtained from ANZ s Share Registry.

LODGEMENT OF A PROXY

This Proxy Form (and any authority under which it is signed or a certified copy of that authority) must be received by ANZ not later than 48 hours before the commencement of the Meeting at 10.00am (Adelaide time) on Friday, 16 December 2005. Any Proxy Form, authority or certified copy of an authorityreceived after that time will not be valid for the scheduled Meeting. The following addresses are specified for the purposes of receipt of Proxy Forms and any authorities under which Proxy Forms are signed (or certified copies of those authorities):

ANZ Share Registry
GPO Box 242
Melbourne Victoria 3001
Australia

ANZ Share Registry
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

ANZ Share Registry

PO Box 82, The Pavilions

Bridgewater Road

Bristol BS99 7NH

United Kingdom

ANZ Share Registry

Private Bag 92119

Auckland 1020

New Zealand

Members may record their proxy voting instructions on ANZ s website at www.anz.com. You will need your Holder Identification Number (HIN) or Securityholder Reference Number (SRN). Your HIN or SRN is shown on the top right hand corner of the Proxy Form.

Proxy Forms (and any authorities under which they are signed (or certified copies of those authorities)) may be sent by fax to facsimile number (61 3) 9473 2555.

Proxy Form

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

Mark this box with an X if you have made any
changes to your address details (see reverse)

ANZ SHARE REGISTRY
GPO Box 242
Melbourne Victoria 3001
Australia

Australia: 1800 11 33 99
New Zealand: 0800 174 007
United Kingdom: (0870) 702 0000
Outside Australia: (61 3) 9415 4010
Facsimile: (61 3) 9473 2555

www.anz.com

Appointment of Proxy

I/We being a member/s of Australia and New Zealand Banking Group Limited (ANZ) and entitled to attend and vote at the 2005 Annual General Meeting of ANZ hereby appoint

The Chairman
of the Meeting
(mark with an X) **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the 2005 Annual General Meeting of ANZ to be held at the Adelaide Convention Centre, North Terrace, Adelaide, South Australia on Friday, 16 December 2005 at 10.00am (Adelaide time) and at any adjournment of that Meeting.

IMPORTANT: FOR ITEMS 6 AND 7 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items 6 and 7 below, please mark this box with an X. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of these items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 6 and 7 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 6 and 7.

Voting directions to your proxy **please mark X to indicate your directions**

		For	Against	Abstain*
2	Adoption of the Remuneration Report (this resolution is advisory only)			
3	Re-election of Directors			
	a) To re-elect a director: Dr R.S. Deane			
	b) To re-elect a director: Mr D.M. Gonski AO			

	c) To re-elect a director: Mr C.B. Goode AC
4	Modification of the Constitution
5	Amendments to the Director s Access, Insurance and Indemnity Deed
6	Changes to Non-executive Directors Retirement Scheme
7	Increase in Non-executive Directors fee cap

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business, including Items 6 and 7 where members have authorised the Chairman of the Meeting to do so.

If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised Signature/s

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1		Securityholder 2		Securityholder 3
Sole Director and Sole Company Secretary		Director		Director/ Company Secretary

Contact Name Contact Daytime Telephone Date / / 2005

ANZ **2PR**

... and come together in teams,

something very powerful happens ...

Pictured left: Jayant Rajan, Personal; Wesley Hall, Operations Technology & Shared Services; Sam D amato, Institutional; Karen Kong, Corporate; and Jim Giles, Esanda.

The ANZ Concise Annual Report is a concise report and comprises two parts: Part 1 (Annual Review) and Part 2 (Concise Report). The two parts are distributed together as one document and should be read together. These documents may only be distributed by a person on the basis that Part 1 (Annual Review) and Part 2 (Concise Report) are distributed together.

A copy of the full Financial Report for the year ended 30 September 2005 for the Group, including the independent Auditor s Report, is available to all members, and will be sent to a member without charge upon request. The Financial Report can be requested by telephone (Australia 1800 11 33 99 Overseas +613 9415 4010), by email at investor.relations@anz.com or viewed directly on the Internet at www.anz.com

... they bring significant and sustainable change to a company year after year after year after year after year after year.

And that makes ANZ Bank of the Year for the sixth year in a row.

2005 INVESTOR SNAPSHOT
MEASURING PERFORMANCE

2005 has been another good year for ANZ as we continue to deliver for all our stakeholders. We have rewarded shareholders with strong returns and built a unique culture that continues to deliver leading staff engagement and customer satisfaction. Our community involvement and recognition has increased significantly. Our focus remains on building a sustainable business to deliver long term for all stakeholders.

NET PROFIT AFTER TAX ($m)

MARKET CAPITALISATION ($b at 30 September)

IMPROVED CUSTOMER SATISFACTION

We are the leading major bank for customer satisfaction and we are now more than nine percentage points ahead of the average of the Big 4 banks and five percentage points ahead of our closest major peer.

LEADING STAFF ENGAGEMENT

Staff engagement is the highest of any major Australian company at 63%, placing ANZ in the Best Employer Zone (see page 35). This follows our previous strong performance for staff satisfaction which increased from 49% in 1999 to 85% in 2004.

2005 HIGHLIGHTS

Awarded Bank of the Year for the sixth year in a row (as voted by Personal Investor Magazine)

Awarded Best Call Centre and now open 24/7

The leading large Australian organisation for the Advancement of Women

Awarded New Zealand Bank of the Year

DIVIDEND (cents)

CASH EARNINGS PER SHARE (cents)

EARNING COMMUNITY TRUST

Our community investment strategy seeks to increase the financial literacy and inclusion of adult Australians and enable our people to support the causes important to them. More than 18% of our people contributed 24,000 hours of volunteer time in 2005 and 28% of our staff have donated funds through workplace giving.

MANAGING RESPONSIBLY

ANZ ranked in the top 10 of top 10% banks globally on the Dow Jones Sustainability Index. We scored 100% for our Community Management Practice on the Corporate Responsibility Index and we maintained our membership on the FTSE4Good Global Index.

6

CHAIRMAN AND CEO S REPORT

SUSTAINING PERFORMANCE AND GROWTH

Last year we outlined strategic priorities for achieving our goal to become the most respected and fastest growing of the major Australian banks. These were to create shareholder value, build market leadership and achieve superior revenue growth; to run a low cost and low risk business with distinctive customer service, and to earn the trust of the community.

It is pleasing to report to shareholders that in 2005 we made good progress towards these goals. Through stable leadership and a consistent agenda, we have achieved 22% compound growth in total shareholder return over the past seven years, and 33% in the past year.

We have strengthened our strategic position during the year. In Australia we have increased our market share in our Personal business, and ANZ is now the third largest bank by share of retail customers, by assets, and by value.

Over the past nine years we have taken 20 percentage points off the cost to income ratio. Our current mid-40s ratio makes us one of the most efficient banks in the world.

In customer satisfaction, we rate nine percentage points higher than the industry average for major banks, and ANZ is the most well regarded of the major banks among retail customers. Our products have been highly rated. For the sixth consecutive year independent experts have voted us Bank of the Year.

On other leading indicators we have performed strongly. We have built a performance and results oriented culture and have the highest staff engagement of any major Australian company. Through our activities and programs in areas such as financial literacy and inclusion we are earning the trust of the community.

We made progress in 2005 and look forward to continuing it in 2006.

Pictured left- Maeva Fried, Asia Pacific; Elizabeth Povey, Esanda; Joe Farrugia, Personal; Graeme Poules, Operations Technology & Shared Services; Lynne Dunham, Institutional; Charles Goode, Chairman; and John McFarlane, Chief Executive Officer.

CHAIRMAN S REPORT

A MESSAGE FROM CHARLES GOODE

The achievements of the past year would not have been possible without the commitment and dedication of our people. On behalf of my fellow Directors and all shareholders, I thank them for their contribution to ANZ s success and look forward to their continuing support.

ANZ has once again met its commitment to shareholders, producing a record profit, a 17.3% return on shareholder equity and a strong capital position.

For the year ended 30 September 2005, profit after tax was up 7% to a record $3,018 million. Excluding significant items and integration costs associated with The National Bank of New Zealand, our profit was up 12% to $3,056 million.

The Directors were pleased to increase the dividend by 9% to 110 cents per share fully franked. This was the 12th consecutive increase in our annual dividend.

Our Australian businesses performed well, particularly our Personal business which recorded growth above the average of the financial services sector. We are now, on many criteria, the best performing major retail bank in Australia, a noteworthy achievement given ANZ s heritage as a predominantly corporate bank.

Our Institutional business recorded a solid performance in what has been a highly competitive year. This business is undergoing a period of reinvigoration following a number of years of relatively flat earnings and low asset growth, arising from our de-risking program.

Both our Corporate business and Esanda continued to deliver solid and consistent earnings growth in an increasingly competitive environment.

In New Zealand, the competitive environment coupled with our continued investment in the ANZ retail business offset a good performance by The National Bank of New Zealand franchise.

Our Asia Pacific business delivered a good to invest in the region, establishing new partnerships this year in Vietnam and Cambodia. We are making good progress in establishing partnerships in China.

We are managing risks well and are seeing the results from the de-risking program undertaken in recent years. Net specific provisions were down by19% to $357million.

Our capital position is strong, with the Group s adjusted common equity ratio at 5.1% of risk weighted assets, above our target range of 4.5% to 5.0%.

Board changes

Directors Brian Scott and John Dahlsen, both of whom were on the ANZ Board for 20 years, retired during the year.

Their wise counsel and insightful contributions to Board deliberations over many years demonstrate the benefit of having some Directors with long-standing institutional knowledge of the company and the experience of all phases of the economic cycle. We thank them sincerely and wish them well in their retirement.

Outlook

It is likely that we are moving into a period of slightly lower economic growth and a more competitive environment. This calls for a systematic focus on costs and revenue growth and I believe that ANZ is well placed to meet future challenges.

In the coming year we should continue to benefit from the momentum we have built in our Australian businesses. In the medium term, we expect to see improved returns from the integrated business in New Zealand, while over the longer term our position in Asia should become of more importance.

We are focused on delivering sustainable returns for our shareholders.

CHARLES GOODE
CHAIRMAN

CHIEF EXECUTIVE OFFICER S REPORT
A MESSAGE FROM JOHN McFARLANE

For over a decade now, shareholders and other stakeholders have benefited from the strategic expansion and strength of our financial performance. Profits now exceed $3 billion, and we have expanded our position in Australia, become the leading bank in New Zealand and the South Pacific, and we are the leading Australian bank in Asia. We can be proud of these achievements.

Growth and Transformation

That is now, but what of the future? We have set ourselves a new challenge of becoming Australasia s leading bank. This requires a new agenda with two principal themes Growth, and Transformation.

Growth is about expansion of our franchise and building leadership positions in our core domestic businesses in Australia and New Zealand and expanding into Asia and the Pacific, as well as serving our clients from these geographies across the world. We expect Australia will initially drive our growth and performance as it did in 2005. Later we expect our leadership position in New Zealand to bear fruit, and over the longer term, Asia will become increasingly meaningful.

Growth also means delivering strong returns for shareholders by raising our annual revenue growth to 7% 9% over the coming years. We made good progress in 2005 with a substantial increase in our investment spending; adding over 2,200 people in the year, mainly to increase our footprint and to expand our service to customers.

Transformation is about maintaining world-class productivity, demonstrated by a cost-income ratio of 40% or below. Last year, we also put plans in place to transform ANZ into a leaner, sharper, more agile, and more externally focused competitor. This will involve shifting our priorities towards customers and reallocating resources from internal activities. It means increased automation, redesign of our operational platforms, and leveraging low-cost offshore capabilities owned by ANZ.

These and other initiatives give us confidence that we will achieve our stated targets.

Sustainability involves a longer-term focus

To be successful long-term, our focus cannot exclusively be on today, but also on the longer-term. Winners, over time, will not be those who maximise short-term results, but those who invest wisely to produce superior returns tomorrow. Companies nevertheless need to produce reasonable results in the short-term to survive, while they pursue their long run ambitions.

The highest performing companies are not simply a financial construction of land, labour and capital. They are much more than this. A vibrant company is more than the sum of its pieces. It serves its customers well, it cares for its employees, it is part of the community in which it operates and these strengths create the foundation for success with shareholders.

Beyond this, a truly successful company is also a community that is interdependent with other communities. It takes on the characteristics of those it engages with and, in turn, influences them.

So in taking our corporations forward, we need to think of advancing not a company but a community. This means a very different agenda for companies going forward and particularly for ANZ in the years to come.

JOHN McFARLANE
CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER S REPORT
A SUMMARY FROM PETER MARRIOTT

This year ANZ reported a record net profit after tax of $3,018 million, up 7.2% on 2004. Our dividend for the year was 110c per share, up 8.9% on 2004. This report explains how we get from our profit of $3,018 million to our dividend of 110c, and then on the following pages, we delve into our profit result in more detail.

Headline Profit - ($m)

Adjustments		**2004**		**2005**
+ Goodwill	$	189m	$	224m
- Hybrid dividend	$	62m	$	84m

- Non-core items	$	84m	$	(38m)

We make a series of adjustments to remove items like goodwill expense, dividends on hybrid instruments which reduce the amount of cash available to ordinary shareholders, and non-core items. These non-core items include incremental costs associated with merging our two banks in New Zealand of $52m ($14m in 2004) and non-recurring gains of $14m ($98m in 2004). By making these adjustments, we end up with what is commonly known as our cash profit.

Cash Profit Available to Ordinary Shareholders - ($m) **Average Ordinary Shares on Issue - (m)**

We then divide this cash profit by the average number of ordinary shares on issue over the year. The increase in shares over the year is mainly due to the impact of the rights issue in 2004, shares being issued under the Dividend Re-investment Plan, and various option plans. This resulted in cash Earnings Per Share growth of 8.8% in 2005.

Cash Earnings Per Share - (cents) **Dividend Per Share - (cents)**

Our policy has been to grow our dividend per share approximately in line with growth in cash Earnings Per Share.

This resulted in a dividend of 110 cents, and a payout ratio of approximately 63%, which also allows us to fully frank the dividend for the foreseeable future.

1 PROFIT

Profit and Loss Summary	**2005 $m**	**2004 $m**	**Movt %**
Net interest income	5,798	5,254	10%
Other operating income	3,552	3,391	5%
Operating income	9,350	8,645	8%
Operating expenses	(4,515)	(4,026)	12%
Profit before debt provision	4,835	4,619	5%
Provision for doubtful debts	(580)	(632)	(8)%
Profit before income tax	**4,255**	3,987	7%
Income tax expenses	(1,234)	(1,168)	6%
Outside equity interests	(3)	(4)	(25)%
Net Profit attributable to shareholders of the company	3,018	2,815	7%
Total significant items and NBNZ incremental integration costs after tax	**(38)**	84	large
Net profit excluding significant items and NBNZ incremental integration costs	**3,056**	2,731	12%

ANZ reported a profit of $3,018m for the 2005 year, up 7% on 2004, and our 8th consecutive year of increasing profits. This profit includes a number of items that distort the underlying performance of the business, such as incremental National Bank of New Zealand integration costs and significant one-off transactions.

To give a more accurate representation of the underlying performance, we also calculate our profit excluding these items. On this basis, our profit was $3,056m in 2005, up 12% on 2004. Growth in Earnings Per Share (EPS) excluding goodwill, significant items, and incremental integration costs, commonly known as cash EPS, was 8.8%.

2 BALANCE SHEET GROWTH

One of the key drivers of our performance has been strong overall balance sheet growth over the past 12 months. Balance sheet growth largely comprises:

a Asset Growth

The continued strong growth of recent periods continued in 2005, with total assets up 13% to $293 billion.

Most of ANZ s assets represent lending to individuals, businesses, large corporations and other entities. This includes mortgage lending, unsecured personal and credit card lending and loans for various business related activities.

Despite a softening in the rate of growth from recent years, mortgages continued to grow solidly in both Australia (14%) and New Zealand (11%).

Asset growth in our Corporate and Institutional segments was mixed during the year. Lending growth slowed in Corporate to 11%, down from 19% last year. Institutional lending growth of 15% was encouraging following a number of years of subdued growth resulting from our deliberate de-risking of the portfolio.

b Liability Growth

Consumer and Business deposits are the biggest items on the liability side of our balance sheet, with total customer deposits of $165 billion. In both consumer and business deposits, ANZ performed well in 2005.

Retail deposits was a highly competitive segment in the Australian market over the past twelve months due to the introduction of a number of high interest rate online products. ANZ was the only major bank to gain market share during the year with 10% growth.

In New Zealand retail deposits grew 7% and market share remained stable, a pleasing outcome given the ongoing integration of The National Bank of New Zealand.

We also experienced good deposit growth across our Corporate and Institutional segments over the year, up 12% and 10% respectively.

3 NET INTEREST INCOME

Net interest income (NII) is the difference between interest received from customer lending and interest paid by ANZ to those providing our funding.

NII increased 10% in 2005 to $5,798m, reflecting strong growth in average interest earning assets of 17% partly offset by a decline in our Net Interest Margin.

Over the year, our net interest margin declined 14 basis points to 2.35% at September 2005, with the key drivers being:

a **Asset Mix** (-3 basis points) this decline happens when we have stronger growth in lower margin assets i.e. Mortgages and Institutional, relative to growth in higher margin products, reducing our average margin.

b **Funding Mix** (-3 basis points) when asset growth outstrips deposit growth additional funds are sought from higher cost wholesale markets, negatively impacting net interest margin.

c **Competition** (-7 basis points) the Australian and New Zealand banking markets remain highly competitive. During the year competition resulted in a 7 basis point reduction in our net interest margin.

The key areas of competition included:

New Zealand Mortgages in late 2004 a competitor attempted to gain share by significantly reducing their interest rates on two year fixed mortgages. Despite largely maintaining market share, both ANZ and NBNZ margins were adversely impacted due to the lower market rates.

Institutional Banking interest margins remained under pressure as the Australian and large International banks continue to compete for business and as global credit spreads remain at low levels.

d **Foreign Currency revenue hedges** (-3 basis points) due to losses on foreign currency revenue hedges reported in interest.

4 OTHER OPERATING INCOME

Other operating income predominantly comprises fee income from across our businesses, foreign exchange and trading income generated by our Institutional markets business, and other items such as our share of earnings from the INGA Joint Venture. Other operating income increased $161m or 5% to $3,552 million in 2005.

Lending fee income increased 4% to $1,043m in 2005 driven by the 12% increase in our lending volumes. Non-lending fees increased 11% to $1,573m during the year, driven largely your Personal Division, where good growth in customer numbers has helped drive higher revenue from areas like credit cards and transaction accounts.

We also generated higher revenue from our financial planners, assisted by healthy market conditions. Institutional improved its non-lending fees, particularly in the second half of the year.

Other contributors to the improved Other operating income performance include:

a Foreign exchange earnings, which were up 10% to $454 million, partly offset by lower earnings on trading instruments, which were down 11% to $134 million.

b Increased contribution from Wall Street to Main Street (WSTMS). WSTMS is aimed at providing total capital solutions for mid market and business banking clients. Our success is reflected in the fact that we are now involved in the largest number of Private Equity transactions in Australia, including 22 in 2005.

c Earnings from our INGA Joint Venture were up 10% to $107 million, helped by buoyant equity markets.

5 EXPENSES

In 2005 we increased expenses 12% to $4,515m continuing our commitment to invest in long-term earnings sustainability.

Since 1996 our cost to income ratio has reduced from 66% to 46%, making us one of the world s most efficient banks. Our current focus has shifted to growing revenue, requiring additional short-term investment. Over the past year, our personnel costs have risen 15%, or 11% adjusted for the additional two months contribution from NBNZ. The key driver of this increase has been an increase of more than 2,200 employees over the past 12 months.

Our premises expenses were up 12% over the year, driven by the additional two months from NBNZ, growth in our ATM and branch network, market rent increases, and higher security service costs.

Other notable changes in our expenses included an additional $31 million in advertising and public relations, as we seek to leverage our improved customer satisfaction and product awards, and higher travel costs.

a **Personal** expenses up 7% to $1,639m reflecting significant investment in frontline personnel with 697 staff added in 2005 and continued investment in our branch network, with 15 new branches opened and an additional 75 refurbished.

b **Institutional** expenses up 6% to $766m driven largely by increased personnel costs, up 12% due to incentive compensation and costs associated with restructuring the Markets business.

c **New Zealand** expenses up 17% to $955m due to the additional two months of NBNZ, and as we have continued to invest in the ANZ (NZ) brand, adding 514 new staff and opening 4 new branches.

d **Corporate** expenses up 5% to $294m following significant investment in front line personnel.

e **Esanda and UDC** expenses were well controlled, increasing just 1% to $188m.

f **Asia Pacific** expenses up 20% to $171m reflecting ongoing investment in the region.

6 BAD AND DOUBTFUL DEBTS CHARGE

ANZ recognises an expense for credit losses based on the expected long-term loss rate for each part of the loan portfolio. The method used for determining this expense is referred to as Economic Loss Provisioning (ELP).

For larger individual loans, the ELP model calculates the expected loss by considering:

a The probability of default (that is, the probability of customers not meeting their agreed commitments).

b The loss given default (that is, how much we lose on a loan where the customer has defaulted).

For portfolios of smaller loans with similar characteristics such as credit cards and home loans, we take a portfolio approach. For example, with our $90 billion Australian mortgage portfolio, we estimate the long run loss rate to be around 5 basis points (or 0.05%), even though our recent loss experience has been significantly less.

In 2005 the ELP rate was 25 basis points, down from 31 basis points in 2004.

On a portfolio of net lending assets which averaged $235 billion over the year, this resulted in a charge to our profit and loss of $580m, down 8% on 2004.

The reduction in ANZ s ELP rate reflects improvement in the credit quality of the Group s portfolio driven by:

significant de-risking in the Institutional division and the absence of offshore losses the acquisition of The National Bank of New Zealand, which is weighted to lower risk retail lending

generally favourable macro environment, including record low unemployment, low interest rates and a healthy business environment with low levels of gearing

The improvement in the Group s portfolio has also been reflected in our level of Net Specific Provisions, which were down 19% to $357 million, and Non-Accural loans, which were down 23% to $642 million.

AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

ANZ currently prepares its financial statements in accordance with Australian Generally Accepted Accounting Principles. From 1 October 2005 the Group will report under AIFRS, as issued by the Australian Accounting Standards Board. It is important to note that in substance the day-to-day operations of ANZ will not change, AIFRS will only impact the way that we account for certain aspects of our business.

The following areas have been identified as significant for ANZ. Further details are included in the 2005 ANZ Financial Report.

Key Area (1)	AIFRS Accounting Change	Potential impact (after tax)
Goodwill	Goodwill currently amortised over expected period of benefit. This is to be replaced by periodic impairment testing.	Expenses reduced by $224m per annum based on 2005 full year results.
Fee Revenue	Larger number of fees deferred on initial payment and recognised over the expected life of the financial instrument.	Profit impact is not expected to be material. Reduction to retained earnings of $3m and $266 million as at 1 October 2004 and 1 October 2005 respectively.
Debt v Equity Classification	ANZ StEPS issue will be treated as debt rather than equity.	Current dividend of $66m will be reclassified as interest expense from 1 October 2005.
Share-Based Payments	All share-based payments required to be recognised as an expense upon issue. $1,000 employee shares, deferred shares and options will be amortised over relevant vesting periods.	Expenses increased by $64 million after tax per annum based on 2005 results. Reduction to retained earnings of $12m as at 1 October 2004.
Post Employment Benefits	ANZ will be required to recognise the net position of its defined benefit super annuation schemes in the statement of financial position.	Profit impact is not expected to be material. Reduction to retained earnings of $142 million as at 1 October 2004.
Hedging	Introduction of stringent criteria for application of hedge accounting. In effectiveness recorded in the statement of financial performance.	Impact of ineffectiveness uncertain, may result in increased volatility. This is not expected to be material. Reduction to retained earnings of $129m and increase in reserves of $162m as at 1 October 2005.
Credit Loss Provisioning	Economic Loss Provisioning will be replaced by a charge for individual provisions on impaired exposures plus movements in Collective Provision.	It is expected that the new credit loss provisioning charge will drive increased earnings volatility. Increase to retained earnings of $191m as at 1 October 2005.

(1) The total estimated impact of adopting AIFRS is likely to result in a net increase to retained earnings of $104 million as at 1 October 2004, and a net decrease to retained earnings of $386 million as at 1 October 2005 resulting in a cumulative decrease of $282 million in retained earnings.

CAPITAL

Banks are required to maintain capital levels that comply with both regulatory and operational requirements. Capital adequacy is generally measured as capital as a percentage of risk weighted assets.

The key regulatory requirement is based on Tier 1 capital, which represents high quality capital, including ordinary shares, retained earnings and general reserves, less items like goodwill. ANZ s current Tier1 ratio is 6.9%. ANZ also needs to maintain a certain level of Tier 2 capital, which includes items like subordinated debt and the general provision. Our current Tier 2 ratio is 3.9%. The level of capital is also a key focus for rating agencies when they determine our credit ratings.

The key measure used by ratings agencies is known as Adjusted Common Equity(ACE), which is Tier 1 capital less preference shares and a number of other deductions such as the value of our investment in the ING Joint Venture. ANZ has an ACE target range of 4.50% to 5.00% of Risk Weighted Assets. At September 2005 we were slightly above this, with an ACE ratio of 5.1%.

However it does mean that banks like ANZ are highly leveraged organisations, necessitating strong risk management frameworks and capabilities.

RISK MANAGEMENT

ANZ recognises the importance of effective risk management to its business success. Management is committed to achieving strong risk control, resulting in no surprises and a distinctive risk management capability.

1. Robust Risk Management Framework

ANZ s risk management framework combines Board policy setting and review with regular senior management oversight and independent business unit monitoring.

ANZ Board

Risk Management Committee oversees principles, policies, strategies, processes and control frameworks for the management of Risk and approves credit transactions beyond the approval discretion of executive management

Audit Committee reviews financial control frameworks and compliance

Senior Management

Credit & Trading Risk Committee oversees credit policy, major lending decisions, asset writing strategies and traded and non-traded market risk

Group Asset & Liability Committee oversees regulatory capital, balance sheet structure, liquidity and funding

Operational Risk Executive Committee oversees operational risk and compliance strategy

Business Unit Level

Business Unit Risk Management   Discharge responsibilities for business, market, credit, operational, liquidity and reputational risk and compliance with internal and external obligations

2. Major inherent risks

The major inherent risks faced by ANZ can be grouped under the following categories:

a **Credit Risk**   is the risk of loss associated with customer lending, and is the major risk faced by ANZ. Credit risk policies and management are executed through dedicated Risk departments that report to the Chief Risk Officer. All major credit decisions require approval by independent Risk personnel. Net Specific Provisions for credit losses fell 19% in 2005 to $357 million.

b **Market Risk**   is the risk of losses from changes in interest rates, foreign exchange rates or the prices of equity shares and indices, commodities, debt securities and other financial contracts, including derivatives. An independent market risk team ensures traded and non-traded risks and liquidity profiles are within Board and Senior Management authorised limits. Value at Risk(VaR) is a statistical estimate of the likely daily loss. The average traded VaR exposure for 2005 was $1.6m   at the lower end of peer banks.

c **Operational Risk**   is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events. The operational risk frame work is set at Group level. Divisions are responsible for Operational Risks on a day-to-day basis.

d **Compliance**   is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on ANZ s business, reputation and financial condition.

3. Key risk developments

In recent years ANZ has significantly reduced its risk profile. This has been achieved through a number of strategies and structural drivers:

a **Increased Consumer Banking Assets**

Traditionally ANZ has had greater exposure to the higher risk Institutional and Corporate segments relative to Australian peers. While we continue to leverage our strengths in these divisions, we have increased our focus on the lower risk Consumer segment. In 2000 consumer lending comprised approximately 55% of net lending assets; this has increased to approximately 63% today. This shift in business mix and resulting reduction in risk can largely be attributed to strong growth in Mortgages, and the acquisition of The National Bank of New Zealand, with its consumer banking strength.

b Reduction in Non-Accrual Loans

Loans where we expect to lose at least some interest and/or principal, as a percentage of non-mortgage lending assets, is a useful measure of credit quality. Over the last five years, this has fallen from 1.65% to just 0.46% in 2005.

c Reduction in Offshore Exposures

Lending to non-core geographies and sectors has been significantly reduced. Since 2000 the percentage of the Group s offshore net lending assets has reduced from 11% to 4%. The deliberate re-balancing process was completed with the sale of our UK based Project and Structured Finance business in October 2004.

d Industry and Single Name Exposure Limits

Integral to the risk management frame work are concentration limits for countries, industries and individual customers. We constantly monitor and manage both limits and exposures to minimise the risk that ANZ is exposed to large unexpected credit losses.

A detailed explanation of risk management at ANZ is available on our web site at
www.anz.com/australia/aboutanz/corporateinformation/corpgovpolicy

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OUR BUSINESS PERFORMANCE
INSPIRED TEAMWORK BUILDS GROWTH

ANZ provides a wide range of banking products and services, from first home mortgages to complex derivatives for large institutional clients. We focus on our domestic markets in Australia and New Zealand and also operate internationally.

Australia

Personal Banking was again our best performing division, gaining market share in most areas and maintaining our major bank lead in customer satisfaction and staff engagement. We are now the third largest retail bank in Australia and closing in on the number two position.

Institutional is performing well after several years of constrained growth as we reduced risk.

Corporate once again delivered solid earnings growth. Despite slower growth in Business Banking, the focus on specialist strategies and segment propositions underpinned the overall performance.

Esanda s consistent performance continued, reflecting their strong market position.

New Zealand

New Zealand Division performance was subdued due to The National Bank of New Zealand integration, intense competition in the mortgage segment, and the cost of continued investment in rebuilding the ANZ brand.

Significant progress was made on integration in 2005, particularly in systems. Integration will be largely complete by December 2005 with the focus shifting to business as usual and capitalising on our leading market positions.

Asia Pacific

Asia Pacific s performance in 2005 was adversely impacted by the non-recurrence of one-off items booked in 2004 and our continued investment in Asia. The Pacific business performed well reflecting our number one or two market position in all markets. Asia s performance was subdued by investment associated with new retail partnerships in Vietnam and Cambodia and 2004 one off gains from our PT Panin Bank partnership not repeated in 2005.

Pictured left - From top: Kym Darcy, Corporate; Carolyn Morris, Esanda; Jackie Walters, Asia Pacific; and Tania Turnbull, Personal.

OUR BUSINESS PERFORMANCE
DOMESTIC FOCUS, INTERNATIONAL PRESENCE

Our domestic markets, Australia and New Zealand, are the most significant contributors to our performance, comprising 89% of our 2005 profit. Our focus on these markets is evidenced by fact that 89% of our staff and 94% of our points of representation reside in these geographies.

NPAT by Divisions - ($m)

We are the only Australian bank with a significant presence in Asia, and during the year we extended this with two new retail partnerships in Vietnam and Cambodia. We continue to be in discussions with two Chinese financial institutions.

We remain the number one Australian bank in the Pacific, holding either the number one or two position in all markets in which we operate.

We have a substantial presence in the key finance centres of London and New York, and a smaller presence elsewhere in Europe, the Middle East, and South Asia, which allows us to support our domestic customers international activities.

Australia

Operating Income	$	6,163m
Cost to Income		44.8%
NPAT	$	2,159m
External Assets	$	195,500m
Number of Employees		18,043
Points of representation		840

New Zealand

Operating Income	$	2,331m
Cost to Income		52.3%
NPAT	$	528m

External Assets	$	78,474m
Number of Employees		9,515
Points of representation		308

Pacific

Operating Income	$	250m
Cost to Income		44.0%
NPAT	$	90m
External Assets	$	2,118m
Number of Employees		1,606
Points of representation		50

Asia

Operating Income	$	256m
Cost to Income		49.2%
NPAT	$	94m
External Assets	$	7,297m
Number of Employees		826
Points of representation		19

Other

Operating Income	$	350m
Cost to Income		33.7%
NPAT	$	147m
External Assets	$	9,796m
Number of Employees		986
Points of representation		6

Our growth philosophy is simple: we ll acquire new customers, retain existing customers, increase our share of their financial services spend, and pursue the extensive growth opportunities that still exist for ANZ. Our goal is to continue our market share growth towards number two in retail banking.

What we do

Personal provides retail banking services to over 3 million Australian customers through its 756 branches. It is comprised of five specialist business units.

Our Mortgages business unit is the largest of these, and is responsible for our award winning residential mortgage products. Our Consumer Finance business provides credit cards and personal loans to retail customers, and is also responsible for our ATMs and Merchant Payments business. Banking Products is responsible for our transaction and savings accounts. Regional Commercial and Agribusiness products are sold by our branch network to our rural and regional customers. Wealth Management includes our financial planning business, ANZ Trustees, Margin Lending and our investments in e*Trade and in the INGA Joint Venture, but from 1 October 2005 was renamed Investment and Insurance Products, as we increase our focus on selling insurance products.

Achievements

ANZ s Personal Division continued to build a sustainable competitive advantage, recording market share gains across its product range, and strong growth in each of our business units.

In addition to gains in market share, ANZ is now the number three retail bank. This strategy has also delivered recognition in the broader market. We have been voted Bank of the Year for the sixth year in a row by Personal Investor Magazine.

ANZ s market-leading product set delivered growth that exceeded that of the financial services sector on average. For example, Mortgages grew 14%, credit cards grew an impressive 20% and Deposits grew 10%. We have also seen solid growth in wealth management distribution.

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Financial performance

$m	2004	2005	%
Income	2,942	3,242	10%
Expenses	(1,533)	(1,639)	7%
Profit before provisions	**1,409**	1,603	**14%**
Debt provisions	(183)	(198)	8%
Tax & OEI	(343)	(392)	14%
Profit after tax	**883**	1,013	**15%**
Cost income ratio (CTI)	52.1%	50.6%	(3)%
Staff (FTE)	8,919	9,616	8%

We invest a lot of time and effort trying to better understand what drives customer behaviour, and using these customer insights to drive strategy. This is clearly paying off as we now lead the major banks in customer satisfaction. Personal Division s customer satisfaction rating is 76.5%, more than nine points ahead of the Big four banks average of 67%. At the same time, risk of defection is falling, and is down 6% on 2004. ANZ retail customers are also the least likely to switch to other major banks.

We ve invested strongly in our brand. We re differentiating ANZ on convenience and simplicity , bringing this to life through such initiatives as simplified technology, a $5 transaction account, 24/7 call centre, new branches and reduced queue times. In the past year we opened 15 new branches, installed 500 new ATMs, employed 697 new staff members and spent $100 million on branch upgrades.

There has been much comment about the level of competition in recent times. We have taken a measured response to price-led competition, protecting our customer base through investment in our frontline, and in marketing and distribution. We are funding this through a reduction in back-office costs and productivity gains.

Goals for 2006

Personal banking remains an attractive market. We are operating in a favourable credit growth environment, with clear market segments.

Against this background, our growth philosophy is simple: we ll acquire new customers, retain existing customers, increase our share of their spend, and pursue the extensive growth opportunities that still exist for ANZ. Our goal is to continue our market share growth towards number two in retail banking.

Customer acquisition will be driven through continued focus on understanding their needs. Over the next three years we ll expand the branch network by almost 10% or around 65 branches.

Engaged staff, deep customer insight, market-leading products and increased convenience will continue to drive customer retention.

We are also building strong customer relationship management (CRM) sales capability, growing our financial planning footprint to drive growth of joint venture funds under management and integrating cross sell into third party channels.

Further growth opportunities will result from increasing our presence in high growth areas such as Western Australia and Queensland and extending our capabilities to new brands and segments.

Institutional has built a strong base for future growth this year. We have refocused our client model, upgraded our capabilities in key products and leveraged our distinctive global product expertise. Our Risk Management processes foster ownership of risk management by all our people, and we continue to build our talent and skill base by providing world class training for our current staff and by recruiting top industry professionals.

What we do

Institutional has one client coverage team and three specialist businesses.

The Client Relationship Group is responsible for delivering solutions to meet client needs for those with turnover above $150 million.

Our Markets business is a major participant in the financial markets providing specialist services in foreign exchange, capital markets, commodities, structured derivatives and interest rate services. Corporate & Structured Financing provides advice in mergers and acquisitions, divestments, takeovers/ defences, project finance, corporate restructuring, cross-border structures, privatisations, private equity and tailored strategic and financial advice. Trade and Transaction Services is responsible for trade finance, transaction banking for larger clients, and our custody business.

We have strong long term relationships with our Institutional clients and are widely acknowledged leaders in relationship management. As the strongest advisor in complex and structured finance products, we have the best understanding of client funding and capital needs, and of offshore banking needs. We remain the leader in Trade Finance services, and a leader in transactional banking and foreign exchange across all segments.

Achievements

In addition to delivering 8% earnings growth this year, Institutional also rebuilt the foundations for strong future growth. We have sold non-core activities, focused our strategy on key strengths and new opportunities, targeted the most capable people and refreshed our product offering.

We completed our de-risking program during the year, which was a deliberate strategy to improve the quality of our portfolio.

Financial performance

$m	2004	2005	%
Income	2,041	2,165	6%
Expenses	(720)	(766)	6%
Profit before provisions	**1,321**	1,399	**6%**
Debt provisions	(160)	(139)	(13)%
Tax & OEI	(304)	(337)	11%
Profit after tax	**857**	923	**8%**
Cost income ratio (CTI)	35.3%	35.4%	0%
Staff (FTE)	2,936	3,103	6%

We are now working to rebuild the market share lost during recent years. The intensely competitive markets experienced this year continued to put pressure on margins. We expect this margin pressure to continue, and aim to counter the impact on our results by reducing the amount of debt we hold on our balance sheet by improved distribution to our global investor base.

We maintained the momentum of our successful Trade and Transaction Services business and our Wall Street to Main Street strategy, which provides investment banking type solutions for our non-Institutional clients.

We ve adopted a product neutral, customer segmented approach, while maintaining the benefits our clients receive from our Specialised Industry knowledge. Our aim for 2006 is to improve our cross sell and improve our full service offering for clients.

We have invested in skill based training for our people and recruited where we need specialist skills.

We are building our product offering in debt capital markets and alternative asset capabilities. During the year we restructured our Markets business by successfully merging and integrating the Capital Markets and Foreign Exchange and Commodities business units.

In capital markets, where ANZ has not traditionally been a strong player, our league table position has improved. We undertook the largest Commercial Mortgage Backed Securities transaction in the Australian market.

Our cross sell is growing as evidenced by increased swaps activity within our investor and borrower base. We successfully sold down units in our Energy Infrastructure Trust and did four public-private partnership transactions, including the Royal Women s Hospital in Melbourne. Our Asian network provides us with a significant growth opportunity in an expanding market.

Goals for 2006

With the de-risking agenda now firmly behind us, Institutional will renew its focus on providing the full range of banking and investment banking services for our clients.

We will continue to leverage strong customer relationships, build on underweight segments, maintain focus on efficiency and risk management and retain and recruit the right people. At the same time Institutional will continue to build momentum in Trade, Wall Street to Main Street, and our current product range, while seeking the opportunities available from new markets.

ANZ National Bank has achieved a strong strategic position, as evidenced by its standing in all core banking markets. Customer attrition is significantly better than expected and market share of customers is close to 40% across all major sectors.

What we do

The New Zealand Businesses division comprises all of ANZ s operations in New Zealand with the exception of Institutional and our UDC asset finance business. In the retail and business banking segments we continue to operate through both The National Bank of New Zealand (NBNZ) and ANZ brands, offering a full range of personal and business banking services.

Our Rural Banking business operates under the NBNZ brand and offers general and tailored banking services to our broad range of rural customers. Corporate Banking provides transactional banking services and meets the sophisticated product requirements of our customers under the ANZ brand. We hold leading market positions in all segments.

Achievements

Earnings for the New Zealand businesses were up 20%, assisted by an additional two months contribution from NBNZ.

This result for the merged ANZ National Bank was impacted by intense price competition in the retail market and subsequent margin compression, lower Treasury earnings along with our continued focus on amalgamation, integration and establishing capability for future growth. New Zealand remains an attractive banking environment, with sound credit quality and strong volume growth.

We invested substantial resources in building our retail capability in both NBNZ and ANZ, with an emphasis on the ANZ brand. We opened four new branches, added 514 staff, established a mobile mortgage team, and provided 680 ATMs across the two brands.

Financial performance

$m	2004	2005	%
Income	1,670	1,953	17%
Expenses	(818)	(955)	17%
Profit before provisions	**852**	998	**17%**
Debt provisions	(97)	(92)	(5)%
Tax & OEI	(242)	(292)	21%
Profit after tax	**513**	614	**20%**
Cost income ratio (CTI)	49.0%	48.9%	0%
Staff (FTE)	8,066	8,580	6%

ANZ customer service ratings hit a seven-year high in the first quarter of 2005 and NBNZ continues to lead the major banks in customer service.

Much of the focus since the acquisition almost two years ago has been on maintaining our customer franchises and building the business. This customer-focus is beginning to pay off and the ANZ brand is clearly showing signs of turnaround. Customer attrition has slowed by 65% over 2004, while NBNZ has maintained its share of main bank customers. We have retained our share in the competitive deposit market and the ANZ on-line call account has been a major success with over $900 million deposited since its launch in December 2004.

The gradual erosion in the home loan market has slowed since integration. We have maintained our dominant position in the rural market, though we had a small loss of share to niche players and new entrants to the market, who are competing primarily on price. Our commitment to this market remains strong through our experienced relationship management teams.

The integration program is on track. Much ground has been covered during its first two phases, due to be completed in December this year. Teams have been restructured, operations co-located, the rural integration program is complete and work is nearing completion on establishing the new IT infrastructure. We are also on target to meet the Reserve Bank of New Zealand s mandated regulatory requirements.

Goals for 2006

Our aim is to be the leading bank in New Zealand. We will achieve this through:

Sustainable and profitable revenue growth by investing for the long term, exploiting opportunities in markets in which we are under-represented and making better use of our strategic alliances (with ING, for example). We will maintain a conservative risk policy while being flexible to changing customer needs.

Delivering a quality customer experience through operational excellence by continued investment in our front-line, ensuring we re easy to do business with, being agile and responsive, and continuously reviewing our customer systems and processes.

Leveraging our scale to operate more efficiently, rationalising functions, integrating systems and processes and automating back-office processes.

Harnessing our unique dual brand position to extend our reach.

Developing and growing our people, translating their talent into a sustainable competitive advantage.

A core advantage is the wide customer base, the segmentation of which has given us the flexibility to respond effectively and rapidly to changing market conditions. We expect the strength of our customer proposition will continue to drive customer satisfaction and market share, while our low cost to income and disciplined execution will enable footprint investment in the business.

What we do

Corporate division is comprised of three specialist businesses, each focused on the needs of a different tier of customers.

Corporate Banking provides relationship banking and a range of sophisticated financial solutions to around 3,000 clients who have annual turnover of $10 million to $150 million. Business Banking provides a more traditional relationship banking offering to around 38,000 business customers who have up to $50,000 in funds under management or annual turnover up to $10 million. Small Business Banking services around 170,000 small businesses with funds under management below $50,000 with service largely offered via the branch network.

Achievements

Corporate maintained its successful track record of strong financial performance and low risk growth in 2005.

Our earnings were up 10% to $376 million, with lending growth of 11% and deposit growth of 12%. We continued to invest heavily in our footprint, while keeping our cost to income ratio in the low 30s. High employee engagement (63% in Business Banking and 57% in Corporate Banking) combined with a strong customer proposition, places us in a leading position with customers.

In Small Business Banking we invested heavily in frontline staff, employing 80 new small business specialists and simplifying processes.

In Business Banking, the strategy has been to expand our geographic footprint and industry specialisation, as well as to

Financial performance

$m	2004	2005	%
Income	829	897	8%
Expenses	(280)	(294)	5%
Profit before provisions	**549**	603	**10%**
Debt provisions	(61)	(66)	8%
Tax & OEI	(147)	(161)	10%
Profit after tax	**341**	376	**10%**
Cost income ratio (CTI)	33.8%	32.8%	(3)%
Staff (FTE)	1,761	1,941	10%

develop a market leading customer service proposition, adopting a structured and sustainable approach to organic growth.

This includes use of business brokers and an attractive mix of products to drive customer acquisition, increased product sales per customer and maintain a high rate of customer retention. The Business Banking portfolio is well secured and risk profiles remain low.

Our Corporate Banking teams successfully operate in the mature mid-market business segment. ANZ has innovated in the mid-market, offering its Wall Street to Main Street (WSTMS) strategy of providing investment banking type solutions to business clients. The strategy is working and we are seeing a significant increase in these transactions. It meets two of a private company s main life-cycle needs: achieving growth or facilitating generational change. ANZ has a clear market leading position thanks to the way in which we ve melded the culture of traditional relationship bankers with the services of WSTMS specialists. ANZ is now responsible for the greatest number of private equity deals in this segment in Australia.

We continue to face a number of challenges. These include the entry of new players, commoditisation of the credit product, margin pressure, and changing business ownership resulting from generational change and the growth of the self employed sector.

Our response to these challenges has been to strive to be the best, most engaged business bankers; to segment our customer base in a disciplined way; to offer industry specialisation, specialist customer solutions and innovative products; and to have the best possible business platforms, channels and processes.

Independent research shows that in both Corporate and Business Banking, we have high customer satisfaction, and that among all major banks, the Corporate division s customers are the least likely to switch.

Goals for 2006

Corporate division s goal is to achieve growth above that of the financial services sector in each of our businesses. With the strong team we have established and a solid track record behind us, we seek to deepen existing relationships and win new customers.

We expect the strength of our customer proposition will continue to drive customer satisfaction and market share, while our low cost to income and disciplined execution will enable further investment in our business. We will continue to focus on our risk management capabilities and raise the bar in execution and leadership.

With a presence in 23 countries, ANZ is already Australia s leading bank in the Asia Pacific region. This gives us a great starting point to make the most of the economic growth in the region. We will continue to invest in our existing businesses in the Pacific and Asia, and add skills, products and new distribution channels.

What we do

The Asia Pacific division comprises three geographically defined businesses in the South Pacific, and across East Asia and Southeast Asia.

Pacific offers a full range of retail and commercial banking services in 11 countries throughout the South Pacific. Our Asian network, which serves primarily Australian, New Zealand and Asian corporates who trade, operate and invest across 11 countries in the east Asia region. International Partnerships covers ANZ s retail partnerships with local banks in Indonesia, the Philippines, Vietnam and Southeast Asia. Together, these businesses make ANZ Australia s leading bank in Asia Pacific.

Achievements

Asia Pacific Division s profit was down 14% to $95 million in 2005. On a geographic basis, which includes all of our activities in Asia Pacific including Institutional, profit was down 4% to $184 million.

The core business performed well, with strong growth on volume and earnings. This underlying momentum was offset by lower earnings from our investment in Panin Bank in Indonesia, lower Treasury earnings in Asia, and the costs associated with establishing our International Partnership business.

We are the leading bank in the South Pacific, with an average market share across the region of almost 40%. The business has one of the highest staff engagement levels in ANZ (68%) and in 2005 showed strong profit growth. We continue to strengthen our franchise by investing in training, new products and distribution.

Financial performance - Geographic

$m	**2004**	**2005**	**%**
Income	484	506	5%
Expenses	(209)	(239)	14%
Profit before provisions	**275**	267	**(3)%**
Debt provisions	(34)	(31)	(9)%
Tax & OEI	(50)	(52)	4%
Profit after tax*	**191**	184	**(4)**
Cost income ratio (CTI)	42.6%	46.6%	9%
Staff (FTE)	2,221	2,432	10%

* Includes profit from Institutional and Group Centre businesses in the Asia Pacific region of $89 million (2004: $80 million)

Supporting local and regional economic development is an important component of our Pacific strategy. As one of the largest corporations and employers in the Pacific, ANZ contributes in a real way to local communities.

In Asia, we are seeing strong growth in manufacturing, trade and infrastructure investment. For example, regional trade reached US$949 billion in 2004, fuelling strong demand for trade finance. ANZ s Asian Net work is uniquely placed to service customers that trade or invest across the Asia Pacific region and into Australia and New Zealand.

The international partnership agenda is taking shape. Our strategy is to participate in the growth in consumer banking in Asia by developing partnerships with local banks that can benefit from our experience in retail banking, Small to Medium Enterprises, Trade and Risk Management.

By combining the local franchise with ANZ s expertise, we can grow faster together than we could on our own.

We are adopting a portfolio approach, making modest initial investments and targeting a number of partnerships across the region. Today, we have partnerships in Indonesia (PT Panin Bank 29%), the Philippines (Metrobank Cards Corporation 40%), Vietnam (Sacombank10%) and Cambodia (ANZ Royal Bank 55%). In addition, we are targeting two equity investments in China in 2006.

Goals for 2006

Pacific

Maintain revenue momentum and grow market share

Continue with investment in new products and distribution channels, including new branches

Simplify and re-engineer our processes to improve customer service and productivity

Asia network

Accelerate growth in the Institutional Banking segment

Expand our skills and talent pool to support faster growth

Invest in our Expatriate and Private Banking businesses

International Partnerships

Make a number of strategic investments in local retail banks in Asia that will put us in a unique position to capture the growth in consumer banking.

Work with existing partners to transfer ANZ skills to local markets

Continue to grow our Asian credit card business at double digit rates.

We have built on the strong growth of the last 5 years and are facing up to increasing competitive pressures by re-doubling our focus on our core businesses and entering new businesses in adjacent markets, where we can win through leveraging core capabilities.

Financial performance

$m	2004	2005	%
Income	456	481	5%
Expenses	(186)	(188)	1%
Profit before provisions	**270**	293	**9%**
Debt provisions	(67)	(62)	(7)%
Tax & OEI	(60)	(72)	20%
Profit after tax	**143**	159	**11%**
Cost income ratio (CTI)	40.8%	39.1%	(4)%
Staff (FTE)	1,297	1,351	4%

What we do

Esanda celebrated a significant milestone in 2005 as it entered its 50th year of business, occupying a market leading position in virtually every segment in which it competes and a leadership position overall.

Esanda provides vehicle and equipment finance, rental services, and savings and investment products. It operates in Australia as Esanda and Esanda Fleet Partners and in New Zealand as UDC and Esanda FleetPartners.

Achievements

Our focus on improving core business performance was rewarded with profit up 11% to $159 million.

Return on equity has grown to 24%, up from 11% just 5 years ago. Despite increased investment in frontline staff, cost to income ratio has fallen from around 50% in 2000, to just 40% today. The business risk profile has improved, allowing a significant reduction in provisions.

Our focus is now creating accelerated and sustainable growth through a combination of new product development and new business development in adjacent markets where we can leverage core capabilities. For example, we have expanded our fleet capabilities into the heavy equipment market (mining, farming and industrial) and have entered the private sales market the fastest growing segment of the vehicle market.

Likewise, our aim is to build our non-prime auto finance business, tapping into a market that is growing at three times the rate of the prime market.

We are also expanding our cross-sell capabilities and focus, ensuring that we deliver to our customers the best financial products available.

To assist our growth in the higher return fleet management segment, we have sharpened our sales and pricing focus in Esanda Fleet Partners and Commercial Asset Finance with strong growth displayed in both businesses.

In line with our strategy to grow the consumer market, we launched an internet based savings product called Esanda Online Saver which has attracted over $160 million funds under management since its launch in May 2005.

Goals for 2006

We will continue to extract efficiency gains to fund frontline investment and market extensions, and use our specialist product focus, strong partner relationships and the reputation for security and reliability that we have built over 50 years o deliver simple, easy to use products. We do this with a low cost base, leadership in almost every segment in which we operate and an accelerated growth agenda.

Through the Group Centre s leadership ANZ has achieved the highest staff engagement of Australia s major companies, a significantly reduced risk profile that is now in line with major peers and leading technology capabilities developed across Australia, New Zealand and India.

What we do

The Group Centre comprises:

Operations, Technology and Share Services (OTSS)

Group People Capital

Group Risk Management

Group Strategic Development

Group Financial Management, including Treasury

Achievements

The Group Centre reported a loss of $124 million in 2005, 6% higher than 2004. The key drivers included increased risk management and compliance costs, reduced Treasury and hedge earnings, partly offset by lower provisions for offshore losses.

Significant progress in finalising the New Zealand technology integration program, with over 900 separate changes successfully implemented.

Successfully completed the ANTS project, which was focussed on simplying ANZ s core systems. This was one of the most complex and largest technology architecture projects in the bank s history and provides ANZ with a solid foundation for future systems requirements.

Successful relocation of our Disaster Recovery Data Centre to a new, world class facility.

Continued to expand our wholesale funding base, to meet the strong growth in demand for lending, raising A$21 billion in senior and subordinated debt and 500 million from a preference share issue.

Goals for 2006

During 2005 OTSS conducted a long-term technology strategy review aimed at streamlining ANZ s core banking system and enhancing the single view of customer capabilities. We will continue to progress this agenda in 2006.

The New Zealand technology integration is scheduled for completion by December 2005.

We will continue to explore expansion opportunities of our Bangalore technology facility, which is focused on providing non-customer facing technology support.

Treasury will continue to raise ANZ s wholesale funding requirements at globally competitive interest rates.

Implement International Financial Reporting Standards and achieve Sarbanes Oxley s404 compliance.

Corporate Centre Leadership

Peter Hawkins, Group Managing Director, Group Strategic Development; **Shane Freeman,** Group General Manager People Capital; **Peter Hodgson,** Chief Risk Officer; **Bob Edgar,** Chief Operating Officer; **Mike Grime,** Managing Director, Operations Technology & Shared Services; and **Peter Marriott,** Chief Financial Officer (pictured page 10).

PEOPLE, COMMUNITY AND THE ENVIRONMENT

INSPIRING, ENERGISING AND BUILDING RELATIONSHIPS

ANZ aims to bring a human face to banking and build relationships of trust and mutual respect with the community.

In 2005 we continued to inspire and energise our people, bringing our Breakout cultural transformation work shops to branch staff around the country. We introduced innovative policies to create a more flexible and responsive workplace as ANZ was recognised as having the most engaged workforce of all major Australian companies.

We deepened our commitment to financial literacy and inclusion of adult Australians, particularly amongst the most vulnerable people in society. With the Commonwealth Government of Australia, we will provide financial education programs for remote Indigenous communities and expand our Saver Plus matched savings and financial literacy program to benefit low-income families. Over 400 financial counsellors and community educators were trained to deliver our MoneyMinded financial literacy program to help people with lower levels of financial literacy and those facing financial hardship. We are working to complete our second national survey of adult financial literacy in Australia. Our response will include a greater focus on providing convenient, simple and responsible financial products, services and marketing communication. We aim to rapidly expand our financial literacy and inclusion programs to help more people improve their financial knowledge, skills and confidence.

During 2005 our people came together with communities to achieve some remarkable outcomes. In our response to the Asia Tsunami disaster, we worked with community partners such as World Vision, volunteered our time and services, collected customer contributions and provided more than $1 million through donations made by staff and then matched dollar for dollar by ANZ. Our people also provided the entire volunteer network to support the inaugural Oxfam Community Aid Abroad Comic Relief fundraiser.

Pictured left - Saver Plus family: Leonie with daughters Lisa (left) and Jessica (right).

OUR PEOPLE AND CULTURE

INDIVIDUALS AT THE HEART OF CHANGE

We listen and respond to our people, providing programs and opportunities that aim to create a vibrant, energetic and high-performing culture. We invest in the development of our people and encourage them to use ANZ s values to guide their actions and decisions.

Building a vibrant, high-performing culture

ANZ has invested in its people over the past five years with the goal to create a vibrant, energetic and high-performing culture where ANZ s values are the basis for the actions our people take and the decisions they make each day.

This year, industry research revealed that ANZ has the most engaged workforce of all major companies in Australia.

Employee engagement means much more to us than simply a staff survey outcome. It s the result of a comprehensive strategy to inspire and energise our people to deliver their best everyday. This involves attracting and nurturing the very best talent, investing in their development, and recognising and rewarding their contribution, values and behaviours.

Cultural transformation

Now in its fifth year, over 21,000 staff have participated in our Breakout program as part of ANZ s long-term commitment to transforming our culture. The program includes workshops to help staff use ANZ s values in their decision-making and to effectively balance the competing needs of staff, shareholders, customers and the community in their roles and activities.

This year we commenced Breakout for the frontline , which will see some 7,000 branch staff participate in the program over the next 18 months. We also introduced Breakout Recharge which focuses on creating and building cohesive and effective teams.

Our people are actively involved in our efforts to make ANZ a great place to work.

We seek their ideas and feedback on our progress via our annual employee engagement survey. The survey is used to identify and address key issues and opportunities for improvement, and focus groups are subsequently held across the business to provide deeper guidance and appropriate responses.

These and other investments have helped to radically change our culture over the past five years. In addition to our levels of employee engagement, we have also seen positive developments in organisational climate through our annual values assessment survey. The survey of senior leaders and a random sample of staff in 2005 showed that respondents rated the most visible values in our culture as customer focus and community involvement . By comparison, in 2000, cost reduction was perceived to be our primary value.

Attracting and nurturing talent

Over the past 18 months, we have added some 3,000 mostly customer-facing positions to support our growth agenda and network expansion. We are also one of the largest recruiters of graduates amongst all publicly listed companies in Australia.

We invest in the personal and professional development of our people and systematically identify and advance the top 20% of performers at each level.

Pictured - 12 weeks paid Parental Leave gives Natalie Paine and baby Jack a head start.

Lost Time Injury Frequency Rate

(Compensated claims per million hours worked)

Flexibility for a diverse workforce

ANZ has adopted a number of innovative workplace policies designed to create flexible working conditions responsive to the needs of our people at various stages of their lives. For example, this year we introduced a new policy guaranteeing those Australian staff aged over 55 the right to work part-time if they choose.

We have made diversity a real priority, with a particular focus on women. We have extended the priority childcare services available to our people through our partnership with ABC Learning Centres and provided 12 weeks paid parental leave for primary care givers, with no qualifying period and paid up front. We also introduced a mentoring program to increase representation of women in senior management. In 2005, more than 18% of our senior management positions were held by women.

ANZ was also recognised as he leading large Australian organisation for the Advancement of Women by the Equal Opportunity for Women in the Workplace Agency (EOWA).

Wellbeing

We introduced a significantly enhanced Health, Safety and Security strategy in 2005. This includes our Branchsafe program, designed to better manage and assess security and risk in our branches. Ongoing facilities improvement programs during the year included a significant investment in branch refurbishments and upgrades, particularly in New South Wales. We continued to reduce our lost time injury frequency rate, which is the best among our peer group.

Our commitment to employee well-being extends to providing our people with free health information and services through My Health Online, and My Healthcheck-an initiative that offers a paid physical checkup during working hours once every two years to all staff.

Consistent with our broad commitment to improving the financial literacy of Australians, more than 5,000 staff participated in Financial Fitness workshops covering budgeting and savings, retirement planning and superannuation, and investment basics.

Employee community contributions

We offer our people opportunities to get involved in local community programs and the causes that are important to them, creating some extraordinary outcomes. In 2005, 3,675 or 18% of Australian staff contributed more than 24,000 hours as part of ANZ s Volunteers program, which provides employees with eight hours leave each year to complete volunteering activities of their choice. ANZ s program is amongst the leaders globally-the average corporate volunteering participation rate is 8.5%.

Throughout the year 28% of our Australian staff donated money to numerous community partners through our Community Giving program, where ANZ matches staff contributions dollar-for-dollar up to $1,000 per person. The high participation rate was achieved through staff donations to the Tsunami relief efforts, which resulted in ANZ and its people donating $1 million to support the work of World Vision. The average participation rate for similar schemes at large organisations is 3-4%.

THE COMMUNITY AND ENVIRONMENT

PERSONAL CHALLENGES AND SHARED GOALS

We aim to be leaders in addressing the major social issues that involve the financial services industry in particular financial literacy and financial inclusion. Our programs also provide opportunities for our staff to support causes that are important to them.

Our Community

ANZ s community programs aim to build the financial knowledge, skills and confidence of all Australians, particularly the most vulnerable.

There is no short-term fix to these issues. It requires continued focus, passion and persistence across our entire business and deep partnerships with government, regulators and community organisations to achieve lasting change.

Together we aim to create confident, capable consumers who can access and use financial products and services to improve their personal financial well-being, which in turn will help to create stronger communities and a healthy economy.

Innovative programs

Saver Plus is a financial literacy program aimed at helping families on low-incomes to improve their financial knowledge, develop a long-term savings habit, and save for their children s education. As part of the program, ANZ rewards the efforts of participants by matching every dollar saved up to a total amount of $2,000. Participants agree to direct their savings towards their children s education and learning needs, such as the purchase of personal computers.

The program was created with the Brotherhood of St Laurence (BSL) and is delivered through partnerships with BSL, Berry Street Victoria, The Benevolent Society and The Smith Family.

Earlier this year ANZ provided $481,000 in matched savings to the 257 families who participated in the 2004 pilot program and, at the end of September 2005, a further 453 families had saved $384,703 to be matched by ANZ.

An RMIT University evaluation of the Saver Plus pilot program revealed that 92% of participants achieved their savings goal, and 35% exceeded their goal. A key finding was that three months after they completed the program 84% of participants were still saving regularly and 34% of these were saving more than they had previously.

MoneyMinded is Australia s first comprehensive adult financial literacy program, to help people, particularly low-income earners and those facing financial hardship, develop financial knowledge, skills and confidence. Its development was funded by ANZ, and guided by stakeholders such as the Australian Financial Counselling and Credit Reform Association and Australian Securities Investment Commission.

With 40 years experience in community work (including 20 in financial counselling). Jan Pentland sees MoneyMinded as an excellent financial literacy resource.

Jan Pentland

Financial Counsellor, AFCCRA Chair.

Our community investment strategy focuses on enhancing the well-being and prosperity of the communities where our people live and work, and where our business operates. Earning the trust of the community is one of our core values.

More than 400 financial counsellors and community educators have been trained to deliver the program around Australia with 3,500 people attending at least one MoneyMinded session and almost 1,000 people attending multiple workshops. Together with our community partners, our goal is to reach 100,000 people over the next five years.

Expanding our partnerships

In July this year ANZ and the Commonwealth Government Department of Family and Community Services, launched Money Business, a culturally specific program to bring financial literacy and money management skills to Indigenous people in six sites including Katherine, Tennant Creek, Nguiu (Tiwi Islands), Galiwinku (Elcho Island) in the Northern Territory and Geraldton and Kununurra in Western Australia.

ANZ will contribute $1 million in funding over the next 3 years and share our experience in developing financial literacy and matched savings programs to enable MoneyBusiness to reach 2,000 Indigenous people. We will also work with the Government and the local communities to adapt Saver Plus to reach up to 300 Indigenous families.

ANZ has also formed a partnership with Traditional Credit Union (TCU), an indigenous credit union based in Darwin. Together we are developing a financial inclusion strategy, including the delivery of MoneyBusiness to help TCU members build better lives for themselves and improve their living standards through enhanced money management skills.

The Victorian State Government, has funded Berry Street Victoria to translate and deliver MoneyMinded to the Iraqi community in Shepparton as part of its social policy action plan *A Fairer Victoria*. We are also investigating opportunities with the State Government to extend these programs to support other communities within Victoria.

Pictured - World Vision Chief Operating Officer, Toby Hall and Chief Executive Officer, Tim Costello with David Surtees ANZ (right) who worked with World Vision on Career Break from ANZ.

ENVIRONMENT

ANZ has established an Environment Charter, strategy and internal responsibilities for reducing the impact of our operations and business activities on the environment. Our aim is to align ANZ s environmental performance with our commitment to make a sustainable contribution to society.

Environment Charter

A significant step in ANZ s environmental commitment was the introduction in July 2005 of a new Group Environment Charter. It sets higher standards for managing our environmental footprint and provides guidance for improving environmental performance through our relationships with partners, customers and suppliers.

Responsible lending

An environmental and social issues screen of clients and transactions is being introduced across ANZ s Institutional & Corporate divisions. This allows key risks to be identified and addressed in the credit process. Formal internal engagement has been established to oversee more effective integration of environmental and social considerations in lending policies and decision-making principles and frameworks. This includes a program to build broad staff awareness and understanding of the business rationale for environmental and social issues.

Operational Environmental Footprint

Programs are in place to reduce the impact of our operations on the environment and in 2005 we fulfilled our commitments to:

Reduce electricity consumption

Reduce paper usage

Enhance our existing procurement policies and practices to address environmental risks and opportunities in our supply chain

We continue to work on implementing an environmental management system to identify, measures and track our environmental performance.

THE BOARD OF DIRECTORS

SUSTAINING PERFORMANCE AND GROWTH

The Board is responsible to shareholders for the governance of ANZ, and oversees its operations and financial performance.

It sets the strategic direction and financial objectives, determines the appropriate risk appetite for the organisation, and monitors operational performance. It also monitors compliance in terms of ethical standards and regulatory requirements. The Board appoints the Chief Executive Officer and regularly reviews his performance.

The Board Charter clearly sets out the Board s purpose, powers, and specific responsibilities. The business of ANZ is managed under the direction of the Board. The Board delegates to the Chief Executive Officer and through him, to other senior management, the authority and responsibility for managing the everyday affairs of ANZ. The Board monitors management and performance on behalf of shareholders.

The ANZ Board is chaired by a non-executive independent director. Its structure provides for a division of responsibility between the Chairman and the Chief Executive Officer. This is supported by the ANZ Board Charter (anz.com>aboutANZ>corporate governance) which states that the Chairman must be an independent non-executive director and that the majority of the Board must comprise independent non-executive directors.

The Board strives to achieve a balance of skills, knowledge, experience and perspective among its directors. This is particularly important for the banking sector, as banks have deep relationships with customers across every sector of the economy, and need to understand what is happening across the broader economy. Banking can also be cyclical, so it is important that in achieving a balance of experience, the Board includes a number of longer serving directors.

Details regarding the skills, experience, and expertise of each director are on the following pages.

Pictured - From left: Greg Clark, Roderick Deane, Margaret Jackson, David Gonski and David Meiklejohn.

THE BOARD OF DIRECTORS

STRATEGIC DIRECTION AND EXPERIENCE

Mr. C B Goode	Dr. R S Deane	Ms. M A Jackson
Mr. J McFarlane	Mr. J K Ellis	Mr. D E Meiklejohn
Dr. G J Clark	Mr. D M Gonski	Mr. J P Morschel

MR. C B GOODE, AC

B COM (HONS) (MELB), MBA (COLUMBIA UNIVERSITY,

NEWYORK), HON LLD (MELB), HON LLD (MONASH)

Chairman

Independent Non-Executive Director

Non-executive director since July 1991. Mr. Goode was appointed Chairman in August1995 and is an ex officio member of all Board Committees.

Experience and expertise

Mr. Goode has a background in the finance industry and has been a professional non-executive director since 1989. He brings a wide range of skills and significant experience of the finance industry to his role as Chairman of the Board.

Age 67. **Residence Melbourne.**

MR. J. McFARLANE

MA, MBA

Chief Executive Officer

Chief Executive Officer since October 1997. Mr. McFarlane is also a Director of ANZ National Bank Limited in New Zealand.

Experience and expertise

Mr. McFarlane brings broad leadership, management and banking skills following a 30-year career in banking. Mr. McFarlane is a former Group Executive Director, Standard Chartered Plc, Head of Citibank, United Kingdom and Managing Director, Citicorp Investment Bank Ltd.

Age 58. **Residence Melbourne.**

DR. G J CLARK

PHD, BSC (HONS)

Independent Non-Executive Director

Chairman of the Technology Committee

Non-executive director since February 2004. Dr Clark is a member of the Nominations, Governance & Corporate Responsibility Committee.

Experience and expertise

Dr Clark is Principal of Clark Capital Partners, a US based firm that advises internationally on technology and the technology market place. Previously he held senior executive positions in IBM, News Corporation and Loral Space and Communications. He brings to the Board international business experience and a distinguished career in micro-electronics, computing and communications.

Age 62. **Based in New York, United States of America but also resides in Sydney.**

DR. R S DEANE

PHD, B COM (HONS), FCA, FCIS, FNZIM

Independent Non-Executive Director

Chairman of ANZ National Bank Limited

in New Zealand

Non-executive director since September 1994. Dr. Deane is a member of the Compensation & Human Resources Committee and the Technology Committee.

Experience and expertise

Dr. Deane has skills and experience across a variety of sectors including government, banking and finance, economics, and telecommunications, and also with charitable and cultural organisations.

Age 64. **Residence** Wellington, New Zealand.

MR. J K ELLIS

MA (OXON), FAICD, HON FIE AUST, FAUSIMM,

FTSE, HON DR ENG (CQU)

Independent Non-Executive Director

Chairman of the Risk Management Committee

Non-executive director since October 1995. Mr. Ellis is a member of the Audit Committee.

Experience and expertise

A trained engineer, Mr. Ellis brings to the Board his analytical skills together with his practical understanding of operational issues, investments and acquisitions across a range of sectors including natural resources, manufacturing, biotechnology and education..

Age 68. **Residence** Melbourne.

MR. D M GONSKI, AO

B COM, LLB, S.I.A. (AFF), FAICD, FCPA

Independent Non-Executive Director

Chairman of the Nominations, Governance

& Corporate Responsibility Committee

Non-executive director since February 2002.

Mr. Gonski is a member of the Risk

Management Committee.

Experience and expertise

A lawyer, Mr. Gonski has a broad experience across business, the law and investment banking. He also brings to his role on the Board an appreciation for the community through his work in the arts and the not-for-profit sector.

Age 52. **Residence** Sydney.

MS. M A JACKSON, AC

B EC, MBA, HON LLD, FAICD, FCA

Independent Non-Executive Director

Chairman of the Compensation & Human Resources Committee

Non-executive director since March 1994.Ms Jackson is a member of the Audit Committee.

Experience and expertise

A Chartered Accountant, with significant financial expertise, Ms Jackson has broad industrial experience including her involvement in transportation, mining, the media, manufacturing and insurance. This expertise coupled with her work in health and education contribute to her role on the Board.

Age 52. **Residence** Melbourne.

MR. D E MEIKLEJOHN

B COM, DIP. ED, FCPA, FAICD, FAIM

Independent Non-Executive Director

Chairman of the Audit Committee

Non-executive director since October 2004. Mr. Meiklejohn is a member of the Nominations, Governance & Corporate Responsibility Committee.

Experience and expertise

Mr. Meiklejohn has a strong background in finance and accounting. He also brings to the Board his experience across a number of directorships of major Australian companies spanning a range of industries.

Age 63. **Residence** Melbourne.

MR. J P MORSCHEL

DIPQS, FAIM

INDEPENDENT NON-EXECUTIVE DIRECTOR

Non-executive director since October 2004. Mr. Morschel is a member of the Risk Management Committee and the Compensation & Human Resources Committee.

Experience and expertise

Mr. Morschel has a strong background in banking and financial services, and brings the experience of being a director of major Australian and international companies.

Age 62. **Residence** Sydney.

Visit our website at **www.anz.com** for listings of current directorships or see pages 51-53 of Part 2 of this Concise Report

DIRECTORS MEETINGS

The number of Board meetings and meetings of Committees 1 October 2004 to 30 September 2005 that each director was eligible to attend, and the number of meetings attended by each director were:

	Board		**Risk Management Committee**		**Audit Committee**		**Compensation & Human Resources Committee**		**Nominations, Governance & Corporate Responsibility Committee**		**Technology Committee**		**Executive Committee**		**Shares Committee**		**Committee of the Board**	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Dr G J Clark	8	8							5	5	2	2						
Mr. J C Dahlsen*	3	3			4	4							1	1			1	1
Dr R S Deane	8	8	3	3			6	6			2	2	2	2				
Mr. J K Ellis	8	8	7	7	9	8							2	2				
Mr. D M Gonski	8	8	7	7					5	5			3	3	1	1		
Mr. C B Goode	8	8	7	7	9	9	6	6	5	5	2	2	7	7	4	4	4	4
Ms.M A Jackson	8	8			9	9	6	6					3	3				
Mr. J McFarlane	8	8											7	7	1	1	3	3
Mr. D E Meiklejohn	8	8			8	8			5	5					3	3		
Mr. J P Morschel	8	8	7	7			6	6					3	3	1	1		
Mr. B WScott*	5	5					4	4	2	2			3	3	1	1		

Column A - Indicates the number of meetings the Director was eligible to attend.

Column B - Indicates the number of meetings attended. The Chairman is an ex-officio member of the Risk Management, Audit, Compensation & Human Resources, Nominations, Governance & Corporate Responsibility, and Technology Committees.

*Retired during the year. Mr. Dahlsen - 3 February 2005 & Dr Scott - 23 April 2005.

TEN YEAR SUMMARY(1),(2)

		2005 $m	2004 $m	2003 $m	2002 $m
Financial Performance					
Net interest income		5,798	5,254	4,311	4,018
Other operating income		3,552	3,391	2,808	2,970
Operating expenses		(4,515)	(4,026)	(3,228)	(2,905)
Profit before tax, debt provision and prior period abnormals		4,835	4,619	3,891	4,083
Provision for doubtfuldebts1		(580)	(632)	(614)	(860)
Income tax expense		(1,234)	(1,168)	(926)	(898)
Outside equity interests		(3)	(4)	(3)	(3)
Net Profit after tax before prior period abnormals		3,018	2,815	2,348	2,322
Net prior period abnormal profit(loss)					
Net profit after tax		**3,018**	2,815	2,348	2,322
Financial Position					
Assets(2)		293,185	259,345	195,591	183,105
Net Assets		19,488	17,925	13,787	11,465
Tier 1 capital ratio		6.9%	6.9%	7.7%	7.9%
Return on average ordinary equity(3),(4)		17.5%	17.8%	20.6%	21.6%
Return on average assets(3)		1.1%	1.1%	1.2%	1.3%
Cost to income ratio(5)		45.6%	45.3%	45.1%	46.0%
Shareholder value ordinary shares					
Total return to shareholders (share price movement plus dividends)		32.6%	17.0%	6.7%	15.3%
Market capitalisation		43,834	34,586	27,314	26,544
Dividend		110	101c	95c	85c
Franked portion	interim	100%	100%	100%	100%
	final	100%	100%	100%	100%
Share price(6)	high	$ 24.45	$ 19.44	$ 18.45	$ 19.70
	low	$ 19.02	$ 15.94	$ 15.01	$ 15.23
	30 Sep	$ 24.00	$ 19.02	$ 17.17	$ 16.88
Share information (per fully paid ordinary share)					
Earnings per share(6) -basic		160.9c	153.1c	142.4c	141.4c
Dividend pay out ratio(7)		68.4%	67.5%	64.2%	57.8%
Net tangible assets(8)		$ 8.05	$ 7.51	$ 7.49	$ 6.58
No. of fully paid ordinary shares issued (millions)		1,826.4	1,818.4	1,521.7	1,503.9
DRP issue price(9)	interim	$ 21.85	$ 17.84	$ 18.48	$ 19.24
	final		$ 19.95	$ 16.61	$ 18.32

Other information				
Points of representation(10)	1,223	1,190	1,019	1,018
No. of employees (fulltime equivalents)(11)	30,976	28,755	23,137	22,482
No. of shareholders(12)	263,467	252,072	223,545	198,716

(1) From 1997, the annual debt provision charge has been calculated based on economic loss provisioning; prior year data has not been restated for this change in measurement approach

(2) From 1998 to 2001, consolidated assets include the statutory funds of ANZ Life as required by an accounting standard. For the year 2004, consolidated assets include the statutory funds of NBNZ Life Insurance Limited. ANZ Life was sold in May 2002 and NBNZ Life Insurance Limited was sold on 30 September 2005.

(3) Excludes significant items and outside equity interests

(4) For the periods1997 to 2002 the return on average ordinary equity calculation accrues the dividend over the year. From 2003, dividends may no longer be accrued and as such are not included in the calculation of return on average ordinary equity

(5) Excludes goodwill a mortisation, abnormals and significant items

(6) Periods prior to 2004 adjusted for the bonus elements of the November 2003 Rights Issue

		2001 $m	2000 $m	1999 $m	1998 $m	1997 $m	1996 $m
Financial Performance							
Net interest income		3,833	3,801	3,655	3,547	3,437	3,327
Other operating income		2,573	2,583	2,377	2,142	2,110	1,839
Operating expenses		(3,092)	(3,314)	(3,300)	(3,442)	(3,502)	(3,397)
Profit before tax, debt provision and prior period abnormals		3,314	3,070	2,732	2,247	2,045	1,769
Provision for doubtful debts(1)		(531)	(502)	(510)	(487)	(400)	(175)
Income tax expense		(911)	(863)	(736)	(576)	(466)	(469)
Outside equity interests		(2)	(2)	(6)	(9)	(8)	(9)
Net Profit after tax before prior period abnormals		1,870	1,703	1,480	1,175	1,171	1,116
Net prior period abnormal profit (loss)			44		(69)	(147)	
Net profit after tax		1,870	1,747	1,480	1,106	1,024	1,116
Financial Position							
Assets(2)		185,493	172,467	152,801	153,215	138,241	127,604
Net Assets		10,551	9,807	9,429	8,391	6,993	6,336
Tier 1 capital ratio		7.5%	7.4%	7.9%	7.2%	6.6%	6.7%
Return on average ordinary equity(3),(4)		20.2%	19.3%	17.6%	15.9%	17.2%	18.3%
Return on average assets(3)		1.1%	1.1%	1.0%	0.7%	0.7%	0.9%
Cost to income ratio(5)		48.0%	51.7%	54.5%	60.9%	63.1%	65.8%
Shareholder value - ordinary shares							
Total return to shareholders (share price movement plus dividends)		26.2%	36.3%	19.6%	-15.6%	62.4%	33.9%
Market capitalisation		23,783	20,002	16,045	13,885	17,017	10,687
Dividend		73c	64c	56c	52c	48c	42c
Franked portion	interim	100%	100%	75%	60%	100%	50%
	final	100%	100%	80%	60%	100%	100%
Share price(6)	high	$ 16.71	$ 12.87	$ 12.11	$ 11.52	$ 11.08	$ 6.96
	low	$ 12.63	$ 9.18	$ 8.12	$ 7.65	$ 6.79	$ 5.17
	30 Sep	$ 15.28	$ 12.70	$ 9.80	$ 8.62	$ 10.79	$ 6.91
Share information (per fully paid ordinary share)							
Earnings per share(6) -basic		112.7c	102.5c	86.9c	69.7	65.8c	73.2c
Dividend payout ratio(7)		62.0%	59.1%	62.1%	67.8%	61.6%	55.5%
Net tangible assets(8)		$ 5.96	$ 5.49	$ 5.21	$ 4.98	$ 4.59	$ 4.24
No. of fully paid ordinary shares issued (millions)		1,488.3	1,506.2	1,565.4	1,539.4	1,508.6	1,478.1
DRP issue price(9)	interim	$ 15.05	$ 11.62	$ 10.95	$ 10.64	$ 9.77	$ 5.59
	final	$ 18.33	$ 14.45	$ 11.50	$ 10.78	$ 9.92	$ 7.60

Other information

Points of representation(10)	1,056	1,087	1,147	1,205	1,473	1,744
No. of employees(fulltime equivalents)(11)	22,501	23,134	30,171	32,072	36,830	39,721
No. of shareholders(12)	181,667	179,829	179,945	151,564	132,450	121,847

(7) From 2003 the dividend payout ratio includes the final dividend proposed but not provided for in terms of AASB 1044 Provisions, Contingent Liabilities and Contingent Assets which was effective from the September 2003 financial year.

(8) Equals shareholders equity less preference share capital and unamortised goodwill

(9) DRP represents Dividend Reinvestment Plan

(10) Includes branches, offices, representative offices and agencies

(11) Prior to 1997, excludes temporary staff

(12) From 2000 onwards the number of shareholders does not include the number of employees whose only shares are held by ANZEST Pty Ltd as the trustee for shares issued under the terms of any ANZ employee incentive plan.

INFORMATION FOR SHAREHOLDERS

A SUMMARY

DIVIDENDS

The final dividend of 59 cents per share, fully franked, will be paid on 16 December 2005. A Dividend Reinvestment Plan (DRP) and Bonus Option Plan (BOP) are available to shareholders. Copies of the terms and conditions of the Plans are available from the ANZ Share Registry at the addresses shown below.

In order to reduce costs, minimise the potential for fraud and enhance convenience for shareholders, ANZ has implemented a direct credit payment policy regarding dividend payments to shareholders in Australia, New Zealand and the UK (other than to those who have elected to participate in either the DRP or the BOP).

REMOVAL FROM MAILING LIST

Shareholders who do not wish to receive a copy of the Concise Annual Report must advise the Share Registry in writing or you can register your email address via **www.anz.com** and elect to receive shareholder information via email instead of by mail.

CHANGE OF ADDRESS

Shareholders who have changed their address will need to advise the Share Registry in writing, quoting their shareholder number, name and company as applicable. If you have purchased your shares through a broker you will need to inform your broker of the change.

ANZ is proud to be a foundation member of eTree, a Computershare initiative with Landcare Australia.

Register to receive all your shareholder communications electronically through eTree and in return ANZ will make a donation of up to $2 to Landcare Australia to support reforestation projects across Australia and New Zealand.

So far through this initiative ANZ has donated the equivalent of almost 200,000 trees and we encourage more shareholders to register and help give back to our environment.

www.eTree.com.au/anz

CREDIT RATINGS

Short Term	
Moody s Investors Service	P-1
Standard & Poor s Rating Group	A1+
Long Term	
Moody s Investors Service (out looks table)	Aa3
Standard & Poor s Rating Group (out looks table)	AA-

HANDY CONTACTS

ANZ

Registered Office

Level 6

100 Queen Street

Melbourne VIC 3000

Australia

Telephone +613 9273 6141

Facsimile +613 9273 6142

Company Secretary: Tim L Estrange

Investor Relations

Level 22

100 Queen Street

Melbourne VIC 3000

Australia

Telephone +613 9273 6466

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investor.relations@anz.com

Share Registry

AUSTRALIA

GPO Box 2975

Melbourne VIC 3001

Australia

Telephone 1800 11 33 99 / +613 9415 4010

Facsimile +613 9473 2500

anzshareregistry@computershare.com.au

NEW ZEALAND

Private Bag 92119

Auckland 1020

New Zealand

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UNITED KINGDOM

PO Box 82

The Pavilions

Bridgewater Road

Bristol BS99 7NH

Telephone +44 870 702 0000

Facsimile +44 870 703 6101

IMPORTANT DATES FOR SHAREHOLDERS*

Date	Event
16 December 2005	Annual General Meeting **Adelaide**
16 December 2005	Final Dividend Payment
27 April 2006	Interim Results Announced
15 May 2006	Interim Dividend Ex-Date
19 May 2006	Interim Dividend Record Date
3 July 2006	Interim Dividend Payment
26 October 2006	Annual Results Announced
9 November 2006	Final Dividend Ex-Date
15 November 2006	Final Dividend Record Date
15 December 2006	Final Dividend Payment
15 December 2006	Annual General Meeting **Sydney**

* If there are any changes to these dates, the Australian Stock Exchange will be notified accordingly

Australia and New Zealand Banking Group Limited
www.anz.com ABN 11 005 357 522

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

ABN 11 005 357 522

CORPORATE

REPRESENTATIVE FORM

2005 Annual General Meeting

ANZ SHARE REGISTRY

GPO Box 242

Melbourne, Victoria 3001

Australia

Yarra Falls

452 Johnston Street

Abbotsford, Victoria 3067

Australia

PO Box 82

The Pavilions

Bridgewater Road

Bristol BS99 7NH

United Kingdom

Private Bag 92119

Auckland 1020

New Zealand

Australia 1800 11 33 99

New Zealand 0800 174 007

UK (0870) 702 0000

Outside Australia: (61 3) 9415 4010

Facsimile (61 3) 9473 2555

Internet www.anz.com

This Corporate Representative Form should be used by:

- corporate shareholders; or
- a body corporate appointed as a proxy for a shareholder,

to appoint a representative to attend the 2005 Annual General Meeting of Australia and New Zealand Banking Group Limited.

The form (including any authority under which it is signed) may be sent to the ANZ Share Registry in advance of the Meeting or submitted at the time of registration before the Meeting.

Do not use this form to appoint the Chairman of the Meeting as your proxy.

APPOINTMENT OF A CORPORATE REPRESENTATIVE

Certificate pursuant to section 250D of the Corporations Act 2001

Limited

Insert full name of the corporate shareholder or body corporate which has been appointed as a proxy

hereby certifies that

Insert name of appointed representative

is appointed as its corporate representative to act at the 2005 Annual General Meeting to be held on Friday, 16 December 2005 and at any adjournment.

Executed in accordance with the Company s Constitution

	Sole Director and Sole Company Secretary	
Company seal (if applicable)		
	Director	Authorised Representative
Date	Director/Secretary	Attorney

FINANCIAL REPORT

CONTENTS

STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2005

		Consolidated			The Company	
	Note	2005 $m	2004 $m	2003 $m	2005 $m	2004 $m
Total Income	2	20,979	17,508	13,023	14,042	12,081
Interest income	2	17,427	14,117	10,215	10,946	9,054
Interest expense	3	(11,629)	(8,863)	(5,904)	(7,646)	(6,088)
Net interest income		5,798	5,254	4,311	3,300	2,966
Other operating income	2	3,395	3,246	2,702	3,096	3,027
Share of joint venture profit from ING Australia	2	107	97	55		
Share of associates profit(net of writeoffs)	2	50	48	51		
Operating income		9,350	8,645	7,119	6,396	5,993
Operating expenses	3	(4,515)	(4,026)	(3,228)	(3,064)	(2,878)
Profit before doubtful debt provision and income tax		4,835	4,619	3,891	3,332	3,115
Provision for doubtful debts	15	(580)	(632)	(614)	(388)	(433)
Profit before income tax		4,255	3,987	3,277	2,944	2,682
Income tax expense	6	(1,234)	(1,168)	(926)	(717)	(710)
Profit after income tax		3,021	2,819	2,351	2,227	1,972
Net profit attributable to outside equity interests		(3)	(4)	(3)		
Net profit attributable to shareholders of the Company(1),(2)		3,018	2,815	2,348	2,227	1,972
Currency translation adjustments, net of hedges after tax		(443)	233	(356)	(213)	5
Total adjustments attributable to shareholders of the company recognised directly into equity		(443)	233	(356)	(213)	5
Total changes in equity other than those resulting from transactions with shareholders as owners		2,575	3,048	1,992	2,014	1,977
Earnings per ordinary share (cents)						
Basic	8	160.9	153.1	142.4	n/a	n/a
Diluted	8	157.5	149.7	141.7	n/a	n/a

The notes appearing on pages 6 to 107 form an integral part of these financial statements

(1) The results of 2005 include the impact of this significant item:

Gain on sale of NBNZ Life ($14 million profit after tax)

The results of 2004 include the impact of these significant items:

Close out of the TrUEPrS swap ($84 million profit after tax); and

ING Australia completion accounts ($14 million profit after tax)

Further details on these transactions are shown in note 2

(2) Includes NBNZ incremental integration costs of $52 million (2004: $14 million) after tax

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STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2005

		Consolidated		The Company	
	Note	2005 $m	2004 $m	2005 $m	2004 $m
Assets					
Liquid assets	9	11,600	6,363	7,191	3,744
Due from other financial institutions	10	6,348	4,781	3,452	2,537
Trading securities	11	6,285	5,478	5,309	4,783
Investment securities	12	6,941	7,746	5,407	6,117
Net loans and advances	13	230,952	204,962	153,461	133,767
Customer s liabilities for acceptances	16	13,449	12,466	13,449	12,466
Due from controlled entities				8,309	7,338
Regulatory deposits	17	159	176	113	144
Shares in controlled entities, associates and joint venture entities	18	1,872	1,960	12,551	11,517
Deferred tax assets	19	1,337	1,454	754	737
Goodwill(1)	20	2,898	3,269	66	74
Other assets(2)	21	9,903	9,158	6,098	5,751
Premises and equipment	22	1,441	1,532	849	826
Total assets		293,185	259,345	217,009	189,801
Liabilities					
Due to other financial institutions	23	12,027	7,349	9,029	5,860
Deposits and other borrowings	24	185,693	168,557	113,089	99,811
Liability for acceptances		13,449	12,466	13,449	12,466
Due to controlled entities				11,600	9,544
Income tax liabilities	25	1,797	1,914	1,487	1,251
Payables and other liabilities(3)	26	11,607	14,212	8,790	10,890
Provisions	27	914	845	650	618
Bonds and notes	28	39,073	27,602	32,739	25,034
Loan capital	29	9,137	8,475	8,452	7,680
Total liabilities		273,697	241,420	199,285	173,154
Net assets		19,488	17,925	17,724	16,647
Shareholders equity					
Ordinary share capital	30	8,074	8,005	8,074	8,005
Preference share capital	30	1,858	987	1,858	987
Reserves		136	579	446	659
Retained profits		9,393	8,336	7,346	6,996
Share capital and reserves attributable to shareholders of the Company		19,461	17,907	17,724	16,647
Outside equity interests	31	27	18		
Total shareholders equity		19,488	17,925	17,724	16,647
Derivative financial instruments	38				
Commitments	46				
Contingent liabilities, contingent assets and credit related commitments	47				

The notes appearing on pages 6 to 107 form an integral part of these financial statements

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1 Excludes notional goodwill of $711 million (September 2004: $754 million) included in the net carrying value of ING Australia Limited

2 Includes life insurance investment assets held by NBNZ Life Insurance Limited $nil (September 2004: $65 million)

3 Includes life insurance policy liabilities held by NBNZ Life Insurance Limited $nil (September 2004: $30 million)

STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Note		Consolidated		The Company	
		2005 $m	2004 $m	2003 $m	2005 $m	2004 $m
Share capital						
Ordinary shares						
Balance at start of year		8,005	4,175	3,939	8,005	4,175
Dividend reinvestment plan		153	135	115	153	135
Group employee share acquisition scheme		16	47	48	16	47
Group share option scheme		104	86	73	104	86
Group share buyback		(204)			(204)	
Rights issues			3,562			3,562
Balance at end of year		8,074	8,005	4,175	8,074	8,005
Preference shares						
Balance at start of year		987	2,212	1,375	987	2,212
New issues(1)		871		987	871	
Buyback of preference shares			(1,225)			(1,225)
Retranslation of preference shares				(150)		
Balance at end of year		1,858	987	2,212	1,858	987
Total share capital		9,932	8,992	6,387	9,932	8,992
Asset revaluation reserve(2)						
Balance at start of year		31	31	31	415	401
Revaluation of investment in controlled entities						14
Total asset revaluation reserve		31	31	31	415	415
Foreign currency translation reserve(3)						
Balance at start of year		218	(239)	117	233	228
Currency translation adjustments, net of hedges after tax		(443)	233	(356)	(213)	5
Transfer from general reserve			224			
Total foreign currency translation reserve (FCTR)		(225)	218	(239)	20	233
General reserve(4)						
Balance at start of year		181	239	237	11	55
TrUEPrS preference share gain on buy back			180			180
Transfers (to) from retained profits/FCTR			(238)	2		(224)
Total general reserve		181	181	239	11	11
Capital reserve(4)		149	149	149		
Total reserves		136	579	180	446	659
Retained profits						
Balance at start of year		8,336	7,203	5,600	6,996	6,398
Net profit attributable to shareholders of the Company		3,018	2,815	2,348	2,227	1,972
Total available for appropriation		11,354	10,018	7,948	9,223	8,370
Transfers from (to) reserves			14	(2)		224
Ordinary share dividends provided for or paid	7	(1,877)	(1,598)	(641)	(1,877)	(1,598)
Preference share dividends paid	7	(84)	(98)	(102)		
Retained profits at end of year		9,393	8,336	7,203	7,346	6,996
Total shareholders equity attributable to shareholders of the Company		19,461	17,907	13,770	17,724	16,647

The notes appearing on pages 6 to 107 form an integral part of these financial statements

(1) 2005 relates to the issue of 500,000 Euro Trust securities raising $875m net of issue costs of $4m. 2003 relates to the issue of 10 million ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS), raising $1 billion less issue costs of $13 million. Refer note 30

Nature and purpose of reserves

(2) Asset revaluation reserve
Prior to 1 October 2000, the asset revaluation reserve was used to record certain increments and decrements on the revaluation of non-current assets. As the Group has elected to adopt deemed cost in accordance with AASB 1041, the balance of the reserve is not available for future non-current asset write downs while the Group remains on the deemed cost basis

(3) Foreign currency translation reserve
Exchange differences arising on translation of foreign self-sustaining operations are taken to the foreign currency translation reserve, as described in accounting policy note 1(v)

(4) General reserve and Capital reserve
The balance of these reserves have resulted from prior period allocations of retained profits and may be released to retained profits

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STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2005

		Consolidated			The Company	
	Note	2005 $m	2004 $m	2003 $m	2005 $m	2004 $m
Cash flows from operating activities						
Interest received		17,868	14,515	10,887	10,926	8,744
Dividends received		144	3	7	475	650
Fees and other income received		3,316	3,257	3,170	2,857	2,008
Interest paid		(11,414)	(8,258)	(5,724)	(7,541)	(5,711)
Personnel expenses paid		(2,498)	(2,110)	(1,848)	(1,702)	(1,542)
Premises expenses paid		(367)	(312)	(279)	(251)	(275)
Other operating expenses paid		(2,126)	(2,122)	(1,951)	(931)	(1,089)
Income taxes paid		(1,072)	(247)	(1,312)	(471)	107
Net (increase) decrease in trading securities		(821)	514	1,669	(523)	(1,147)
Net cash provided by operating activities	41	3,030	5,250	4,619	2,839	1,745
Cash flows from investing activities						
Net (increase) decrease						
Liquid assets - greater than three months		(728)	(325)	1,113	(631)	(298)
Due from other financial institutions		(371)	522	(44)	(180)	(153)
Regulatory deposits		5	(76)	52	22	(78)
Loans and advances		(28,788)	(22,757)	(19,944)	(20,599)	(18,869)
Shares in controlled entities, associates, and joint venture entities		157	(35)	(2)	(1,026)	(5,361)
Investment securities						
Purchases		(17,188)	(14,411)	(8,211)	(13,873)	(5,023)
Proceeds from sale or maturity		17,856	11,701	6,785	14,421	2,693
Controlled entities and associates						
Purchased (net of cash acquired)		(149)	(3,224)			
Proceeds from sale (net of cash disposed)		144				
Premises and equipment						
Purchases		(325)	(300)	(368)	(277)	(237)
Proceeds from sale		86	53	51	1	4
Other		(1,720)	1,735	1,401	(1,344)	999
Net cash (used in) investing activities		(31,021)	(27,117)	(19,167)	(23,486)	(26,323)
Cash flows from financing activities						
Net increase (decrease)						
Due to other financial institutions		4,972	(272)	(2,946)	3,422	427
Deposits and other borrowings		19,856	11,216	13,995	14,085	10,003
Due from/to controlled entities					1,085	630
Payables and other liabilities		(1,339)	(1,061)	1,000	(1,375)	1,075
Bonds and notes						
Issue proceeds		17,968	14,181	8,255	13,691	13,233
Redemptions		(5,025)	(4,100)	(4,095)	(4,665)	(4,100)
Loan capital						
Issue proceeds		1,225	2,694	3,380	1,225	2,694
Redemptions		(93)	(368)	(437)		(368)
Decrease (increase) in outside equity interests		8	(1)	(1)		
Dividends paid		(1,808)	(1,561)	(1,322)	(1,724)	(1,463)
Share capital issues (ordinary capital)		120	3,695	120	120	3,695
Share capital buyback		(204)			(204)	
StEPS preference share issue				1,000		
StEPS issues costs				(13)		
Euro Trust Security issue		875			875	
Euro Trust Security issue costs		(4)			(4)	
Preference share buyback (TrUEPrS)			(1,045)			(1,045)

Net cash provided by financing activities		36,551	23,378	18,936	26,531	24,781
Net cash provided by operating activities		3,030	5,250	4,619	2,839	1,745
Net cash (used in) investing activities		(31,021)	(27,117)	(19,167)	(23,486)	(26,323)
Net cash provided by financing activities		36,551	23,378	18,936	26,531	24,781
Net increase in cash and cash equivalents		8,560	1,511	4,388	5,884	203
Cash and cash equivalents at beginning of year		7,854	7,315	7,925	4,242	4,411
Foreign currency translation on opening balances		(2,712)	(972)	(4,998)	(2,227)	(372)
Cash and cash equivalents at end of year	41	13,702	7,854	7,315	7,899	4,242

The notes appearing on pages 6 to 107 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Our critical accounting policies are described on pages 110 to 113.

1: ACCOUNTING POLICIES

i) Basis of preparation

This general purpose financial report complies with the accounts provisions of the Banking Act 1959, applicable Australian Accounting Standards, the accounts provisions of the Corporations Act 2001, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. Except as disclosed below, these accounting policies are consistent with those of the previous year.

The financial report has been prepared in accordance with the historical cost convention as modified by the revaluation of trading instruments which are recorded at market value with gains and losses on revaluation taken to the statement of financial performance, and the deemed cost of properties (deemed cost being the carrying amount of revalued non-current assets as at the date of reverting to the cost basis per AASB 1041 - Revaluation of Non Current Assets) less any accumulated depreciation.

The preparation of the financial report requires the use of management estimates. Such estimates may require review in future periods.

The Company is a company of the kind referred to in Australian Securities and Investments Commission class order 98/100, dated 10 July 1998. Consequently, amounts in the financial report have been rounded to the nearest million dollars except where otherwise indicated.

All amounts are expressed in Australian dollars, unless otherwise stated. Where necessary, amounts shown for the previous year have been reclassified to facilitate comparison.

ii) Changes in Accounting Policies

There have been no changes in accounting policies for the year ended 30 September 2005.

For reporting periods commencing 1 October 2005, the Group is required to prepare financial statements using Australian equivalents to International Financial Reporting Standards (AIFRS). The move to reporting under AIFRS represents a major change to reporting processes and will result in significant changes to accounting policies. Refer to note 55 for a detailed analysis of the impacts of adopting AIFRS.

iii) Consolidation

The financial statements consolidate the financial statements of Australia and New Zealand Banking Group Limited (the Company) and its controlled entities.

Where controlled entities and associates have been sold or acquired during the year, their operating results have been included to the date of disposal or from the date of acquisition.

Control means the capacity of an entity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of another entity so as to enable that other entity to pursue the objectives of the controlling entity.

The capacity of an entity to dominate decision making is usually present when that entity has power over more than one half of the voting rights of the other entity; power to govern the financial and operating policies of the other entity; power to appoint or remove the majority of the members of the board of directors; or power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity. However, all the facts of a particular situation are considered when assessing control.

The Group adopts the equity method of accounting for associates and the Group s interest in joint venture entities.

The Group s share of results of associates and joint venture entities is included in the consolidated statement of financial performance. Shares in associates and joint venture entities are stated in the consolidated statement of financial position at cost plus the Group s share of post acquisition net assets. Interests in associates and joint ventures are reviewed annually for impairment primarily using a discounted cash flow methodology. In the course of completing this valuation other methodologies are considered to determine the reasonableness of the valuation including the multiples of earnings methodology.

All significant activities of the Group, with the exception of the ING Australia Joint Venture, are operated through wholly-owned controlled entities.

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

iv) Goodwill

Goodwill, representing the excess of the purchase consideration over the fair value of the identifiable net assets of a controlled entity at the date of gaining control, is recognised as an asset and amortised on a straight line basis over the period during which the benefits are expected to arise, not exceeding 20 years.

The unamortised balance of goodwill and the period of amortisation are reviewed annually for impairment using a discounted cash flow or the capitalisation of earnings methodology. Where the balance exceeds the value of expected future benefits, the difference is charged to the statement of financial performance.

v) Foreign currency

Financial assets and liabilities denominated in foreign currencies are translated into Australian dollars at the rates of exchange ruling at balance date.

Revenues and expenses of overseas branches and controlled entities are translated at average exchange rates for the year.

Net translation differences arising from the translation of overseas branches and controlled entities considered to be self-sustaining operations are included in the foreign currency translation reserve, after allowing for those positions hedged by foreign exchange contracts and related currency borrowings (net of tax).

vi) Fee income

Fee and commission income is brought to account on an accruals basis. Certain yield-related front-end application fees received are deferred and accrued to income as an adjustment to yield over the period of the loan. Non yield-related application and activation lending fees received are recognised as income no later than when the loan is disbursed or the commitment to lend expires.

Fees and commissions that relate to the execution of a significant act (for example, advisory services, placement fees and underwriting fees) are taken to income when the fees are receivable. Fees charged for providing ongoing services that represent the recoupment of the costs of providing service (for example, maintaining and administering existing facilities) are recognised as revenue in the period in which the service is provided.

vii) Net loans and advances

Net loans and advances include direct finance provided to customers such as bank overdrafts, credit cards, term loans, lease finance, hire purchase finance and commercial bills.

Overdrafts, credit cards and term loans are carried at principal balances outstanding. Interest on amounts outstanding is accounted for on an accruals basis.

Finance leases, including hire purchase contracts, are accounted for using the finance method whereby income is taken to account progressively over the life of the lease or the contract in proportion to the outstanding investment balance. The finance receivable component of operating leases is accounted for using the finance method and operating lease residual value retained is recorded as other assets. At finalisation, goods are disposed of and proceeds received are applied against the residual value. Any resulting gains or losses are recognised through income.

The operating lease residual value is reflected at estimated future realisable value. The residual value is reviewed semi-annually and compared to estimated future market values. Any impairment on these residual value assets is recognised in the statement of financial performance for the period.

A hire purchase is a contract where Esanda or UDC (the owner) allows the customer (the hirer) the right to possess and use goods in return for regular payments. When all payments are made the title to the goods will pass to the hirer.

The gross amount of contractual payments for finance leases to business customers that have a fixed rate and a fixed term are recorded as gross lease receivables and the unearned interest component is recognised as income yet to mature.

Customer financing through redeemable preference shares is included within net loans and advances. Dividends received on redeemable preference shares are taken to the statement of financial performance as part of interest income.

All loans are subject to regular scrutiny and graded according to the level of credit risk. Loans are classified as either productive or non-accrual. The Group has adopted the Australian Prudential Regulation Authority Impaired Assets Guidelines in assessing non-accrual loans. Non-accrual loans include loans where the accrual of interest and fees has ceased due to doubt as to full recovery, and loans that have been restructured with an effective yield below the Group s average cost of funds at the date of restructuring. A specific provision is raised to cover the expected loss, where full recovery of principal is doubtful.

Restructured loans are loans with an effective yield above the Group s cost of funds and below the yield applicable to a customer of equal credit standing.

Cash receipts on non-accrual loans are, in the absence of a contrary agreement with the customer, applied as income or fees in priority to being applied as a reduction in principal, except where the cash receipt relates to proceeds from the sale of security.

viii) Bad and doubtful debts and other loss contingencies

Bad and doubtful debts:

The Group recognises an expense for credit losses based on the expected long term loss ratio for each part of the loan portfolio. The charge is booked to the General Provision which is maintained to cover losses inherent within the Group s existing loan portfolio.

The method used by the Group for determining this expense charge is referred to as economic loss provisioning (ELP). The Group uses ELP models to calculate the expected loss by considering:

the history of credit loss for each type and risk grade of lending; and

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

The Group regularly reviews the assumptions used in the ELP models. These reviews are conducted in recognition of the subjective nature of ELP methodology. Methodologies are updated as improved analysis becomes available. In addition, the robustness of outcomes is reviewed considering the Group s actual loss experience and losses sustained by other banks operating in similar markets.

To the extent that credit losses are not consistent with previous loss patterns used to develop the assumptions within the ELP methodology, the existing General Provision may be determined to be either in excess of or insufficient to cover credit losses not yet specifically identified. As a result of the reassessments, ELP charge levels may be periodically increased or decreased.

Specific provisions are maintained to cover identified doubtful debts. All known bad debts are written off in the year in which they are identified. The specific provision requirement (representing new and increased specific provisions less specific provision releases) is transferred from the General Provision to the Specific Provision. Recoveries, representing excess transfers to the Specific Provision, are credited to the General Provision.

Provisions for doubtful debts are deducted from loans and advances in the statement of financial position.

Other loss contingencies:

These items are recorded as liabilities on the balance sheet when the following requirements are met:

- the transaction is probable in that the contingency is likely to occur; and
- can be reasonably estimated.

Further disclosure is made within note 47, where the above requirements are not met but the contingency falls within the category of reasonably possible . Specific details are provided together with an estimate of the range or a statement that such an estimate is not possible.

ix) Acceptances

Commercial bills accepted but not held in portfolio are accounted for and disclosed as a liability with a corresponding contra asset.

The Group s own acceptances discounted are held as part of either the trading securities portfolio or the loan portfolio, depending on whether, at the time of such discount, the intention was to hold the acceptances for resale or until maturity.

x) Trading securities

Securities held for trading purposes are recorded at market value. Unrealised gains and losses on revaluation are taken to the statement of financial performance.

Market value for listed and unlisted securities is determined by the price displayed by a willing buyer in a liquid market at the reporting date, adjusted for liquidity issues around the size of the parcel of securities held by the Group as compared to the normal daily trading volumes in the securities. Where a market price in a liquid market is not readily available, the market value is determined by reference to the market price available for a security with similar credit, maturity and yield characteristics or by using industry standard pricing models.

xi) Investment securities

Investment securities are those which the Group intends and has the ability to hold until maturity. Such securities are recorded at cost or at cost adjusted for amortisation of premiums or discounts.

Premiums and discounts are capitalised and amortised from the date of purchase to maturity. Interest and dividend income is accrued. Changes in market values of securities are not taken into account unless there is considered to be an other than temporary diminution in value. The market value of listed and unlisted investment securities used for considering other than temporary impairment and fair market value disclosures is determined using quoted market prices for securities with the same or similar credit, maturity and yield characteristics.

Market value, used for impairment issues, is determined in accordance with the methodology discussed under Trading Securities.

xii) Repurchase agreements

Securities sold under repurchase agreements are retained in the financial statements and a counterparty liability is disclosed under the classifications of Due to other financial institutions or Deposits and other borrowings. The difference between the sale price and the repurchase price is amortised over the life of the repurchase agreement and charged to interest expense in the statement of financial performance.

Securities purchased under agreements to resell are recorded as Liquid assets, Net loans and advances, or Due from other financial institutions, depending on the term of the agreement and the counterparty.

xiii) Derivative financial instruments

Derivative financial instruments (derivatives) are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments.

Trading derivatives, comprising derivatives entered into for customer-related or proprietary reasons or for hedging the trading portfolio, are measured at fair value and all gains and losses are taken to other operating income in the statement of financial performance.

Fair value losses arising from trading derivatives are not offset against fair value gains on the statement of financial position unless a legal right of set-off exists.

For contracts subject to master netting agreements that create a legal right of set-off for which only the net revaluation amount is recognised in the statement of financial performance, unrealised gains on derivatives are recognised as part of other assets and unrealised losses are recognised as part of other liabilities in a category described as treasury instrument revaluations .

Derivatives designated as hedges of underlying non-trading exposures are accounted for on the same basis as the underlying exposures. To be designated as a hedge, the fair value of the hedge must move inversely with changes in the fair value of the underlying exposure.

Gains and losses resulting from the termination of a derivative that was designated as a hedge of non-trading exposures are deferred and amortised over the remaining period of the original term covered by the terminated instrument where the underlying exposure still exists. The gains or losses are recorded in the income or expense line in which the underlying exposure movements are recorded. Where the underlying exposure no longer exists, the gains and losses are recognised in the statement of financial performance in the other operating income line.

Gains and losses on derivatives related to hedging exposures arising from anticipated transactions are deferred and recognised in the financial statements when the anticipated transaction occurs.

These gains and losses are deferred only to the extent that there is an offsetting unrecognised (unrealised) gain or loss on the exposures being hedged. Deferred gains and losses are amortised over the expected term of the hedged exposure and are recorded in the results of operations in the same line as the underlying exposure. For hedging instruments designed as hedging interest rate risk, the amortised deferred gain or loss is posted to the net interest line; for items designated as hedging foreign currency exposures, the amortised deferred gain or loss is recorded in the other operating income line. The impact of hedges of foreign currency revenue is recorded in interest income. The deferred gain or loss is recorded in other liability or other assets in the statement of financial position.

Gains and losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedged anticipated transaction if the transaction is still expected to occur. If the forecasted transaction is no longer expected to occur, the gains and losses are recognised immediately in the statement of financial performance in other income.

Movements in the derivative financial position are recorded in the cashflow statement when they are settled on the other financing and investing lines.

xiv) Premises and equipment

Premises and equipment are carried at cost less depreciation or amortisation.

Profit or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is included in the results in the year of disposal.

Assets other than freehold land are depreciated at rates based upon their expected useful lives to the Group, using the straight line method. The depreciation rates used for each class of asset are:

Buildings	1%
Building integrals	10%
Furniture & equipment	10%
Computer & office equipment	12.5 to 33%
Software	14 to 33%

Leasehold improvements are amortised on a straight line basis over the shorter of the useful lives or remaining terms of the lease.

Costs incurred in acquiring and building software and computer systems are capitalised as fixed assets and expensed as amortisation over periods of between 3 and 5 years except for the branch front end applications where 7 years is used. Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

The carrying values of all non-current assets, including premises and equipment, have been assessed annually, and have not been found to be in excess of their recoverable amounts. Recoverable amounts are determined through a combination of comparisons with market values and cash flows. If the carrying value of a non-current asset exceeds its recoverable amount, the asset is written down to the lower value. Where assets working together as a group support the generation of cash flows, the recoverable amount is assessed in relation to the group of assets.

xv) Income tax

The Group adopts the liability method of tax effect accounting whereby income tax expense is calculated based on accounting profit adjusted for permanent differences. Permanent differences are items of revenue and expense which are recognised in the statement of financial performance but are not part of taxable income or vice versa.

Future tax benefits and deferred tax liabilities relating to timing differences and tax losses are carried forward at tax rates applicable to future periods. These future tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future tax benefits relating to tax losses are only carried forward where realisation of the benefit is considered virtually certain.

Provision for Australian income tax is made where the earnings of overseas controlled entities are subjected to Australian tax under the attribution rules for the taxation of foreign sourced income.

Otherwise, no provision is made for overseas withholding tax or Australian income tax which may arise on repatriation of earnings from overseas controlled entities, where it is expected these earnings will be retained by those entities to finance their ongoing business.

For details of the impact of Tax Consolidation, refer note 6.

xvi) Employee entitlements

The amounts expected to be paid in respect of employees   entitlements to annual leave are accrued at expected salary rates including on-costs. Liability for long service leave is accrued in respect of all applicable employees at the present value of future amounts expected to be paid.

xvii) Provisions

Refer to note 27 for the accounting policies covering various provisions, excluding ELP which is detailed in note 1(viii) above.

xviii) Superannuation commitments

Contributions, which are determined on an actuarial basis, to superannuation schemes are charged to personnel expenses in the statement of financial performance.

Any aggregate deficiencies arising from the actuarial valuations of the Group s defined benefit schemes have been provided for in the financial statements, where a legal or constructive obligation exists.

The assets and liabilities of the schemes have not been consolidated as the Company does not have direct or indirect control of the schemes.

xix) Leasing

Leases entered into by the Group as lessee are predominantly operating leases, and the operating lease payments are included in the statement of financial performance in equal installments over the lease term.

xx) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is included as an other asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

xxi) Capitalised expenses

Direct external expenses related to the acquisition of interest earning assets, including structured institutional lending, mortgages and finance leases, are initially recognised as part of the cost of acquiring the asset and written-off as an adjustment to its expected yield over its expected life. For assets subject to prepayment, expected life is determined on the basis of the historical behaviour of the particular asset portfolio, taking into account contractual obligations and prepayment experience assessed on a regular basis. Impairment of capitalised expenses is assessed through comparing the actual behaviour of the portfolio against initial expected life assumptions.

2: INCOME

	Consolidated 2005 $m	2004 $m	2003 $m	The Company 2005 $m	2004 $m
Interest income					
From other financial institutions	258	187	92	127	68
On trading securities	302	359	272	254	245
On investment securities	363	275	180	255	210
On loans and advances	16,111	12,984	9,380	9,829	8,194
Other	393	312	291	286	200
	17,427	14,117	10,215	10,751	8,917
From controlled entities				195	137
Total interest income	17,427	14,117	10,215	10,946	9,054
Other operating income					
i) Fee income					
Lending	1,043	1,002	933	856	822
Other, commissions	1,573	1,419	1,115	1,023	947
	2,616	2,421	2,048	1,879	1,769
From controlled entities				219	260
Total fee income	2,616	2,421	2,048	2,098	2,029
ii) Other income					
Foreign exchange earnings	454	411	348	351	232
Profit on trading instruments	134	151	110	117	158
Significant item: Net profit before tax from the sale of NBNZ Life	14				
Significant item: Net profit before tax from sale of business to INGA joint venture		14			14
Significant item: Net profit before tax from the close out of the TrUEPrS swap		108			108
Hedge of TrUEPrS cash flows(1)		2	71		2
Life insurance margin on services operating income	18	15			
Profit (loss) on sale of premises(2)	6	(7)	6	(3)	
Rental income	2	2	3	2	2
Other(3)	151	129	116	531	482
Total other income(3)	779	825	654	998	998
Total other operating income	3,395	3,246	2,702	3,096	3,027
Share of joint venture profit from ING Australia(4) (refer note 44)	107	97	55		
Share of associates profit (net of writeoffs)	50	48	51		
Total share of joint venture and associates profit	157	145	106		
Total income(5)	20,979	17,508	13,023	14,042	12,081

(1) In prior years, preference shares were issued via the TrUEPrS structure. This income was earned on a fixed receive/floating pay swap of the fixed dividend commitments. The TrUEPrS securities were bought back on 12 December 2003. $2 million in 2004 treated as significant item

(2) Consolidated gross proceeds on sale of premises is $9 million (2004: $34 million, 2003: $33 million)

(3) The Company s other income include dividends received from controlled entities of $468 million (2004: $648 million)

(4) Net of notional goodwill amortisation

(5) Includes external dividend income of $106 million (2004: $41 million, 2003: $10 million) for the Group and $7 million (2004: $2 million) for the Company

3: EXPENSES

	Consolidated			The Company	
	2005 $m	2004 $m	2003 $m	2005 $m	2004 $m
Interest expense					
To other financial institutions	345	238	183	251	161
On deposits	6,670	5,037	3,502	4,337	3,403
On borrowing corporations debt	528	481	445		
On commercial paper	980	770	310	133	201
On loan capital, bonds and notes	2,483	1,699	1,052	2,076	1,515
Other	623	638	412	454	529
	11,629	8,863	5,904	7,251	5,809
To controlled entities				395	279
Total interest expense	11,629	8,863	5,904	7,646	6,088
Operating expenses					
i) Personnel					
Pension fund	161	145	109	115	108
Employee entitlements and taxes	190	149	122	130	108
Salaries and wages	1,625	1,425	1,177	1,071	975
Temporary staff	111	92	81	66	65
Other	362	320	261	275	238
Total personnel expenses	2,449	2,131	1,750	1,657	1,494
ii) Premises					
Amortisation of leasehold improvements	16	13	15	9	7
Depreciation of buildings and integrals	11	11	16	2	2
Rent	213	197	154	146	139
Utilities and other outgoings	122	109	88	91	81
Other	32	23	22	23	17
	394	353	295	271	246
To controlled entities				(9)	46
Total premises expenses	394	353	295	262	292
iii) Computer					
Computer contractors	53	25	18	49	23
Data communication	60	69	61	34	48
Depreciation and amortisation	235	242	183	182	178
Rentals and repairs	58	59	70	48	62
Software purchased	115	115	103	84	90
Other	37	43	30	14	17
Total computer expenses	558	553	465	411	418
iv) Other					
Advertising and public relations	161	130	91	92	72
Amortisation of goodwill(1)	179	146	18	8	8
Audit fees (refer note 5)	7	5	4	4	3
Depreciation of furniture and equipment	43	43	33	29	27
Freight and cartage	45	41	35	36	32
Loss on sale of equipment	9	6	7	4	5
Non-lending losses, frauds and forgeries	62	49	48	45	30
Postage and stationery	113	111	92	67	66
Professional fees	123	112	101	93	83
Telephone	55	57	49	29	30
Travel	124	100	78	76	65
Other	141	129	102	204	189
Total other expenses	1,062	929	658	687	610
v) Restructuring	52	60	60	47	64
Total operating expenses	4,515	4,026	3,228	3,064	2,878

Total expenses	16,144	12,889	9,132	10,710	8,966

(1) In addition, there is a notional goodwill amortisation charge of $43 million (2004: $41 million; 2003: $44 million) included in the calculation of the share of income from the ING Australia joint venture

4: EQUITY INSTRUMENTS ISSUED TO EMPLOYEES

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

	Consolidated		
	2005 $m	2004 $m	2003 $m
Net profit attributable to shareholders of the Company	3,018	2,815	2,348
Expenses attributable to:			
Options issued to Group Heads(1)	(5)	(8)	(8)
Options issued to general management(1)	(20)	(23)	(24)
Shares issued under $1,000 employee share plan	(23)	(22)	(18)
Total	2,970	2,762	2,298

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

5: REMUNERATION OF AUDITORS

	Consolidated			The Company	
	2005 $ 000	2004 $ 000	2003 $ 000	2005 $ 000	2004 $ 000
KPMG Australia					
Auditor review of financial reports of the Company or any entity in the Group(1)	4,981	2,981	2,640	3,732	2,357
Other audit-related services(2)	1,060	567	2,083	630	492
Other assurance services(3)	927	2,934	3,891	927	2,899
	6,968	6,482	8,614	5,289	5,748
Taxation		563	775		443
Total	6,968	7,045	9,389	5,289	6,191
Overseas Related practices of KPMG Australia					
Auditor review of financial reports of Group entities	1,977	1,834	1,293	351	346
Other audit-related services(2)	1,475	1,494	1,503	791	556
Other assurance services(3)	188	77	1,473	8	32
	3,640	3,405	4,269	1,150	934
Taxation	4	65	83		31
Total	3,644	3,470	4,352	1,150	965
Total remuneration of auditors	10,612	10,515	13,741	6,439	7,156

It is Group policy that KPMG Australia or any of its related practices may provide assurance and other audit-related services that, while outside the scope of the statutory audit, are consistent with the role of auditor. These include regulatory and prudential reviews requested by the Company s regulators such as the Australian Prudential Regulation Authority. KPMG Australia or any of its related practices may not provide services that are perceived to be materially in conflict with the role of auditor. These include consulting advice and subcontracting of operational activities normally undertaken by management, and engagements where the auditor may ultimately be required to express an opinion on its own work. However, non-audit services that are not perceived to be materially in conflict with the role of auditor may be provided by KPMG Australia or any of its related practices subject to the approval of the Audit Committee.

KPMG has confirmed to ANZ that it has policies in place on loans from audit clients that are in accordance with Rule 2-01 of Regulation S-X and that neither KPMG nor any covered person or immediate family member have any loans outstanding from the Company and its related parties, that are part of the audit client, that are not in compliance with that rule.

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(1) 2005 includes services in relation to the transition to Australian equivalents to International Financial Reporting Standards

(2) Includes services for the audit or review of financial information other than financial reports, including prudential supervision reviews for central banks, prospectus reviews, trust audits and other audits required for local statutory purposes

(3) 2004 includes due diligence oversight review of The National Bank of New Zealand and markets co-sourcing internal audit work which ceased in April 2004. 2003 includes assessing the Group s compliance with the requirements of the US Patriot Act.

6: INCOME TAX EXPENSE

	Consolidated			The Company	
	2005 $m	2004 $m	2003 $m	2005 $m	2004 $m
Reconciliation of the prima facie income tax payable on profit with the income tax expense charged in the statement of financial performance					
Profit before income tax	4,255	3,987	3,277	2,944	2,682
Prima facie income tax at 30%	1,277	1,196	983	883	804
Tax effect of permanent differences					
Overseas tax rate differential	17	20	15	(3)	2
Other non-assessable income	(26)	(32)	(31)	(3)	(1)
Rebateable and non-assessable dividends	(23)	(20)	(16)	(141)	(194)
Life insurance accounting	(5)	(4)			
Goodwill amortisation	56	46	5	1	1
Profit from associated and joint venture entities	(45)	(43)	(32)		
Sale of businesses to ING joint ventures	(6)	(4)			(4)
Other	(9)	11	5	(19)	104
	1,236	1,170	929	718	712
Income tax (over) provided in prior years	(2)	(2)	(3)	(1)	(2)
Total income tax expense	1,234	1,168	926	717	710
Australia	816	802	672	642	641
Overseas	418	366	254	75	69
	1,234	1,168	926	717	710

Tax Consolidation

Legislation has been enacted to allow Australian resident entities to elect to consolidate and be treated as a single entity for Australian taxation purposes. The Company has elected for all Australian wholly owned subsidiaries, trusts and partnerships to be taxed as a single entity with effect from 1 October 2003.

7: DIVIDENDS

	Consolidated			The Company	
	2005 $m	2004 $m	2003 $m	2005 $m	2004 $m
Ordinary dividends					
Interim dividend	930	850	666	930	850
Final dividend	983(1)	777(1)	(1)	983(1)	777(1)
Bonus option plan adjustment	(36)	(29)	(25)	(36)	(29)
Dividends on ordinary shares	1,877	1,598	641	1,877	1,598

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(1) Following a change in accounting standards in 2003 dividends are no longer accrued and are recorded when declared. Final dividend of $1,077 million for 2005 not included in above table

A final dividend of 59 cents, fully franked, is proposed to be paid on each fully paid ordinary share on 16 December 2005 (2004: final dividend of 54 cents, paid 17 December 2004, fully franked, 2003: final dividend of 51 cents, paid 19 December 2003, fully franked). The 2005 interim dividend of 51 cents, paid 1 July 2005, was fully franked (2004: interim dividend of 47 cents, paid 1 July 2004, fully franked, 2003: interim dividend of 44 cents, paid 1 July 2003, fully franked).

The tax rate applicable to the franking credits attached to the interim dividend and to be attached to the proposed final dividend is 30% (2004: 30%, 2003: 30%).

	Consolidated			The Company	
	2005 $m	2004 $m	2003 $m	2005 $m	2004 $m
Preference dividends					
Trust Securities Issues		36	102		
ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS)	66	62			
Euro Trust Securities	18				
Dividends on preference shares	84	98	102		

Trust Securities Issues (ANZ TrUEPrS)

In 1998 ANZ TrUEPrS issued 124,032,000 preference shares, raising USD 775 million via Trust Securities issues. The Trust Securities carried an entitlement to a distribution of 8% (USD 400 million) or 8.08% (USD 375 million). The amounts were payable quarterly in arrears. Payment dates were the fifteenth day of January, April, July and October in each year. The preference shares were bought back on 12 December 2003.

ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS)

On 23 September 2003, the Group issued 10 million ANZ StEPS at $100 each raising $1 billion ($987 million net of issue costs of $13 million). ANZ StEPS comprise 2 fully paid securities - an interest paying unsecured note issued by a New Zealand subsidiary (ANZ Holdings (New Zealand) Limited) which is stapled to a fully paid preference share issued by the Company.

Distributions on ANZ StEPS are non-cumulative and are payable quarterly in arrears (on 15 March, 15 June, 15 September, 15 December of each year) based upon a floating distribution rate equal to the 90 day bank bill rate plus a 100 basis point margin. At each payment date the 90 day bank bill rate is reset for the next quarter. Dividends are not payable on the preference share while it is stapled to the note. If distributions are not paid on ANZ StEPS, the Company may not pay dividends or return capital on its ordinary shares or any other share capital or security ranking equal or below the preference share component.

Euro Trust Securities

On 13 December 2004, the Group issued 500,000 Euro Floating Rate Non-cumulative Trust Securities (Euro Trust Securities) at 1,000 each into the European market, raising 500 million (A$871 million at the spot rate at the date of issue, net of issue costs). The Euro Trust Securities are similar in structure to ANZ StEPS and US Trust Security issuances, in that they comprise 2 fully paid securities an interest paying unsecured note issued by a United Kingdom subsidiary (ANZ Jackson Funding PLC) stapled to a fully paid 1,000 preference share issued by the Company, which are stapled together and issued as a Euro Trust Security by ANZ Capital Trust III.

Distributions on Euro Trust Securities are non-cumulative and are payable quarterly in arrears (on 15 March, 15 June, 15 September, 15 December of each year) based upon a floating distribution rate equal to 3 month EURIBOR rate plus a 66 basis point margin. At each payment date the 3 month EURIBOR rate is reset for the next quarter. Dividends are not payable on the preference share while it is stapled to the note. If distributions are not paid on Euro Trust Securities, the Company may not pay dividends or return capital on its ordinary shares or any other share capital or security ranking equal or below the preference share component.

Dividend Franking Account

The amount of franking credits available to the Company for the subsequent financial year is $78 million (2004: $111 million and 2003: nil), after adjusting for franking credits that will arise from the payment of tax on Australian profits for the 2005 financial year, $462 million of franking credits which will be utilised in franking the proposed final dividend and franking credits that may not be accessible by the Company at present.

Restrictions which Limit the Payment of Dividends

There are presently no significant restrictions on the payment of dividends from controlled entities to the Company. Various capital adequacy, liquidity, statutory reserve and other prudential requirements must be observed by certain controlled entities and the impact on these requirements caused by the payment of cash dividends is monitored.

Payments of dividends from overseas controlled entities may attract withholding taxes which have not been provided for in these financial statements.

There are presently no restrictions on payment of dividends by the Company. Reductions of shareholders equity through payment of cash dividends is monitored having regard to the regulatory requirements to maintain a specified capital adequacy ratio. In particular, the Australian Prudential Regulation Authority has advised Australian banks that a bank under its supervision must consult with it before declaring a coupon payment on a Tier 1 instrument, including a dividend if the bank has incurred a loss, or proposes to pay coupon payments on Tier 1 instruments (including dividends), which exceed the level of current year profits.

Dividend Reinvestment Plan

During the year, 3,900,116 ordinary shares were issued at $19.95 per share, and 3,406,775 ordinary shares at $21.85 per share, under the Dividend Reinvestment Plan (2004: 3,909,659 ordinary shares at $16.61 per share, and 3,906,171 ordinary shares at $17.84 per share)

Bonus Option Plan

Dividends paid during the year have been reduced by way of certain shareholders participating in the Bonus Option Plan and forgoing all or part of their right to dividends in return for the receipt of bonus shares.

During the year, 1,749,584 ordinary shares were issued under the Bonus Option Plan (2004: 1,771,864 ordinary shares).

	Declared dividend $m	Bonus options exercised $m	Amount paid $m
Final dividend 2004	983	(19)	964
Interim dividend 2005	930	(17)	913
	1,913	(36)	1,877

8: EARNINGS PER ORDINARY SHARE

		Consolidated	
	2005 $m	2004 $m	2003 $m
Basic earnings per share (cents)(1)	**160.9**	**153.1**	**142.4**
Earnings reconciliation			
Profit after income tax	3,021	2,819	2,351
Less: net profit attributable to outside equity interests	3	4	3
Less: preference share dividend paid	84	98	102
Earnings used in calculating Basic earnings per share	2,934	2,717	2,246
Weighted average number of ordinary shares (millions)(1)			
Used in calculating Basic earnings per share	1,823.7	1,774.1	1,577.8
Diluted earnings per share (cents)(1)	**157.5**	**149.7**	**141.7**
Earnings reconciliation			
Profit after income tax	3,021	2,819	2,351
Less: net profit attributable to outside equity interests	3	4	3
Less: preference share dividend paid	84	98	102
Add: US Trust Securities interest expense	48	44	
Earnings used in calculating diluted earnings per share	2,982	2,761	2,246
Weighted average number of ordinary shares(millions)(1)			
Used in calculating Basic earnings per share	1,823.7	1,774.1	1,577.8
Add: potential conversion of options to ordinary shares(1)	9.7	6.2	7.2
potential conversion of US Trust Securities to ordinary shares	60.1	64.5	
Used in calculating diluted earnings per share	1,893.5	1,844.8	1,585.0

(1) Discounted for rights issue

The weighted average number of converted and lapsed options, weighted with reference to the date of conversion or lapse, and included in the calculation of diluted earnings per share is approximately 1.0 million.

ANZ StEPS and Euro Trust Securities have not been included in the calculation of diluted EPS as they are not dilutive. Refer to note 30.

9: LIQUID ASSETS

	Consolidated		The Company	
	2005 **$m**	**2004** **$m**	**2005** **$m**	**2004** **$m**
Australia				
Coins, notes and cash at bankers	887	696	865	678
Money at call, bills receivable and remittances in transit	1,013	157	958	121
Securities purchased under agreement to resell less than 90 days	1,405	568	1,394	552
	3,305	1,421	3,217	1,351
Overseas				
Coins, notes and cash at bankers	474	418	119	103
Money at call, bills receivable and remittances in transit	3,707	2,289	1,980	1,087
Other banks certificates of deposit	3,865	2,080	1,875	1,203
Securities purchased under agreement to resell less than 90 days	249	155		
	8,295	4,942	3,974	2,393
Total liquid assets	11,600	6,363	7,191	3,744
Maturity analysis based on original term to maturity at 30 September				
Less than 90 days	9,600	4,999	5,315	2,408
More than 90 days	2,000	1,364	1,876	1,336
Total liquid assets	11,600	6,363	7,191	3,744

10: DUE FROM OTHER FINANCIAL INSTITUTIONS

	Consolidated		The Company	
	2005 **$m**	**2004** **$m**	**2005** **$m**	**2004** **$m**
Australia	917	498	899	488
Overseas	5,431	4,283	2,553	2,049
Total due from other financial institutions	6,348	4,781	3,452	2,537
Maturity analysis based on remaining term to maturity at 30 September				
Overdraft	802	370	741	299
Less than 3 months	3,591	2,692	2,158	1,729
Between 3 months and 12 months	424	824	359	349
Between 1 year and 5 years	393	790	58	58
After 5 years	1,138	105	136	102
Total due from other financial institutions	6,348	4,781	3,452	2,537

11: TRADING SECURITIES

Trading securities are allocated between Australia and Overseas based on the domicile of the issuer

Consolidated		The Company	
2005 **$m**	**2004** **$m**	**2005** **$m**	**2004** **$m**

Unlisted Australia				
Commonwealth securities	551	164	551	164
Local, semi-government and other government securities	1,646	1,693	1,646	1,693
ANZ accepted bills	1,182	1,875	1,182	1,875
Other securities and equity securities	1,364	627	1,260	568
	4,743	4,359	4,639	4,300
Unlisted Overseas				
Other government securities	370	631	27	241
Other securities and equity securities	1,172	488	643	242
	1,542	1,119	670	483
Total unlisted	6,285	5,478	5,309	4,783
Total trading securities	6,285	5,478	5,309	4,783

12: INVESTMENT SECURITIES

	Consolidated		The Company	
	2005 $m	**2004 $m**	**2005 $m**	**2004 $m**
Investment securities are allocated between Australia and Overseas based on the domicile of the issuer				
Listed Australia				
Other securities and equity investments		4		
		4		
Listed Overseas				
Other government securities	196	1,070	196	1,070
Other securities and equity investments	1,411	1,354	1,410	1,354
	1,607	2,424	1,606	2,424
Total listed	1,607	2,428	1,606	2,424
Unlisted Australia				
Local and semi-government securities	1,412	895	1,412	895
Other securities and equity investments	2,344	2,786	2,274	2,660
	3,756	3,681	3,686	3,555
Unlisted Overseas				
New Zealand government securities	1,096	914		
Other government securities	431	357	108	133
Other securities and equity investments	51	366	7	5
	1,578	1,637	115	138
Total unlisted	5,334	5,318	3,801	3,693
Total investment securities	6,941	7,746	5,407	6,117
Market value information				
Listed Australia				
Other securities and equity investments		12		
		12		
Listed Overseas				
Other government securities	197	1,072	197	1,072
Other securities and equity investments	1,409	1,358	1,409	1,358
	1,606	2,430	1,606	2,430
Total market value of listed investment securities	1,606	2,442	1,606	2,430
Unlisted Australia				
Local and semi-government securities	1,412	895	1,412	895
Other securities and equity investments	2,344	2,785	2,274	2,659
	3,756	3,680	3,686	3,554
Unlisted Overseas				
New Zealand government securities	1,096	913		
Other government securities	433	361	110	137
Other securities and equity investments	52	366	7	5
	1,581	1,640	117	142
Total market value of unlisted investment securities	5,337	5,320	3,803	3,696
Total market value of investment securities	6,943	7,762	5,409	6,126

Investment Securities by Maturities and Yields

Based on remaining term to maturity at 30 September 2005

At book value	Less than 3 months $m	Between 3 months and 12 months $m	Between 1 year and 5 years $m	Between 5 years and 10 years $m	After 10 years $m	No maturity specified $m	Total $m	Market Value $m
Australia								
Local and semi-government securities	972	440					1,412	1,412
Other securities and equity investments	2,085	250				9	2,344	2,344
	3,057	690				9	3,756	3,756
Overseas								
New Zealand government securities	760	333		3			1,096	1,096
Other government securities	452	100	75				627	630
Other securities and equity investments	42	370	1,043	3	4		1,462	1,461
	1,254	803	1,118	6	4		3,185	3,187
Total book value	4,311	1,493	1,118	6	4	9	6,941	n/a
Total market value	4,313	1,490	1,121	5	5	9	n/a	6,943

Weighted average yields(1)

	Less than 1 year %	Between 1 year and 5 years %	Between 5 years and 10 years %	After 10 years %
Australia				
Local and semi-government securities	5.55			
Other securities and equity investments	5.69			
Overseas				
New Zealand government securities	6.51		7.20	
Other government securities	3.98	6.78		3.00
Other securities and equity investments	3.90	3.54	2.00	2.68

(1) Based on effective yields for fixed interest and discounted securities and dividend yield for equity investments at 30 September 2005

Investment Securities by Maturities and Yields

Based on remaining term to maturity at 30 September 2004

At book value	Less than 3 months $m	Between 3 months and 12 months $m	Between 1 year and 5 years $m	Between 5 years and 10 years $m	After 10 years $m	No maturity specified $m	Total $m	Market Value $m
Australia								
Local and semi-government securities	695	200					895	895
Other securities and equity investments	2,480	50	51	162		47	2,790	2,797
	3,175	250	51	162		47	3,685	3,692
Overseas								
New Zealand government securities	589	325					914	913
Other government securities	861	491	75				1,427	1,433
Other securities and equity investments	194	442	1,077	1	6		1,720	1,724
	1,644	1,258	1,152	1	6		4,061	4,070
Total book value	4,819	1,508	1,203	163	6	47	7,746	n/a
Total market value	4,784	1,508	1,251	165	6	48	n/a	7,762

Weighted average yields(1)

	Less than 1 year %	Between 1 year and 5 years %	Between 5 years and 10 years %	After 10 years %
Australia				
Local and semi-government securities	5.37			
Other securities and equity investments	5.33	6.49	6.56	
Overseas				
New Zealand government securities	6.08			
Other government securities	4.37	7.89		
Other securities and equity investments	3.00	2.71	2.84	2.18

(1) Based on effective yields for fixed interest and discounted securities and dividend yield for equity investments at 30 September 2004

13: NET LOANS AND ADVANCES

Loans and advances are classified between Australia, New Zealand and Overseas markets based on the domicile of the lending point

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Australia				
Overdrafts	5,276	4,390	5,276	4,390
Credit card outstandings	5,434	4,523	5,434	4,523
Term loans housing	89,558	78,660	89,558	78,660
Term loans non-housing	48,993	42,056	44,187	36,937
Lease finance (refer below)	2,855	2,667	1,222	1,061
Hire purchase	8,060	7,093	641	497
Other	1,575	1,091	1,575	1,066
	161,751	140,480	147,893	127,134
New Zealand				
Overdrafts	1,647	1,604		
Credit card outstandings	1,026	1,032		
Term loans housing	34,860	31,519		
Term loans non-housing	25,012	22,472		
Lease finance (refer below)	639	493		
Hire purchase	347	517		
Other	859	584		
	64,390	58,221		
Overseas markets				
Overdrafts	303	558	214	408
Credit card outstandings	134	128	6	7
Term loans housing	592	464	467	363
Term loans non-housing	7,511	8,730	6,428	7,314
Lease finance (refer below)	217	111	97	79
Commercial bills	61	78	61	78
Other	7	44	5	40
	8,825	10,113	7,278	8,289
Total gross loans and advances	234,966	208,814	155,171	135,423
Provisions for doubtful debts (refer note 15)	(2,440)	(2,376)	(1,709)	(1,655)
Income yet to mature	(1,574)	(1,476)	(1)	(1)
	(4,014)	(3,852)	(1,710)	(1,656)
Total net loans and advances	230,952	204,962	153,461	133,767
Lease finance consists of gross lease receivables				
Current	653	555	206	102
Non-current	3,058	2,716	1,113	1,038
	3,711	3,271	1,319	1,140

Maturity Distribution and Concentrations of Credit Risk

Based on remaining term to maturity at 30 September 2005

	Overdraft(1) $m	Less than 3 months $m	Between 3 months and 12 months $m	Between 1 year and 5 years $m	After 5 years $m	Total $m
Australia						
Agriculture, forestry, fishing and mining	478	1,072	447	1,530	1,776	5,303
Business service	177	491	415	1,440	1,389	3,912
Entertainment, leisure and tourism	58	690	521	1,128	1,241	3,638
Financial, investment and insurance	388	1,657	1,150	969	476	4,640
Government and official institutions		19	5	14	23	61
Lease finance		79	289	1,992	495	2,855
Manufacturing	258	2,039	705	1,750	984	5,736
Personal(2)	8,477	1,283	145	5,837	7,511	23,253
Real estate construction	156	532	165	1,385	844	3,082
Real estate mortgage(3)	110	3,107	3,208	3,362	83,488	93,275
Retail and wholesale trade	457	2,423	673	1,846	3,152	8,551
Other	151	1,182	880	3,122	2,110	7,445
New Zealand						
Agriculture, forestry, fishing and mining	427	625	591	6,045	2,620	10,308
Business service	28	36	94	269	235	662
Entertainment, leisure and tourism	37	26	59	510	246	878
Financial, investment and insurance	83	444	50	1,302	132	2,011
Government and official institutions	13	111	4	131	61	320
Lease finance	23	116	59	254	187	639
Manufacturing	93	382	159	1,279	310	2,223
Personal(2)	1,548	73	269	648	89	2,627
Real estate construction	26	84	132	274	109	625
Real estate mortgage(3)	185	2,411	2,488	4,954	29,011	39,049
Retail and wholesale trade	65	300	142	578	492	1,577
Other	145	250	589	1,782	705	3,471
Overseas Markets						
Agriculture, forestry, fishing and mining	12	337	99	388	133	969
Business service	5	22	4	3	7	41
Entertainment, leisure and tourism	3	10	30	78	37	158
Financial, investment and insurance	3	179	33	146	4	365
Government and official institutions	22	13	24	40	4	103
Lease finance	58	26	3	106	24	217
Manufacturing	118	893	169	934	160	2,274
Personal(2)	9	64	44	96	182	395
Real estate construction	10	37	10	118	4	179
Real estate mortgage(3)	13	183	40	107	242	585
Retail and wholesale trade	69	469	140	241	37	956
Other	115	455	189	1,036	788	2,583
Gross loans and advances	13,820	22,120	14,024	45,694	139,308	234,966
Specific provision for doubtful debts	(273)					(273)
Income yet to mature		(316)	(297)	(952)	(9)	(1,574)
	(273)	(316)	(297)	(952)	(9)	(1,847)
Loans and advances net of specific provision and income yet to mature	13,547	21,804	13,727	44,742	139,299	233,119
General provision					(2,167)	(2,167)
Net loans and advances	13,547	21,804	13,727	44,742	137,132	230,952
Interest rate sensitivity						

Fixed interest rates (4)	197	9,317	9,495	23,066	55,139	97,214
Variable interest rates	13,623	12,803	4,529	22,628	84,169	137,752
	13,820	22,120	14,024	45,694	139,808	234,966

(1) Over draft includes credit cards and unsecured lending

(2) Personal includes non-business loans to individuals through overdrafts, personal loans, credit cards and fully drawn advances

(3) Real estate-mortgage includes residential and commercial property exposure. Loans within this category are for the purchase of such properties and must be secured by property

(4) Housing loans and other loans that are capped for an initial period are fixed interest rate loans and their maturities based on the principal repayments due over the term of the loan

Maturity Distribution and Concentrations of Credit Risk

Based on remaining term to maturity at 30 September 2004

	Overdraft(1) $m	Less than 3 months $m	Between 3 months and 12 months $m	Between 1 year and 5 years $m	After 5 years $m	Total $m
Australia						
Agriculture, forestry, fishing and mining	378	957	583	1,156	1,518	4,592
Business service	150	625	358	1,025	1,188	3,346
Entertainment, leisure and tourism	53	837	850	820	1,100	3,660
Financial, investment and insurance	254	966	1,297	625	406	3,548
Government and official institutions	1	87	2	15	21	126
Lease finance		90	238	1,820	519	2,667
Manufacturing	215	1,527	613	1,507	872	4,734
Personal(2)	7,068	1,129	143	10,656	495	19,491
Real estate construction	144	248	192	1,100	684	2,368
Real estate mortgage(3)	95	2,928	2,406	2,382	73,959	81,770
Retail and wholesale trade	415	2,142	510	1,822	2,737	7,626
Other	140	2,502	925	1,662	1,323	6,552
New Zealand						
Agriculture, forestry, fishing and mining	113	792	512	5,388	2,613	9,418
Business service	242	52	100	285	167	846
Entertainment, leisure and tourism	75	25	198	415	178	891
Financial, investment and insurance	75	316	98	2,175	69	2,733
Government and official institutions	7	106	24	129	71	337
Lease finance	15	2	137	333	6	493
Manufacturing	186	342	143	972	326	1,969
Personal(2)	867	82	234	792	180	2,155
Real estate construction	98	130	91	216	89	624
Real estate mortgage(3)	620	2,776	2,147	4,554	24,628	34,725
Retail and wholesale trade	189	249	158	634	314	1,544
Other	149	349	336	1,168	484	2,486
Overseas Markets						
Agriculture, forestry, fishing and mining	13	120	230	446	324	1,133
Business service	10	7	5	54	9	85
Entertainment, leisure and tourism	4	14	7	32	20	77
Financial, investment and insurance	14	88	47	294	112	555
Government and official institutions	26	4	11	69	14	124
Lease finance	73			15	23	111
Manufacturing	59	878	312	1,110	354	2,713
Personal(2)	6	46	53	73	164	342
Real estate construction	12	6	34	39	6	97
Real estate mortgage(3)	10	40	18	374	233	675
Retail and wholesale trade	216	243	95	93	42	689
Other	243	380	268	1,105	1,516	3,512
Gross loans and advances	12,235	21,085	13,375	45,355	116,764	208,814
Specific provision for doubtful debts	(384)					(384)
Income yet to mature	(12)	(355)	(287)	(816)	(6)	(1,476)
	(396)	(355)	(287)	(816)	(6)	(1,860)
Loans and advances net of specific provision and income yet to mature	11,839	20,730	13,088	44,539	116,758	206,954
General provision					(1,992)	(1,992)
Net loans and advances	11,839	20,730	13,088	44,539	114,766	204,962
Interest rate sensitivity						

Fixed interest rates(4)	278	8,568	8,060	21,213	45,325	83,444
Variable interest rates	11,957	12,517	5,315	24,142	71,439	125,370
	12,235	21,085	13,375	45,335	116,764	208,814

(1) Over draft includes credit cards and unsecured lending

(2) Personal includes non-business loans to individuals through overdrafts, personal loans, credit cards and fully drawn advances

(3) Real estate-mortgage includes residential and commercial property exposure. Loans within this category are for the purchase of such properties and must be secured by property

(4) Housing loans and other loans that are capped for an initial period are fixed interest rate loans and their maturities based on the principal repayments due over the term of the loan

14: IMPAIRED ASSETS

	Consolidated 2005 $m	Consolidated 2004 $m	The Company 2005 $m	The Company 2004 $m
Summary of impaired assets				
Non-accrual loans	642	829	380	644
Restructured loans	28	32	28	32
Unproductive facilities	43	29	36	29
Gross impaired assets	713	890	444	705
Specific provisions				
Non-accrual loans	(256)	(378)	(135)	(268)
Unproductive facilities	(17)	(6)	(10)	(6)
Net impaired assets	440	506	299	431
Non-accrual loans				
Non-accrual loans	642	829	380	644
Specific provisions	(256)	(378)	(135)	(268)
Total net non-accrual loans	386	451	245	376
Restructured loans				
For these loans interest and fees are recognised as income on an accrual basis	28	32	28	32
Other Real estate owned				
In the event of customer default, any loan security is held as mortgagee in possession and therefore the Group does not hold any other Real estate owned assets				
Unproductive facilities				
Unproductive facilities	43	29	36	29
Specific provisions	(17)	(6)	(10)	(6)
Net unproductive facilities	26	23	26	23
Accruing loans past due 90 days or more				
These amounts, comprising loans less than $100,000 or fully secured, are not classified as impaired assets and therefore are not included within the above summary	381	293	267	175

Consolidated average non-accrual loans: September 2005 $705 million; September 2004 $912 million; September 2003 $1,103 million Further analysis of impaired assets at 30 September 2005 and interest and/or other income received during the year under Australian Prudential Regulation Authority guide lines is as follows:

	Consolidated			The Company		
	Gross balance outstanding $m	Specific provision $m	Interest and/or other income received $m	Gross balance outstanding $m	Specific provision $m	Interest and/or other income received $m
Non-accrual loans						
Without provisions						
Australia	82		1	82		1
New Zealand	3					
Overseas markets	46		1	43		1
	131		2	125		2
With provisions and no, or partial, performance(1)						
Australia	264	152	5	213	123	5

New Zealand	130	68	1			
Overseas markets	44	18	7	31	10	6
	438	238	13	244	133	11
With provisions and full performance(1)						
Australia	9	1	3	9	1	3
New Zealand	61	15	4			
Overseas markets	3	2	2	2	1	1
	73	18	9	11	2	4
Total non-accrual loans	642	256	24	380	135	17
Restructured loans	28		1	28		1
Unproductive facilities	43	17		36	10	
Total impaired assets	713	273	25	444	145	18

(1) A loan s performance is assessed against its contractual repayment schedule

Interest and other income forgone on impaired assets

The following table shows the estimated amount of interest and other income that would have been recorded had interest and other income on non-accrual loans and unproductive facilities been accrued to income (or, in the case of restructured loans, had interest and other income been accrued at the original contract rate), and the amount of interest and other income received with respect to such loans.

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Gross interest and other income receivable on non-accrual loans, restructured loans and unproductive facilities				
Australia	26	29	21	24
New Zealand	9	8		
Overseas markets	16	25	11	15
Total gross interest and other income receivable on non-accrual loans, restructured loans and unproductive facilities	51	62	32	39
Interest and other income received				
Australia	(10)	(6)	(10)	(4)
New Zealand	(5)	(1)		
Overseas markets	(10)	(12)	(8)	(11)
Total interest and other income received	(25)	(19)	(18)	(15)
Net interest and other income forgone				
Australia	16	23	11	20
New Zealand	4	7		
Overseas markets	6	13	3	4
Total net interest and other income forgone	26	43	14	24

15: PROVISIONS FOR DOUBTFUL DEBTS

	Consolidated 2005 $m	2004 $m	2003 $m	The Company 2005 $m	2004 $m
General provision					
Balance at start of year	1,992	1,534	1,496	1,381	1,283
Acquisition (disposal) of provisions	(13)	216		(13)	
Adjustment for exchange rate fluctuations	(35)	53	(49)	(24)	16
Charge to statement of financial performance	580	632	614	388	433
Transfer to specific provision	(471)	(525)	(588)	(250)	(399)
Recoveries	114	82	61	82	48
Total general provision	2,167	1,992	1,534	1,564	1,381
Specific provision					
Balance at start of year	384	484	585	274	429
Acquisition of provisions		57			
Adjustment for exchange rate fluctuations	(11)	(2)	(49)	(3)	(7)
Bad debts written off	(571)	(680)	(640)	(376)	(547)
Transfer from general provision	471	525	588	250	399
Total specific provision	273	384	484	145	274
Total provisions for doubtful debts	2,440	2,376	2,018	1,709	1,655
Provision movement analysis					
New and increased provisions					
Australia	378	459	418	312	404
New Zealand	146	80	45		
Other overseas markets	80	86	212	33	60
	604	625	675	345	464
Provision releases	(133)	(100)	(87)	(95)	(65)
	471	525	588	250	399
Recoveries of amounts previously written off	(114)	(82)	(61)	(82)	(48)
Net specific provision	357	443	527	168	351
Net credit to general provision	223	189	87	220	82
Charge to statement of financial performance	580	632	614	388	433
Ratios	**%**	**%**	**%**	**%**	**%**
Provisions(1) as a% of total advances(2)					
Specific	0.1	0.2	0.3	0.1	0.2
General	0.9	1.0	0.9	0.9	0.9
Provisions(1) as a% of risk weighted assets					
Specific	0.1	0.2	0.3	0.1	0.2
General	1.0	1.0	1.0	1.0	1.0
Bad debts written off as a% of total advances(2)	0.2	0.3	0.4	0.2	0.4
Net specific provision as a% of total advances(2)	0.1	0.2	0.3	0.1	0.2

(1) Excludes provisions for unproductive facilities

(2) See Glossary on page 120

16: CUSTOMER S LIABILITIES FOR ACCEPTANCES

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Australia				
Agriculture, forestry, fishing and mining	900	813	900	813
Business service	596	572	596	572
Entertainment, leisure and tourism	539	502	539	502
Financial, investment and insurance	1,192	1,081	1,192	1,081
Manufacturing	1,647	1,710	1,647	1,710
Personal(1)	5	5	5	5
Real estate construction	145	132	145	132
Real estate mortgage(2)	5,551	5,073	5,551	5,073
Retail and wholesale trade	1,701	1,524	1,701	1,524
Other	1,045	994	1,045	994
	13,321	12,406	13,321	12,406
Overseas				
Financial, investment and insurance	16	6	16	6
Manufacturing	37	44	37	44
Retail and wholesale trade	68	10	68	10
Other	7		7	
	128	60	128	60
Total customer s liabilities for acceptances	13,449	12,466	13,449	12,466

(1) Personal includes non-business acceptances to individuals

(2) Real estate mortgage includes residential and commercial property exposure. Acceptances within this category are for the purchase of such properties and must be secured by property

17: REGULATORY DEPOSITS

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Overseas central banks	159	176	113	144

18: SHARES IN CONTROLLED ENTITIES, ASSOCIATES AND JOINT VENTURE ENTITIES

Refer notes 42 to 44 for details.

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Total shares in controlled entities			12,455	11,472
Total shares in associates	262	263	96	45
Total shares in joint venture entities	1,610	1,697		
Total shares in controlled entities, associates and joint venture entities	1,872	1,960	12,551	11,517

ACQUISITIONS OF CONTROLLED ENTITIES

There were no material controlled entities acquired during the year ended 30 September 2005.

During the year ended 30 September 2004 the following material controlled entities were acquired:

On 1 December 2003, the Company acquired NBNZ Holdings Ltd and its controlled entities (NBNZ). Details of the acquisition are disclosed in note 41. The operating results of these acquired entities have been included in consolidated operating profit since acquisition.

A restructuring provision of $25 million was established for restructuring the operations of the acquired entities. A balance of $12 million remains in the provision at 30 September 2005. On 26 June 2004, NBNZ was amalgamated into ANZ Banking Group (New Zealand) Limited. ANZ Banking Group (New Zealand) Limited changed its name to ANZ National Bank Limited on 28 June 2004.

DISPOSALS OF CONTROLLED ENTITIES

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

On 30 September 2005:

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

ANZ National Bank Limited sold NBNZ Life Insurance Limited and NBNZ Investment Services Limited to INGNZ for NZD158 million resulting in the following impact on the Group s financial statements:

reduction in unamortised goodwill of NZD114 million;

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

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

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

There were no material controlled entities disposed of during the year ended 30 September 2004.

19: DEFERRED TAX ASSETS

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Future income tax assets comprises				
General provision for doubtful debts	719	650	505	442
Other provisions	335	340	218	238
Other	283	464	31	57
Total deferred tax assets	1,337	1,454	754	737
Future income tax assets				
Australia	862	959	674	636
Overseas	475	495	80	101
Total deferred tax assets	1,337	1,454	754	737

Certain potential future income tax assets within the Group have not been recognised as assets because recovery cannot be regarded as virtually certain. These potential benefits arise from tax losses and timing differences (benefits could amount to $23 million, 2004: nil), and from realised capital losses (benefits could amount to $66 million, 2004: $67 million).

These benefits will only be obtained if:

i) the relevant entities derive future assessable income of a nature and amount sufficient to enable the benefit of the taxation deductions to be realised;

ii) the relevant entities continue to comply with the conditions for deductibility imposed by law; and

iii) there are no changes in taxation legislation adversely affecting the benefit of the taxation deductions.

20: GOODWILL

	Consolidated 2005 $m	Consolidated 2004 $m	The Company 2005 $m	The Company 2004 $m
Goodwill at cost	3,298	3,509	123	123
Accumulated amortisation	(400)	(240)	(57)	(49)
Total goodwill(1)	2,898	3,269	66	74

(1) Excludes notional goodwill related to the ING Australia joint venture of $711 million (September 2004: $754 million) and the ING New Zealand joint venture of $82 million (September 2004: nil)

21: OTHER ASSETS

	Consolidated 2005 $m	Consolidated 2004 $m	The Company 2005 $m	The Company 2004 $m
Accrued interest/prepaid discounts	1,441	1,568	1,165	1,181
Accrued commission	78	82	47	55
Prepaid expenses	153	71	46	10
Treasury instruments revaluations	3,750	4,456	3,267	3,738
Security settlements	2,144	952	785	10
Operating leases residual value	712	535	2	
Life insurance business investments		65		
Capitalised Expenses	524	463	176	165
Other	1,101	966	610	592
Total other assets	9,903	9,158	6,098	5,751

22: PREMISES AND EQUIPMENT

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Freehold and leasehold land and buildings				
At cost(1)	639	680	83	80
Provision for depreciation	(201)	(182)	(40)	(40)
	438	498	43	40
Leasehold improvements				
At cost	239	209	147	117
Provision for amortisation	(149)	(148)	(84)	(78)
	90	61	63	39
Furniture and equipment				
At cost	691	694	499	451
Provision for depreciation	(445)	(443)	(308)	(290)
	246	251	191	161
Computer and office equipment				
At cost	947	983	646	665
Provision for depreciation	(717)	(726)	(470)	(475)
	230	257	176	190
Software				
At cost	776	728	676	614
Provision for amortisation	(395)	(298)	(327)	(239)
	381	430	349	375
Capital works in progress				
At cost	56	35	27	21
Total premises and equipment	1,441	1,532	849	826

(1) In accordance with AASB 1041 this represents deemed cost

From 1 October 2000 as allowed by AASB 1041 Revaluation of Non-Current Assets the Group elected to revert to the cost basis for measuring the class of assets land and buildings .

As all properties are carried at deemed cost subject to individually meeting a recoverable amount test, valuations are carried out on all properties with a carrying value in excess of $2 million every three years. Properties carrying values are not increased to market values if valuations exceed carrying amounts. However, if the valuation of an individual property is determined to be less than its carrying amount, it will be written down to the lower amount, where considered appropriate.

The properties are subject to external valuation by independent valuers. Valuations are based on the estimated open market value and assume that the properties concerned continue to be used in their existing manner by the Group.

The last independent valuation of the Group s freehold land and buildings was carried out for 30 September 2002 purposes. For 30 September 2005, the valuations were carried out by Jones Lang La Salle Advisory for Australia. New Zealand property values were assessed based on valuations by Telfer Young. This resulted in a valuation of $466 million and $25 million for the Group and Company respectively (excludes leasehold land and buildings). As land and buildings are recorded at deemed cost, the valuation was not brought to account.

Further, a recoverable amount review of all properties at 30 September 2005 was completed. This involved properties being reviewed for the existence of impairment indicators that might provide evidence that the property s recoverable amount exceeded its carrying value (also using the independent valuations performed), and hence a writedown being required.

As a result of this review, some properties were identified as impaired and a loss of $3m was recorded (2004: $2 million).

Group accounting policy covering the amortisation of software costs capitalised is detailed in note 1(xiv). As at 30 September 2005 the weighted average amortization period is 5 years.

Reconciliations of the carrying amounts for each class of premises and equipment are set out below:

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Freehold and leasehold land and buildings(1)				
Carrying amount at beginning of year	498	463	40	29
Additions	22	26	6	15
Acquisitions(2)		67		
Disposals(3)	(68)	(46)		(1)
Depreciation	(11)	(11)	(2)	(2)
Net foreign currency exchange difference	(3)	(1)	(1)	(1)
Carrying amount at end of year	438	498	43	40
Leasehold improvements				
Carrying amount at beginning of year	61	52	39	37
Additions	46	17	33	9
Acquisitions(2)		10		
Disposals		(6)		
Amortisation	(16)	(13)	(9)	(7)
Net foreign currency exchange difference	(1)	1		
Carrying amount at end of year	90	61	63	39
Furniture and equipment				
Carrying amount at beginning of year	251	182	161	156
Additions	81	84	64	39
Acquisitions(2)		64		
Disposals	(41)	(35)	(5)	(6)
Depreciation	(43)	(43)	(29)	(27)
Net foreign currency exchange difference	(2)	(1)		(1)
Carrying amount at end of year	246	251	191	161
Computer and office equipment				
Carrying amount at beginning of year	257	302	190	239
Additions	92	96	69	81
Acquisitions(2)		17		
Disposals	(3)	(47)	(3)	(58)
Depreciation	(114)	(113)	(80)	(74)
Net foreign currency exchange difference	(2)	2		2
Carrying amount at end of year	230	257	176	190
Software				
Carrying amount at beginning of year	430	465	375	421
Additions	96	114	94	92
Acquisitions(2)		17		
Writeoffs(4)	(24)	(37)	(18)	(34)
Amortisation	(121)	(129)	(102)	(104)
Carrying amount at end of year	381	430	349	375
Capital works in progress				
Carrying amount at beginning of year	35	24	21	18
Net additions	21	8	6	3
Acquisitions(2)		3		
Carrying amount at end of year	56	35	27	21
Total premises and equipment	1,441	1,532	849	826

(1) Includes integrals

(2) Relates to NBNZ acquisition at 1 December 2003. Additions after this date are included in the Additions lines

(3) Includes $2 million writedown in carrying value of one property in 2004

(4) Software writeoffs arose where projects were terminated and the software no longer utilised

23: DUE TO OTHER FINANCIAL INSTITUTIONS

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Australia	3,396	1,346	3,394	1,345
Overseas	8,631	6,003	5,635	4,515
Total due to other financial institutions	12,027	7,349	9,029	5,860
Maturity analysis based on remaining term to maturity at 30 September				
At call	4,381	2,255	3,711	1,853
Less than 3 months	5,632	4,152	4,367	3,346
Between 3 months and 12 months	1,029	662	930	661
Between 1 year and 5 years	123	280	21	
After 5 years	862			
Total due to other financial institutions	12,027	7,349	9,029	5,860

24: DEPOSITS AND OTHER BORROWINGS

Deposits and other borrowings are classified between Australia and Overseas based on the location of the deposit taking point

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Australia				
Certificates of deposit	17,512	12,221	17,512	12,221
Term deposits	25,829	22,615	26,642	23,273
Other deposits bearing interest	50,707	45,155	50,707	45,155
Deposits not bearing interest	4,310	4,005	4,310	4,005
Commercial paper	6,199	4,708	2,929	2,099
Borrowing corporations debt (1)	7,700	7,214		
Securities sold under agreement to repurchase		78		78
Other borrowings	308	509	308	509
	112,565	96,505	102,408	87,340
Overseas				
Certificates of deposit	5,112	4,844	845	1,365
Term deposits	30,003	30,941	8,198	9,629
Other deposits bearing interest	16,102	15,891	806	782
Deposits not bearing interest	5,085	4,207	752	632
Commercial paper	14,808	14,072		
Borrowing corporations debt (2)	1,938	2,034		
Other borrowings	80	63	80	63
	73,128	72,052	10,681	12,471
Total deposits and other borrowings	185,693	168,557	113,089	99,811
Maturity analysis based on remaining term to maturity at 30 September				
At call	77,999	71,037	57,610	52,629
Less than 3 months	75,452	71,570	39,616	35,167
Between 3 months and 12 months	22,432	17,923	8,707	7,337
Between 1 year and 5 years	9,682	7,923	7,139	4,662
After 5 years	128	104	17	16
Total deposits and other borrowings	185,693	168,557	113,089	99,811

(1) Included in this balance is debenture stock of controlled entities. $7.7 billion of debenture stock of the consolidated subsidiary company Esanda together with accrued interest thereon, is secured by a trust deed and collateral debentures, giving floating charges upon the undertaking and all the assets of the entity other than land and buildings ($13,244 million). All controlled entities of Esanda (except for some controlled entities which have been placed or are expected to be placed in voluntary deregistration and have minimal book value) have guaranteed the payment of principal, interest and other monies in relation to all debenture stock and unsecured notes issued by Esanda. The only loans pledged as collateral are those in Esanda and its subsidiaries

(2) This balance represents NZ$2.1 billion of secured debenture stock of the consolidated subsidiary UDC Finance Limited and the accrued interest thereon are secured by a floating charge over all assets of UDC Finance Limited and its subsidiaries (NZ$2,470 million)

25: INCOME TAX LIABILITIES

	Consolidated 2005 $m	Consolidated 2004 $m	The Company 2005 $m	The Company 2004 $m
Australia				
Provision for income tax	289	242	269	203
Provision for deferred income tax	1,346	1,354	1,094	921
	1,635	1,596	1,363	1,124
Overseas				
Provision for income tax	(93)	93	12	18
Provision for deferred income tax	255	225	112	109
	162	318	124	127
Total income tax liabilities	1,797	1,914	1,487	1,251
Provision for deferred income tax comprises				
Lease finance	229	166	89	79
Treasury instruments	687	497	687	497
Capitalised expenses	131	118	47	43
Other	554	798	383	411
	1,601	1,579	1,206	1,030

26: PAYABLES AND OTHER LIABILITIES

	Consolidated 2005 $m	Consolidated 2004 $m	The Company 2005 $m	The Company 2004 $m
Australia				
Payables	2,797	4,746	2,770	4,700
Accrued interest and unearned discounts	1,266	1,169	1,141	1,051
Treasury instruments revaluations	3,853	3,274	4,376	3,781
Accrued charges	350	297	320	255
Security settlements		1		1
Other liabilities	838	438	584	291
	9,104	9,925	9,191	10,079
Overseas				
Payables	207	145	5	1
Accrued interest and unearned discounts	732	647	256	259
Treasury instruments revaluations(1)	374	2,382	(833)(1)	143
Accrued charges	228	237	57	43
Security settlements	317	378		
Life insurance policy liabilities		30		
Other liabilities	645	468	114	365
	2,503	4,287	(401)	811
Total payables and other liabilities	11,607	14,212	8,790	10,890

(1) Overseas Treasury instruments revaluations includes cash collateral paid under credit support agreements in ANZ s London branch, an offsetting mark to market loss is recorded in Australia

27: PROVISIONS

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Employee entitlements(1)	360	333	260	248
Restructuring costs and surplus leased space	77	106	57	66
Non-lending losses, frauds and forgeries	184	171	136	125
Other	293	235	197	179
Total provisions	914	845	650	618

(1) The aggregate liability for employee benefits largely comprise employee entitlements provisions plus liability for payroll tax and fringe benefits tax. The aggregate liability as at 30 September 2005 was $468 million for the Group and $288 million for the Company (30 September 2004: was $456 million for the Group and $284 million for the Company)

Reconciliations of the carrying amounts of each class of provisions, except for employee entitlements, are set out below:

	Consolidated		The Company	
	2005 $m	2004 $m	2005 $m	2004 $m
Restructuring costs and surplus leased space(1)				
Carrying amount at beginning of the year	106	92	66	68
Acquisition provision (NBNZ)		27		
Provision made during the year	57	69	52	63
Payments made during the year	(47)	(68)	(34)	(50)
Release of provisions	(38)	(15)	(27)	(15)
Adjustment for exchange rate fluctuations	(1)	1		
Carrying amount at the end of the year	77	106	57	66
Non-lending losses frauds and forgeries(2)				
Carrying amount at beginning of the year	171	164	125	128
Provision made during the year	37	18	23	4
Payments made during the year	(8)	(7)	(2)	(3)
Release of provisions	(16)	(4)	(10)	(4)
Carrying amount at the end of the year	184	171	136	125
Other provisions(3)				
Carrying amount at beginning of the year	235	244	179	181
Provision made during the year	222	209	142	165
Payments made during the year	(132)	(173)	(93)	(127)
Release of provisions	(31)	(46)	(31)	(40)
Adjustment for exchange rate fluctuations	(1)	1		
Carrying amount at the end of the year	293	235	197	179

(1) Restructuring costs and surplus leased space provisions arise from exit activities related to material changes in the scope of business undertaken by the Group or the manner in which that business is undertaken, and includes termination benefits. Costs related to on-going activities are not provided for. Provision is made when the Group is demonstrably committed, it is probable that the costs will be incurred, though its timing is uncertain, and the costs can be reliably estimated

(2) Non-lending losses, frauds and forgeries provisions arise from inadequate or failed internal processes and systems, or from external events

(3) Other provisions comprise various other provisions including fringe benefits tax, fleet maintenance, workers compensation and other non-employee entitlement provisions

28: BONDS AND NOTES

		Consolidated		The Company	
		2005	2004	2005	2004
		$m	$m	$m	$m
Bonds and notes by currency					
USD	United States dollars	11,401	4,718	8,598	4,262
GBP	Great British pounds	5,268	3,896	4,343	3,896
AUD	Australian dollars	1,138	979	1,133	979
NZD	New Zealand dollars	1,140	667	323	33
JPY	Japanese yen	1,173	1,433	1,173	1,433
EUR	Euro	11,138	10,863	9,794	9,571
HKD	Hong Kong dollars	3,381	2,805	2,941	2,619
CHF	Swiss francs	1,929	831	1,929	831
CAD	Canadian dollars	2,284	1,258	2,284	1,258
NOK	Norwegian krone	81	82	81	82
SGD	Singapore dollars	71	70	71	70
CZK	Czech koruna	69		69	
Total bonds and notes		39,073	27,602	32,739	25,034
Bonds and notes by maturity					
Maturity analysis based on remaining term to maturity at 30 September					
Less than 3 months		1,823	419	1,818	419
Between 3 months and 12 months		6,463	4,238	5,906	4,145
Between 1 year and 5 years		29,249	22,870	23,533	20,395
After 5 years		1,538	75	1,482	75
Total bonds and notes		39,073	27,602	32,739	25,034

29: LOAN CAPITAL

			Interest Rate %	Consolidated 2005 $m	Consolidated 2004 $m	The Company 2005 $m	The Company 2004 $m
Hybrid loan capital (subordinated)							
US Stapled Trust Security issue							
USD 350m non-cumulative trust securities due 2053			4.484	459	488	459	488
USD 750m non-cumulative trust securities due 2053			5.36	984	1,047	984	1,047
				1,443	1,535	1,443	1,535
Perpetual subordinated notes							
USD	300m	floating rate notes	LIBOR + 0.15	394	419	394	419
				394	419	394	419
Subordinated notes							
USD	500m	fixed notes due 2006	7.55	654	698	654	698
JPY	482m	floating rate notes due 2007	LIBOR + 0.50	6	6	6	6
USD	7.9m	floating rate notes due 2007	LIBOR + 0.50	10	11	10	11
JPY	568.8m	floating rate notes due 2008	LIBOR + 0.55	6	7	6	7
USD	9m	floating rate notes due 2008	LIBOR + 0.50	11	14	11	14
USD	79m	floating rate notes due 2008	LIBOR + 0.53	103	110	103	110
AUD	400m	floating rate notes due 2010	BBSW+ 0.29	400		400	
NZD	100m	fixed notes due 2010 (called April 2005)	8.36		93		
NZD	100m	fixed notes due 2011(1)	6.87	91	93		
AUD	400m	fixed notes due 2012(2)	6.75	400	400	400	400
AUD	100m	floating rate notes due 2012(1)	BBSW+ 0.57	100	100	100	100
NZD	125m	fixed notes due 2012(1)	7.40	115	118		
NZD	125m	fixed notes due 2012(1)	7.61	115	118		
NZD	300m	fixed notes due 2012(1)	7.04	273	280		
NZD	100m	fixed notes due 2013(1)	6.46	91	93		
USD	550m	floating rate notes due 2013(1)	LIBOR + 0.55	722	768	722	768
EUR	300m	floating rate notes due 2013(1)	EURIBOR + 0.375	474	516	474	516
AUD	350m	fixed notes due 2014(2)	6.50	350	350	350	350
AUD	380m	floating rate notes due 2014(1)	BBSW+ 0.41	380	380	380	380
EUR	500m	fixed notes due 2015(2)	4.45	791	860	791	860
USD	400m	floating rate notes due 2015	LIBOR + 0.20	525		525	
AUD	300m	fixed notes due 2015(2)	6.00	300		300	
GBP	200m	fixed notes due 2015(1)	5.625	462	502	462	502
GBP	400m	fixed notes due 2018(2)	4.75	921	1,004	921	1,004
				7,300	6,521	6,615	5,726
Total loan capital				9,137	8,475	8,452	7,680
Loan capital by currency							
AUD	Australian dollars			1,930	1,230	1,930	1,230
NZD	New Zealand dollars			685	795		
USD	United States dollars			3,862	3,555	3,862	3,555
GBP	Great British pounds			1,383	1,506	1,383	1,506
EUR	Euro			1,265	1,376	1,265	1,376
JPY	Japanese yen			12	13	12	13
				9,137	8,475	8,452	7,680
Loan capital by maturity							
Maturity analysis based on remaining term to maturity at 30 September							
Between 3 months and 12 months				654		654	
Between 1 year and 5 years				536	846	536	846
After 5 years				7,553	7,210	6,868	6,415
Perpetual				394	419	394	419
				9,137	8,475	8,452	7,680

(1) Callable five years prior to maturity

(2) Callable five years prior to maturity and reverts to floating rate notes

Loan capital is subordinated in right of payment to the claims of depositors and all other creditors of the Company and its controlled entities which have issued the notes. The loan capital, except for the US Trust Security Issue, constitutes tier 2 capital as defined by the Australian Prudential Regulation Authority (APRA) for capital adequacy purposes. The US Trust Security Issue constitutes tier 1 capital, as defined by APRA, for capital adequacy purposes

US TRUST SECURITIES

On 27 November 2003, the Company issued 1.1 million USD non-cumulative Trust Securities (US Trust Securities) at USD1000 each pursuant to offering memorandum dated 19 November 2003 raising USD1.1 billion. US Trust Securities comprise two fully paid securities an interest paying unsecured note (issued by Samson Funding Limited, a wholly owned NZ subsidiary of the Company) and a fully paid USD1,000 preference share (issued by the Company), which are stapled together and issued as a US Trust Security by ANZ Capital Trust I or ANZ Capital Trust II (the Trusts). Investors have the option to redeem the US Trust Security from the Trusts and hold the underlying staped security.

The issue was made in two tranches:

USD350 million tranche with a coupon of 4.484% and was issued through ANZ Capital Trust I. After 15 January 2010 and at any coupon date thereafter, ANZ has the discretion to redeem the US Trust Security for cash. If it does not exercise this discretion, the investor is entitled to require ANZ to exchange the US Trust Security into a number of ordinary shares based on the formula in the offering memorandum.

USD750 million tranche with a coupon of 5.36% and was issued through ANZ Capital Trust II. It has the same conversion features as the USD350 million tranche but from 15 December 2013.

Distributions on US Trust Securities are non-cumulative and are payable half yearly in arrears and are funded by payments received by the respective Trusts on the underlying note. Distributions are subject to certain payment tests (eg. APRA requirements and distributable profits being available). Distributions are expected to be payable on 15 June and 15 December of each year. Dividends are not payable on the preference share while it is stapled to the note. If distributions are not paid on the US Trust Securities, the Company may not pay dividends or return capital on its ordinary shares or any other share capital or security ranking equal or junior to the preference share component.

At any time in the Company s discretion or upon the occurrence of certain other conversion events , such as the failure of the respective Trust to pay in full a distribution within seven business days of the relevant distribution payment date, the notes that are represented by the relevant US Trust Securities will be automatically assigned to a subsidiary of the Company and the preference shares that are represented by the relevant US Trust Securities will be distributed to investor in redemption of such US Trust Securities. The distributed preference shares will immediately become dividend paying and holders will receive non-cumulative dividends equivalent to the scheduled payments in respect of the US Trust Securities for which the preference shares were distributed. If the US Trust Securities are not redeemed or bought back prior to the 15 December 2053, they will be converted into preference shares, which in turn will be mandatorily convert into a number of ordinary shares based upon the formula in the offering memorandum.

The preference shares forming part of the US Trust Securities rank equal to the preference shares issued in connection with the ANZ StEPS and Euro Trust Securities in all respects. Except in limited circumstances, holders of US Trust Securities do not have any right to vote in general meetings of the company.

On winding up of the Company, the rights of US Trust Security holders will be determined by the preference share component of US Trust Security. These preference shares rank behind all depositors and creditors, but ahead of ordinary shareholders.

The US Trust Securities qualify as Tier 1 capital as defined by the Australian Prudential Regulation Authority, however, the US Trust Securities are reported as debt under Australian, International and US Accounting Standards with the coupon payment classified as interest expense.

30: SHARE CAPITAL

		The Company	
Number of issued shares	**2005**	**2004**	**2003**
Ordinary shares each fully paid	1,826,449,480	1,818,401,807	1,521,686,560
Preference shares each fully paid	10,500,000	10,000,000	134,032,000
Total number of issued shares	1,836,949,480	1,828,401,807	1,655,718,560

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

		The Company	
Number of issued shares	**2005**	**2004**	**2003**
Balance at start of year	1,818,401,807	1,521,686,560	1,503,886,082
Bonus option plan	1,749,584	1,771,864	1,534,987
Dividend reinvestment plan	7,306,891	7,815,830	6,223,866
ANZ employee share acquisition plan	1,979,649	3,891,978	3,615,714
ANZ share option plan	6,642,326	6,387,809	6,425,911
Share capital buyback	(9,630,777)		
ANZ share purchase scheme ANZ rights issue		276,847,766	
Balance at end of year	1,826,449,480	1,818,401,807	1,521,686,560

For a reconciliation of the movement in ordinary share capital refer to Statement of Changes in Shareholders Equity on page 4

PREFERENCE SHARES

a) Trust Securities Issues (ANZ TrUEPrS)

ANZ TrUEPrS were 124,032,000 fully paid non-converting non-cumulative preference shares issued for USD6.25 per share via Trust Securities Issues in 1998.

The Trust Securities were mandatorily exchangeable for the preference shares issued by the Company, and carried an entitlement to a non-cumulative trust distribution of 8.00% or 8.08% per annum payable quarterly in arrears. The Trust Securities were issued by a non diversified closed end management investment company registered under the US Investment Company Act of 1940. The preference shares themselves carried no present entitlement to dividends. Distributions to investors in the Trust Securities were funded by income distributions made by the Group.

Upon maturity of the Trust Securities in 2048, investors would have mandatorily exchanged the Trust Securities for the preference shares and thereupon the preference shares would have carried an entitlement to non-cumulative dividends of 8.00% or 8.08% per annum payable quarterly in arrears. The mandatory exchange of the Trust Securities for the preference shares could have occurred earlier at the Company s option or in specified circumstances.

With the prior consent of the Australian Prudential Regulation Authority, the preference shares were redeemable at the Company s option after 5 years, or within 5 years in limited circumstances. The entitlement of investors to distributions on the Trust Securities would have ceased on redemption of the preference shares.

The transaction costs arising on the issue of these instruments were recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs related.

On 12 December 2003, the Group bought back its 124,032,000 preference shares issued via Trust Securities Issues for $1,045 million.

b) ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS)

On 23 September 2003, the Company issued 10 million ANZ StEPS at $100 each pursuant to a prospectus dated 14 August 2003 raising $1 billion (excluding issue costs of $13 million: net raising $987 million). ANZ StEPS comprise two fully paid securities - an interest paying unsecured note (issued by ANZ Holdings (New Zealand) Limited, a New Zealand subsidiary of the Company) stapled to a fully paid $100 preference share (issued by the Company).

Distributions on ANZ StEPS are non-cumulative and are payable quarterly in arrears based upon a floating distribution rate equal to the 90 day bank bill rate plus a 100 basis point margin. At each payment date the 90 day bank bill rate is reset for the next quarter. Distributions are subject to certain payment tests (ie APRA requirements and distributable profits being available) and the basis for their calculation may change on any reset date. Distributions are expected to be payable on 15 March, 15 June, 15 September and 15 December of each year. Dividends are not payable on the preference share while it is stapled to the note. If distributions are not paid on ANZ StEPS, the Company may not pay dividends or return capital on its ordinary shares or any other share capital or security ranking equal or junior to the preference share component.

On any reset date, ANZ may change certain terms (subject to certain restrictions) including the next reset date, market reset (from floating rate to a fixed rate, or vice versa), margin and the frequency and timing of the distribution payment dates. The first reset date is 15 September 2008. Holders of ANZ StEPS can require exchange on any reset date or earlier if certain specified events occur. On exchange, a holder will receive (at the Company s discretion) either $100 cash for each ANZ StEPS exchanged or a number of ordinary shares calculated in accordance with a conversion ratio based on $100 divided by the market price of ordinary shares at the date of conversion less 2.5%. In certain circumstances, the Company may also require exchange other than on a reset date.

Upon the occurrence of an assignment event, ANZ StEPS become unstapled. In this case, the note will be assigned to a subsidiary of the company, however, the holder will retain the preference share and the rights to exchange the preference share.

The preference shares forming part of ANZ StEPS rank equally with the preference shares issued in connection with US Trust Securities and Euro Trust Securities in all respects. Except in certain limited circumstances, holders of ANZ StEPS do not have any right to vote in general meetings of the Company.

On a winding up of the Company, the rights of ANZ StEPS holders will be determined by the preference share component of ANZ StEPS. Those preference shares rank behind all depositors and creditors, but ahead of ordinary shareholders.

The transactions costs arising on the issue of these instruments were recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

c) Euro Trust Securities

On 13 December 2004, the Company issued 500,000 Euro Floating Rate Non-cumulative Trust Securities (Euro Trust Securities) at 1000 each pursuant to the offering circular dated 9 December 2004, raising $871 million (at the spot rate at the date of issue, net of issue costs). Euro Trust Securities comprise two fully paid securities an interest paying unsecured note (issued by ANZ Jackson Funding PLC, a United Kingdom subsidiary of the Company) and a fully paid, 1000 preference share (issued by the Company), which are stapled together and issued as a Euro Trust Security by ANZ Capital Trust III (the Trust). Investors have the option to redeem the Euro Trust Security from the Trust and hold the underlying stapled security.

Distributions on Euro Trust Securities are non-cumulative and are payable quarterly in arrears and are funded by payments received by the Trust on the underlying note and or preference share. The distribution is based upon a floating distribution rate equal to the 3 month EURIBOR rate plus a 66 basis point margin up until 15 December 2014, after which date the distribution rate is the 3 month EURIBOR rate plus a 166 basis point margin. At each payment date the 3 month EURIBOR rate is reset for the next quarter. Distributions are subject to certain payment tests (eg APRA requirements and distributable profits being available). Distributions are expected to be payable on 15 March, 15 June, 15 September and 15 December of each year. Dividends are not payable on the preference shares while they are stapled to the note, except for the period after 15 December 2014 when the preference share will pay 100bpts to fund the increase in the margin. If distributions are not paid on Euro Trust Securities, the Company may not pay dividends or return capital on its ordinary shares or any other share capital or security ranking equal or junior to the preference share component.

At any time at ANZ s discretion or upon the occurrence of certain other conversion events , such as the failure of the Trust to pay in full a distribution within seven business days of the relevant distribution payment date or the business day prior to 15 December, 2053, the notes that are represented by the relevant Euro Trust Securities will be automatically assigned to a Branch of the Company and the preference shares that are represented by the relevant Euro Trust Securities will be distributed to investor in redemption of such Euro Trust Securities. The distributed preference shares will immediately become dividend paying and holders will receive non-cumulative dividends equivalent to the scheduled payments in respect of the Euro Trust Securities for which the preference shares were distributed.

The preference shares forming part of the Euro Trust Security rank equal to the preference shares issued in connection with the ANZ StEPS and US Trust Securities in all respects. Except in limited circumstances, holders of Euro Trust Securities do not have any right to vote in general meetings of the company.

On winding up of the Company, the rights of Euro Trust Security holders will be determined by the preference share component of the Euro Trust Security. These preference shares rank behind all depositors and creditors, but ahead of ordinary shareholders.

The transaction costs arising on the issue of these instruments were recognised directly in equity as a reduction to the proceeds of the equity instruments to which the costs relate.

	Consolidated		The Company	
	2005	**2004**	**2005**	**2004**
	$m	**$m**	**$m**	**$m**
Preference share balance at start of year				
ANZ TrUEPrS (USD748 million)(1)		1,225		1,225
ANZ StEPS(1)	987	987	987	987
	987	2,212	987	2,212
Buyback of ANZ TrUEPrS(2)		(1,225)		(1,225)
	987	987	987	987
Preference share net proceeds from new issues during the year				
Euro Trust Securities(1)	871		871	
	1,858	987	1,858	987
Preference share balance at end of year				
Euro Trust Securities(1)	871		871	
ANZ StEPS(1)	987	987	987	987
Balance at end of year	1,858	987	1,858	987

(1) Net of issue costs

(2) ANZ TrUEPrS bought back on 12 December 2003 for $1,045 million

31: OUTSIDE EQUITY INTERESTS

	Consolidated	
	2005 $m	2004 $m
Share capital	11	1
Retained Profits	16	17
Total outside equity interests	27	18

32: CAPITAL ADEQUACY

The Australian Prudential Regulation Authority (APRA) adopts a risk-based capital assessment framework for Australian banks based on internationally accepted capital measurement standards. This risk-based approach requires eligible capital to be divided by total risk weighted assets, with the resultant ratio being used as a measure of a bank s capital adequacy.

Capital is divided into tier 1, or core capital, and tier 2, or supplementary capital. For capital adequacy purposes, eligible tier 2 capital cannot exceed the level of tier 1 capital. Banks are required to deduct from total capital any strategic holdings of other banks capital instruments and investments in entities engaged in life insurance, funds management and securitisation activities. Under APRA guidelines, banks must maintain a ratio of qualifying capital to risk weighted assets of at least 8 per cent.

The measurement of risk weighted assets is based on: a) a credit risk-based approach wherein risk weightings are applied to statement of financial position assets and to credit converted off balance sheet exposures. Categories of risk weights are assigned based upon the nature of the counterparty and the relative liquidity of the assets concerned; and b) the recognition of risk weighted assets attributable to market risk arising from trading and commodity positions. Trading and commodity balance sheet positions do not attract a risk weighting under the credit risk-based approach.

	Consolidated	
	2005 $m	2004 $m
Qualifying capital		
Tier 1		
Total shareholders equity and outside equity interests	19,488	17,925
Hybrid loan capital(1)	1,443	1,535
Asset revaluation reserve	(31)	(31)
Dividend(2)	(1,077)	(983)
Accumulated retained profits and reserves of insurance, funds management and securitisation entities	(213)	(218)
Unamortised goodwill and other intangibles	(3,902)	(4,170)
Capitalised expenses(3)	(524)	(465)
Investment in ANZ Lenders Mortgage Insurance	(27)	(27)
Tier 1 capital	15,157	13,566
Tier 2		
Asset revaluation reserve	31	31
Perpetual subordinated notes	394	419
General provision for doubtful debts(4)	1,448	1,342
	1,873	1,792

Subordinated notes(5)	6,701	6,052
Tier 2 capital	8,574	7,844
Deductions		
Investment in Funds Management and securitisation entities	(84)	(107)
Investment in joint ventures with ING(6)	(528)	(708)
Other	(172)	(204)
	(784)	(1,019)
Total qualifying capital	22,947	20,391
Adjusted common equity(7)	11,140	10,012
Total risk weighted assets	219,573	196,664
Capital adequacy ratios	%	%
Tier 1	6.9	6.9
Tier 2	3.9	4.0
Deductions	(0.3)	(0.5)
Total	10.5	10.4
Adjusted common equity(7)	5.1	5.1

(1) Represents the US Trust Securities Issue approved by APRA as qualifying for Tier 1 status. Refer note 29
(2) Relates to final dividend not provided for
(3) Comprises loan and lease origination fees, capitalised securitisation establishment costs and costs associated with debt raisings
(4) Net of attributable future income tax benefit
(5) For capital adequacy calculation purposes, subordinated note issues are reduced by 20% of the original amount during each of the last five years to maturity
(6) Joint ventures with ING in Australia and New Zealand
(7) Tier 1 capital, less preference share capital (converted at 30 September 2005 rates), less deductions

	Assets		Risk weighted assets	
	2005	2004	2005	2004
	$m	$m	$m	$m
Statement of financial position				
Cash, claims on Australian Commonwealth, State Governments, Territory Governments, claims on OECD Central Governments, local currency claims on non-OECD Governments and other zero weighted assets	23,160	24,467		
Claims on approved banks and local Governments	16,054	12,593	3,211	2,519
Advances secured by residential mortgages	118,895	106,013	59,448	53,007
Other assets credit risk	127,204	113,218	127,204	113,218
Total statement of financial position assets credit risk	285,313	256,291	189,863	168,744
Trading assets market risk	7,872	3,054	n/a	n/a
Total statement of financial position assets	293,185	259,345	189,863	168,744

	Contract/ notional amount		Credit equivalent		Risk weighted assets	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
Off balance sheet exposures						
Direct credit substitutes	9,657	10,262	9,657	10,262	7,337	8,173
Trade and performance related items	13,175	11,887	5,683	5,265	4,953	4,728
Commitments	87,319	78,914	14,017	12,385	12,249	10,239
Foreign exchange, interest rate and other market related transactions	782,380	672,500	12,309	11,692	3,681	3,790
Total off balance sheet exposures credit risk	892,531	773,563	41,666	39,604	28,220	26,930
Total risk weighted assets credit risk					218,083	195,674
Risk weighted assets market risk					1,490	990
Total risk weighted assets					219,573	196,664

33: AVERAGE BALANCE SHEET AND RELATED INTEREST

Averages used in the following table are predominantly daily averages. Interest income figures are presented on a tax-equivalent basis. Non-accrual loans are included under the interest earning asset category Loans, advances and bills discounted . Intragroup interest earning assets and interest bearing liabilities are treated as external assets and liabilities for the geographic segments.

	2005			2004			2003		
	Average balance $m	**Interest $m**	**Average rate %**	**Average balance $m**	**Interest $m**	**Average rate %**	**Average balance $m**	**Interest $m**	**Average rate %**
Interest earning assets									
Due from other financial institutions									
Australia	807	42	5.2	578	29	5.0	432	21	4.9
New Zealand	2,242	126	5.6	2,284	115	5.0	582	23	4.0
Overseas markets	2,664	90	3.4	2,322	43	1.9	2,046	48	2.3
Investments in public securities									
Australia	8,202	444	5.4	7,231	389	5.4	6,390	301	4.7
New Zealand	2,226	133	6.0	3,038	150	4.9	1,642	73	4.4
Overseas markets	2,647	88	3.3	3,175	95	3.0	1,870	78	4.2
Loans, advances and bills discounted									
Australia	151,066	10,543	7.0	129,658	8,893	6.9	110,260	7,263	6.6
New Zealand	61,035	5,132	8.4	48,346	3,701	7.7	20,365	1,637	8.0
Overseas markets	9,060	461	5.1	9,810	421	4.3	12,213	503	4.1
Other assets									
Australia	2,124	101	4.8	1,524	127	8.3	1,606	105	6.5
New Zealand	2,912	101	3.5	2,252	58	2.6	1,353	46	3.4
Overseas markets	3,319	191	5.8	1,935	127	6.6	3,395	140	4.1
Intragroup assets									
Overseas markets	9,473	330	3.5	10,670	225	2.1	9,858	200	2.0
	257,777	17,782		222,823	14,373		172,012	10,438	
Intragroup elimination	(9,473)	(330)		(10,670)	(225)		(9,858)	(200)	
	248,304	17,452	7.0	212,153	14,148	6.7	162,154	10,238	6.3
Non-interest earning assets									
Acceptances									
Australia	13,166			13,398			13,492		
Overseas markets	74			54			88		
Premises and equipment	1,507			1,460			1,436		
Other assets	18,784			18,224			15,781		
Provisions for doubtful debts									
Australia	(1,823)			(1,762)			(1,838)		
New Zealand	(608)			(481)			(211)		
Overseas markets	(15)			(66)			(75)		
	31,085			30,827			28,673		
Total assets	279,389			242,980			190,827		
Total average assets									

Australia	185,990	162,944	142,491
New Zealand	74,374	61,027	25,333
Overseas markets	28,498	29,679	32,861
	288,862	253,650	200,685
Intragroup elimination	(9,473)	(10,670)	(9,858)
	279,389	242,980	190,827
% of total average assets attributable to overseas activities	33.4%	32.9%	25.3%

	2005			2004			2003		
	Average balance $m	Interest $m	Average rate %	Average balance $m	Interest $m	Average rate %	Average balance $m	Interest $m	Average rate %
Interest bearing liabilities									
Time deposits									
Australia	39,388	2,126	5.4	30,839	1,589	5.2	25,171	1,165	4.6
New Zealand	25,582	1,597	6.2	20,910	1,138	5.4	10,666	570	5.3
Overseas markets	11,075	383	3.5	12,772	296	2.3	14,738	336	2.3
Savings deposits									
Australia	13,896	413	3.0	13,017	352	2.7	11,959	279	2.3
New Zealand	7,210	291	4.0	6,463	212	3.3	3,285	79	2.4
Overseas markets	417	3	0.7	386	3	0.8	405	3	0.7
Other demand deposits									
Australia	33,950	1,432	4.2	29,737	1,182	4.0	26,718	963	3.6
New Zealand	7,992	412	5.2	6,428	256	4.0	2,108	98	4.6
Overseas markets	794	13	1.6	662	9	1.4	642	9	1.4
Due to other financial institutions									
Australia	1,456	86	5.9	1,452	85	5.9	957	49	5.1
New Zealand	1,680	93	5.5	1,608	76	4.7	631	23	3.6
Overseas markets	4,642	166	3.6	3,736	77	2.1	6,446	111	1.7
Commercial paper									
Australia	5,355	299	5.6	5,824	313	5.4	5,216	252	4.8
New Zealand	7,717	521	6.8	6,764	383	5.7			
Overseas markets	5,915	160	2.7	6,485	74	1.1	4,740	58	1.2
Borrowing corporations debt									
Australia	7,344	403	5.5	7,092	371	5.2	6,626	337	5.1
New Zealand	1,954	125	6.4	1,925	110	5.7	1,824	108	5.9
Loan capital, bonds and notes									
Australia	38,305	2,144	5.6	29,631	1,575	5.3	19,783	1,011	5.1
New Zealand	4,757	335	7.0	2,009	121	6.0	521	37	7.1
Overseas markets	137	4	2.9	150	3	2.0	184	4	2.2
Other liabilities(1)									
Australia	4,593	443	n/a	4,232	538	n/a	2,714	292	n/a
New Zealand	106	163	n/a	40	83	n/a	96	97	n/a
Overseas markets	90	17	n/a	82	17	n/a	33	23	n/a
Intragroup Liabilities									
Australia	3,648	(13)	-0.4	5,644	(19)	-0.3	7,926	134	1.7
New Zealand	5,825	343	5.9	5,026	244	4.9	1,932	66	3.4
	233,828	11,959		202,914	9,088		155,321	6,104	
Intragroup elimination	(9,473)	(330)		(10,670)	(225)		(9,858)	(200)	
	224,355	11,629	5.2	192,244	8,863	4.6	145,463	5,904	4.1

(1) Includes foreign exchange swap costs

	2005 Average balance $m	2004 Average balance $m	2003 Average balance $m
Non-interest bearing liabilities			
Deposits			
Australia	4,147	3,958	3,656
New Zealand	3,535	2,619	1,159
Overseas markets	976	867	683
Acceptances			
Australia	13,166	13,398	13,492
Overseas markets	74	54	88
Other liabilities	14,452	13,611	14,113
	36,350	34,507	33,191
Total liabilities	260,705	226,751	178,654
Total average liabilities			
Australia	175,691	153,927	134,462
New Zealand	70,037	57,550	24,071
Overseas markets	24,450	25,944	29,979
	270,178	237,421	188,512
Intragroup elimination	(9,473)	(10,670)	(9,858)
	260,705	226,751	178,654
Total average shareholders equity			
Ordinary share capital(1)	17,000	15,000	10,929
Preference share capital	1,684	1,229	1,244
	18,684	16,229	12,173
Total average liabilities and shareholders equity	279,389	242,980	190,827
% of total average liabilities attributable to overseas activities	34.0%	34.6%	29.2%

(1) Includes reserves and retained profits

34: INTEREST SPREADS AND NET INTEREST AVERAGE MARGINS

	2005 $m	2004 $m	2003 $m
Net interest income(1)			
Australia	3,797	3,450	3,210
New Zealand	1,612	1,400	699
Overseas markets	414	433	425
	5,823	5,283	4,334
Average interest earning assets			
Australia	162,199	138,991	118,688
New Zealand	68,415	55,920	23,942
Overseas markets	27,163	27,912	29,382
Intragroup elimination	(9,473)	(10,670)	(9,858)
	248,304	212,153	162,154

	%	%	%
Gross earnings rate(2)			
Australia	6.86	6.79	6.48
New Zealand	8.03	7.20	7.43
Overseas markets	4.27	3.27	3.30
Group	7.03	6.67	6.31
Interest spreads and net interest average margins may be analysed as follows			
Australia			
Gross interest spread	1.92	2.11	2.31
Interest forgone on impaired assets(3)	(0.01)	(0.02)	(0.02)
Net interest spread	1.91	2.09	2.29
Interest attributable to net non-interest bearing items	0.43	0.39	0.41
Net interest average margin Australia	2.34	2.48	2.70
New Zealand			
Gross interest spread	1.86	2.08	2.30
Interest forgone on impaired assets(3)	(0.01)	(0.01)	
Net interest spread	1.85	2.07	2.30
Interest attributable to net non-interest bearing items	0.51	0.43	0.62
Net interest average margin New Zealand	2.36	2.50	2.92
Overseas markets			
Gross interest spread	1.05	1.34	1.37
Interest forgone on impaired assets(3)	(0.02)	(0.04)	(0.07)
Net interest spread	1.03	1.30	1.30
Interest attributable to net non-interest bearing items	0.49	0.25	0.15
Net interest average margin Overseas markets	1.52	1.55	1.45
Group			
Gross interest spread	1.86	2.08	2.28
Interest forgone on impaired assets(3)	(0.01)	(0.02)	(0.03)
Net interest spread	1.85	2.06	2.25
Interest attributable to net non-interest bearing items	0.50	0.43	0.42
Net interest average margin Group	2.35	2.49	2.67

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(1) On a tax equivalent basis

(2) Average interest rate received on interest earning assets. Overseas markets includes intragroup assets

(3) Refer note 14

35: MARKET RISK

Market risk is the risk to earnings arising from changes in interest rates, currency exchange rates, or from fluctuations in bond, commodity or equity prices.

The Board of Directors through the Risk Management Committee, a Committee of the Board, has responsibility for oversight of market risk within the Group. Routine management of market risk is delegated to two senior management committees. The Credit and Trading Risk Committee, chaired by the Chief Risk Officer, is responsible for traded market risk, while the Group Asset and Liability Committee, chaired by the Chief Financial Officer, is responsible for non-traded market risk (or balance sheet risk).

The Credit and Trading Risk Committee monitors traded market risk exposures (including Value at Risk and Stress Testing) and is responsible for authorising the trading risk limit framework. The Group Asset and Liability Committee reviews balance sheet based risk measures and strategies on a monthly basis.

The Value at Risk (VaR) Measure

A key measure of market risk is Value at Risk (VaR). VaR is a statistical estimate of the likely daily loss and is based on historical market movements.

The confidence level is such that there is 97.5% or 99% probability that the loss will not exceed the VaR estimate on any given day. The 99% confidence level encompasses a wider range of potential outcomes.

The Group s standard VaR approach for both traded and non-traded risk is historical simulation. The Group calculates VaR using historical changes in market rates and prices over the previous 500 business days.

It should be noted that because VaR is driven by actual historical observations, and as such is not an estimate of the maximum loss that the Group could experience from an extreme market event. As a result of this limitation, the Group utilises a number of other risk measures (eg. stress testing) and associated detailed control limits to measure and manage traded market risk.

Traded and non-traded market risks have been considered separately below.

Traded Market Risks

Trading activities are focused on customer trading, distribution and underwriting of a range of securities and derivative instruments. The principal activities include foreign exchange, interest rate and debt markets. These activities are managed on a global product basis.

Below are aggregate VaR exposures covering both derivative and non-derivative trading positions for the Group s principal trading centres.

	As at Sep 05 $m	High for period Sep 05 $m	Low for period Sep 05 $m	Average for period Sep 05 $m	As at Sep 04 $m	High for period Sep 04 $m	Low for period Sep 04 $m	Average period Sep 04 $m
Value at risk at 97.5% confidence								
Foreign exchange	0.8	1.7	0.3	0.8	0.5	1.9	0.3	0.7
Interest rate	1.3	2.2	0.2	0.9	1.0	1.6	0.2	0.6
Credit spread	0.8	1.5	0.2	0.8	0.5	1.0	0.3	0.6
Diversification benefit	(1.2)	n/a	n/a	(0.9)	(0.7)	n/a	n/a	(0.5)
Total VaR	1.7	3.0	0.8	1.6	1.3	2.5	0.8	1.4
Value at risk at 99% confidence								
Foreign exchange	0.9	2.1	0.4	1.1	0.9	2.8	0.4	1.0
Interest rate	1.7	2.8	0.2	1.2	0.8	2.0	0.1	0.7
Credit spread	1.4	2.4	0.4	1.2	1.0	1.5	0.5	0.8
Diversification benefit	(1.8)	n/a	n/a	(1.3)	(0.9)	n/a	n/a	(0.6)
Total VaR	2.2	4.0	1.0	2.2	1.8	3.4	1.0	1.9

VaR is calculated separately for Foreign Exchange/Commodities and for Interest Rate/Debt Markets businesses as well as Total Group. The diversification benefit reflects the correlation implied by historical rates between Foreign Exchange/Commodities and Interest Rate/Debt Markets.

Non-Traded Market Risks (Balance Sheet Risk)

The principal objectives of balance sheet management are to manage interest income sensitivity while maintaining acceptable levels of interest rate and liquidity risk and to hedge the market value of the Group s capital.

Interest Rate Risk

The objective of balance sheet interest rate risk management is to secure stable and optimal net interest income over both the short (next 12 months) and long term. Non-traded interest rate risk relates to the potential adverse impact of changes in market interest rates on the Group s future net interest income. This risk arises from two principal sources: mismatches between the repricing dates of interest bearing assets and liabilities; and the investment of capital and other non-interest bearing liabilities in interest bearing assets. Interest rate risk is reported as follows using three measures: VaR, scenario analysis (to a 1% shock) and disclosure of the interest rate sensitivity gap (refer note 36).

a) VaR Interest Rate Risk

Below are aggregate VaR figures covering non-traded interest rate risk.

	As at Sep 05 $m	High for period Sep 05 $m	Low for period Sep 05 $m	Average for period Sep 05 $m	As at Sep 04 $m	High for period Sep 04 $m
Value at risk at 97.5% confidence						
Group	14.2	24.0	13.7	18.1	21.0	37.2

b) Scenario Analysis - A 1% Shock on the Next 12 Months Net Interest Income

A 1% overnight parallel positive shift in the yield curve is modelled to determine the potential impact on net interest income over the immediate forward period of 12 months. This is a standard risk quantification tool.

The figures in the table below indicate the outcome of this risk measure for the current and previous financial years - expressed as a percentage of reported net interest income. The sign indicates the nature of the rate sensitivity with a positive number signifying that a rate increase is positive for net interest income over the next 12 months. Conversely, a negative number signifies that a rate increase is negative for the next 12 months net interest income.

	Consolidated	
	2005	2004

Impact of 1% Rate Shock		
As at 30 September	1.73%	1.48%
Maximum exposure	1.87%	1.53%
Minimum exposure	0.25%	(0.07)%
Average exposure (in absolute terms)	1.21%	0.71%

The extent of mismatching between the repricing characteristics and timing of interest bearing assets and liabilities at any point has implications for future net interest income. On a global basis, the Group quantifies the potential variation in future net interest income as a result of these repricing mismatches each month using a static gap model.

The repricing gaps themselves are constructed based on contractual repricing information. However, for those assets and liabilities where the contractual term to repricing is not considered to be reflective of the actual interest rate sensitivity (for example, products priced at the Group s discretion), a profile based on historically observed and/or anticipated rate sensitivity is used. This treatment excludes the effect of basis risk between customer pricing and wholesale market pricing. For example, when wholesale market rates are anticipating an official rate increase the Group does not reprice certain customer business until the first repricing date after the official rate rise.

The majority of the Group s non-traded interest exposure exists in Australia and New Zealand. In these centres, a separate balance sheet simulation process supplements this static gap information. This allows the net interest income outcomes of a number of different scenarios - with different market interest rate environments and future balance sheet structures - to be identified. This better enables the Group to accurately quantify the interest rate risks associated with the balance sheet, and to formulate strategies to manage current and future risk profiles.

Foreign Currency Related Risks

The Group s investment of capital in non-Australian operations generates an exposure to changes in the relative value of individual currencies against the Australian Dollar. Variations in the value of these foreign currency investments are reflected in the Foreign Currency Translation Reserve.

The Group incurs some non-traded foreign currency risk related to the potential repatriation of profits from non-Australian business units. This risk is routinely monitored and hedging is conducted where it is likely to add shareholder value. NZD revenue related hedge contracts outstanding at 30 September 2005 were AUD 3,957 million.

The risk relating to mismatching of non-traded foreign currency assets and liabilities has not been presented, as this type of risk is minimal for the Group.

36: INTEREST SENSITIVITY GAP

The following table represents the interest rate sensitivity as at 30 September 2005 of the Group s assets, liabilities and off balance sheet instruments repricing (that is, when interest rates applicable to each asset or liability can be changed) in the periods shown.

Repricing gaps are based upon contractual repricing information except where the contractual terms are not considered to be reflective of actual interest rate sensitivity, for example, those assets and liabilities priced at the Group s discretion. In such cases, the rate sensitivity is based upon historically observed and/or anticipated rate sensitivity.

Sensitivity to interest rates arises from mismatches in the period to repricing of assets and that of the corresponding liability funding. These mismatches are managed within policy guidelines for mismatch positions.

At 30 September 2005	Less than 3 months $m	Between 3 months and 6 months $m	Between 6 months and 12 months $m	Between 1 year and 5 years $m	After 5 years $m	Not bearing interest $m	Total $m
Liquid assets and due from other financial institutions	13,510	984	286	259	1,082	1,827	17,948
Trading and investment securities	8,050	1,263	627	2,489	700	97	13,226
Net loans and advances	164,347	8,698	14,061	44,391	1,032	(1,577)	230,952
Other assets	318	55	112	570	77	29,927	31,059
Total assets	186,225	11,000	15,086	47,709	2,891	30,274	293,185
Certificates of deposit and term deposits	58,515	10,176	5,190	4,565	10		78,456
Other deposits	58,497	898	1,771	4,614	45	10,378	76,203
	31,381	4,055	3,007	1,596	1,023	1,998	43,060

Other borrowings and due to other financial institutions							
Other liabilities	169	1	14	479	286	26,819	27,768
Bonds, notes and loan capital	28,207	2,585	1,235	11,830	4,353		48,210
Total liabilities	176,769	17,715	11,217	23,084	5,717	39,195	273,697
Shareholders equity and outside equity interests						19,488	19,488
Off balance sheet items affecting interest rate sensitivity	2,013	9,271	(2,879)	(11,737)	3,332		
Interest sensitivity gap							
net	11,469	2,556	990	12,888	506	(28,409)	
cumulative	11,469	14,025	15,015	27,903	28,409		

The bulk of the Group s loan/deposit business is conducted in the domestic balance sheets of Australia and New Zealand and is priced on a floating rate basis. The mix of repricing maturities in these books is influenced by the underlying financial needs of customers.

Offshore operations, which are generally wholesale in nature, are able to minimise interest rate sensitivity through closely matching the maturity of loans and deposits. Given both the size and nature of their business, the interest rate sensitivities of these balance sheets contribute little to the aggregate risk exposure, which is primarily a reflection of the positions in Australia and New Zealand.

In Australia and New Zealand, a combination of pricing initiatives and off-balance sheet instruments is used in the management of interest rate risk. For example, where a strong medium to long term rate view is held, hedging and pricing strategies are used to modify the profile s rate sensitivity so that it is positioned to take advantage of the expected movement in interest rates. However, such positions are taken within the overall risk limits specified by policy.

The following table represents the interest rate sensitivity as at 30 September 2004 of the Group s assets, liabilities and off balance sheet instruments repricing (that is, when interest rates applicable to each asset or liability can be changed) in the periods shown.

At 30 September 2004	Less than 3 months $m	Between 3 months and 6 months $m	Between 6 months and 12 months $m	Between 1 year and 5 years $m	After 5 years $m	Not bearing interest $m	Total $m
Liquid assets and due from other financial institutions	8,030	788	508	823	6	989	11,144
Trading and investment securities	8,326	1,261	1,538	1,667	293	139	13,224
Net loans and advances	147,883	8,415	12,914	36,740	673	(1,663)	204,962
Other assets	383	134	127	607	5	28,759	30,015
Total assets	164,622	10,598	15,087	39,837	977	28,224	259,345
Certificates of deposit and term deposits	54,245	7,596	4,574	4,199	7		70,621
Other deposits	53,843	843	1,648	4,997		7,927	69,258
Other borrowings and due to other financial institutions	27,733	2,784	2,844	1,805	7	854	36,027
Other liabilities	127	151	186	749	166	28,058	29,437
Bonds, notes and loan capital	18,738	2,474	962	9,955	3,948		36,077
Total liabilities	154,686	13,848	10,214	21,705	4,128	36,839	241,420
Shareholders equity and outside equity interests						17,925	17,925
Off balance sheet items affecting interest rate sensitivity	6,655	3,114	(8,887)	(4,777)	3,895		
Interest sensitivity gap							
net	16,591	(136)	(4,014)	13,355	744	(26,540)	
cumulative	16,591	16,455	12,441	25,796	26,540		

37: NET FAIR VALUE OF FINANCIAL INSTRUMENTS

Australian Accounting Standard AASB 1033: Presentation and Disclosure of Financial Instruments (AASB 1033) requires disclosure of the net fair value of on and off balance sheet financial instruments. The disclosures exclude all non-financial instruments, such as income taxes and regulatory deposits, and specified financial instruments, such as interests in controlled entities. The aggregate net fair value amounts do not represent the underlying value of the Group.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm s length transaction. Net fair value is the fair value adjusted for transaction costs.

Quoted market prices, where available, are adjusted for material transaction costs and used as the measure of net fair value. In cases where quoted market values are not available, net fair values are based on present value estimates or other valuation techniques. For the majority of short-term financial instruments, defined as those which reprice or mature in 90 days or less, with no significant change in credit risk, the net fair value was assumed to equate to the carrying amount in the Group s statement of financial position.

The fair values are based on relevant information available as at 30 September 2005. While judgement is used in obtaining the net fair value of financial instruments, there are inherent weaknesses in any estimation technique. Many of the estimates involve uncertainties and matters of significant judgement, and changes in underlying assumptions could significantly affect these estimates. Furthermore, market prices or rates of discount are not available for many of the financial instruments valued and surrogates have been used which may not reflect the price that would apply in an actual sale.

The net fair value amounts have not been updated for the purposes of these financial statements since 30 September 2005, and therefore the net fair value of the financial instruments subsequent to 30 September 2005 may be different from the amounts reported.

	Net fair value		Carrying value	
Financial Assets	**2005** **$m**	**2004** **$m**	**2005** **$m**	**2004** **$m**
Liquid assets	11,600	6,363	11,600	6,363
Due from other financial institutions	6,348	4,781	6,348	4,781
Trading securities	6,285	5,478	6,285	5,478
Investment securities, shares in associates and joint venture entities	9,252	9,878	8,813	9,706
Loans and advances	232,724	206,788	230,952	204,962
Customer s liabilities for acceptances	13,449	12,466	13,449	12,466
Other financial assets	9,866	9,458	9,751	9,088

LIQUID ASSETS AND DUE FROM OTHER FINANCIAL INSTITUTIONS

The carrying values of these financial instruments are considered to approximate their net fair values as they are short-term in nature or are receivable on demand.

TRADING SECURITIES

Trading securities are carried at market value. Market value is generally based on quoted market prices, broker or dealer price quotations, or prices for securities with similar credit risk, maturity and yield characteristics.

INVESTMENT SECURITIES

Net fair value is based on quoted market prices or broker or dealer price quotations. If this information is not available, net fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

SHARES IN ASSOCIATES AND JOINT VENTURE ENTITIES

Net fair value is based on quoted market prices or broker or dealer price quotations. If this information is not available, net fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, independent valuation, or by reference to the net tangible asset backing of the investee.

LOANS, ADVANCES AND CUSTOMERS LIABILITIES FOR ACCEPTANCES

The carrying value of loans, advances and acceptances is net of specific and general provisions for doubtful debts and income yet to mature. The estimated net fair value of loans, advances and acceptances is based on the discounted amount of estimated future cash flows and accordingly has not been adjusted for either specific or general provisions for doubtful debts.

Estimated contractual cash flows for performing loans are discounted at estimated current bank credit spreads to determine fair value. For loans with doubt as to collection, expected cash flows (inclusive of the value of security) are discounted using a rate which includes a premium for the uncertainty of the flows.

The difference between estimated net fair values of loans, advances and acceptances and carrying value reflects changes in interest rates and the credit worthiness of borrowers since loan origination.

Net lease receivables, with a carrying value of $3,523 million (2004: $3,079 million) and a net fair value of $3,523 million (2004: $3,080 million), are included in loans and advances.

OTHER FINANCIAL ASSETS

Included in this category are accrued interest, fees receivable and derivative financial instruments. The carrying values of accrued interest and fees receivable are considered to approximate their net fair values as they are short term in nature or are receivable on demand.

The fair values of derivative financial instruments such as interest rate swaps and currency swaps were calculated using discounted cash flow models based on current market yields for similar types of instruments and the maturity of each instrument. Foreign exchange contracts and interest rate option contracts were valued using market prices and option valuation models as appropriate.

Properties held for resale, deferred tax assets and prepaid expenses are not considered financial assets.

	Net fair value		Carrying value	
Financial Liabilities	**2005**	**2004**	**2005**	**2004**
	$m	**$m**	**$m**	**$m**
Due to other financial institutions	12,027	7,349	12,027	7,349
Deposits and other borrowings	185,645	168,542	185,693	168,557
Liability for acceptances	13,449	12,466	13,449	12,466
Bonds and notes	39,137	27,747	39,073	27,602
Loan capital	9,215	8,540	9,137	8,475
Other financial liabilities	10,939	13,665	10,921	13,525

DUE TO OTHER FINANCIAL INSTITUTIONS

The carrying value of amounts due to other financial institutions is considered to approximate the net fair value.

DEPOSITS AND OTHER BORROWINGS

The net fair value of a deposit liability without a specified maturity or at call is deemed by AASB 1033 to be the amount payable on demand at the reporting date. The fair value is not adjusted for any value expected to be derived from retaining the deposit for a future period of time.

For interest bearing fixed maturity deposits and other borrowings and acceptances without quoted market prices, market borrowing rates of interest for debt with a similar maturity are used to discount contractual cash flows.

BONDS AND NOTES AND LOAN CAPITAL

The aggregate net fair value of bonds and notes and loan capital at 30 September 2005 was calculated based on quoted market prices.
For those debt issues where quoted market prices were not available, a discounted cash flow model using a yield curve appropriate for the remaining term to maturity of the instrument was used.

OTHER FINANCIAL LIABILITIES

This category includes accrued interest and fees payable for which the carrying amount is considered to approximate the fair value. Also included are derivative financial instruments, where fair value is determined on the basis described under Other financial assets .

Income tax liabilities, other provisions and accrued charges are not considered financial liabilities.

COMMITMENTS AND CONTINGENCIES

As outlined in note 47, the Group has various credit related commitments. Based upon the level of fees currently charged for granting such commitments, taking into account maturity and interest rates, together with any changes in the creditworthiness of counterparties since origination of the commitments, their estimated replacement or net fair value is not material.

TRANSACTION COSTS

The fair value of financial instruments required to be disclosed under US accounting standard, Statement of Financial Accounting Standards No. 107 Disclosures about Fair Value of Financial Instruments (SFAS 107) is calculated without regard to estimated transaction costs. Such transaction costs are not material, and accordingly the fair values shown above would not differ materially from fair values calculated in accordance with SFAS 107.

38: DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, 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 and are classified as other than trading. 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 principal exchange rate contracts used by the Group are forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. Currency options provide the buyer with the right, but not the obligation, either to purchase or sell a fixed amount of a currency at a specified rate on or before a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

The principal interest rate contracts used by the Group are forward rate agreements, interest rate futures, interest rate swaps and options. Forward rate agreements are contracts for the payment of the difference between a specified interest rate and a reference rate on a notional deposit at a future settlement date. There is no exchange of principal. An interest rate future is an exchange traded contract for the delivery of a standardised amount of a fixed income security or time deposit at a future date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

Derivative transactions generate income for the Group from buy/sell spreads and from trading positions taken by the Group. Income from these transactions is taken to net interest income, foreign exchange earnings or profit on trading instruments. Income or expense on derivatives entered into for balance sheet and revenue hedging purposes is accrued and recorded as an adjustment to the interest income or expense of the related hedged item.

CREDIT RISK

The credit risk of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligation. Credit risk arises when market movements are such that the derivative has a positive value to the Group. It is the cost of replacing the contract in the event of counterparty default. The Group limits its credit risk within a conservative framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate.

The following table provides an overview of the Group s exchange rate, credit, commodity and interest rate derivatives. It includes all trading and other than trading contracts. Notional principal amounts measure the amount of the underlying physical or financial commodity and represent the volume of outstanding transactions. They are not a measure of the risk associated with a derivative.

The credit equivalent amount is calculated in accordance with the Australian Prudential Regulation Authority s Capital Adequacy guidelines. It combines the aggregate gross replacement cost with an allowance for the potential increase in value over the remaining term of the transaction should market conditions change.

The fair value of a derivative represents the aggregate net present value of the cash inflows and outflows required to extinguish the rights and obligations arising from the derivative in an orderly market as at the reporting date. Fair value does not indicate future gains or losses, but rather the unrealised gains and losses from marking to market all derivatives at a particular point in time.

Consolidated	**Notional principal amount 2005 $m**	**Credit equivalent amount 2005 $m**	**Fair value 2005 $m**	**Notional principal amount 2004 $m**	**Credit equivalent amount 2004 $m**	**Fair value 2004 $m**
Foreign exchange contracts(1)						
Spot and forward contracts	184,958	3,082	(178)	183,825	3,216	(1,411)
Swap agreements	68,892	3,638	(561)	51,437	3,095	(25)
Futures contracts(2)	256	n/a	4	251	n/a	2
Options purchased	9,340	315	186	13,288	398	224
Options sold(3)	14,925	n/a	(174)	18,852	n/a	(226)
Other contracts	4,963	573	(2)	2,686	436	115
	283,334	7,608	(725)	270,339	7,145	(1,321)
Interest rate contracts						
Forward rate agreements	47,734	8	1	39,572	9	5
Swap agreements	405,152	3,443	431	321,585	3,682	424
Futures contracts(2)	35,111	n/a	8	38,270	n/a	4
Options purchased	12,810	96	62	12,810	111	64
Options sold(3)	16,715	n/a	(42)	15,214	n/a	(35)
	517,522	3,547	460	427,451	3,802	462
Credit contracts						
Credit default swaps(4)	15,437	2,929	(1)	11,743	3,381	31
	816,293	14,084	(266)	709,533	14,328	(828)

(1) The fair value of foreign exchange contracts includes a net additional $586 million (September 2004: net $(519) million) in respect of cash collateral paid/(received) under credit support agreements

(2) Credit equivalent amounts have not been included as there is minimal credit risk associated with exchange traded futures where the clearing house is the counterparty

(3) Options sold have no credit exposure, as they represent obligations rather than assets

(4) Credit default swaps include structured financing transactions that expose the Group to the performance of certain assets. The total investment of the Group in these transactions is USD 500 million (2004: USD 750 million)

The maturity structure of derivative activity is a primary component of potential credit exposure. The table below shows the remaining maturity profile by class of derivatives, based on notional principal amounts. The table also shows the notional principal amounts of the derivatives held for trading and other than trading purposes.

	Remaining life					
Consolidated At 30 September 2005	**Less than 1 year $m**	**1 to 5 years $m**	**Greater than 5 years $m**	**Total $m**	**Trading $m**	**Other than Trading $m**
Foreign exchange contracts						
Spot and forward contracts	178,705	6,107	146	184,958	165,781	19,177
Swap agreements	17,148	40,788	10,956	68,892	15,906	52,986
Futures contracts	254	2		256	256	
Options purchased	8,536	692	112	9,340	9,340	
Options sold	14,167	696	62	14,925	14,925	
Other contracts	2,439	2,339	185	4,963	4,961	2

	221,249	50,624	11,461	283,334	211,169	72,165
Interest rate contracts						
Forward rate agreements	47,168	566		47,734	45,961	1,773
Swap agreements	145,049	198,495	61,608	405,152	305,862	99,290
Futures contracts	30,909	4,202		35,111	27,589	7,522
Options purchased	7,694	4,552	564	12,810	12,774	36
Options sold	9,725	6,447	543	16,715	16,715	
	240,545	214,262	62,715	517,522	408,901	108,621
Credit contracts						
Credit default swaps	2,666	12,041	730	15,437	13,159	2,278
Total	464,460	276,927	74,906	816,293	633,229	183,064

Consolidated At 30 September 2004	Remaining life Less than 1 year $m	1 to 5 years $m	Greater than 5 years $m	Total $m	Trading $m	Other than Trading $m
Foreign exchange contracts						
Spot and forward contracts	178,501	5,033	291	183,825	162,072	21,753
Swap agreements	9,945	33,631	7,861	51,437	13,670	37,767
Futures contracts	243	8		251	251	
Options purchased	12,361	863	64	13,288	13,288	
Options sold	18,001	789	62	18,852	18,852	
Other contracts	1,015	1,436	235	2,686	2,681	5
	220,066	41,760	8,513	270,339	210,814	59,525
Interest rate contracts						
Forward rate agreements	39,514	58		39,572	31,437	8,135
Swap agreements	121,594	153,556	46,435	321,585	248,186	73,399
Futures contracts	35,759	2,511		38,270	32,498	5,772
Options purchased	4,546	7,680	584	12,810	12,773	37
Options sold	7,506	7,267	441	15,214	15,214	
	208,919	171,072	47,460	427,451	340,108	87,343
Credit contracts						
Credit default swaps	1,310	9,472	961	11,743	8,775	2,968
Total	430,295	222,304	56,934	709,533	559,697	149,836

Concentrations of credit risk exist for groups of counterparties when they have similar economic characteristics. Major concentrations of credit risk arise by location and type of customer.

The following table shows the concentrations of credit risk, by class of counterparty and by geographic location, measured by credit equivalent amount.

Approximately 57% (2004: 47%) of the Group s exposures are with counterparties which are either Australian banks or banks based in other OECD countries.

Consolidated At 30 September 2005	OECD governments $m	Australian and OECD banks $m	Corporations, non-OECD banks and others $m	Total $m
Australia	140	6,185	4,997	11,322
New Zealand	55	1,610	606	2,271
Overseas markets	31	236	224	491
	226	8,031	5,827	14,084

Consolidated At 30 September 2004	OECD governments $m	Australian and OECD banks $m	Corporations, non-OECD banks and others $m	Total $m
Australia	147	5,258	6,534	11,939
New Zealand	12	1,228	839	2,079
Overseas markets	2	212	96	310

	161	6,698	7,469	14,328

The next table shows the fair values of the Group s derivatives by product type, disaggregated into gross unrealised gains and gross unrealised losses.

The fair value of a derivative represents the aggregate net present value of the cash inflows and outflows required to extinguish the rights and obligations arising from the derivative in an orderly market as at the reporting date. Fair value does not indicate future gains or losses, but rather the unrealised gains and losses from marking to market all derivatives at a particular point in time.

	Other than Trading		Trading		Total	
Consolidated	**Fair value(2) as at 2005 $m**	**Fair value(1) as at 2004 $m**	**Fair value(2) as at 2005 $m**	**Fair value(1) as at 2004 $m**	**Fair value Average 2005 $m**	**Fair value Average 2004 $m**
Foreign exchange contracts						
Spot and forward contracts						
Gross unrealised gains	552	875	664(2)	687(2)	1,729	1,719
Gross unrealised losses	(3,233)	(2,392)	1,839(2)	(581)(2)	(2,670)	(927)
Swap agreements						
Gross unrealised gains	447	532	(48)(2)	110(2)	558	498
Gross unrealised losses	(629)	(430)	(331)(2)	(237)(2)	(1,011)	(254)
Futures contracts						
Gross unrealised gains			18	8	6	
Gross unrealised losses			(14)	(6)	(3)	
Options purchased			186	224	214	352
Options sold			(174)	(226)	(190)	(337)
Other contracts						
Gross unrealised gains			377	298	313	247
Gross unrealised losses			(379)	(183)	(249)	(111)
	(2,863)	(1,415)	2,138	94	(1,303)	1,187
Interest rate contracts						
Forward rate agreements						
Gross unrealised gains			5	8	3	6
Gross unrealised losses			(4)	(3)	(4)	(4)
Swap agreements						
Gross unrealised gains	512	467	1,112	1,825	1,569	2,127
Gross unrealised losses	(256)	(181)	(937)	(1,687)	(1,271)	(1,790)
Futures contracts						
Gross unrealised gains	11	6	141	54	114	52
Gross unrealised losses	(6)	(4)	(138)	(52)	(111)	(43)
Options purchased	11	8	51	56	58	65
Options sold			(42)	(35)	(47)	(36)
Other contracts						
Gross unrealised gains						
Gross unrealised losses						
	272	296	188	166	311	377
Credit contracts						
Credit default swaps						
Gross unrealised gains	6	42	111	44	92	37
Gross unrealised losses	(3)	(6)	(115)	(49)	(99)	(42)
	3	36	(4)	(5)	(7)	(5)
Total	(2,588)	(1,083)	2,322	255	(999)	1,559

(1) The fair values of derivatives vary over time depending on movements in interest and exchange rates and the trading or hedging strategies used

(2) The fair value of foreign exchange contracts trading is impacted by netting arrangements and timing of collateral paid under credit support agreements

The Group classifies derivatives into two types according to the purpose they are entered into: trading or hedging.

In addition to customer and trading activities, the Group uses, inter alia, derivatives to manage the risk associated with its balance sheet and future revenue streams. The principal objectives of asset and liability management are to hedge the market value of the Group s capital and to manage and control the sensitivity of the Group s income while maintaining acceptable levels of interest rate and liquidity risk. The Group also uses a variety of foreign exchange derivatives to hedge against adverse movements in the value of foreign currency denominated assets and liabilities and future revenue streams.

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

In order to be classified as a hedging derivative the hedging relationship must be expected to be effective.

An effective hedging relationship is one where there is expected to be a high degree of negative correlation between changes in the fair value of the financial asset being hedged and the derivative nominated as the hedging instrument. This effectiveness is assessed on initial classification of the hedging relationship. A hedging relationship is either effective or non-effective in its entirety, no accounting adjustment is made for an assessed percentage of ineffectiveness. Where a hedging relationship is deemed effective it is accounted for in the same manner as the underlying asset or liability it is hedging.

During the year NZD0.7 billion hedge of NZD revenue were put in place to lock in historically high NZD exchange rates. Hedge contracts outstanding at 30 September 2005 totalled NZD4.4 billion (AUD 4.0 billion).

The table below shows the notional principal amount, credit equivalent amount and fair value of derivatives held by the Group, split between those entered into for customer-related and trading purposes, and those entered into for balance sheet hedging and revenue related hedging.

Consolidated	**Notional principal amount 2005 $m**	**Credit equivalent amount 2005 $m**	**Fair value 2005 $m**	**Notional principal amount 2004 $m**	**Credit equivalent amount 2004 $m**	**Fair value 2004 $m**
Foreign exchange and commodity contracts						
Customer-related and trading purposes	211,169	4,676	2,138	210,814	4,511	94
Balance sheet hedging purposes	68,208	2,852	(2,904)	56,039	2,585	(1,371)
Revenue related hedging	3,957	80	41	3,486	49	(44)
	283,334	7,608	(725)	270,339	7,145	(1,321)
Interest rate contracts						
Customer-related and trading purposes	408,901	2,902	188	340,108	3,163	166
Balance sheet hedging purposes	108,621	645	272	87,343	639	296
	517,522	3,547	460	427,451	3,802	462