

## RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2004

### DETAILED FINANCIAL INFORMATION

The following section does not purport to be a set of financial statements. For the Group's financial statements refer to the Appendix 4D filed with the ASX.

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## 1. PERFORMANCE SUMMARY BY DIVISION

Half Year to 31 March 2004	Note	FSA \$m	FSE \$m	FSNZ \$m	CIB \$m	Other <sup>(1)</sup> \$m	Total Banking \$m	WM \$m	Elimina- tions <sup>(2)</sup> \$m	Total Group \$m
Net interest income	2	1,799	1,043	335	371	(29)	3,519	66	-	3,585
Net life insurance income <sup>(3)</sup>	6	-	-	-	-	-	-	455	-	455
Other operating income <sup>(4)</sup>	7	989	410	160	596	(45)	2,110	412	(66)	2,456
Net operating income		2,788	1,453	495	967	(74)	5,629	933	(66)	6,496
Operating expenses <sup>(5)</sup>	8	(1,254)	(895)	(246)	(400)	(71)	(2,866)	(436)	66	(3,236)
Underlying profit		1,534	558	249	567	(145)	2,763	497	-	3,260
Charge to provide for doubtful debts	10	(105)	(100)	(12)	(88)	-	(305)	-	-	(305)
Cash earnings before tax		1,429	458	237	479	(145)	2,458	497	-	2,955
Income tax expense - net life insurance income	6	-	-	-	-	-	-	(213)	-	(213)
Income tax (expense)/benefit - other	12	(430)	(150)	(79)	(99)	28	(730)	(5)	-	(735)
<b>Cash earnings before significant items, distributions and outside equity interest</b>		999	308	158	380	(117)	1,728	279	-	2,007
Wealth Management revaluation profit after tax		-	-	-	-	-	-	148	-	148
Goodwill amortisation		(6)	(31)	(1)	-	(15)	(53)	-	-	(53)
<b>Net profit/(loss) before significant items</b>		993	277	157	380	(132)	1,675	427	-	2,102
Significant items after tax	13	-	-	-	(252)	379	127	-	-	127
<b>Net profit</b>		993	277	157	128	247	1,802	427	-	2,229
Net (profit) attributable to outside equity interest		-	-	-	(5)	-	(5)	(58)	-	(63)
<b>Net profit attributable to members of the Company</b>		993	277	157	123	247	1,797	369	-	2,166
Distributions										(94)
<b>Earnings attributable to ordinary shareholders</b>										2,072

<sup>(1)</sup> Other includes Excess Capital, Group Funding, Corporate Centre and elimination entries within Total Banking.

<sup>(2)</sup> Elimination of inter-divisional income and expenses (eg. revenue sharing arrangements between divisions).

<sup>(3)</sup> Net life insurance income is the profit before tax excluding net interest income of the life insurance and investments businesses of the statutory funds of the life insurance companies of the Group.

<sup>(4)</sup> Other operating income excludes the net interest income and net life insurance income and revaluation profit/(loss).

<sup>(5)</sup> Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management only). It includes pension expenses.

## Detailed Financial Information - Note 1: Performance Summary by Division

<b>Half Year to 30 September 2003</b>	<b>Note</b>	<b>FSA \$m</b>	<b>FSE \$m</b>	<b>FSNZ \$m</b>	<b>CIB \$m</b>	<b>Other<sup>(1)</sup> \$m</b>	<b>Total Banking \$m</b>	<b>WM \$m</b>	<b>Elimina- tions<sup>(2)</sup> \$m</b>	<b>Total Group \$m</b>
Net interest income	<b>2</b>	1,809	1,110	323	392	(24)	3,610	63	-	3,673
Net life insurance income <sup>(3)</sup>	<b>6</b>	-	-	-	-	-	-	363	-	363
Other operating income <sup>(4)</sup>	<b>7</b>	1,000	442	162	590	76	2,270	367	(59)	2,578
Net operating income		2,809	1,552	485	982	52	5,880	793	(59)	6,614
Operating expenses <sup>(5)</sup>	<b>8</b>	(1,288)	(847)	(241)	(380)	(159)	(2,915)	(412)	59	(3,268)
Underlying profit		1,521	705	244	602	(107)	2,965	381	-	3,346
Charge to provide for doubtful debts	<b>10</b>	(142)	(115)	(14)	(44)	4	(311)	-	-	(311)
Cash earnings before tax		1,379	590	230	558	(103)	2,654	381	-	3,035
Income tax expense - net life insurance income	<b>6</b>	-	-	-	-	-	-	(196)	-	(196)
Income tax (expense)/benefit - other	<b>12</b>	(412)	(183)	(78)	(106)	48	(731)	6	-	(725)
<b>Cash earnings before significant items, distributions and outside equity interest</b>		967	407	152	452	(55)	1,923	191	-	2,114
Wealth Management revaluation profit after tax		-	-	-	-	-	-	5	-	5
Goodwill amortisation		(2)	(31)	-	-	(16)	(49)	-	-	(49)
<b>Net profit/(loss) before significant items</b>		965	376	152	452	(71)	1,874	196	-	2,070
Significant items after tax	<b>13</b>	-	-	-	-	-	-	-	-	-
<b>Net profit/(loss)</b>		965	376	152	452	(71)	1,874	196	-	2,070
Net (profit)/loss attributable to outside equity interest		-	-	-	(5)	1	(4)	22	-	18
<b>Net profit/(loss) attributable to members of the Company</b>		965	376	152	447	(70)	1,870	218	-	2,088
Distributions										(89)
<b>Earnings attributable to ordinary shareholders</b>										1,999

<sup>(1)</sup> Other includes Excess Capital, Group Funding, Corporate Centre and elimination entries within Total Banking.

<sup>(2)</sup> Elimination of inter-divisional income and expenses (eg. revenue sharing arrangements between divisions).

<sup>(3)</sup> Net life insurance income is the profit before tax excluding net interest income of the life insurance and funds management businesses of the statutory funds of the life insurance companies of the Group.

<sup>(4)</sup> Other operating income excludes the net interest income and net life insurance income and revaluation profit/(loss).

<sup>(5)</sup> Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management only). It includes pension expenses.

**Detailed Financial Information - Note 1: Performance Summary by Division**

<b>Half Year to 31 March 2003</b>	<b>Note</b>	<b>FSA \$m</b>	<b>FSE \$m</b>	<b>FSNZ \$m</b>	<b>CIB \$m</b>	<b>Other<sup>(1)</sup> \$m</b>	<b>Total Banking \$m</b>	<b>WM \$m</b>	<b>Elimina- tions<sup>(2)</sup> \$m</b>	<b>Total Group \$m</b>
Net interest income	<b>2</b>	1,710	1,217	328	456	(19)	3,692	54	-	3,746
Net life insurance income <sup>(3)</sup>	<b>6</b>	-	-	-	-	-	-	81	-	81
Other operating income <sup>(4)</sup>	<b>7</b>	950	496	167	512	(1)	2,124	366	(58)	2,432
Net operating income		2,660	1,713	495	968	(20)	5,816	501	(58)	6,259
Operating expenses <sup>(5)</sup>	<b>8</b>	(1,214)	(872)	(252)	(375)	(37)	(2,750)	(394)	58	(3,086)
Underlying profit		1,446	841	243	593	(57)	3,066	107	-	3,173
Charge to provide for doubtful debts	<b>10</b>	(156)	(132)	(7)	(26)	-	(321)	(1)	-	(322)
Cash earnings before tax		1,290	709	236	567	(57)	2,745	106	-	2,851
Income tax benefit - net life insurance income	<b>6</b>	-	-	-	-	-	-	70	-	70
Income tax (expense)/benefit - other	<b>12</b>	(386)	(219)	(77)	(133)	34	(781)	(9)	-	(790)
<b>Cash earnings before significant items, distributions and outside equity interest</b>		904	490	159	434	(23)	1,964	167	-	2,131
Wealth Management revaluation loss after tax		-	-	-	-	-	-	(205)	-	(205)
Goodwill amortisation		(1)	(31)	(1)	-	(16)	(49)	-	-	(49)
<b>Net profit/(loss) before significant items</b>		903	459	158	434	(39)	1,915	(38)	-	1,877
Significant items after tax	<b>13</b>	-	-	-	-	-	-	-	-	-
<b>Net profit/(loss)</b>		903	459	158	434	(39)	1,915	(38)	-	1,877
Net (profit) attributable to outside equity interest		-	-	-	(4)	-	(4)	(6)	-	(10)
<b>Net profit/(loss) attributable to members of the Company</b>		903	459	158	430	(39)	1,911	(44)	-	1,867
Distributions										(94)
<b>Earnings attributable to ordinary shareholders</b>										1,773

<sup>(1)</sup> Other includes Excess Capital, Group Funding, Corporate Centre and elimination entries within Total Banking.

<sup>(2)</sup> Elimination of inter-divisional income and expenses (eg. revenue sharing arrangements between divisions).

<sup>(3)</sup> Net life insurance income is the profit before tax excluding net interest income of the life insurance and investments businesses of the statutory funds of the life insurance companies of the Group.

<sup>(4)</sup> Other operating income excludes the net interest income and net life insurance income and revaluation profit/(loss).

<sup>(5)</sup> Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management only). It includes pension expenses.

## 2. NET INTEREST INCOME

Group	Note	Half Year to			Fav / (Unfav) Change on	
		Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
		\$m	\$m	\$m	%	%
Interest income						
Loans to customers		<b>7,589</b>	7,204	7,258	5.3	4.6
Other		<b>1,595</b>	1,461	1,177	9.2	35.5
Total interest income	<b>7</b>	<b>9,184</b>	8,665	8,435	6.0	8.9
Interest expense						
Deposits and other borrowings		<b>(4,347)</b>	(3,663)	(3,220)	(18.7)	(35.0)
Other		<b>(1,252)</b>	(1,329)	(1,469)	5.8	14.8
Total interest expense	<b>8</b>	<b>(5,599)</b>	(4,992)	(4,689)	(12.2)	(19.4)
<b>Net interest income</b>		<b>3,585</b>	3,673	3,746	(2.4)	(4.3)

### By Division

Financial Services Australia		<b>1,799</b>	1,809	1,710	(0.6)	5.2
Financial Services Europe		<b>1,043</b>	1,110	1,217	(6.0)	(14.3)
Financial Services New Zealand		<b>335</b>	323	328	3.7	2.1
Retail Banking		<b>3,177</b>	3,242	3,255	(2.0)	(2.4)
Corporate & Institutional Banking		<b>371</b>	392	456	(5.4)	(18.6)
Other (incl. Excess Capital, Group Funding & Corporate Centre)		<b>(29)</b>	(24)	(19)	(20.8)	(52.6)
Total Banking		<b>3,519</b>	3,610	3,692	(2.5)	(4.7)
Wealth Management		<b>66</b>	63	54	4.8	22.2
<b>Net interest income</b>		<b>3,585</b>	3,673	3,746	(2.4)	(4.3)

### 3. NET INTEREST MARGINS & SPREADS

Group	Half Year to			Fav / (Unfav) Change on	
	Mar 04 %	Sep 03 %	Mar 03 %	Sep 03 basis pts	Mar 03 basis pts
<b>Gross interest spread</b> <sup>(1)</sup>	<b>1.98</b>	2.19	2.24	(0.21)	(0.26)
Interest forgone on impaired assets	<b>(0.03)</b>	(0.03)	(0.02)	-	(0.01)
<b>Net interest spread</b> <sup>(2)</sup>	<b>1.95</b>	2.16	2.22	(0.21)	(0.27)
Benefit of net free liabilities, provisions and equity	<b>0.45</b>	0.34	0.34	0.11	0.11
<b>Net interest margin</b> <sup>(3)</sup>	<b>2.40</b>	2.50	2.56	(0.10)	(0.16)
<b>Net interest margin (excluding earnings on Excess Capital)</b>	<b>2.39</b>	2.49	2.52	(0.10)	(0.13)
<b>By Region</b>					
<b>Australia</b> <sup>(4)</sup>					
Gross interest spread <sup>(1)</sup>	<b>2.01</b>	2.39	2.33	(0.38)	(0.32)
Interest forgone on impaired assets	<b>(0.02)</b>	(0.04)	(0.03)	0.02	0.01
<b>Net interest spread</b> <sup>(2)</sup>	<b>1.99</b>	2.35	2.30	(0.36)	(0.31)
Benefit of net free liabilities, provisions and equity	<b>0.31</b>	0.08	0.29	0.23	0.02
<b>Net interest margin</b> <sup>(3)</sup>	<b>2.30</b>	2.43	2.59	(0.13)	(0.29)
<b>Net interest margin (excluding earnings on Excess Capital)</b>	<b>2.28</b>	2.40	2.51	(0.12)	(0.23)
<b>Europe</b> <sup>(4)</sup>					
Gross interest spread <sup>(1)</sup>	<b>1.94</b>	2.03	2.10	(0.09)	(0.16)
Interest forgone on impaired assets	<b>(0.02)</b>	(0.02)	(0.02)	-	-
<b>Net interest spread</b> <sup>(2)</sup>	<b>1.92</b>	2.01	2.08	(0.09)	(0.16)
Benefit of net free liabilities, provisions and equity	<b>0.61</b>	0.52	0.49	0.09	0.12
<b>Net interest margin</b> <sup>(3)</sup>	<b>2.53</b>	2.53	2.57	-	(0.04)
<b>Other International</b> <sup>(4)</sup>					
Gross interest spread <sup>(1)</sup>	<b>1.68</b>	1.36	1.61	0.32	0.07
Interest forgone on impaired assets	<b>(0.02)</b>	(0.03)	(0.02)	0.01	-
<b>Net interest spread</b> <sup>(2)</sup>	<b>1.66</b>	1.33	1.59	0.33	0.07
Benefit of net free liabilities, provisions and equity	<b>0.06</b>	0.50	0.11	(0.44)	(0.05)
<b>Net interest margin</b> <sup>(3)</sup>	<b>1.72</b>	1.83	1.70	(0.11)	0.02

<sup>(1)</sup> Gross interest spread represents the difference between the average interest rate earned (inclusive of interest forgone on impaired assets) and the average interest rate incurred on funds.

<sup>(2)</sup> Net interest spread represents the difference between the average interest rate earned and the average interest rate incurred on funds.

<sup>(3)</sup> Net interest margin is net interest income as a percentage of average interest-earning assets.

<sup>(4)</sup> Australia, Europe and Other International include intragroup cross border loans/borrowings and associated interest.

## Detailed Financial Information - Note 3: Net Interest Margins & Spreads

By Division	Half Year to			Fav / (Unfav) Change on	
	Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
	%	%	%	basis pts	basis pts
<b>Net interest margin</b>					
Financial Services Australia	<b>2.91</b>	3.11	3.18	(0.20)	(0.27)
Financial Services Europe	<b>4.16</b>	4.29	4.31	(0.13)	(0.15)
Financial Services New Zealand	<b>2.56</b>	2.65	2.78	(0.09)	(0.22)
Corporate & Institutional Banking	<b>0.52</b>	0.54	0.60	(0.02)	(0.08)
<b>Net interest spread</b>					
Financial Services Australia	<b>2.39</b>	2.64	2.73	(0.25)	(0.34)
Financial Services Europe	<b>3.69</b>	3.83	3.82	(0.14)	(0.13)
Financial Services New Zealand	<b>2.78</b>	2.89	3.09	(0.11)	(0.31)

## 4. AVERAGE BALANCE SHEET & RELATED INTEREST

The following tables set forth the major categories of interest earning assets and interest bearing liabilities, together with their respective interest rates earned or paid by the Group. Averages are predominantly daily averages. Interest income figures include interest income on non-accruing loans to the extent cash payments have been received. Amounts classified as Other International represent interest-earning assets or interest-bearing liabilities of the controlled entities and overseas branches, excluding Europe. Non-accrual loans are included with interest-earning assets within loans and advances.

### Average assets and interest income

	Half Year to Mar 04			Half Year to Sep 03		
	Average		Average	Average		Average
	balance	Interest	rate	balance	Interest	rate
	\$m	\$m	%	\$m	\$m	%
<b>Interest earning assets</b>						
Due from other financial institutions						
<i>Australia</i>	6,314	193	6.11	8,340	204	4.88
<i>Europe</i>	15,140	216	2.85	17,259	274	3.17
<i>Other International</i>	3,249	33	2.03	3,410	26	1.52
Regulatory deposits						
<i>Europe</i>	157	1	1.27	124	1	1.61
<i>Other International</i>	70	-	-	75	-	-
Marketable debt securities						
<i>Australia</i>	21,534	694	6.45	18,014	464	5.14
<i>Europe</i>	8,757	176	4.02	8,283	171	4.12
<i>Other International</i>	6,403	87	2.72	7,513	112	2.97
Loans and advances <sup>(1)</sup>						
<i>Australia</i>	140,181	4,839	6.90	130,907	4,209	6.41
<i>Europe</i>	58,256	1,622	5.57	59,570	1,684	5.64
<i>Other International</i>	34,721	1,128	6.50	35,038	1,126	6.41
Other interest earning assets <sup>(2)</sup>						
<i>Australia</i>	724	126	n/a	987	117	n/a
<i>Europe</i>	2,750	62	n/a	2,832	78	n/a
<i>Other International</i>	899	7	n/a	420	199	n/a
Intragroup loans <sup>(3)</sup>						
<i>Europe</i>	8,358	143	3.42	10,329	199	3.84
<i>Other International</i>	8,761	63	1.44	7,577	95	2.50
<b>Average interest earning assets and interest income incl. intragroup loans by:</b>						
<b><i>Australia</i></b>	168,753	5,852	6.94	158,248	4,994	6.29
<b><i>Europe</i></b>	93,418	2,220	4.75	98,397	2,407	4.88
<b><i>Other International</i></b>	54,103	1,318	4.87	54,033	1,558	5.75
<b>Total average interest earning assets and interest income incl. intragroup loans</b>	316,274	9,390	5.94	310,678	8,959	5.75

## Detailed Financial Information - Note 4: Average Balance Sheet & Related Interest

### Average assets and interest income

	Half Year to Mar 04			Half Year to Sep 03		
	Average		Average	Average		Average
	balance	Interest	rate	balance	Interest	rate
	\$m	\$m	%	\$m	\$m	%
Intragroup loans eliminations	(17,119)	(206)	2.41	(17,906)	(294)	3.27
<b>Total average interest earning assets by:</b>						
<b>Australia</b>	168,753	5,852	6.94	158,248	4,994	6.29
<b>Europe</b>	85,060	2,077	4.88	88,068	2,208	5.00
<b>Other International</b>	45,342	1,255	5.54	46,456	1,463	6.28
<b>Total average interest earning assets</b>	299,155	9,184	6.14	292,772	8,665	5.90
<b>Non-interest earning assets</b>						
Investments relating to life insurance business <sup>(4)</sup>						
<i>Australia</i>	34,354			32,135		
<i>Europe</i>	123			250		
<i>Other International</i>	242			219		
Acceptances						
<i>Australia</i>	18,612			20,483		
<i>Europe</i>	54			105		
Property, plant and equipment						
<i>Australia</i>	1,367			1,361		
<i>Europe</i>	687			706		
<i>Other International</i>	111			117		
Other assets						
<i>Australia</i>	26,160			24,036		
<i>Europe</i>	17,987			19,806		
<i>Other International</i>	5,865			7,982		
<b>Total average non-interest earning assets by:</b>						
<b>Australia</b>	80,493			78,015		
<b>Europe</b>	18,851			20,867		
<b>Other International</b>	6,218			8,318		
<b>Total average non-interest earning assets</b>	105,562			107,200		
Provision for doubtful debts						
<i>Australia</i>	(1,213)			(1,267)		
<i>Europe</i>	(748)			(617)		
<i>Other International</i>	(248)			(257)		
<b>Total average assets by:</b>						
<b>Australia</b>	248,033			234,996		
<b>Europe</b>	103,163			108,318		
<b>Other International</b>	51,312			54,517		
<b>Total average assets</b>	402,508			397,831		
Percentage of total average assets applicable to international operations	38.4%			40.9%		

## Detailed Financial Information - Note 4: Average Balance Sheet & Related Interest

### Average liabilities and interest expense

	Half Year to Mar 04			Half Year to Sep 03		
	Average		Average	Average		Average
	balance	Interest	rate	balance	Interest	rate
	\$m	\$m	%	\$m	\$m	%
<b>Interest bearing liabilities</b>						
Time deposits						
<i>Australia</i>	53,723	1,440	5.36	50,801	1,062	4.17
<i>Europe</i>	26,956	436	3.23	28,301	419	2.95
<i>Other International</i>	27,115	454	3.35	22,981	443	3.84
Savings deposits						
<i>Australia</i>	8,532	184	4.31	8,414	179	4.24
<i>Europe</i>	12,270	109	1.78	12,614	118	1.87
<i>Other International</i>	3,599	68	3.78	3,510	65	3.69
Other demand deposits						
<i>Australia</i>	40,498	636	3.14	40,117	563	2.80
<i>Europe</i>	12,750	93	1.46	14,324	100	1.39
<i>Other International</i>	3,158	20	1.27	2,913	18	1.23
Government and Official Institutions						
<i>Australia</i>	908	22	4.85	957	19	3.96
<i>Other International</i>	1,644	8	0.97	1,369	7	1.02
Due to other financial institutions						
<i>Australia</i>	11,579	305	5.27	13,344	294	4.39
<i>Europe</i>	19,975	344	3.44	24,022	462	3.84
<i>Other International</i>	12,573	95	1.51	12,325	122	1.97
Short-term borrowings						
<i>Australia</i>	1,313	37	5.64	337	10	5.92
<i>Europe</i>	245	3	2.45	-	-	n/a
<i>Other International</i>	4,380	23	1.05	4,227	24	1.13
Long-term borrowings						
<i>Australia</i>	23,942	444	3.71	22,275	374	3.35
<i>Other International</i>	634	13	4.10	654	12	3.66
Other interest bearing liabilities						
<i>Australia</i>	93	631	n/a	617	258	n/a
<i>Europe</i>	2	1	n/a	1	-	n/a
<i>Other International</i>	-	172	n/a	2	375	n/a
Loan Capital						
<i>Australia</i>	339	8	4.72	363	9	4.95
<i>Europe</i>	1,254	53	8.45	1,228	59	9.58
Intragroup loans <sup>(3)</sup>						
<i>Australia</i>	17,119	206	2.41	17,906	294	3.27
<b>Average interest bearing liabilities and interest expense incl. intragroup loans by:</b>						
<b><i>Australia</i></b>	158,046	3,913	4.95	155,131	3,062	3.94
<b><i>Europe</i></b>	73,452	1,039	2.83	80,490	1,158	2.87
<b><i>Other International</i></b>	53,103	853	3.21	47,981	1,066	4.43
<b>Total average interest bearing liabilities and interest expense incl. intragroup loans</b>	284,601	5,805	4.08	283,602	5,286	3.72

## Detailed Financial Information - Note 4: Average Balance Sheet & Related Interest

### Average liabilities and interest expense

	Half Year to Mar 04			Half Year to Sep 03		
	Average		Average	Average		Average
	balance	Interest	rate	balance	Interest	rate
	\$m	\$m	%	\$m	\$m	%
Intragroup loans eliminations	(17,119)	(206)	2.41	(17,906)	(294)	3.27
<b>Total average interest bearing liabilities and interest expense by:</b>						
<b><i>Australia</i></b>	140,927	3,707	5.26	137,225	2,768	4.02
<b><i>Europe</i></b>	73,452	1,039	2.83	80,490	1,158	2.87
<b><i>Other International</i></b>	53,103	853	3.21	47,981	1,066	4.43
<b>Total average interest bearing liabilities and interest expense</b>	267,482	5,599	4.19	265,696	4,992	3.75
<b>Non-interest bearing liabilities</b>						
Deposits not bearing interest						
<i>Australia</i>	5,926			5,323		
<i>Europe</i>	5,630			5,537		
<i>Other International</i>	1,165			1,177		
Liability on acceptances						
<i>Australia</i>	18,612			20,483		
<i>Europe</i>	54			105		
Life insurance policy liabilities <sup>(4)</sup>						
<i>Australia</i>	32,630			31,311		
<i>Europe</i>	80			181		
<i>Other International</i>	337			335		
Other liabilities						
<i>Australia</i>	20,355			18,359		
<i>Europe</i>	17,139			19,346		
<i>Other International</i>	6,043			5,432		
<b>Total average non-interest bearing liabilities by:</b>						
<b><i>Australia</i></b>	77,523			75,476		
<b><i>Europe</i></b>	22,903			25,169		
<b><i>Other International</i></b>	7,545			6,944		
<b>Total average non-interest bearing liabilities</b>	107,971			107,589		

## Detailed Financial Information - Note 4: Average Balance Sheet & Related Interest

### Equity

	Half Year to Mar 04			Half Year to Sep 03		
	Average		Average	Average		Average
	balance	Interest	rate	balance	Interest	rate
	\$m	\$m	%	\$m	\$m	%
<b>Equity</b>						
Ordinary shares	6,044			6,246		
Preference share capital	455			730		
Trust Preferred Securities	975			10		
National Income Securities	1,945			1,945		
Contributed equity	9,419			8,931		
Reserves	700			800		
Retained profits	13,889			13,284		
Parent entity interest	24,008			23,015		
Outside equity interest in controlled entities	3,047			1,531		
<b>Equity</b>	<b>27,055</b>			<b>24,546</b>		
<b>Total liabilities and equity</b>	<b>402,508</b>			<b>397,831</b>		
Percentage of total average liabilities applicable to international operations	41.8%			43.0%		

<sup>(1)</sup> Includes non-accrual loans.

<sup>(2)</sup> Includes interest on derivatives and escrow deposits.

<sup>(3)</sup> The calculations for Australia, Europe and Other International include intragroup cross border loans/borrowings and associated interest.

<sup>(4)</sup> Included within investments relating to life insurance business are interest-earning debt securities. The interest earned from these securities is reported in life insurance income, and has therefore been treated as non-interest earning for the purposes of this note. The assets and liabilities held in the statutory funds of the Group's Australian life insurance business are subject to the restrictions of the Life Insurance Act 1995.

## 5. GROSS LOANS & ADVANCES

	As at			Fav / (Unfav) Change on	
	Mar 04 \$m	Sep 03 \$m	Mar 03 \$m	Sep 03 %	Mar 03 %
<b>By region</b>					
Australia	144,075	136,099	125,051	5.9	15.2
Europe	59,290	59,227	62,143	0.1	(4.6)
New Zealand	28,994	27,699	27,874	4.7	4.0
United States	2,685	3,367	4,009	(20.3)	(33.0)
Asia	3,056	3,516	3,327	(13.1)	(8.1)
<b>Total gross loans and advances</b>	<b>238,100</b>	<b>229,908</b>	<b>222,404</b>	<b>3.6</b>	<b>7.1</b>
<b>Securitised loans</b>	<b>426</b>	<b>585</b>	<b>747</b>	<b>(27.2)</b>	<b>(43.0)</b>

<b>By product</b>					
Housing	118,866	111,487	103,458	6.6	14.9
Term lending	75,258	74,230	72,993	1.4	3.1
Overdrafts	16,656	17,205	18,012	(3.2)	(7.5)
Leasing	15,288	14,977	15,772	2.1	(3.1)
Credit cards	6,645	6,609	6,512	0.5	2.0
Other	5,387	5,400	5,657	(0.2)	(4.8)
<b>Total gross loans and advances</b>	<b>238,100</b>	<b>229,908</b>	<b>222,404</b>	<b>3.6</b>	<b>7.1</b>

	As at Mar 04					
	Australia \$m	Europe \$m	New Zealand \$m	United States \$m	Asia \$m	Total \$m
<b>By product &amp; region</b>						
Housing	88,845	17,184	12,263	-	574	118,866
Term Lending	36,684	21,199	12,731	2,685	1,959	75,258
Overdrafts	4,587	10,945	1,124	-	-	16,656
Leasing	7,846	7,394	21	-	27	15,288
Credit cards	3,974	1,725	946	-	-	6,645
Other	2,139	843	1,909	-	496	5,387
<b>Total gross loans and advances</b>	<b>144,075</b>	<b>59,290</b>	<b>28,994</b>	<b>2,685</b>	<b>3,056</b>	<b>238,100</b>

## Detailed Financial Information - Note 5: Gross Loans & Advances

<b>Movement from September 2003 excluding foreign exchange</b>	<b>Increase / (decrease) from Sep 03</b>					
	<b>Australia %</b>	<b>Europe %</b>	<b>New Zealand %</b>	<b>United States %</b>	<b>Asia %</b>	<b>Total %</b>
Housing	7.0	5.8	8.4	-	14.1	7.0
Term lending	6.2	0.4	3.2	(11.0)	(9.2)	2.8
Overdrafts	(4.6)	(1.4)	2.6	-	-	(2.1)
Leasing	3.3	2.7	(21.3)	-	(3.0)	3.0
Credit cards	3.2	(5.1)	4.2	-	-	1.1
Other	(5.7)	33.6	(3.0)	-	4.6	0.8
<b>Total gross loans and advances</b>	<b>5.9</b>	<b>2.0</b>	<b>4.9</b>	<b>(11.0)</b>	<b>(3.4)</b>	<b>4.4</b>

<b>Movement from March 2003 excluding foreign exchange</b>	<b>Increase / (decrease) from Mar 03</b>					
	<b>Australia %</b>	<b>Europe %</b>	<b>New Zealand %</b>	<b>United States %</b>	<b>Asia %</b>	<b>Total %</b>
Housing	17.9	11.9	18.7	-	24.5	17.1
Term lending	15.5	2.5	6.3	(15.8)	8.8	8.4
Overdrafts	(5.0)	(2.1)	8.4	-	-	(2.3)
Leasing	5.1	(3.0)	(20.5)	-	(7.4)	1.0
Credit cards	9.0	(2.7)	5.1	-	-	5.1
Other	8.0	11.1	(15.2)	large	15.6	(0.6)
<b>Total gross loans and advances</b>	<b>15.2</b>	<b>3.3</b>	<b>9.3</b>	<b>(15.8)</b>	<b>12.4</b>	<b>10.8</b>

**Detailed Financial Information - Note 5: Gross Loans & Advances**

<b>By Division</b>	<b>FSA</b>	<b>FSE</b>	<b>FSNZ</b>	<b>CIB</b>	<b>WM</b>	<b>Other<sup>(1)</sup></b>	<b>Total Group</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>As at 31 March 2004</b>							
Housing lending	84,319	17,184	12,236	601	4,952	(426)	<b>118,866</b>
Non-housing lending	41,335	29,218	10,584	37,122	2,211	(1,236)	<b>119,234</b>
<b>Total gross loans and advances</b>	<b>125,654</b>	<b>46,402</b>	<b>22,820</b>	<b>37,723</b>	<b>7,163</b>	<b>(1,662)</b>	<b>238,100</b>
<b>As at 30 September 2003</b>							
Housing lending	79,062	16,570	11,309	590	4,541	(585)	<b>111,487</b>
Non-housing lending	39,277	29,287	10,178	38,072	2,000	(393)	<b>118,421</b>
<b>Total gross loans and advances</b>	<b>118,339</b>	<b>45,857</b>	<b>21,487</b>	<b>38,662</b>	<b>6,541</b>	<b>(978)</b>	<b>229,908</b>
<b>As at 31 March 2003</b>							
Housing lending	72,057	16,641	10,828	610	4,069	(747)	<b>103,458</b>
Non-housing lending	38,201	31,031	10,191	38,668	1,788	(933)	<b>118,946</b>
<b>Total gross loans and advances</b>	<b>110,258</b>	<b>47,672</b>	<b>21,019</b>	<b>39,278</b>	<b>5,857</b>	<b>(1,680)</b>	<b>222,404</b>

<sup>(1)</sup> Other includes Excess Capital, Group Funding, Corporate Centre and intra-group elimination entries.

## 6. NET LIFE INSURANCE INCOME

	Half Year to			Fav / (Unfav) Change on	
	Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
	\$m	\$m	\$m	%	%
Premium and related revenue	456	446	503	2.2	(9.3)
Investment revenue	2,427	2,535	224	(4.3)	large
Life insurance income	2,883	2,981	727	(3.3)	large
Claims expense	(357)	(445)	(513)	19.8	30.4
Change in policy liabilities	(1,703)	(1,768)	250	3.7	large
Policy acquisition and maintenance expense	(346)	(369)	(344)	6.2	(0.6)
Investment management fees	(22)	(36)	(39)	38.9	43.6
Life insurance expenses	(2,428)	(2,618)	(646)	7.3	large
<b>Net life insurance income</b>	<b>455</b>	<b>363</b>	<b>81</b>	<b>25.3</b>	<b>large</b>
Interest expense - life insurance funds	(10)	(8)	(12)	(25.0)	16.6
<b>Profit of life insurance funds before income tax</b>	<b>445</b>	<b>355</b>	<b>69</b>	<b>25.4</b>	<b>large</b>
Income tax (expense)/benefit - life insurance funds	(213)	(196)	70	(8.7)	large
<b>Net profit of life insurance funds before outside equity interest</b>	<b>232</b>	<b>159</b>	<b>139</b>	<b>45.9</b>	<b>66.9</b>
Net (profit)/ loss attributable to outside equity interest	(58)	22	(6)	large	large
<b>Net profit of life insurance funds after outside equity interest</b>	<b>174</b>	<b>181</b>	<b>133</b>	<b>(3.9)</b>	<b>30.8</b>

### Sources of Operating Profit from Life Companies life insurance funds

Life company - planned profit margins	127	123	118	3.3	7.6
Life company - experience profit/(loss)	3	9	(4)	(66.7)	large
Capitalised losses	-	7	3	large	large
<b>Life company operating margins <sup>(1)</sup></b>	<b>130</b>	<b>139</b>	<b>117</b>	<b>(6.5)</b>	<b>11.1</b>
Investment earnings on shareholders' retained profits and capital from life businesses	44	42	16	4.8	large
<b>Net profit of life insurance funds after outside equity interest <sup>(2)</sup></b>	<b>174</b>	<b>181</b>	<b>133</b>	<b>(3.9)</b>	<b>30.8</b>

<sup>(1)</sup> Reflects operating profit of all business written through life insurance funds, irrespective of the business type (investment or insurance).

<sup>(2)</sup> Net profit after outside equity interest of life companies life insurance funds differs to operating profit after tax and outside equity interest on page 38 as it excludes NAFiM investor compensation and associated costs, strategic investment expenditure, and operating profits from the non-life businesses.

Net life insurance income is the profit before tax excluding net interest income of the life insurance and investments businesses of the life insurance funds of the life insurance companies of the Group. Refer to note 57 of the Group's annual financial report 2003 for further details.

## 7. REVENUE

	Note	Half Year to			Fav / (Unfav) Change on	
		Mar 04 \$m	Sep 03 \$m	Mar 03 \$m	Sep 03 %	Mar 03 %
<b>Interest income</b>	<b>2</b>	<b>9,184</b>	8,665	8,435	6.0	8.9
Premium and related revenue		<b>456</b>	446	503	2.2	(9.3)
Investment revenue		<b>2,427</b>	2,535	224	(4.3)	large
<b>Life insurance income</b>	<b>6</b>	<b>2,883</b>	2,981	727	(3.3)	large
Wealth Management other operating income		<b>412</b>	367	366	12.3	12.6
Revaluation profit/(loss) <sup>(1)</sup>		<b>7</b>	79	(239)	(91.1)	large
<b>Wealth Management total income</b> <sup>(2)</sup>		<b>419</b>	446	127	(6.1)	large
<b>Total Banking other operating income</b>						
Dividends received		<b>22</b>	21	18	4.8	22.2
Profit on sale of property, plant and equipment and other assets		<b>6</b>	23	13	(73.9)	(53.8)
Loan fees from banking		<b>720</b>	729	698	(1.2)	3.2
Money transfer fees		<b>486</b>	514	509	(5.4)	(4.5)
Trading income (before significant items)		<b>340</b>	307	318	10.7	6.9
Foreign exchange income		<b>(4)</b>	5	7	large	large
Fees and commissions		<b>367</b>	361	396	1.7	(7.3)
Fleet service fees		<b>49</b>	45	40	8.9	22.5
Other income		<b>124</b>	265	125	(53.2)	(0.8)
<b>Total Banking other operating income</b>		<b>2,110</b>	2,270	2,124	(7.0)	(0.7)
Eliminations		<b>(66)</b>	(59)	(58)	(11.9)	(13.8)
<b>Banking other operating income net of eliminations</b>		<b>2,044</b>	2,211	2,066	(7.6)	(1.1)
<b>Total revenue before significant items</b>		<b>14,530</b>	14,303	11,355	1.6	28.0
<b>Significant revenue</b>						
Proceeds from the sale of strategic shareholdings	<b>13</b>	<b>993</b>	-	-	large	large
<b>Total revenue from ordinary activities</b>		<b>15,523</b>	14,303	11,355	8.5	36.7

<sup>(1)</sup> The revaluation profit for the March 2004 half year includes \$111 million negative impact on the Wealth Management business valuation from the National's decision to make an election to consolidate for Australian income tax purposes. Refer to page 41 for further details.

<sup>(2)</sup> Wealth Management total income excludes life insurance income. Refer to note 6 for further detail.

**Other operating income (before revaluation profit/(loss) and significant income) by Division**

	Half Year to			Fav / (Unfav) Change on	
	Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
	\$m	\$m	\$m	%	%
Financial Services Australia	989	1,000	950	(1.1)	4.1
Financial Services Europe	410	442	496	(7.2)	(17.3)
Financial Services New Zealand	160	162	167	(1.2)	(4.2)
Retail Banking	1,559	1,604	1,613	(2.8)	(3.3)
Corporate & Institutional Banking	596	590	512	1.0	16.4
Other (incl. Excess Capital, Group Funding & Corporate Centre)	(45)	76	(1)	large	large
Total Banking	2,110	2,270	2,124	(7.0)	(0.7)
Wealth Management	412	367	366	12.3	12.6
Eliminations	(66)	(59)	(58)	(11.9)	(13.8)
<b>Other operating income</b>	<b>2,456</b>	<b>2,578</b>	<b>2,432</b>	<b>(4.7)</b>	<b>1.0</b>

## 8. EXPENSES

	Note	Half Year to			Fav / (Unfav) Change on	
		Mar 04 \$m	Sep 03 \$m	Mar 03 \$m	Sep 03 %	Mar 03 %
<b>Interest expense</b>	<b>2</b>	<b>5,599</b>	4,992	4,689	(12.2)	(19.4)
Claims expense		<b>357</b>	445	513	19.8	30.4
Change in policy liabilities		<b>1,703</b>	1,768	(250)	3.7	large
Policy acquisition and maintenance expense		<b>346</b>	369	344	6.2	(0.6)
Investment management fees		<b>22</b>	36	39	38.9	43.6
<b>Life insurance expenses</b>	<b>6</b>	<b>2,428</b>	2,618	646	7.3	large
<b>Wealth Management other operating expenses<sup>(1)</sup></b>		<b>436</b>	412	394	(5.8)	(10.7)
<b>Total Banking other operating expenses</b>						
Personnel expenses						
Salaries and related on costs		<b>1,262</b>	1,259	1,279	(0.2)	1.3
Superannuation		<b>136</b>	112	95	(21.4)	(43.2)
Other		<b>133</b>	129	106	(3.1)	(25.5)
		<b>1,531</b>	1,500	1,480	(2.1)	(3.4)
Occupancy expenses						
Rental on operating leases		<b>124</b>	126	131	1.6	5.3
Depreciation and amortisation		<b>33</b>	30	35	(10.0)	5.7
Other		<b>121</b>	104	106	(16.3)	(14.2)
		<b>278</b>	260	272	(6.9)	(2.2)
General expenses						
Advertising and marketing		<b>94</b>	77	84	(22.1)	(11.9)
Non-lending losses		<b>47</b>	42	23	(11.9)	large
Communications, postage and stationery		<b>182</b>	190	189	4.2	3.7
Depreciation and amortisation		<b>159</b>	169	141	5.9	(12.8)
Fees and commissions		<b>48</b>	45	39	(6.7)	(23.1)
Computer equipment and software		<b>139</b>	168	109	17.3	(27.5)
Rental on operating leases		<b>36</b>	33	28	(9.1)	(28.6)
Professional fees		<b>121</b>	166	111	27.1	(9.0)
Travel		<b>30</b>	37	26	18.9	(15.4)
Freight and cartage		<b>37</b>	33	35	(12.1)	(5.7)
Operational (bank & bureau) charges		<b>39</b>	42	46	7.1	15.2
Other expenses		<b>125</b>	153	167	18.3	25.1
		<b>1,057</b>	1,155	998	8.5	(5.9)
<b>Total Banking other operating expenses</b>		<b>2,866</b>	2,915	2,750	1.7	(4.2)
Eliminations		<b>(66)</b>	(59)	(58)	11.9	13.8
<b>Banking other operating expenses net of eliminations</b>		<b>2,800</b>	2,856	2,692	2.0	(4.0)
<b>Other operating expenses</b>		<b>3,236</b>	3,268	3,086	1.0	(4.9)
<b>Total operating expenses before significant items, goodwill and charge to provide for doubtful debts</b>		<b>11,263</b>	10,878	8,421	(3.5)	(33.7)

## Detailed Financial Information - Note 8: Expenses

	Note	Half Year to			Fav / (Unfav) Change on	
		Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
		\$m	\$m	\$m	%	%
<b>Significant expenses</b>						
Cost of sale of strategic shareholdings	13	678	-	-	large	large
Foreign currency options trading losses	13	360	-	-	large	large
Reversal of HomeSide non-lending loss provision	13	(64)	-	-	large	large
<b>Total significant expenses</b>		<b>974</b>	-	-	large	large
<b>Total operating expenses before goodwill and charge to provide for doubtful debts</b>		<b>12,237</b>	10,878	8,421	(12.5)	(45.3)
Amortisation of goodwill		53	49	49	(8.2)	(8.2)
Charge to provide for doubtful debts	10	305	311	322	1.9	5.3
<b>Total operating expenses after significant items</b>		<b>12,595</b>	11,238	8,792	(12.1)	(43.3)

### Operating expenses (before goodwill, significant expenses and charge to provide for doubtful debts) by Division

	Half Year to			Fav / (Unfav) Change on	
	Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
	\$m	\$m	\$m	%	%
Financial Services Australia	1,254	1,288	1,214	2.6	(3.3)
Financial Services Europe	895	847	872	(5.7)	(2.6)
Financial Services New Zealand	246	241	252	(2.1)	2.4
Retail Banking	2,395	2,376	2,338	(0.8)	(2.4)
Corporate & Institutional Banking	400	380	375	(5.3)	(6.7)
Other (incl. Excess Capital, Group Funding & Corporate Centre)	71	159	37	55.3	(91.9)
<b>Total Banking</b>	<b>2,866</b>	2,915	2,750	1.7	(4.2)
Wealth Management	436	412	394	(5.8)	(10.7)
Eliminations	(66)	(59)	(58)	11.9	13.8
<b>Other operating expenses</b>	<b>3,236</b>	3,268	3,086	1.0	(4.9)

<sup>(1)</sup> Wealth Management other operating expenses excludes life insurance expenses. Refer to note 6 for further detail.

### Restructuring expenses

During 2002 the Group recognised restructuring costs of \$580 million (\$412 million after tax) resulting from its Positioning for Growth (PfG) program and related restructuring activities.

	Redundancies	Occu- pancy	Other	Total
	\$m	\$m	\$m	\$m
Total 2002 expenditure/provision	327	68	185	580
Expenditure in 2002 year	(101)	(20)	(177)	(298)
Provision balance as at 30 September 2002	226	48	8	282
Foreign exchange impact	(16)	(3)	(1)	(20)
Expenditure in September 2003 year	(131)	(18)	(3)	(152)
<b>Provision balance as at 30 September 2003</b>	<b>79</b>	<b>27</b>	<b>4</b>	<b>110</b>
Foreign exchange impact	(1)	-	-	(1)
Expenditure in March 2004 half year	(24)	(2)	-	(26)
<b>Provision balance as at 31 March 2004</b>	<b>54</b>	<b>25</b>	<b>4</b>	<b>83</b>

## 9. FULL TIME EQUIVALENT EMPLOYEES <sup>(1)</sup>

By Region	As at			Change on	
	Mar 04 No.	Sep 03 No.	Mar 03 No.	Sep 03 %	Mar 03 %
Australia <sup>(2)</sup> <sup>(3)</sup>	<b>24,442</b>	23,880	24,288	2.4	0.6
Europe	<b>13,307</b>	13,104	13,298	1.5	0.1
New Zealand	<b>4,661</b>	4,688	4,640	(0.6)	0.5
United States	<b>140</b>	136	135	2.9	3.7
Asia <sup>(3)</sup>	<b>732</b>	732	641	-	14.2
<b>Total full time equivalent employees (FTEs)</b>	<b>43,282</b>	42,540	43,002	1.7	0.7

By Division					
Financial Services Australia	<b>17,663</b>	17,233	18,149	2.5	(2.7)
Financial Services Europe	<b>11,661</b>	11,411	11,551	2.2	1.0
Financial Services New Zealand	<b>4,238</b>	4,257	4,221	(0.4)	0.4
Retail Banking	<b>33,562</b>	32,901	33,921	2.0	(1.1)
Corporate & Institutional Banking	<b>2,720</b>	2,624	2,549	3.7	6.7
Other (incl. Excess Capital, Group Funding & Corporate Centre) <sup>(2)</sup>	<b>932</b>	841	622	10.8	49.8
Total Banking	<b>37,214</b>	36,366	37,092	2.3	0.3
Wealth Management <sup>(3)</sup>	<b>6,068</b>	6,174	5,910	(1.7)	2.7
<b>Total full time equivalent employees (FTEs)</b>	<b>43,282</b>	42,540	43,002	1.7	0.7

<b>Average half year FTEs</b>	<b>42,986</b>	43,064	43,016	(0.2)	(0.1)
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<sup>(1)</sup> Full-time equivalent staff include part-time staff (pro-rated) and non-payroll FTE's (ie. contractors).

<sup>(2)</sup> Includes the impact of growth through global projects (ISI, Basel II and IFRS) of 169 in the half year to 30 September 2003.

<sup>(3)</sup> Acquisition of Plum Financial Services Limited and an increased interest in Advance MLC Assurance Co. Limited (Thailand) increased FTEs by 172 as at 30 September 2003 (Australia 152, Asia 20).

## 10. DOUBTFUL DEBTS

Total charge for doubtful debts by Region	Half Year to			Fav / (Unfav) Change on	
	Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
	\$m	\$m	\$m	%	%
Australia	143	161	160	11.2	10.6
Europe	147	126	151	(16.7)	2.6
New Zealand	12	11	-	(9.1)	large
United States	4	13	21	69.2	81.0
Asia	(1)	-	(10)	large	(90.0)
<b>Total charge to provide for doubtful debts</b>	<b>305</b>	<b>311</b>	<b>322</b>	<b>1.9</b>	<b>5.3</b>

### Total charge for doubtful debts by Division

Financial Services Australia	105	142	156	26.1	32.7
Financial Services Europe	100	115	132	13.0	24.2
Financial Services New Zealand	12	14	7	14.3	(71.4)
Retail Banking	217	271	295	19.9	26.4
Corporate & Institutional Banking	88	44	26	large	large
Other (incl. Excess Capital, Group Funding & Corporate Centre)	-	(4)	-	large	-
<b>Total Banking</b>	<b>305</b>	<b>311</b>	<b>321</b>	<b>1.9</b>	<b>5.0</b>
Wealth Management	-	-	1	-	large
<b>Total charge to provide for doubtful debts</b>	<b>305</b>	<b>311</b>	<b>322</b>	<b>1.9</b>	<b>5.3</b>

### Movement in provisions for doubtful debts

	Half Year to Mar 04			Half Year to Sep 03		
	Specific	General	Total	Specific	General	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Opening balance</b>	<b>463</b>	<b>1,793</b>	<b>2,256</b>	573	1,897	2,470
Transfer to/(from) specific/general provision	297	(297)	-	360	(360)	-
Bad debts recovered	100	-	100	106	-	106
Bad debts written off	(370)	-	(370)	(559)	-	(559)
Charge to profit and loss	-	305	305	-	311	311
Foreign currency translation and consolidation adjustments	(10)	(18)	(28)	(17)	(55)	(72)
<b>Total provisions for doubtful debts</b>	<b>480</b>	<b>1,783</b>	<b>2,263</b>	<b>463</b>	<b>1,793</b>	<b>2,256</b>

## 11. ASSET QUALITY

	As at			Change on	
	Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
	\$m	\$m	\$m	%	%
<b>Summary of impaired assets</b>					
Gross non-accrual loans	1,171	1,379	1,583	(15.1)	(26.0)
Gross restructured loans	-	-	1	-	large
Gross assets acquired through security enforcement	-	2	2	large	large
<b>Gross impaired assets</b>	<b>1,171</b>	<b>1,381</b>	<b>1,586</b>	<b>(15.2)</b>	<b>(26.2)</b>
Less: Specific provisions - non-accrual loans <sup>(1)</sup>	<b>(441)</b>	<b>(422)</b>	<b>(525)</b>	<b>4.5</b>	<b>(16.0)</b>
<b>Net impaired assets</b>	<b>730</b>	<b>959</b>	<b>1,061</b>	<b>(23.9)</b>	<b>(31.2)</b>

<sup>(1)</sup> Specific provision - non-accrual loans includes \$38 million of specific provision in relation to accrued portfolio facilities past due 90-180 days within credit cards.

Total impaired assets by region	As at Mar 04		As at Sep 03		As at Mar 03	
	Gross \$m	Net \$m	Gross \$m	Net \$m	Gross \$m	Net \$m
Australia	507	296	658	420	862	556
Europe	347	199	375	248	447	302
New Zealand	37	17	202	187	35	29
United States	277	218	145	104	241	173
Asia	3	-	1	-	1	1
<b>Total impaired assets</b>	<b>1,171</b>	<b>730</b>	<b>1,381</b>	<b>959</b>	<b>1,586</b>	<b>1,061</b>

Movement in gross impaired assets	Australia	Europe	New Zealand	United States	Asia	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Balance at 30 September 2002</b>	894	546	27	130	2	1,599
New	413	175	29	219	-	836
Written off	(199)	(156)	(2)	(1)	(1)	(359)
Returned to performing or repaid	(246)	(76)	(21)	(87)	-	(430)
Foreign currency translation adjustments	-	(42)	2	(20)	-	(60)
<b>Balance at 31 March 2003</b>	862	447	35	241	1	1,586
New	207	131	199	-	-	537
Written off	(289)	(156)	(3)	(35)	-	(483)
Returned to performing or repaid	(122)	(20)	(23)	(41)	-	(206)
Foreign currency translation adjustments	-	(27)	(6)	(20)	-	(53)
<b>Balance at 30 September 2003</b>	658	375	202	145	1	1,381
New	144	149	25	160	2	480
Written off	(189)	(34)	(1)	-	-	(224)
Returned to performing or repaid	(106)	(135)	(190)	(9)	-	(440)
Foreign currency translation adjustments	-	(8)	1	(19)	-	(26)
<b>Gross impaired assets at 31 March 2004</b>	<b>507</b>	<b>347</b>	<b>37</b>	<b>277</b>	<b>3</b>	<b>1,171</b>

## Detailed Financial Information - Note 11: Asset Quality

<b>Gross non-accrual loans to gross loans &amp; acceptances - by region</b>	<b>As at</b>		
	<b>Mar 04</b>	<b>Sep 03</b>	<b>Mar 03</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Australia	<b>0.32</b>	0.42	0.59
Europe	<b>0.58</b>	0.63	0.71
New Zealand	<b>0.13</b>	0.73	0.13
United States	<b>10.32</b>	4.31	6.01
Asia	<b>0.10</b>	0.03	0.03
<b>Total gross non-accrual loans to gross loans &amp; acceptances</b>	<b>0.46</b>	0.55	0.65

### Group provisioning coverage ratios

Net impaired assets to total equity <sup>(1)</sup>	<b>3.0</b>	3.9	4.5
Net impaired assets to total equity plus general provision <sup>(1)</sup>	<b>2.8</b>	3.7	4.1
Specific provision to gross impaired assets	<b>41.0</b>	33.5	36.1
General and specific provisions to gross impaired assets	<b>193.3</b>	163.4	155.7
General provision to risk-weighted assets	<b>0.64</b>	0.71	0.75

<sup>(1)</sup> Total parent entity interest in equity.

The amounts below are not classified as impaired assets and therefore are not included in the summary on the previous page.

<b>Memorandum disclosure</b>	<b>As at</b>			<b>Change on</b>	
	<b>Mar 04</b>	<b>Sep 03</b>	<b>Mar 03</b>	<b>Sep 03</b>	<b>Mar 03</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>%</b>	<b>%</b>
Accruing loans past due 90 days or more with adequate security (net) <sup>(2)</sup>	<b>434</b>	360	275	20.6	57.8
Accruing portfolio facilities past due 90 to 180 days (net)	<b>28</b>	23	26	21.7	7.7

### 90 days past due loans - by region

Australia <sup>(2)</sup>	<b>395</b>	315	43	25.4	large
Europe	<b>32</b>	41	42	(22.0)	(23.8)
New Zealand	<b>5</b>	4	190	25.0	(97.4)
Asia	<b>2</b>	-	-	large	large
<b>Total 90 day past due loans</b>	<b>434</b>	360	275	20.6	57.8

<sup>(2)</sup> The balance at 30 September 2003 has been restated by \$254 million to reflect the revised treatment of accruing loans past due 90 days or more with adequate security.

## 12. INCOME TAX RECONCILIATION

Group	Half Year to		
	Mar 04 \$m	Sep 03 \$m	Mar 03 \$m
<b>Profit from ordinary activities before income tax expense</b>			
Australia	1,967	1,984	1,325
Overseas	961	1,081	1,238
Add/deduct: (Profit)/loss from ordinary activities before income tax expense attributable to the life insurance statutory funds and their controlled trusts	(445)	(355)	(69)
<b>Total profit from ordinary activities excluding that attributable to the statutory funds of the life insurance business, before income tax expense</b>	<b>2,483</b>	<b>2,710</b>	<b>2,494</b>
<b>Prima facie income tax at 30%</b>	<b>745</b>	<b>813</b>	<b>748</b>
Add/(deduct) tax effect of permanent differences:			
Attributable foreign income	13	13	13
Non-allowable depreciation on buildings	4	2	4
Rebate of tax on dividends, interest etc	(28)	(5)	(23)
Foreign tax rate differences	1	(1)	(3)
Amortisation of goodwill	16	14	15
Future income tax benefits no longer recognised	-	2	-
Under/(over) provision in prior year	(3)	(12)	6
Profit on sale of strategic shareholdings	(95)	-	-
Reversal of HomeSide non-lending loss provision	(19)	-	-
Effect of reset tax values on entering tax consolidation - Wealth Management <sup>(1)</sup>	(150)	-	-
Other	2	(27)	(4)
<b>Total income tax expense on profit from ordinary activities excluding that attributable to the statutory funds of the life insurance business</b>	<b>486</b>	<b>799</b>	<b>756</b>
Income tax expense/(benefit) attributable to the statutory funds of the life insurance business	213	196	(70)
<b>Total income tax expense</b>	<b>699</b>	<b>995</b>	<b>686</b>
<b>Effective tax rate excluding statutory funds attributable to the life insurance business</b>	<b>19.6%</b>	<b>29.5%</b>	<b>30.3%</b>

### By Division

Financial Services Australia	430	412	386
Financial Services Europe	150	183	219
Financial Services New Zealand	79	78	77
Retail Banking	659	673	682
Corporate & Institutional Banking	99	106	133
Other (incl. Excess Capital, Group Funding & Corporate Centre)	(28)	(48)	(34)
<b>Total Banking</b>	<b>730</b>	<b>731</b>	<b>781</b>
Wealth Management			
Operating profit	218	190	(61)
Revaluation profit/(loss) - ordinary	9	74	(34)
Revaluation profit/(loss) - tax consolidations <sup>(1)</sup>	(150)	-	-
<b>Total income tax expense before significant items</b>	<b>807</b>	<b>995</b>	<b>686</b>
Significant items	(108)	-	-
<b>Total income tax expense</b>	<b>699</b>	<b>995</b>	<b>686</b>

<sup>(1)</sup> Income tax benefit that has arisen due to the National's election to consolidate for Australian income tax purposes. Refer to page 41 for further details.

## Detailed Financial Information - Note 12: Income Tax Reconciliation

Supplementary Income Tax Reconciliation Wealth Management	Half Year to		
	Mar 04 \$m	Sep 03 \$m	Mar 03 \$m
<b>Operating profit before income tax</b>			
Australia	459	353	73
Overseas	38	28	33
Add/deduct: (Profit)/loss from ordinary activities before income tax expense attributable to the life insurance statutory funds and their controlled trusts	(445)	(355)	(69)
<b>Total profit from ordinary activities excluding that attributable to the statutory funds of the life insurance business, before income tax expense</b>	52	26	37
<b>Prima facie income tax at 30%</b>	16	8	11
Add/(deduct) tax effect of permanent differences:			
Foreign tax rate differences	-	2	(1)
Under/(over) provision in prior year	(3)	(10)	7
Other	(8)	(6)	(8)
<b>Total income tax expense/(benefit) on operating profit excl. that attributable to the statutory funds of the life insurance business</b>	5	(6)	9
Income tax attributable to the statutory funds of the life insurance business	213	196	(70)
<b>Total income tax expense/(benefit) attributable to operating profit</b>	218	190	(61)
<b>Effective tax rate excluding statutory funds attributable to the life insurance business</b>	9.6%	(23.1%)	24.3%
<b>Banking operations</b>			
<b>Cash earnings before significant items before income tax</b>			
Australia	1,488	1,551	1,496
Overseas	970	1,103	1,249
<b>Total cash earnings</b>	2,458	2,654	2,745
<b>Prima facie income tax at 30%</b>	737	796	824
Add/(deduct) tax effect of permanent differences:			
Attributable foreign income	13	13	13
Non-allowable depreciation on buildings	4	2	4
Rebate of tax on dividends, interest etc	(28)	(5)	(23)
Foreign tax rate differences	1	(3)	(2)
Distributions outside the Group	(5)	(10)	(8)
Non-assessable inter-branch income	(19)	(16)	(15)
Future income tax benefits no longer recognised	-	2	-
Over provision in prior year	-	(2)	(1)
Other	27	(46)	(11)
<b>Total income tax expense on cash earnings before significant items</b>	730	731	781
<b>Effective tax rate</b>	29.7%	27.5%	28.5%

## 13. SIGNIFICANT ITEMS

	Half Year to			Fav / (Unfav) Change on	
	Mar 04 \$m	Sep 03 \$m	Mar 03 \$m	Sep 03 %	Mar 03 %
<b>Disposal of strategic shareholdings</b>					
Proceeds from the sale of strategic shareholdings	993	-	-	large	large
Cost of sale of strategic shareholdings	(678)	-	-	large	large
Net profit on sale of strategic shareholdings <sup>(1)</sup>	315	-	-	large	large
<b>Foreign currency options trading losses</b>					
Foreign currency options trading losses	(360)	-	-	large	large
Income tax benefit	108	-	-	large	large
Net loss on foreign currency options trading losses <sup>(1)</sup>	(252)	-	-	large	large
<b>Cost of foreign controlled entities sold - revision of accounting estimate</b>					
Reversal of HomeSide non-lending loss provision <sup>(1)</sup>	64	-	-	large	large
<b>Significant items after tax</b>	<b>127</b>	-	-	large	large

<sup>(1)</sup> Refer to page 22 for further discussion.

## 14. EXCHANGE RATES

### Exchange rates

	Statement of Financial Performance			Statement of Financial Position		
	Average Half Year to			Spot as at		
	Mar 04	Sep 03	Mar 03	Mar 04	Sep 03	Mar-03
British Pounds	0.4182	0.4022	0.3626	0.4138	0.4072	0.3828
Euros	0.6071	0.5742	0.5554	0.6200	0.5850	0.5571
United States Dollars	0.7409	0.6494	0.5757	0.7591	0.6804	0.6038
New Zealand Dollars	1.1400	1.1255	1.1028	1.1466	1.1446	1.0908

### Impact on Statement of Financial Performance of exchange rate movements

March 2004 half to September 2003 half Favourable/(unfavourable)	Europe \$m	New Zealand \$m	United States \$m	Asia \$m	Total \$m
Net interest income	(45)	(5)	(15)	(4)	(69)
Other operating income	(22)	(3)	(4)	(8)	(37)
Other operating expenses	39	4	5	4	52
Charge to provide for doubtful debts	6	-	1	-	7
Income tax expense	7	1	1	1	10
<b>Cash earnings before significant items, distributions and outside equity interest</b>	(15)	(3)	(12)	(7)	(37)

March 2004 half to March 2003 half Favourable/(unfavourable)	Europe \$m	New Zealand \$m	United States \$m	Asia \$m	Total \$m
Net interest income	(165)	(13)	(31)	(9)	(218)
Other operating income	(83)	(7)	(7)	(13)	(110)
Other operating expenses	140	10	9	8	167
Charge to provide for doubtful debts	22	-	1	-	23
Income tax expense	28	3	2	1	34
<b>Cash earnings before significant items, distributions and outside equity interest</b>	(58)	(7)	(26)	(13)	(104)

**Impact on Statement of Financial Position of exchange rate movements**

<b>Since September 2003 increase/(decrease)</b>	<b>Europe \$m</b>	<b>New Zealand \$m</b>	<b>United States \$m</b>	<b>Asia \$m</b>	<b>Total \$m</b>
Housing	(331)	(20)	-	(59)	(410)
Term Lending	(433)	(22)	(349)	(248)	(1,052)
Overdrafts	(194)	(2)	-	-	(196)
Leasing	(124)	-	-	(3)	(127)
Credit cards	(33)	(1)	-	-	(34)
Other	(8)	(3)	-	(43)	(54)
Gross loans and advances	(1,123)	(48)	(349)	(353)	(1,873)
Other assets	(955)	(10)	(771)	(462)	(2,198)
<b>Total assets</b>	<b>(2,078)</b>	<b>(58)</b>	<b>(1,120)</b>	<b>(815)</b>	<b>(4,071)</b>
Deposits and other borrowings	(1,067)	(38)	(1,223)	(411)	(2,739)

<b>Since March 2003 increase/(decrease)</b>	<b>Europe \$m</b>	<b>New Zealand \$m</b>	<b>United States \$m</b>	<b>Asia \$m</b>	<b>Total \$m</b>
Housing	(1,290)	(529)	-	(118)	(1,937)
Term Lending	(1,736)	(612)	(820)	(419)	(3,587)
Overdrafts	(915)	(53)	-	-	(968)
Leasing	(622)	(2)	-	(7)	(631)
Credit cards	(146)	(46)	-	-	(192)
Other	(61)	(114)	-	(63)	(238)
Gross loans and advances	(4,770)	(1,356)	(820)	(607)	(7,553)
Other assets	(4,905)	(282)	(1,699)	(1,036)	(7,922)
<b>Total assets</b>	<b>(9,675)</b>	<b>(1,638)</b>	<b>(2,519)</b>	<b>(1,643)</b>	<b>(15,475)</b>
Deposits and other borrowings	(4,814)	(1,057)	(2,854)	(856)	(9,581)

## 15. CAPITAL ADEQUACY

### Regulatory capital position

Under guidelines issued by APRA, life insurance and funds management activities are excluded from the calculation of risk-weighted assets, and the related controlled entities are deconsolidated for the purposes of calculating capital adequacy. The intangible component of the investment in these controlled entities (the difference between the appraisal value and the embedded value) is deducted from Tier 1 capital, and the embedded value is deducted from the total of eligible Tier 1 and Tier 2 capital. Additionally, any profits from these activities included in the Group's results are excluded from the determination of Tier 1 capital to the extent that they have not been remitted to the Company in the form of dividends. A reconciliation of capital under the different bases is provided.

	As at		
	Mar 04	Sep 03	Mar 03
	\$m	\$m	\$m
<b>Reconciliation to shareholders funds</b>			
Contributed equity	8,949	9,728	9,052
Reserves	784	893	1,254
Retained profits	14,619	13,786	13,224
Outside equity interest	3,558	2,804	285
Estimated reinvestment under dividend reinvestment plan <sup>(1)</sup>	1,265	140	163
Less: Goodwill	(682)	(740)	(787)
Estimated final dividend	(1,265)	(1,248)	(1,205)
Intangible assets - Wealth Management	(2,448)	(2,448)	(2,448)
Asset revaluation reserve	(16)	(16)	(7)
Deconsolidation of Wealth Management profits (net of dividends)	(535)	(290)	(125)
FITB (excluding FITB on the general provision for doubtful debts) <sup>(2)</sup>	-	(66)	(108)
Non - qualifying outside equity interest	(3,558)	(2,804)	(285)
<b>Tier 1 Capital</b>	<b>20,671</b>	<b>19,739</b>	<b>19,013</b>
Asset revaluation reserve	16	16	7
General provision for doubtful debts	1,254	1,248	1,323
Perpetual floating rate notes	329	367	414
Dated subordinated debts	5,268	5,390	4,666
Exchangeable capital units	1,262	1,262	1,262
Notional revaluation of investment securities to market	4	37	21
<b>Tier 2 Capital</b>	<b>8,133</b>	<b>8,320</b>	<b>7,693</b>
<b>Other deductions</b> <sup>(3)</sup>	<b>(2,922)</b>	<b>(3,591)</b>	<b>(3,393)</b>
<b>Total regulatory capital</b>	<b>25,882</b>	<b>24,468</b>	<b>23,313</b>
Risk-weighted assets - credit risk	255,051	248,308	250,703
Risk-weighted assets - market risk <sup>(4)</sup>	21,750	4,057	3,666
<b>Total risk-weighted assets</b>	<b>276,801</b>	<b>252,365</b>	<b>254,369</b>
<b>Risk adjusted capital ratios</b>			
Tier 1	7.47%	7.82%	7.47%
Tier 2	2.94%	3.30%	3.02%
Deductions	(1.06%)	(1.42%)	(1.33%)
<b>Total capital</b>	<b>9.35%</b>	<b>9.70%</b>	<b>9.16%</b>

<sup>(1)</sup> The estimated dividend of \$1,265 million for the March 2004 half year is accounted for in full at 31 March 2004 as Tier 1 capital as it is fully underwritten.

<sup>(2)</sup> APRA requires any excess FITB (excluding FITB impact on the general provision for doubtful debts) over the provision for deferred income tax liabilities be deducted from Tier 1 capital.

<sup>(3)</sup> Represents \$2,922 million investment in non-consolidated controlled entities, net of intangible component deducted from Tier 1 (Sep 03: \$2,959 million, Mar 03: \$2,948 million).

<sup>(4)</sup> The calculation to determine the market risk capital component of risk-weighted assets at 31 March 2004 was carried out on a best estimate basis under the Standard Method as directed by APRA. The difference of \$17,875 million in risk-weighted assets between the Standard Method calculation (\$21,750 million) and the Internal Model Method (\$3,875 million) that was used for prior period calculations, reflects the following:

- The Standard Method, as prescribed by the APRA Prudential Standard (APS 113), limits recognition of portfolio effects on outstanding positions and is substantially more restrictive on the rules regarding the matching of positions; and
- The limited time frame to implement the Standard Method impacting the ability to explore all position offsetting opportunities permitted by APS 113.

**Detailed Financial Information - Note 15: Capital Adequacy**

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	As at		
	Mar 04	Sep 03	Mar 03
	\$m	\$m	\$m
<b>Adjusted common equity ratio reconciliation</b>			
<b>Tier 1 Capital</b>	<b>20,671</b>	19,739	19,013
Adjusted for:			
National Income Securities	<b>(1,945)</b>	(1,945)	(1,945)
Preference shares	-	(730)	(730)
Trust Preferred Securities	<b>(975)</b>	(975)	-
Other deductions	<b>(2,922)</b>	(3,591)	(3,393)
<b>Adjusted common equity</b>	<b>14,829</b>	12,498	12,945
<b>Total risk-weighted assets</b>	<b>276,801</b>	252,365	254,369
<b>Adjusted common equity ratio</b>	<b>5.36%</b>	4.95%	5.09%

## 16. CASH EARNINGS PER SHARE

	Half Year to					
	Mar 04		Sep 03		Mar 03	
	Basic	Diluted <sup>(1)</sup>	Basic	Diluted <sup>(1)</sup>	Basic	Diluted <sup>(1)</sup>
<b>Earnings (\$m)</b>						
Cash earnings before significant items <sup>(2)</sup>	1,850	1,850	2,043	2,043	2,027	2,027
Potential dilutive adjustments						
Interest expense on exchangeable capital units	-	38	-	42	-	48
Adjusted cash earnings before significant items	1,850	1,888	2,043	2,085	2,027	2,075
<b>Weighted average ordinary shares (no. millions)</b>						
Weighted average ordinary shares	1,505	1,505	1,508	1,508	1,524	1,524
Potential dilutive ordinary shares						
Options	-	4	-	4	-	5
Partly paid ordinary shares	-	-	-	-	-	1
Exchangeable capital units	-	65	-	65	-	65
Total weighted average ordinary shares	1,505	1,574	1,508	1,577	1,524	1,595
<b>Cash earnings before significant items per share (cents)</b>						
	122.9	119.9	135.5	132.2	133.0	130.1

<sup>(1)</sup> The weighted average diluted number of ordinary shares includes the impact of options, performance rights, partly paid ordinary shares and potential conversion of exchangeable capital units.

<sup>(2)</sup> Refer to page 7 for a reconciliation of cash earnings before significant items to Group net profit.

## 17. RISK MANAGEMENT

### Market risk

The management of market risk has been discussed in detail in the Group's annual financial report 2003, at Risk Management and Note 46 Derivative Financial Instruments. Please refer to that report for detailed information regarding the management of risk.

### Trading risk

The following table shows the Group's Value at Risk (VaR) for the Group's trading portfolios, including both physical and derivative positions. The figures reflect the potential losses across products and regions in which the Group operates.

Value at risk at 99% confidence level	Average value half year to		Minimum value half year to <sup>(1)</sup>		Maximum value half year to <sup>(1)</sup>	
	Mar 04	Sep 03	Mar 04	Sep 03	Mar 04	Sep 03
	\$m	\$m	\$m	\$m	\$m	\$m
Foreign exchange risk	11	8	1	2	39	20
Interest rate risk	15	14	9	9	21	22
Volatility risk	8	4	3	2	20	7
Commodities risk	1	1	1	-	2	1
Diversification benefit	(8)	(7)	n/a	n/a	n/a	n/a
<b>Total</b>	<b>27</b>	<b>20</b>	<b>12</b>	<b>14</b>	<b>55</b>	<b>28</b>

<sup>(1)</sup> Value at risk is measured individually according to foreign exchange risk, interest rate risk, volatility risk and commodities risk. The individual risk categories do not sum up to the total risk number due to portfolio effect. Risk limits are applied in these categories separately, and against the total risk position.

VaR measures the adverse changes in the trading portfolio value brought about by daily changes in market rates at a 99% confidence level.

### Balance sheet risk

#### a) Structural interest rate risk

This table presents a summary of the aggregated structural earnings at risk relating to non-trading assets and liabilities that are sensitive to changes in interest rates. Based on the structural interest rate risk position at balance date, the table shows the possible impact on net income for the 12 months ending September 30, 2004 under a rising or declining interest rate environment.

	Forecast effect on net income 2004 <sup>(1)</sup>		Forecast effect on net income 2003	
	Rising rates	Declining rates	Rising rates	Declining rates
	\$m	\$m	\$m	\$m
Australian dollars	39	(18)	67	(44)
Non-Australian dollars	(23)	12	21	(8)

<sup>(1)</sup> Represents the forecast effect on net interest income for the year ending September 30, 2004 and the prior year comparative.

#### b) Structural foreign exchange rate risk

Refer table below.

#### c) Liquidity risk

Refer to the Group's annual financial report 2003 at Risk Management for a detailed discussion of the management of these risks.

## Detailed Financial Information - Note 17: Risk Management

### Operational, credit & country risk

Refer to the Group's annual financial report 2003 at Risk Management for a detailed discussion of the management of these risks.

### Derivatives fair values

This table shows the fair value of all derivative instruments held or issued by the Group. It includes trading and other than trading contracts.

	As at Mar 04			As at Sep 03		
	Notional principal \$m	Credit equivalent \$m	Fair value \$m	Notional principal \$m	Credit equivalent \$m	Fair value \$m
<b>Foreign exchange rate-related contracts</b>						
Spot and forward contracts	284,982	8,117	(281)	266,535	7,365	(1,262)
Cross currency swaps	98,990	7,906	(305)	90,249	6,863	(522)
Futures	54	-	2	89	-	-
Options	452,237	5,748	48	253,481	4,655	127
	836,263	21,771	(536)	610,354	18,883	(1,657)
<b>Interest rate-related contracts</b>						
Forward rate agreements	108,368	47	-	86,308	39	1
Swaps	607,721	11,930	210	598,155	14,155	236
Futures	244,199	-	2	306,649	-	(3)
Options	82,930	519	45	100,193	582	24
	1,043,218	12,496	257	1,091,305	14,776	258
Other contracts	16,791	1,398	43	13,385	899	(143)
<b>Total derivative financial instruments</b>	<b>1,896,272</b>	<b>35,665</b>	<b>(236)</b>	<b>1,715,044</b>	<b>34,558</b>	<b>(1,542)</b>
Deduct : Non consolidated controlled entities	3,511	34	(29)	4,515	182	234
<b>Total derivative financial instruments reported for Capital Adequacy</b>	<b>1,892,761</b>	<b>35,631</b>	<b>(207)</b>	<b>1,710,529</b>	<b>34,376</b>	<b>(1,776)</b>

## NON-GAAP FINANCIAL MEASURES

### Cash earnings

Cash earnings is defined as follows:

#### Net profit

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Less:

- Outside equity interest
- Distributions
- Revaluation profit/(loss) after tax

Add:

- Goodwill amortisation
- 

Cash earnings

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Cash earnings is a key performance measure and financial target used by the Group. Dividends paid by the Company are based on after-tax cash earnings (adjusted for significant items).

Cash earnings is a key performance measure used by the investment community, as well as by those Australian peers of the Group with a similar business portfolio.

Cash earnings does not refer to, or in any way purport to represent the cash flows, funding or liquidity position of the Group. It does not refer to any amount represented on a Cash Flow Statement.

Adjustments are made between net profit and cash earnings as follows:

- Outside equity interest - this reflects the allocation of profit to minority interests in the Group, and is adjusted from net profit to reflect the amount of net profit that is attributable to ordinary shareholders
- Distributions – this reflects payments to holders of National Income Securities, Trust units and Trust Preferred Securities, and is adjusted from net profit to reflect the amount of net profit that is attributable to ordinary shareholders
- Revaluation profit/(loss) – relates to the movement in net market value (including the value of intangible assets) of investments in life insurance controlled entities recorded on the balance sheet in accordance with Australian Accounting Standards. As it relates to an intangible asset, management believes it is prudent to isolate this amount from the underlying operating result. It is separately identified and discussed in detail. Management further wish to separate this, as the method for accounting for the value of life insurance controlled entities is not comparable on an international basis.
- Goodwill amortisation - relates to the straight-line method of amortising goodwill (an intangible asset recorded on the balance sheet) in accordance with Australian Accounting Standards. Financial statement users generally do not regard goodwill amortisation expense as being useful information in analysing investments. As it relates to an intangible asset, management believes it is prudent to isolate this amount from the underlying operating result.

Cash earnings before significant items (and net profit before significant items)

Under Australian Accounting Standard AASB 1018(5.4) “when a revenue or an expense from ordinary activities is of such a size, nature or incidence that its disclosure is relevant in explaining the financial performance of the entity for the reporting period and its disclosure is not otherwise required by this or another Standard, its nature and amount must be disclosed separately either on the face of the statement of financial performance or in the notes in the financial report”.

The Group has identified such items as ‘significant items’ on its Performance Summaries.

Management believe that the inclusion of these items distorts the underlying operating results of the Group and cause difficulty in identifying underlying performance trends and issues. Through the clear separation and identification of these items the Group ensures that they are identified and discussed in full, as well as ensuring that the underlying performance is highlighted and discussed in full.

## Cost to income ratio

The cost to income ratio for the Banking divisions is calculated as total costs (defined in table below) divided by total income (defined in table below):

Total expenses

Less:

Interest expense

Life insurance expenses

Goodwill amortisation

Charge to provide for doubtful debts

Significant expenses

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Total costs for purposes of cost to income ratio

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Total revenue

Less:

Interest expense

Life insurance income

Significant revenue

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Total income for purposes of cost to income ratio

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The cost to income ratio calculated on this basis is a standard efficiency measure used widely across the Australian banking industry. In the above income calculation, National's does not include net life insurance income and the pre-tax equivalent gross up of certain structured finance transactions.

## Economic Value Added (EVA<sup>®</sup>)

EVA<sup>®</sup> is a measure designed to recognise the shareholder requirement to generate a satisfactory return on the economic capital invested in the business. If the business produces profit in excess of its cost of capital then value is being created for shareholders.

To align management's interests with those of shareholders, senior management is required to place a significant percentage of their total remuneration at risk, dependent upon performance against EVA<sup>®</sup> annual growth targets.

In order to encourage longer term management decision making and sustained value creation, the Group sets EVA<sup>®</sup> growth targets for 3 year periods.

## Sales (Wealth Management)

Includes sales for Retail and Corporate Investment products and Risk products. Investment product sales represent the initial application amount and any additional contributions made. Inflows into cash products and reinvestment of distributions are excluded. Risk sales represent first year annual premiums for new business, CPI increases and one-off increases in the sum insured.

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