

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

FINANCIAL SUMMARY

REPORTING FORMAT

To assist with the interpretation of the Group's results, earnings have been reported under the following structure:

Ongoing operations

- Retail Banking, which comprises:
 - Financial Services Australia
 - Financial Services Europe
 - Financial Services New Zealand
 - Other (including Corporate Centre);
- Wholesale Financial Services;
- Excess Capital & Group Funding; and
- Wealth Management.
- Cash earnings by region from ongoing operations (Refer page 10 for further details)

Disposed operations

- HomeSide – reflecting the Board's decision to sell SR Investment, Inc, the parent company of HomeSide Lending Inc. effective 1 October 2002 and the sale of HomeSide US's operating platform and operating assets as at 1 March 2002.
- Michigan National Corporation – sold by the Group on 1 April 2001; and
- Other non-core operations – incorporating writedowns of e-commerce investments and closure of the Vivid business in Great Britain in April 2001.

Significant items

- Restructuring expense; and
- Profit on the sale of SR Investment, Inc.

DIVISIONAL STATEMENT OF FINANCIAL PERFORMANCE

	Half Year to		Fav/ (unfav) change on Mar 02 %	Year to		Fav/ (unfav) change on Sep 01 %
	Sep 02 \$m	Mar 02 \$m		Sep 02 \$m	Sep 01 \$m	
Ongoing Operations						
Retail Banking						
Financial Services Australia	889	881	0.9	1,770	1,377	28.5
Financial Services Europe	441	471	(6.4)	912	826	10.4
Financial Services New Zealand	161	133	21.1	294	224	31.3
Other (incl. Corporate Centre)	(21)	(21)	-	(42)	(50)	16.0
Retail Banking	1,470	1,464	0.4	2,934	2,377	23.4
Wholesale Financial Services	446	379	17.7	825	740	11.5
Excess Capital and Group Funding	(35)	(74)	52.7	(109)	69	large
Total Banking	1,881	1,769	6.3	3,650	3,186	14.6
Wealth Management operating profit	75	215	(65.1)	290	391	(25.8)
Cash earnings from ongoing operations before significant items	1,956	1,984	(1.4)	3,940	3,577	10.1
Non-cash items						
Wealth Management revaluation profit/(loss)	(389)	237	large	(152)	333	large
Goodwill amortisation	53	48	(10.4)	101	95	(6.3)
Net profit from ongoing operations	1,514	2,173	(30.3)	3,687	3,815	(3.4)
Disposed Operations						
HomeSide	(9)	107	large	98	131	(25.2)
Michigan National and other	-	-	-	-	78	large
Net profit from disposed operations	(9)	107	large	98	209	(53.1)
Net profit before significant items	1,505	2,280	(34.0)	3,785	4,024	(5.9)
Significant items after tax ⁽¹⁾	(389)	(17)	large	(406)	(1,936)	79.0
Net profit	1,116	2,263	(50.7)	3,379	2,088	61.8
Net profit attributable to outside equity interests	(1)	7	large	6	5	(20.0)
Net profit attributable to members of the Company	1,117	2,256	(50.5)	3,373	2,083	61.9
Distributions	92	95	3.2	187	213	12.2
Earnings attributable to ordinary shareholders	1,025	2,161	(52.6)	3,186	1,870	70.4
Add back:						
Significant items after tax	389	17	large	406	1,936	79.0
Goodwill amortisation	53	48	(10.4)	101	167	39.5
Deduct:						
Wealth Management revaluation (profit)/loss	389	(237)	large	152	(333)	large
Cash earnings	1,856	1,989	(6.7)	3,845	3,640	5.6
Weighted av no. of ordinary shares (million)	1,544	1,555	(0.7)	1,549	1,539	0.7
Cash earnings per share (cents)	120.3	127.9	(6.0)	248.2	236.6	4.9

⁽¹⁾ March 2002 net profit has been restated to reclassify restructuring expenses incurred in the March 2002 half as a significant item. The restructuring costs were not material to the March 2002 half's net profit but have been restated for September 2002 full year result (Financial Services Australia restated from \$879 million to \$881 million, Other restated from (\$26 million) to (\$21 million), Wholesale Financial Services restated from \$373 million to \$379 million and Wealth Management restated from \$211 million to \$215 million).

GROUP STATEMENT OF FINANCIAL PERFORMANCE

	Note	Half year to		Fav/ (unfav)	Year to		Fav/ (unfav)
		Sep 02	Mar 02	change on Mar 02	Sep 02	Sep 01	change on Sep 01
		\$m	\$m	%	\$m	\$m	%
Ongoing Operations							
Net interest income	2	3,629	3,573	1.6	7,202	6,676	7.9
Net life insurance income (offset in tax) ⁽¹⁾	6	(250)	240	large	(10)	128	large
Other operating income ⁽²⁾	7	2,383	2,265	5.2	4,648	4,533	2.5
Net operating income before revaluation profit		5,762	6,078	(5.2)	11,840	11,337	4.4
Other operating expenses ⁽³⁾	8	3,063	2,886	(6.1)	5,949	5,674	(4.8)
Wealth Management Investor compensation	8	64	-	large	64	-	large
Underlying profit		2,635	3,192	(17.4)	5,827	5,663	2.9
Charge to provide for doubtful debts	10	260	387	32.8	647	897	27.9
Cash earnings before tax		2,375	2,805	(15.3)	5,180	4,766	8.7
Income tax (benefit)/expense - net life insurance income (offset in net life insurance income) ⁽¹⁾	12	(354)	106	large	(248)	(212)	17.0
Income tax expense - other	12	773	715	(8.1)	1,488	1,401	(6.2)
Cash earnings from ongoing operations before significant items		1,956	1,984	(1.4)	3,940	3,577	10.1
Wealth Management revaluation profit/(loss)		(389)	237	large	(152)	333	large
Goodwill amortisation		53	48	(10.4)	101	95	(6.3)
Net profit from ongoing operations		1,514	2,173	(30.3)	3,687	3,815	(3.4)
Net profit from disposed operations		(9)	107	large	98	209	(53.1)
Net profit before significant items		1,505	2,280	(34.0)	3,785	4,024	(5.9)
Significant items after tax ⁽⁴⁾	13	(389)	(17)	large	(406)	(1,936)	79.0
Net profit		1,116	2,263	(50.7)	3,379	2,088	61.8
Net profit attributable to outside equity interests		(1)	7	large	6	5	(20.0)
Net profit attributable to members of the Company		1,117	2,256	(50.5)	3,373	2,083	61.9
Distributions		92	95	3.2	187	213	12.2
Earnings attributable to ordinary shareholders		1,025	2,161	(52.6)	3,186	1,870	70.4

⁽¹⁾ Net life insurance income is the profit before tax excluding net interest income of the statutory funds of the life insurance controlled entities of the Group. The contribution of net revenue after tax is \$238 million for the year and compares with \$340 million for the prior year.

⁽²⁾ Other operating income excludes net interest income and net life insurance income.

⁽³⁾ Other operating expenses excludes life insurance expenses incorporated within net life insurance income.

⁽⁴⁾ March 2002 net profit has been restated to reclassify restructuring expenses incurred in the March 2002 half as a significant item. The restructuring costs were not material to the March 2002 half net profit but have been restated for September 2002 full year result.

CASH EARNINGS BY REGION FROM ONGOING OPERATIONS

	Half year to		Fav/ (unfav)	Year to		Fav/ (unfav)
	Sep 02	Mar 02	change on Mar 02	Sep 02	Sep 01	change on Sep 01
	\$m	\$m	%	\$m	\$m	%
Australia	1,130	1,140	(0.9)	2,270	1,943	16.8
Retail Banking (incl. Corporate Centre)	882	857	2.9	1,739	1,338	30.0
Wholesale Financial Services	249	162	53.7	411	311	32.2
Wealth Management operating profit	53	182	(70.9)	235	321	(26.8)
Excess Capital and Group Funding ⁽¹⁾	(54)	(61)	11.5	(115)	(27)	large
Europe	545	602	(9.5)	1,147	1,038	10.5
Retail Banking	434	476	(8.8)	910	824	10.4
Wholesale Financial Services	88	112	(21.4)	200	166	20.5
Wealth Management ⁽²⁾	23	14	64.3	37	48	(22.9)
New Zealand	221	197	12.2	418	312	34.0
Retail Banking	155	130	19.2	285	214	33.2
Wholesale Financial Services	80	79	1.3	159	124	28.2
Wealth Management	3	4	(25.0)	7	11	(36.4)
Group Funding	(17)	(16)	(6.3)	(33)	(37)	10.8
United States	54	(20)	large	34	190	(82.1)
Retail Banking ⁽³⁾	1	(1)	large	-	(1)	large
Wholesale Financial Services	20	(20)	large	-	71	large
Group Funding ⁽⁴⁾	33	1	large	34	120	(71.7)
Asia	6	65	(90.8)	71	94	(24.5)
Nautilus Insurance ⁽⁵⁾	(2)	2	large	-	2	large
Wholesale Financial Services	9	46	(80.4)	55	68	(19.1)
Wealth Management	(4)	15	large	11	11	-
Group Funding	3	2	50.0	5	13	(61.5)
Cash earnings from ongoing operations	1,956	1,984	(1.4)	3,940	3,577	10.1

⁽¹⁾ Earnings on excess capital is wholly attributed to Australia. The earnings rate on excess capital for the half years ended September 2002 and March 2002 were 5.72% and 5.26% respectively, and for the years ended September 2002 and September 2001 were 5.49% and 5.68% respectively.

⁽²⁾ Wealth Management's result in Europe for the year to September 2001 was positively impacted by the receipt of profit commission on Creditors Insurance business relating to the prior year.

⁽³⁾ United States Retail Banking incorporates payments clearing operations. There are no traditional retail banking activities within the United States following the sale of Michigan National on 1 April 2001.

⁽⁴⁾ United States Group Funding result for the half year to September 2002 has been impacted by an unfavourable interest rate accrual adjustment on an interest rate swap between New York branch and Wholesale Financial Services and the inability to benefit from a tax deduction previously obtained in respect of preference share capital invested in HomeSide. Refer to page 39 for details.

⁽⁵⁾ A captive insurance operation.

STATEMENT OF FINANCIAL POSITION

	As at				Change on		
	Proforma Sep 02 ⁽¹⁾	Sep 02	Mar 02	Sep 01	Proforma Sep 02 ⁽¹⁾		
					Mar 02	Sep 01	
Note	\$m	\$m	\$m	\$m	%	%	
Assets							
Cash assets	8,965	6,294	8,423	7,993	6.4	12.2	
Due from other financial institutions	15,839	15,876	18,816	16,472	(15.8)	(3.8)	
Due from customers on acceptances	19,474	19,474	20,317	19,353	(4.1)	0.6	
Trading securities	19,590	19,590	17,131	19,713	14.4	(0.6)	
Available for sale securities	6,192	6,192	6,213	6,665	(0.3)	(7.1)	
Investment securities	13,541	13,541	10,556	10,697	28.3	26.6	
Investments relating to life insurance business	31,012	31,012	32,865	31,381	(5.6)	(1.2)	
Loans and advances	231,300	231,300	207,636	207,797	11.4	11.3	
Mortgage loans held for sale	-	85	101	3,688	large	large	
Mortgage servicing rights	-	1,794	6,044	5,445	large	large	
Shares in entities and other securities	1,199	1,199	1,114	1,412	7.6	(15.1)	
Regulatory deposits	129	129	334	98	(61.4)	31.6	
Property, plant and equipment	2,640	2,640	2,558	2,869	3.2	(8.0)	
Income tax assets	1,292	1,292	1,194	1,296	8.2	(0.3)	
Goodwill	775	775	828	876	(6.4)	(11.5)	
Other assets	24,038	26,194	27,507	38,965	(12.6)	(38.3)	
Total assets	375,986	377,387	361,637	374,720	4.0	0.3	
Liabilities							
Due to other financial institutions	43,279	43,279	41,194	42,873	5.1	0.9	
Liability on acceptances	19,474	19,474	20,317	19,353	(4.1)	0.6	
Life insurance policy liabilities	30,425	30,425	32,056	30,257	(5.1)	0.6	
Deposits and other borrowings	206,864	206,864	190,627	190,965	8.5	8.3	
Income tax liabilities	1,609	1,609	2,045	2,575	(21.3)	(37.5)	
Provisions	2,781	2,809	2,202	2,440	26.3	14.0	
Bonds, notes and subordinated debt	20,841	22,192	22,499	24,984	(7.4)	(16.6)	
Other debt issues	1,866	1,866	1,926	1,985	(3.1)	(6.0)	
Other liabilities	25,596	25,618	25,320	35,731	1.1	(28.4)	
Net assets	23,251	23,251	23,451	23,557	(0.9)	(1.3)	
Equity							
Contributed equity	16	9,931	9,931	10,486	10,725	(5.3)	(7.4)
Reserves	16	2,105	2,105	1,480	2,427	42.2	(13.3)
Retained profits	16	11,148	11,148	11,416	10,337	(2.3)	7.8
Total parent entity interest		23,184	23,184	23,382	23,489	(0.8)	(1.3)
Outside equity interests in controlled entities	16	67	67	69	68	(2.9)	(1.5)
Total equity		23,251	23,251	23,451	23,557	(0.9)	(1.3)

⁽¹⁾ Proforma statement of financial position at 30 September 2002, with SR Investment, Inc. (ie. the HomeSide business) de-consolidated following its sale. SR Investment, Inc. was sold on 1 October 2002.

GROUP KEY PERFORMANCE MEASURES

	Note	Half year to		Year to	
		Sep 02	Mar 02	Sep 02	Sep 01
Shareholder measures					
EVA (\$ million) ⁽¹⁾		643	641	1,284	1,129
Cash earnings before significant items per ordinary share (cents) ⁽²⁾		120.3c	127.9c	248.2c	236.6c
Cash earnings after significant items per ordinary share (cents) ⁽²⁾		95.1c	126.8c	222.0c	110.7c
Earnings before significant items per ordinary share (cents)		91.6c	140.1c	231.9c	247.4c
Earnings after significant items per ordinary share (cents)		66.4c	139.0c	205.7c	121.5c
Weighted average ordinary shares (no. million)		1,544	1,555	1,549	1,539
Dividends per share (cents)		75c	72c	147c	135c
Performance (after non-cash items) ⁽³⁾					
Return on equity before significant items		14.5%	20.3%	17.0%	18.4%
Return on equity after significant items		10.5%	20.1%	15.1%	9.0%
Return on assets before significant items		0.77%	1.24%	1.00%	1.07%
Net interest income					
Net interest spread	3	2.36%	2.41%	2.39%	2.34%
Net interest margin	3	2.63%	2.71%	2.67%	2.71%
Profitability					
Cost to income ratio for banking operations (%) ⁽⁴⁾		47.9%	47.6%	47.7%	48.5%
Cash earnings per average FTE (before significant items) (\$'000) ⁽⁵⁾		85	85	85	75

		As at		As at
		Sep 02	Mar 02	Sep 01
Capital				
Tier 1 ratio	16	7.76%	7.91%	7.47%
Tier 2 ratio	16	3.76%	4.03%	3.94%
Deductions	16	(1.31%)	(1.34%)	(1.25%)
Total capital ratio	16	10.21%	10.60%	10.16%
Common equity to tangible assets		5.02%	5.38%	5.19%
Balance sheet assets				
Gross loans and acceptances (\$ billion)		255	232	232
Risk-weighted assets (\$ billion)	16	248	237	258
Off-balance sheet assets				
Funds under management and administration (\$ billion)		65	70	64
Assets under custody and administration (\$ billion)		365	359	345
Asset quality				
Gross non-accrual loans to gross loans and acceptances	11	0.62%	0.75%	0.75%
Net impaired assets to total equity	11	4.7%	4.9%	5.1%
General provision to risk-weighted assets	11	0.82%	0.88%	0.86%
Specific provision to gross impaired assets	11	34.6%	37.0%	33.7%
General and specific provisions to gross impaired assets	11	161.0%	155.7%	160.5%
Other information				
Full-time equivalent employees (no.) ⁽⁵⁾	9	43,202	43,658	47,597
Core full-time equivalent employees ⁽⁶⁾		41,428	41,969	44,983

⁽¹⁾ Economic Value Added (EVA) measures profitability in excess of the Group's cost of capital. EVA is a registered trademark of Stern Stewart & Co.

⁽²⁾ Cash earnings attributable to ordinary shareholders excludes revaluation profits/(losses) and goodwill amortisation.

⁽³⁾ Includes non-cash items i.e. revaluation profits/(losses) and goodwill amortisation.

⁽⁴⁾ Banking operations refers to ongoing operations (excluding Wealth Management).

⁽⁵⁾ Full-time equivalent staff include part-time staff (pro-rated) and non-payroll FTE's (ie contractors). Comparative information has been restated to include non-payroll staff.

⁽⁶⁾ Full-time and part-time staff and core full-time equivalent employees excluding the effect of unpaid absences (eg maternity leave) and contractors.